

**ALASKA STATE LEGISLATURE  
SENATE JUDICIARY STANDING COMMITTEE**

April 21, 2023

1:30 p.m.

**MEMBERS PRESENT**

Senator Matt Claman, Chair  
Senator Jesse Kiehl, Vice Chair  
Senator Cathy Giessel  
Senator Löki Tobin

**MEMBERS ABSENT**

Senator James Kaufman

**OTHER LEGISLATORS PRESENT**

Senator Click Bishop

**COMMITTEE CALENDAR**

SENATE BILL NO. 84

"An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 128

"An Act temporarily closing the commercial salmon fishery in a portion of the Alaska Peninsula and Aleutian Islands; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 84

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/24/23 (S) READ THE FIRST TIME - REFERRALS  
02/24/23 (S) L&C, JUD, FIN  
03/06/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/06/23 (S) Heard & Held  
03/06/23 (S) MINUTE(L&C)  
03/27/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/27/23 (S) Heard & Held  
03/27/23 (S) MINUTE(L&C)  
03/31/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/31/23 (S) Moved SB 84 Out of Committee  
03/31/23 (S) MINUTE(L&C)  
04/03/23 (S) L&C RPT 4DP 1NR  
04/03/23 (S) DP: BJORKMAN, DUNBAR, BISHOP, GRAY-  
JACKSON  
04/03/23 (S) NR: MERRICK  
04/21/23 (S) JUD AT 1:30 PM BUTROVICH 205

BILL: SB 128

SHORT TITLE: COMMERCIAL SALMON FISHERY CLOSURE

SPONSOR(s): SENATOR(s) OLSON

04/12/23 (S) READ THE FIRST TIME - REFERRALS  
04/12/23 (S) JUD, RES  
04/21/23 (S) JUD AT 1:30 PM BUTROVICH 205

**WITNESS REGISTER**

ROBERT SCHMIDT, Director  
Division of Banking and Securities  
Department of Commerce, Community and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Presented SB 84 on behalf of the administration.

DEAN FLEER, Financial Examiner III  
Division of Banking and Securities  
Department of Commerce, Community and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for SB 84.

SENATOR DONNY OLSON, District T  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of SB 128.

ALMERIA ALCANTRA, Staff  
Senator Donny Olson  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Presented the sponsor statement for SB 128.

DOUG VINCENT-LANG, Commissioner  
Department of Fish and Game  
Juneau, Alaska  
**POSITION STATEMENT:** Provided invited testimony in support of SB 128.

KAREN GILLIS, Program Director  
Bearing Sea Fishermen's Association  
Anchorage, Alaska  
**POSITION STATEMENT:** Provided invited testimony in support of SB 128.

VIRGIL UMPHENOUR, Member  
Fairbanks Fish and Game Advisory Committee  
Fairbanks, Alaska  
**POSITION STATEMENT:** Provided invited testimony in support of SB 128.

BRIAN RIDLEY, Chief, Chair, and President  
Tanana Chiefs Conference  
Tanana, Alaska  
**POSITION STATEMENT:** Provided invited testimony in support of SB 128.

ERNIE WEISS, Natural Resources Director  
Aleutian East Borough  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition to SB 128.

ABBY FREDERICK, Director of Communications & Investor Relations  
Silver Bay Seafoods  
Juneau, Alaska  
**POSITION STATEMENT:** Testified in opposition to SB 128.

