

SENATE FINANCE COMMITTEE

April 27, 2022

9:08 a.m.

9:08:04 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Representative Geran Tarr, Sponsor; Thatcher Brouwer, Staff for Representative Tarr; Douglas Vincent-Lang, Commissioner, Department of Fish and Game; Rachel Hanke, Legislative Liaison, Department of Fish and Game.

PRESENT VIA TELECONFERENCE

Curtis Thayer, Executive Director, Alaska Energy Authority, Department of Commerce, Community and Economic Development; Jeffrey Schmitz, Director, Division of Motor Vehicles, Department of Administration; Christy Colles, Operations Manager, Division of Mining Land and Water, Department of Natural Resources; Tracy Welch, United Fishermen of Alaska, Juneau; James Squyres, Self, Rural Deltana.

SUMMARY

SB 243 RAISE POWER COST EQUALIZATION

CSSB 243(FIN) was REPORTED out of committee with six "do pass" recommendations and one "amend" recommendation, and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

CSHB 28(FIN)

REGISTRATION OF BOATS: EXEMPTION

CSHB 28(FIN) was HEARD and HELD in committee for further consideration.

CSHB 79(FIN)

SALTWATER SPORTFISHING OPERATORS/GUIDES

CSHB 79(FIN) was HEARD and HELD in committee for further consideration.

#sb243

SENATE BILL NO. 243

"An Act relating to power cost equalization; and providing for an effective date."

[9:08:42 AM](#)

Co-Chair Bishop relayed that it was the second hearing for SB 243, and the committee would consider a Committee Substitute (CS), cover fiscal notes, and look to the will of the committee.

Senator Hoffman MOVED to ADOPT proposed committee substitute for SB 243, Work Draft 32-LS1573\I (Klein, 4/26/22).

[9:09:21 AM](#)

AT EASE

[9:09:58 AM](#)

RECONVENED

Co-Chair Bishop OBJECTED for discussion.

[9:10:11 AM](#)

ERIN SHINE, STAFF, SENATOR CLICK BISHOP, discussed an Explanation of Changes document (copy on file):

Version 32-LS1573\B to 32- LS1573\I
New Section 1

Page 1, line 4 - Page 2, line 6
Adds a new section to the bill amending AS 42.45.080(a)(2) to remove the four percent nominal target return when investing of the Power Cost Equalization Endowment Fund and replaces the investing guidance for the commissioner of the Department of Revenue with the prudent-investor rule.

Ms. Shine explained that the new language had been taken from the investment responsibilities for the board of the Permanent Fund, which could be found in AS 37.13.120 (a).

Co-Chair Stedman asked if the committee could discuss what was being replaced by the change, including the target return.

Ms. Shine stated that currently in statute the Power Cost Equalization Fund (PCE) Endowment Fund had a targeted return of four percent. The CS proposed to replace the four percent target with the Prudent Investor Rule, outlined on page 1, line 10 of the bill. She offered to read the text aloud.

Co-Chair Stedman thought it was important to read the passage. He referenced the "Prudent Man Rule," which had evolved into the Prudent Investor Rule.

Ms. Shine read from Section 1 of the bill:

the "prudent-investor rule" as applied to investment activity of the fund means exercising the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital

Co-Chair Stedman thought further explanation was warranted. He thought that the current four percent targeted return was not applicable to an endowment style portfolio, and that the PCE Endowment Fund should be managed similarly to the Permanent Fund in perpetuity. He discussed the growth of the principal after inflation, and asserted that a four percent target rate was too low. He supported the change to the bill.

[9:14:10 AM](#)

Senator Wielechowski asked if the proposed CS would lead to a higher rate of return.

Ms. Shine answered affirmatively, if the PCE Endowment Fund was invested as the Permanent Fund, which was had current targeted returns 6.2 percent. She expanded that the proposed change to the bill would likely result in greater returns.

Senator Wielechowski asked how the returns on the PCE Endowment Fund had compared to the returns on the Permanent Fund or the Alaska Retirement Management (ARM) Board.

Ms. Shine did not have the information at hand, and offered to provide the information at a later time. She cited that in years past the fund had targeted the four percent return in statute and there were potentially monies that the fund was not receiving.

[9:15:44 AM](#)

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), considered the five-year average of the PCE Endowment Fund, and cited returns of \$150 million in the current year and \$48 million the previous year. He acknowledged the fluctuation in returns and highlighted that it was partly due to the Department of Revenue's (DOR) management of the fund, which had been extremely conservative one year and had only yielded \$48 million in returns.

Senator Wielechowski wondered if anyone from DOR could comment on how the bill might change the investment philosophy.

Co-Chair Bishop relayed that there was no one from the department available at the present time.

Senator Wilson commented that the department had been managing to the four percent return that was currently in statute, and he had felt that removing the four percent would encourage the department to work towards a higher return.

Senator von Imhof guessed that the investment would be less bonds and more equities to rebalance the portfolio. She knew that equities were associated with greater returns but higher volatility. She emphasized that greater returns meant greater risk. She mentioned inflation. She mentioned the goal of returns being over inflation over time. She wanted to confirm that the PCE Endowment Fund had a five percent draw, like the percent of market value (POMV) draw from the Permanent Fund, and had a five-year lookback based on the draw.

Mr. Thayer answered in the affirmative. He cited annual returns of \$112 million in 2017, \$76 million in 2018, \$74 million in 2019, \$48 million in 2020, and \$150 million in 2021.

Co-Chair Stedman thought there was a three-year look back rather than five years, which was more volatile. He thought the smoothing mechanism made the draw more predictable.

Ms. Shine agreed that the POMV from the PCE Endowment Fund had a three-year lookback and a five percent draw.

[9:19:57 AM](#)

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. The CS for SB 243 was ADOPTED.

Co-Chair Bishop addressed a new fiscal note from the Department of Commerce, Community and Economic Development (DCCED), OMB Component 2602. The fiscal note showed an appropriation for the Alaska Energy Authority with \$15 million in Designated General Funds (DGF) in FY 23, with the same amount in the out years until FY 28.

Senator Hoffman MOVED to report CSSB 243(FIN) out of Committee with individual recommendations and the

accompanying fiscal note. There being NO further OBJECTION, it was so ordered.

Senator von Imhof asked if there had been public testimony on the bill.

Co-Chair Bishop answered "yes."

CSSB 243(FIN) was REPORTED out of committee with six "do pass" recommendations and one "amend" recommendation, and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

[9:21:37 AM](#)

AT EASE

[9:24:46 AM](#)

RECONVENED

#hb28

CS FOR HOUSE BILL NO. 28 (FIN)

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

[9:24:51 AM](#)

Co-Chair Bishop relayed that it was the first hearing of HB 28. The committee would hear a bill introduction and Sectional Analysis and take public testimony.

[9:25:20 AM](#)

REPRESENTATIVE GERAN TARR, SPONSOR, relayed that HB 28 was a House Fisheries Committee bill. She referenced the issue of derelict vessels coming up in 2013, when there were boats trying to come into the Homer Harbor and there were concerns that the condition of the boats would lead to derelict vessels. There had been other reports of abandoned vessels in other ports in the state, including in Bethel where there were up to 30 abandoned vessels. She cited the issue of responsibility for abandoned vessels. There was related legislation originally worked on by Senator Micciche and former Representative Seaton in 2017 and 2018. The legislation, SB 92, had passed and once the bill went into effect, and required boat owners to register the

vessel with the Commercial Fisheries Entry Commission (CFEC) as well as the Department of Motor Vehicles (DMV).

Representative Tarr referenced a chart (copy on file) that showed a summary of the provisions in the bill. The bill would remove the duplicative requirement for a boat owner to register with both the CFEC and DMV. Registration with the CFEC would suffice for state-level registration and would ensure that all vessels would always be registered in order to access information for potential clean-ups. She read from a letter of support from the Homer Harbormaster (copy on file), which indicated that the Alaska Association of Harbormasters and Port Administrators supported the bill.

[9:28:50 AM](#)

Senator Olson noted that there were many small vessels in his district that were involved with commercial fisheries. He asked if there was an exemption for the size of vessels.