ALISSA NADINE ROGERS, Director of Natural Resources  
Orutsararmiut Native Council

Bethel, Alaska

**POSITION STATEMENT:** Testified in support of SB 128.

CARLIN HOBLET, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

CHARLOTTE LEVY, Natural Resources Assistant Director

Aleutians East Borough

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

DALE PEDERSEN, representing self

Aleutians East Borough

Sand Point, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

DAVID POLUSHKIN, representing self

Wasilla, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

CONNOR MURPHY, representing self

Kodiak, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

CHELSAE RADELL, Assistant Director

Alaska Groundfish Data Bank

Kodiak, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

BLAIR HICKSON, representative

Anvik River Lodge

Anvik, Alaska

**POSITION STATEMENT:** Testified in support of SB 128.

VIVIAN KORTHUIS, Chief Executive Officer

Association of Village Council Presidents

Bethel, Alaska

**POSITION STATEMENT:** Testified in support of SB 128.

ADOLPH LUPIE, representing self

Tuntutuliak, Alaska

**POSITION STATEMENT:** Testified in support of SB 128.

STACY ARBELOVSKY, representing self

Kasilof, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

RICHARD DAVIS, Member  
Board of Directors  
Seafood Producers Cooperative  
Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

DENNIS ZADRA, representing self  
Cordova, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

PHYLLIS SHIRRON, representing self  
Cordova, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

CHARLES LEAN, Chair  
Northern Norton Sound Fish and Game Advisory Committee  
Nome, Alaska

**POSITION STATEMENT:** Testified in support of SB 128.

PETER HAMRE, representing self  
Homer, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

SCOTT ADAMS, representing self  
Homer, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

DANNY CUMBERLODGE, representing self  
Sandpoint, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 128.

#### **ACTION NARRATIVE**

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**CHAIR MATT CLAMAN** called the Senate Judiciary Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Tobin, Giessel, and Chair Claman. Senator Kiehl arrived soon thereafter.

#### **SB 84-MONEY TRANSMISSION; VIRTUAL CURRENCY**

[1:30:46 PM](#)

CHAIR CLAMAN announced the consideration of SENATE BILL NO. 84 "An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System

and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

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ROBERT SCHMIDT, Director, Division of Banking and Securities (DBS), Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, delivered the presentation, "ALASKA UNIFORM MONEY TRANSMISSION MODERNIZATION ACT SB 84."

He displayed slide 2.

**What does this bill do?**

- Reduces regulatory burden by streamlining initial licensing and license renewal.
- Protects Alaska consumers by conducting criminal background checks through the Nationwide Multistate Licensing System (NMLS).
- Ensures regulatory costs of supervision keep pace with growth.
- Broadens the definition of money transmission and defines virtual currency activities.
- Requires licensees to comply with federal laws, including suspicious activity reporting
- Updates enforcement provisions by allowing a broader spectrum of orders to be issued.
- Ensures DBS can coordinate with other states in all areas of regulation, licensing, and supervision to reduce regulatory burden on the industry and more effectively utilize regulator resources.

MR. SCHMIDT stated that SB 84 impacts an industry that Alaskans use thousands of times an hour, involving billions of dollars per year. He relayed that about half of the bill is dedicated to standardizing and streamlining the process of obtaining a license; examinations of licensee safety and soundness; and

standardizing procedures for licensee mergers. SB 84 introduces cryptocurrency standards including disclosures, permissible investments, net worth requirements, and consumer protection provisions. It clarifies relationships where a local delegate transmits money on behalf of a licensee. He noted that these historically have been some of the most problematic areas of money transmission in Alaska. Significantly, the bill allows multistate cooperation in licensing, allowing states to leverage other states' resources in protecting their residents.

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MR. SCHMIDT spoke to slide 3.

**Why do we need this law updated?**

- Money transmission is the fastest growing financial industry the Division of Banking and Securities regulates. Changes in the industry have made the law sorely in need of modernization.
- This growth has mostly been driven by mobile payment technologies such as PayPal, Venmo, and Cash App. Cryptocurrency has been a secondary driver of money transmission growth. These technologies did not meaningfully exist when the current law was adopted.
- This bill will modernize Alaska's money transmission laws to have common standards for licensing, operations, and consumer protection.
- As of April 10th, this model law has been introduced in 25 states. Ten states have passed bills with all or some sections of the Model Law.

MR. SCHMIDT discussed different aspects of money transmissions in Alaska based on the data reflected in the charts on slides 4-7. He stated that the industry grew from \$1.6 billion transmitted to, from, and within Alaska in 2019 to more than \$7 billion in 2021. This declined to \$5.8 million in 2022, much of which was driven by volatility in virtual currency, also known as cryptocurrency.