Representative Tarr noted that on the chart there were different categories of vessels and registration. She thought smaller vessels typically fell within the "undocumented" category. She highlighted the second line and thought the small vessels probably registered with the CFEC.

Senator Olson was concerned that many of the small vessels were not involved in fisheries but were recreational vessels. He compared the use of the small vessels to the use of a car in a more urban area and asked if there was an exemption.

Representative Tarr thought the vessels described by Senator Olson would fall under the vessels that were not required to be registered by the CFEC. She mentioned a required three-year registration with DMV.

[9:30:31 AM](#)

THATCHER BROUWER, STAFF FOR REPRESENTATIVE TARR, discussed a Sectional Analysis document (copy on file):

Section One

Amends AS 05.25.055(i) to exempt documented commercial vessels with a valid certificate of documentation

issued by the United States Coast Guard and a license issued by the Commercial Fisheries Entry Commission, under AS 16.05.490 or AS 16.05.530, from the provision that requires owners to register their vessel with the Division of Motor Vehicles.

Section Two

Adds a new section to AS 16.05.475, that assesses a new additional annual \$8 registration fee for documented vessels licensed with the Commercial Fisheries Entry Commission, beginning January 1, 2023. This is in lieu of the current 3-year \$24 fee collected by the Division of Motor Vehicles at the time of registration or registration renewal.

The fee will be accounted for separately for as provided in AS 05.25.096(b), to be made available for use by the Departments of Administration, Natural Resources and Commerce, Community and Economic Development for boating safety and to the derelict vessel fund.

Section Three

Adds a new section to the uncodified law of the State of Alaska which requires the Commercial Fisheries Entry Commission waive the \$8 dollar registration fee for calendar years vessel owners have already paid the Division of Motor Vehicles. This section ensures that as vessel owners do not pay the Commission for the years, they have already registered for with the Division of Motor Vehicles.

Section Four

Adds a new section to the uncodified law of Alaska to make section one of this act retroactive to January 1, 2022.

Section Five

Establishes an immediate effective date for the remainder of the bill.

Senator Wilson had a question for the DMV.

Senator Wilson asked if the DMV currently had enough tags and registrations for the change proposed in the bill. He understood that there were certain tags or licenses that were on backorder.

[9:33:27 AM](#)

JEFFREY SCHMITZ, DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), was not aware of any current inventory issues at DMV. He understood that the bill would transfer the responsibility for the collection of some registration fees away from DMV to the CFEC.

Senator Wilson suggested that Mr. Schmitz reach out to his staff to learn about potential registration supply shortages. He asked the director to follow up with the committee on the matter.

Co-Chair Stedman thought the bill was headed in the right direction. He wondered if the derelict vessel legislation should be looked at or even repealed. He noted that the funds collected were swept into the General Fund. He shared concerns that the fees were a tax on boat owners and would not generate enough funds to have an impact on derelict vessels. He wanted an accounting of the revenue collected and where it was spent. He did not recall any resultant beach cleanup from fee collection. He suggested expanding the bill to repeal the tax and streamline the system. He did not have issues with the harbors knowing the legitimate ownership of vessels. He thought the registration of any vessel of consequence was either with the CFEC or the United States Coast Guard. He thought there were "junk boats" that could be dealt with via another mechanism.

Co-Chair Stedman continued his remarks. He noted that the Coast Guard requested registration from boats. He thought the bill cleaned up an issue that was problematic but suggested there was more work to be done on the issue. He wanted the funding to be used in a meaningful way.

[9:36:56 AM](#)

AT EASE

[9:38:50 AM](#)

RECONVENED

Senator Olson discussed small vessels and the Port of Nome, and individuals using vessels to dredge in the Bering Sea. He described vessels clogging the port and affecting fisheries. He thought a solution was necessary.

Mr. Brouwer addressed a document "HB 28 Research - Info from Legislative Finance - Bell 3.24.21" (copy on file). The document spoke to Co-Chair Stedman's remarks. He cited that for FY 20, the total registration and title fees collected was \$524,503. Of the amount \$300,000 had gone to the Department of Natural Resources (DNR), and he understood much of the funding had gone towards boating safety programs. He continued that an additional \$196,900 had gone to the Department of Commerce, Community and Economic Development and the funds had been passed on to the Alaska Marine Safety Education Association for boating safety. The remaining \$27,603 was in the derelict vessel fund. He believed there was a DNR representative that could speak to the Derelict Vessel Fund.