The graph on slide 5 shows the growth in the number of times that Alaskans used money transmission, regardless of the size of the transaction. In three years, the number of transactions tripled, from \$10 million to more than \$31 million. In 2022, Alaskans used money transmission an average of 3,540 times an hour, 24 hours a day, 365 days a year. The growth was driven largely by mobile phones and payment applications. Using money

transmission services like PayPal or Cash App is common. He noted that a money transmission service is embedded in all smartphones

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The graph on slide 6 shows the increase of money transmission licensees from 2018 through 2022. As of December 31, 2022, Alaska had 168 money transmitter licensees, which was a 51 percent increase since 2018. He noted that the top nine licensees perform over \$100 million of business to, from, and within Alaska each year; the top two each handle volumes in excess of \$1 billion each year. He characterized these as some of the most complicated applications that the division handles.

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At ease to address technical difficulties.

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CHAIR CLAMAN reconvened the meeting.

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MR. SCHMIDT advanced to slide 7, "What types of transmissions happen in Alaska?" He spoke to the pie chart that shows the following breakdown in 2022 of money transmitted based on dollar value.

Money Transmission 64 percent  
Stored Value 22 percent  
Virtual Currency 11 percent  
Payment Instruments 3 percent  
Fiat Currency Exchange < 1 percent

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MR. SCHMIDT advanced to slide 8 and spoke to the following.

**Why regulate money transmission at all?**

- States have licensed and regulated transmitters of money for over 100 years.
- 55 states and U.S. territories regulate money transmission currently.
- Industry wants this bill adopted.
- No industry stakeholder or state regulator wants federal pre-emption.
- DBS is uniquely qualified to protect Alaskans.

- States have the expertise and examination infrastructure that the feds completely lack. States are able to pivot and react more quickly as events transpire.

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DEAN FLEER, Financial Examiner III, Division of Banking and Securities (DBS), Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, presented the sectional analysis for SB 84. It read as follows.

The proposed bill is not a simple repeal and reenactment of AS 06.55. Instead, it is a line-by-line overhaul of the Act carefully considering the Model Law and selectively adopting and revising the statutes. The bill repeals the currency exchange license and includes that activity in the definition of money transmission so only one license type will be required in AS 06.55 going forward.

**Section 1.** Adds a section of uncodified law explaining the purpose of the bill.

**Section 2.** Amends AS 06.05.101(a) requires a license to engage in the business of money transmission (MT). The amendment inserts a citation to the exemption statute, AS 06.55.802, and clarifies that an authorized delegate may not engage in MT if the actions taken are outside the scope of the exemption.

**Section 3.** Repeals and reenacts AS 06.55.102 to conform with the Model Law providing application requirements for a MT license and allows the Department of Commerce, Community, and Economic Development (DCCED or the department) to change or update the forms be consistent with licensing requirements in NMLS.

**Section 4.** Repeals and reenacts AS 06.55.105 to conform with the Model Law and provides that if the applicant is subject to a multistate licensing process, the department may accept investigation results of the lead investigation state.

**Section 5.** Repeals and reenacts AS 06.55.106 to conform with the Model Law changing license renewal, renewal reporting and renewal terminology. Fees

collected at the time of renewal will change with details to be prescribed by the department through regulation.

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MR. FLEER continued.

**Section 6.** Amends AS 06.55 to add new sections AS 06.55.108, AS 06.55.109, and AS 06.55.110 to Article 1 to conform with the Model Law.

AS 06.55.108 states that licensees must continue to meet the qualifications that apply to new applicants and states that the department may suspend or revoke a license if a licensee fails to do so.

AS 06.55.109 contains submission requirements for individuals in control of applicants or licensees, and key individuals defined by the bill. Criminal background check report requirements are also included for individuals who have resided outside of the United States (US) in the last ten years.