Mr. Brouwer asked about the balance of the Derelict Vessel Fund and how it was managed.

[9:42:24 AM](#)

CHRISTY COLLES, OPERATIONS MANAGER, DIVISION OF MINING LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES (via teleconference), explained that there was about \$92,000 in the fund, and it was on a list of non-sweepable funds. She noted that the monies had not been spent as the department was trying to build a regulation package to define how the funds would be utilized. The funds could be given to local communities that were engaged in clean-up efforts.

Senator Wilson wanted to clarify that the legislation that created the fund was passed in 2017 and wondered at the amount of time taken to develop regulations to use the funds.

Ms. Colles agreed that the legislation was passed in 2017 or 2018 and agreed that the department had not yet passed a regulation package due to other regulation packages being prioritized. She affirmed that it was a priority of the department to get the regulation package together to start to get the move the funds into different communities to clean up abandoned and derelict vessels.

Co-Chair Stedman wanted clarification on the accounting of the fund and the derelict vessel surcharge. He wanted to know how much money each year was collected, and where the funds had gone. He understood there had been no regulations

written, and he opined that the bill section (in SB 92) was a boondoggle. He recalled that the testifier expressed that the funds were non-sweepable. He wanted the fund to be tracked.

Co-Chair Bishop asked if Ms. Colles had heard Co-Chair Stedman's request for accounting from DNR, which the committee would also ask of DCCED.

Senator Wilson asked about the cost of a hypothetical derelict vessel.

Ms. Colles relayed that the cost was dependent upon the size of vessel and the location. She thought most vessel owners had insurance policies, and usually with a minimum of \$1 million. She had seen \$1 million easily spent on derelict vessels locations further out. If the vessel was in a harbor, there would be a more reasonable cost. Location and depth were factors in the cost.

[9:46:29 AM](#)

Co-Chair Stedman recalled that the cost of dealing with a derelict vessel had to do with boats not in the harbor but rather along the shore and along rivers. He thought it was not difficult for harbors to determine the ownership of boats. He wanted to know what derelict vessels had been cleaned up using the funds.

Ms. Colles stated that the Derelict Vessel Fund had not been used yet to clean up derelict vessels. She relayed that in the past, the department had used state funds to clean up vessels. She mentioned two vessels that had sunk in Jakolof Bay, where there was critical habitat and infrastructure of oyster farms at risk. Because the owner did not have the funds, the department had paid to have the vessels taken and stored in dry dock, which had cost \$30,000 to \$40,000 and had not been reimbursed. She reiterated the department's intent to develop regulations in order to use the funds for similar situations in the future.

Co-Chair Stedman recalled that if a vessel was sunk in navigable waters and was impeding traffic flow, the U.S. Coast Guard would step in. He thought that vessels on DNR's land were a different matter. He did not think the legislation had been passed to deal with vessels that were

in navigable waters. He was concerned that money was being collected from citizens for a specific purpose and it was not being spent how it was intended.

9:49:30 AM

Senator Wielechowski asked when to expect the regulations to be written.

Ms. Colles stated that there was a list of regulation packages that the department was working through. The derelict vessel regulations were a couple of years from being completed.

Senator Wielechowski asked if the committee could get a list of the regulations that had come before in the past four years and the regulations that would be completed before the derelict vessel regulations in the following two years.

Ms. Colles agreed to provide the information.

Senator Wielechowski asked how often DNR did not issue regulations after a bill had been passed.

Ms. Colles stated that the lack of completion was not due to a lack of effort on behalf of the department and shared that there was a public process that could be time consuming. She noted that there had been recent regulation packages that were controversial, including water regulations that garnered many comments that required response. She reiterated that there was a backlog of regulation packages the department was trying to get into place. She noted that the backlog was not a practice the department was endeavoring to continue.

Senator Wielechowski wanted to see a list of all the outstanding regulations at the department. He thought it was disturbing that there were regulations that were not being completed for six years. He asked for a list.

Ms. Colles agreed to provide a list. She clarified that many of the regulation packages being worked through were updates to current regulation packages. She agreed to provide a list of current and pending regulation packages as requested.

Co-Chair Bishop assumed that Ms. Colles would divide the requested list of pending regulations by category.

Ms. Colles agreed to provide the requested detail. She noted that she spoke for the Division of Mining, Land, and Water and would have to work with other divisions to try and gather the requested information. The division had a specific number of regulations it was working through and was not certain how many regulations were being worked through on a departmental level.

[9:53:26 AM](#)

Co-Chair Stedman thought the legislature was always standing by to help the department with derelict vessels of consequence through the appropriation process. He mentioned Senator Wielechowski's concern about the length of time it was taking to create the regulations. He suggested postponing fee collection until the regulations were complete. He thought if it were not for the committee meeting, the topic of incomplete regulations would not have come up.

Co-Chair Stedman thought there appeared to be an abandoned barge with a structure on it in Katlian Bay on DNR land. He asked if Ms. Colles was familiar with the vessel and if there was a timeframe for dealing with it.

Ms. Colles was not specifically aware of the vessel described by Co-Chair Stedman. She mentioned the Statewide Abatement of Impaired Lands section of the division, which monitored all vessels and reported potentially derelict vessels. She agreed to check with the section regarding the vessel and whether it was authorized to be anchored for over 14 days.

Co-Chair Stedman stated that DNR had been notified for at least two years. He wanted to ensure the issue was addressed before the termination of the contract for the adjoining road project. He thought it was important and was concerned the state would receive a significant bill for dealing with the vessel.

Senator Olson asked about the penalties for those that did not abide by the regulations in process or by the provisions in the bill.

Mr. Brouwer stated he would have to check with the Department of Public Safety (DPS) regarding potential fines. He noted that DPS had not been enforcing the duplicative registration with the DMV since SB 92 went into effect.

[9:57:06 AM](#)

TRACY WELCH, UNITED FISHERMEN OF ALASKA, JUNEAU (via teleconference), spoke in support of the bill. She noted that the United Fishermen of Alaska represented 37 commercial fishing organizations participating in the state and off the coast. She discussed the bill provisions, and the proposal to eliminate duplicative registration. She mentioned SB 92 and its goal to establish a database for determining ownership of abandoned vessels and noted there was already such a database at the CFEC. She discussed vessel registration with CFEC and its relationship with identifying vessels. She asserted that the bill would lessen the burden of fishermen in the state by eliminating duplicative registration.

Co-Chair Stedman recalled that the commercial fishing industry was told that the double registration would not be an issue at the time the previous bill [SB 92] was passed.

Ms. Welch understood that there was some confusion when the original bill had passed, and there was thought that there had been an interpretation issue with the way the statute was written. She thought there were some valid points made with regard to fee collection and fee structure. She hoped that passage of the bill could clean up some concerns.

Co-Chair Stedman thought people had pointed out the problem when the bill was passed. He wanted the record researched for past testimony on the topic for the committee's consideration. He recalled that the committee had been told the double registration would not be a problem.

[10:01:42 AM](#)

Co-Chair Bishop OPENED public testimony.

[10:01:55 AM](#)

JAMES SQUYRES, SELF, RURAL DELTANA (via teleconference), testified in support of the bill. He was a former mariner that had circumnavigated the globe. He referenced the comments made by Co-Chair Stedman. He asserted that the bill was an opportunity to correct an injustice that was a result of implementation of SB 92. He thought HB 28 needed to be amended to exclude all USCG-documented vessels, as it was before SB 92 was passed, as exempt from the numbering and registration provision. He continued that under SB 92, it had unnecessarily expanded the scope of government with a duplicitous and onerous system that affected private vessels. He thought the matter could be easily corrected. He understood that no funds collected as a result of SB 92 had been used for derelict vessels. He pointed out that SB 92 had created a burden for the DMV and for the commercial fishing industry.

[10:03:53 AM](#)

Co-Chair Bishop CLOSED public testimony.