AS 06.55.110 grants the department discretion to:

1. Implement licensing provisions consistent with other states that have adopted a multistate licensing process;
2. establish relationships or contracts to collect and maintain records, coordinate licensing, process fees, and communicate with licensees, and
3. utilize the NMLS for all aspects of licensing.

**Section 7.** Amends AS 06.55 to add new sections to Article 1A concerning virtual currency derived from the Model Law. Virtual Currency (VC) Business Activity replaces Currency Exchange Licenses as the heading for Article 1A.

AS 06.55.150 - 06.55.170 provide the details of what is considered and what is not considered licensed activity for companies engaging in VC business activity. The bill will allow regulation and supervision of persons that issue VC or that

provide services that allow others to transfer VC, provide exchange services to the public, or offer to take custody of VC for other persons. AS 06.55.150 provides that VC business activity is MT and unless exempt, the activity requires a MT license.

AS 06.55.155 concerns required disclosures granting the department discretion to require additional disclosures and to regulate the time and form required for disclosure.

AS 06.55.160 requires VC business with control over VC to maintain an amount of each type of VC sufficient to satisfy the aggregate entitlements of the persons to each type of VC ensuring consumer protection and reducing regulatory burden on the licensee without increasing net worth requirements.

AS 06.55.165 allows a licensee engaged in VC business activity to include VC in its tangible net worth calculation and details record keeping requirements specific to VC businesses.

AS 06.55.170 contains a list of exempted activities and provides an exemption for business activity of \$5,000 or less.

**Section 8.** Repeals and reenacts AS 06.55.301 creating a requirement that a licensee adopt policies and procedures consistent with applicable state and federal law prior to using an authorized delegate and provides details stating that a licensee must enter into a contract with an authorized delegate with a list of provisions.

**Section 9.** Amends AS 06.55.302 concerning unauthorized activities and liability provisions that apply to persons engaging in MT on behalf of an unlicensed person.

**Section 10.** Amends AS 06.55.401 relating to supervision and the department's powers with respect to examination. It allows the department to accept examination reports from other states, the federal government, or an independent accounting firm. This

section requires licensees to pay all costs associated with examinations, references confidentiality requirements, and eliminates the existing requirement to notify a licensee 45 days prior to an examination.

**Sections 11 - 14.** Repeals and reenacts or amends subsections of AS 06.55.403 for consistency with the Model Law. It requires quarterly reports of condition for a licensee's activities and their authorized delegates. It maintains existing requirements for immediate reporting knowledge of filing a bankruptcy petition, a proceeding to revoke or suspend a license in another state or country, bond cancellation and criminal charges. Allows the department to utilize the NMLS for reporting required by AS 06.55.403. Executive officer is replaced and repealed utilizing key individual, a term introduced by the Model Law which means "any individual ultimately responsible for establishing or directing policies and procedures of the licensee, including an executive officer, manager, or trustee."

**Section 15.** Repeals and reenacts AS 06.55.404 regarding acquisition of control of a MT licensee containing procedural and reporting requirements for the acquisition or transfer of control of licensees. It allows exceptions for acquisition of control and contains discretionary provisions for the department for ease and flexibility of administration and the utilization of the NMLS. It adds details for aggregation of interest of ownership for family members for consistency with the Model Law.

**Sections 16 and 17.** Amends AS 06.55.405(a) and (d) for consistency with the Model Law. It details record keeping obligations of licensees, increasing the time period from 3 years to 5 years, and makes conforming language changes.

**Section 18.** Amends AS 06.55.406(a) concerning money laundering reports retitling the heading to Bank Secrecy Act reports for consistency with the Model Law. Remove the requirement that certain money laundering, record keeping, and suspicious transaction reporting requirements be filed with the Attorney General.

**Sections 19 - 22.** Amends AS 06.55.407 for consistency with the Model Law.

AS 06.55.407(d) was retained and slightly amended because it contains guidance that is helpful regarding when a licensee or authorized delegate may disclose financial information provided to the licensee or authorized delegate by a customer.