Representative Tarr referenced Co-Chair Stedman's remarks about recreating the history of when SB 92 was being considered by the legislature. She was unsure of the misinterpretation that led to the current regulations. She addressed the Derelict Vessel Fund and noted that the House had not considered the topic much. She was in support of the suggestions the committee had towards improving the derelict vessel program, which was not functioning as some had envisioned. She mentioned the duplicative registration requirement and the desire to eliminate confusion as the bill went forward.

HB 28 was HEARD and HELD in committee for further consideration.

#hb79

CS FOR HOUSE BILL NO. 79(FIN)

"An Act relating to sport fishing operators and sport fishing guides; requiring the Department of Fish and Game to prepare and submit a report; and providing for an effective date."

[10:05:02 AM](#)

Co-Chair Bishop relayed that it was the first hearing for HB 79. The committee intend to hear a bill introduction and sectional analysis, take public testimony, and set the bill aside.

[10:05:32 AM](#)

DOUGLAS VINCENT-LANG, COMMISSIONER, DEPARTMENT OF FISH AND GAME, spoke to the bill. He noted that the legislation was introduced by the governor and was a department priority. He shared that with the bill, the department wanted to reinstate the saltwater licensing and reporting requirements. He continued that the sport fish guide and operator's license were first adopted during the 2003-2004 legislative session and took effect in 2005, and remained in effect through December 31, 2014, when they expired due to a sunset clause. The legislation had been passed based on the urging of freshwater and saltwater guides who were looking to professionalize the industry.

Commissioner Vincent-Lang recounted that during 2015-2016 legislative session, only the saltwater licensing and reporting requirements were reinstated with a sunset of 2018. The legislation stripped the freshwater provisions from the bill, which the department supported as it was not using the freshwater information for in-season assessment of fisheries. He mentioned minor logbook violations and used the example of an error in the reporting of the number of graylings released. He mentioned loss of concession programs, notably on federal lands. After the legislation sunset in 2018, the legislature had provided some bridge funding through UGF, which had since ceased. There was no legislation in place to pay for the marine logbook program.

Commissioner Vincent-Lang mentioned that logbook data had been collected by the department from saltwater sportfishing businesses and guides since 1998. He emphasized the importance of the data as utilized by the state for Pacific Salmon Treaty obligations, the International Pacific Halibut Commission (IPHC), and the North Pacific Fishery Management Council. He mentioned the importance of avoiding duplicative reporting mechanisms and undue burden on the charter fishing industry. He cited that logbook data also supported a myriad of critical uses, including but not limited to state fishery monitoring and management, advisory announcements and emergency orders, the Alaska Board of Fisheries advisory committees, external

communications, and other applications. He referenced the logbook use summary included in member's bill packets (copy on file).

Commissioner Vincent-Lang discussed use of logbook data that resulted in relaxing regulations enacted by IPHC, which resulted additional opportunity and participation in halibut charter fisheries. Fees collected as part of the bill would provide the data necessary to manage marine charter fisheries, which contributed over \$1.5 million to the state's economy. He reiterated that the bill had been introduced by the governor, who saw it as a necessary tool in managing saltwater charter fisheries.

10:09:20 AM

Co-Chair Stedman agreed with the commissioner and thought it was critical that the department understood the pressure on all the state's fisheries. He was concerned that management was not possible without understanding, and the state would lose its fisheries. He asked with help in understanding the effect of lack of logbook data due to the program sunset in the past.

Commissioner Vincent-Lang relayed that the department had continued the logbook program under a registration program adopted by the Alaska Board of Fisheries. The registration program did not have an associated fee to pay for the logbook program. The department had absorbed the costs into its operation budget and had worked with the industry to find ways to recover some of the costs. He thought there would be letters of support and testimony in support of funding the program.

Co-Chair Stedman saw there was some data in the packet in a letter of written testimony (copy on file). He asked if the department could provide information on registered sportfishing guides around the state so the committee could get an idea of regional impact. He thought the guided and unguided sportfishing number was significant in his region.

Commissioner Vincent-Lang agreed to provide the information.

Co-Chair Bishop asked for the information to be distributed to his office for dissemination to the members.

10:11:35 AM

RACHEL HANKE, LEGISLATIVE LIAISON, DEPARTMENT OF FISH AND GAME, addressed a Sectional Analysis (copy on file):

Section 1

Establishes license fees for resident saltwater sport fishing guides and operators.