**Section 23.** Adds a new subsection (f) to AS 06.55.407 stating when department records may be made public and what information is confidential.

**Section 24.** Amends AS 06.55 to add new sections to article 4 from the Model Law.

AS 06.55.408 requires licensees to submit an annual audited financial statement to the department within 90 days after the end of the licensee's fiscal year.

AS 06.55.409(a) grants the department discretion to enter into agreements with other state and federal agencies to improve efficiencies and reduce regulatory burden. AS 06.55.409(b) grants the department broad discretion to administer, interpret, and enforce the chapter, to adopt rules and regulations, and to recover its costs through imposition and collection of fees.

AS 06.55.410 expands the department's ability to participate in multistate supervisory processes such as joint investigations.

AS 06.55.411 provides that in the event of an inconsistency between state and federal law, the federal law governs to the extent of the inconsistency.

AS 06.55.412 contains the requirements and procedures applicable when a licensee adds or replaces a key individual allowing the department to disapprove a change of key individual due to certain criteria.

**Sections 25 - 30.** Revises article 5 of AS 06.55 to rename and broaden its scope from Permissible Investments to Prudential Standards. Two existing sections (AS 06.55.104 and 06.55.107) are repealed and reenacted, as revised, to fit in the new article. The level of permissible investments required by a licensee are detailed in AS 06.55.502.

**Section 25.** Amends AS 06.55.501 to allow the department to limit specific investments held by licensees due to risk concerns, with the exception of permissible investments listed in AS 06.55.102. AS 06.55.501(c) adds language to protect beneficiaries of statutory trusts from actions by creditors of licensees.

**Section 26.** Amends AS 06.55.501 to add a new subsection (d) regarding the establishment and termination of statutory trusts and related department obligations. Subsection (e) was added, and it allows the department to allow additional permissible investments and to participate with other state regulators to identify permissible investments.

**Section 27 and 28.** Amends subsections (a) and (b) of AS 06.55.502 concerning permissible investments for consistency with the Model Law.

Subsection (a) does the following:

1. Incorporates ACH items in transit to licensees and payees, cash in transit via armored car, cash in smart safes, etc. ACH funds are in the banking system and the Model Law defines cash in transit via ACH as a permissible investment;
2. allows letters of credit as a permissible investment; and
3. allows excess bonding as a permissible investment type.

Subsection (b) is repealed and reenacted to include a list of investments that are permissible up to a certain aggregate value for each investment category as a component of a licensee's total investment portfolio.

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MR. FLEER continued.

**Section 29.** Amends AS 06.55 to add a new section to article 5.

AS 06.55.503 contains the requirements for letters of credit to align with the Model Law.

Amends AS 06.55 to add new sections to article 5.

AS 06.55.505 proposes applicable forms of security (AS 06.55.104) and is a hybrid of the Model Law and the existing Act. It requires a licensee to hold a security bond or with the department's approval, a deposit, with a maximum amount of \$1,000,000 and be maintained for no less than 5 years with the details to be determined by the department in regulation or order.

AS 06.55.506 provides a significant expansion of net worth requirements from \$25,000 to a new net worth based on a tiered level of total assets held, requiring a licensee to demonstrate net worth at application. It also allows the department to exempt applicants or licensees from net worth requirements.

**Section 30.** Amends AS 06.55.601 for consistency with the Model Law regarding the suspension and revocation of a license by deleting unnecessary language and inserting new terms such as key individual and the replacement of transmission for services.

**Section 31.** Amends AS 06.55.601 by adding a new subsection (c) that allows a licensee to apply for relief from a suspension or revocation of a license.

**Section 32.** Amends AS 06.55.602 for consistency with the Model Law, replacing money services with money transmission.

**Section 33.** Amends AS 06.55.602 by adding a new subsection (c) for consistency with the Model Law allowing an authorized delegate to apply for relief from a suspension or revocation of a license.