- Resident guide license - \$100
- Resident operator license - \$200
- Resident operator and guide combined license - \$200

Establishes license fees for nonresident saltwater sport fishing guides and operators.

- Nonresident guide license - \$200
- Nonresident operator license - \$400
- Nonresident operator and guide combined license - \$400

Section 2

Adds new Article to AS 16.40 that

- AS 16.40.262 - provides stipulations for the saltwater sport fishing operator license and defines the license type
 - o Includes requirements such as a business license and general liability insurance
- AS 16.40.272 - provides stipulations for the saltwater sport fishing guide license and combined operator guide license, defines both license types
 - o Includes requirements such as a current sport fishing license and first aid certification
- AS 16.40.282 - establishes the logbook reporting requirements for saltwater guides and operators. Allows the department to collect freshwater logbook information if the departments deems the information necessary.
- AS 16.40.292 - establishes penalties for violations the of the chapter
- AS 16.40.301 - defines "saltwater sport fishing guide" and "saltwater sport fishing guide services".

Section 3

Adds saltwater sport fishing operator and guide license to AS 25.27.244(s)(2) which defines "license" in statutes regarding the Child Support Services Agency.

Section 4

Uncodified law directing the Department of Fish and Game to prepare a report for the legislature proposing solutions to gathering harvest data for the saltwater rental and unguided fishing industry, due December 1, 2023.

Section 5

Effective date of January 1, 2023

Senator Wilson understood that currently, logbooks were issued, and data gathering was required. He asked if the bill requested funding for processing the information.

Commissioner Vincent-Lang affirmed that the bill sought funding to implement the program and ensure it could be continued into the future. He noted that the department was collecting logbook information but sought to make the program electronic. The department was struggling to find the funds to modernize the logbook. Additionally, the department was seeking federal funds but had thus far been unsuccessful.

Senator Wilson understood that the department was requesting approximately \$1 million per year to manage an ongoing database.

Commissioner Vincent-Lang explained that the requested funds would be spent to license guides and business, issue logbooks, and make the information available to the entities that the department reported to.

[10:14:27 AM](#)

Co-Chair Stedman thought his district was one of the top guided areas of the state including Price of Wales Island, Baranof Island, Chichagof Island, and other inland areas. He noted his district also had a lot of non-residents coming to the area with significantly sized boats and sometimes fished all summer long cycling guests in and out of the area while doing a lot of fishing. He likened the practice to much like a fishing lodge. He wondered how to differentiate the issue from other fishing guide operations.

Commissioner Vincent-Lang stated that the program operated by defining a guide as compensation for services. If there was compensation involved in the scenario described by Co-Chair Stedman, there would be a requirement for the vessel to obtain a guide license and have a logbook on board. If there was no compensation, the harvest would be captured through the state harvest survey as an unguided harvest.

Co-Chair Stedman asked if compensation included groceries and fuel. He described a scenario with payment in-kind.

Commissioner Vincent-Lang relayed that guiding involved direct compensation to assist an angler in catching fish. He thought if an individual provided fuel to a guide that was taking someone to a fishing spot to harvest, it would require a guide license.

Senator Hoffman mentioned people providing indirect services and personal use fishing with family and friends. He thought indirect use by those from out of state needed to be addressed. He wondered if the commissioner could comment on modifying the bill to stipulate that out of state residents that took indirect compensation needed to have guide licenses.

Commissioner Vincent-Lang had not given a great deal of thought to the subject. He wanted to check with Department of Law to see how the commerce clause might come into play. He agreed to look into the matter and get back to Senator Hoffman with more information.

Senator Wilson mentioned the bill previously heard in the meeting and asked if the regulations were written for the change proposed in the bill.

Commissioner Vincent-Lang affirmed that the bill proposed to restore a program for which the regulations were already largely written.

[10:19:15 AM](#)

Co-Chair Bishop OPENED public testimony.

[10:19:26 AM](#)

Co-Chair Bishop CLOSED public testimony.

HB 79 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

10:19:56 AM

The meeting was adjourned at 10:19 a.m.