**Sections 34 - 36.** Amends AS 06.55.603 for consistency with the Model Law conforming language such as deleting money services and inserting money transmission.

**Section 37.** Amends AS 06.55.605 regarding civil penalties allowing the department to assess its costs and expenses for investigation.

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MR. FLEER continued.

**Section 38.** Amends AS 06.55.606(b) for consistency with the Model Law conforming language such as deleting money services and inserting money transmission.

**Section 39.** Amends AS 06.55.606(c) for consistency with the Model Law conforming language such as deleting money services and inserting money transmission.

**Sections 40 and 41.** Amends subsections of AS 06.55.607 to remove citations to AS 06.55.201, which is repealed. The existing AS 06.55.201 contains the currency exchange license requirements and this license is being eliminated in the bill in favor of one license type including currency exchange as a money transmission activity.

**Section 42.** Amends AS 06.55.702(a) concerning hearings for consistency with the Model Law deleting money services and a citation to AS 06.55.702(b) which is repealed in the bill.

**Section 43.** Amends AS 06.55.802 for consistency with the Model Law revising licensing exclusions and renames the section to exemptions. It adds new exemption types and would allow the department to add additional exemptions if it is in the public interest creating consistency from state-to-state. It also adds the term federally insurance depository financial institution for consistency with other statutes the division regulates under AS 06.60.990(9).

**Section 44.** Amends AS 06.55 by adding a new section AS 06.55.803 allowing the department to require a person

who claims an exemption to provide information and documentation demonstrating the claimed exemption.

**Section 45.** Amends AS 06.55.810 regarding notices requiring licensees and authorized delegates to provide customers with notices of how to file a complaint and allows the department to establish the format and content required in the notices.

**Section 46.** Amends AS 06.55.810 by adding a new subsection (d) that requires licensees and authorized delegates include on a receipt or through disclosure on the licensee's website or mobile application, the name and phone number of the department and a statement on how customers can contact the department with questions or complaints.

**Section 47.** Amends AS 06.55 by adding a new section AS 06.55.815 concerning in-state determination of the location of a person requesting a transaction.

**Section 48.** Repeals and reenacts AS 06.55.830 regarding receipts for consistency with the Model Law. Subsections (a) - (b) include content and format requirements for transaction receipts and define receipt. Receipts are required to be in English and any other language principally used by the licensee or authorized delegate to negotiate a transaction. Subsection (c) describes exceptions to the receipt requirement including stored value. Subsection (d) provides a definition of receipt.

**Section 49.** Amends AS 06.55 to add a new section, AS 06.55.835 concerning timely transmission requiring licensees to forward money received for transmission in accordance with the agreement between the licensee and sender unless the licensee determines there may be fraud involved or another crime. The licensee is required to respond to inquiries from the sender with the reason for the failure to forward money unless doing so violates a state or federal law.

**Section 50.** Repeals and reenacts AS 06.55.840 concerning refunds for consistency with the Model Law.

**Section 51.** Amends AS 06.55.850(b) for consistency with the Model Law. The amendments are significant and

allow the department greater flexibility in the assessment of fees.

**Section 52.** Amends AS 06.55.850(c) concerning conducting a review annually of each fee level to determine if fees are sufficient to cover the cost of the administration of this chapter.

**Section 53.** Amends AS 06.55.850 by adding a new subsection (f) that states an annual renewal fee must be based on a licensee's total volume of money transmission in the state with the annual renewal fee to be determined by the department by regulation or order.

**Sections 54 - 61.** Amends definitions found in AS 06.55.990 for consistency with the Model Law. Changes include the incorporation of the words in this state to ensure AS 06.55 protects Alaska consumers and insuring revisions are made to align the language of the Act with the model law. It also includes an exception for a loyalty reward card, amends the definition of control to at least 25% of ownership and amends the definition of stored value.

**Section 62.** Amends AS 06.55.990 to renumber and add definitions for terms introduced by the Model Law including the following terms:

1. Accredited state
2. Acting in concert
3. Average daily money transmission liability
4. Bank Secrecy Act
5. Closed loop stored value
6. Control of virtual currency
7. Dollar equivalent
8. Eligible rating
9. Eligible rating service
10. Federally insured depository financial institution
11. In this state
12. Individual
13. Key individual
14. Passive investor
15. Payroll processing services
16. Registry
17. Tangible net worth
18. Virtual currency

**Section 63.** Amends AS 06.55.995 to refer to the Act or Chapter as the Alaska Uniform Money Transmission

Modernization Act instead of the Alaska Uniform Money Services Act.

**Section 64.** Amends AS 12.62.400(b) to read that an applicant under AS 06.55 may submit fingerprints to the registry.

**Section 65.** Repeals several sections in AS 06.55. AS 06.55.104 and AS 06.55.107 are repealed and reenacted in Article 5 concerning prudential standards. All statutes in Article 2 regarding currency exchange licenses are repealed as the activity was added to the definition of money transmission. AS 06.55.890 and AS 06.55.990 contains definitions that are no longer necessary.

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MR. FLEER continued.

**Section 66 - 68** are transitional provisions amending uncodified law to avoid interference with existing contracts, to allow a transitional period for holders of existing money services licenses and for payroll processors, to allow adoption of transitional regulations by DCCED, and to instruct the revisor of statutes to amend certain headings.

**Section 69.** Provides for an immediate effective date for sec. 68, which would allow DCCED to begin the regulation promulgation process.

**Section 70.** Provides for an effective date of January 1, 2024.

[1:47:33 PM](#)

MR. SCHMIDT offered some last thoughts, stating that SB 84 will: protect consumers; reduce regulatory burden; adopt a model law the industry drafted with state regulators; prevent federal preemption by creating uniform statutes nationwide; and allow the division to update fees to keep up with technology and innovation in an ever-changing financial industry.

[1:48:32 PM](#)

SENATOR KIEHL referenced the provision in subsection (p) of Section 15 relating to a person considered to have a controlling influence over a licensee and is thus subject to background checks. The bill establishes 25 percent as a controlling stake. He asked if 25 percent was the right threshold.

MR. SCHMIDT acknowledged that 10 percent would be consistent with the mortgage industry and other industries that the division regulates.

SENATOR KIEHL referenced the exemption on page 45, line 17, subsection (c)(2) relating to money received for transmission that is not primarily for personal, family, or household purposes. He asked whether Alaskans who receive their paychecks in cryptocurrency would get a receipt because it was for personal purposes or if that would be considered business purposes.

MR. SCHMIDT deferred the question to Mr. Fleer or Ms. Reno.

[1:51:30 PM](#)

MR. FLEER offered his understanding that there would be receipt requirements for a crypto transaction.

SENATOR KIEHL said he didn't believe a paycheck was a family or household purpose.

MR. FLEER agreed it wasn't.

SENATOR KIEHL stated that it would not be considered a personal purpose.

[1:52:04 PM](#)

SENATOR KIEHL asked about the exemption, also on page 45, in subsection (c)(1) relating to money received for transmissions subject to [12 C.F.R. Part 1005, Subpart B;] that is in the federal consumer financial protection bureau. He asked what that covers.

MR. FLEER said the information he sent to Senator Kiehl's office should answer the question.

CHAIR CLAMAN asked him to send the information to all members of the committee.

MR FLEER agreed.

[1:53:27 PM](#)

CHAIR CLAMAN held SB 84 in committee for further consideration.

**SB 128-COMMERCIAL SALMON FISHERY CLOSURE**

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CHAIR CLAMAN announced the consideration of SENATE BILL NO. 128 "An Act temporarily closing the commercial salmon fishery in a portion of the Alaska Peninsula and Aleutian Islands; and providing for an effective date."

He acknowledged the considerable interest in the bill and clarified the following: The legislation will not move out of committee today; public testimony on the bill will remain open until all who wish to testify are given an opportunity to testify; constitutional issues raised by this legislation will not be reviewed in detail today; the bill probably won't be heard again before the legislature adjourns in mid-May; and written testimony may be submitted online to senate.judiciary@akleg.gov. He predicted that 20-30 people would be able to testify today.

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SENATOR DONNY OLSON, District T, Alaska State Legislature, Juneau, Alaska, sponsor of SB 128, thanked the committee for hearing the bill that addresses an issue that is of great concern for many of his constituents.

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ALMERIA ALCANTRA, Staff, Senator Donny Olson, Alaska State Legislature, Juneau, Alaska, presented the sponsor statement for SB 128 on behalf of the sponsor.

Over the last three years, Western and Interior Alaska have faced detrimental collapses in salmon runs along the Yukon River and Kuskokwim River. This collapse has led to fishery closures along the rivers and their tributaries for all fishing types, which has had a severe impact to the subsistence and personal use harvests that residents rely on for their cultural, financial, and physical wellbeing.

In 2021, there was a return decrease for Yukon Chinook and summer Chum of nearly 90%, which left residents along the Yukon and Kuskokwim struggling to make ends meet and put food on the table for their families. At the same time, however, commercial fisheries in the Alaska Peninsula and Aleutian Islands have had record high harvests with 1,168,601 Chum bycatch. Historically, much of this bycatch happens in Area M, a mixed stock intercept fishery in the Alaska Peninsula, Aleutian Islands, and Atka-Amlia Islands.

In February, the Board of Fisheries had the opportunity to address this issue and protect the people and salmon of the Arctic-Yukon-Kuskokwim (AYK) region, they failed to do so by not passing Proposition 140. Proposed by the Fairbanks Advisory Fisheries Sub-Committee, Proposition 140 called to reduce the commercial salmon fishing time in Area M. Due to the failure of the Board to act in accordance with their constitutional obligation under the "sustained yield principle" and statutory obligation to provide reasonable subsistence fishing opportunities under AS 16.05.258(b)(4)(A) I am introducing this legislation.

Senate Bill 128, TEMPORARY CLOSURE OF ALASKA PENINSULA MAMANGEMENT AREA M TO COMMERCIAL SALMON FISHING; directs a temporary closure for commercial fishing in Area M from June 10th, 2023 through June 30th, 2023. This closure allows those fish bound for their natal streams in Western and Interior Alaska to have a fighting chance to reach their spawning grounds.

Furthermore, while Senate Bill 128 addresses concerns about the State and Board of Fisheries constitutional, statutory, and treaty obligations; it also opens the conversation of how the State of Alaska can better manage our fisheries with current science, data, policy, and traditional ecological knowledge from Indigenous communities across the State. As a testifier from Kwethluk said at the Board of Fisheries meeting this last February, "I am asking on behalf of my village and the residents of the Kuskokwim and Yukon rivers, that you make decisions that will benefit all Alaskans- no matter how small it seems to be. We are asking to give a chance for some salmon to return to our rivers. We are asking because we want to see some salmon in our smokehouses and freezers. We are asking not for money... it's just that we want to eat our food."

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SENATOR OLSON spoke about the crisis situation facing subsistence fishermen today. He talked about the history of fishing starting in 1741 with Vitus Bering, to the decline of the Sea Otter in 1780, to 1868 when fish plants started on Kodiak Island, to the use of fish traps, to the successful

ballot measure in 1948 to do away with fish traps - which Congress ignored, to 1960 when Governor Egan closed the fisheries in Bristol Bay and Cook Inlet for most of that decade.

He said he patterned SB 128 on Proposition 140 that was narrowly voted down by the Board of Fisheries in February. The point is to address the issue of once vibrant fish camps and full smokehouses that now are silent and just not there. He opined that if the state doesn't take drastic action like Governor Egan took, some fisheries will become extinct.

CHAIR CLAMAN recognized Senator Bishop in the audience.

[2:05:33 PM](#)

SENATOR KIEHL asked whether the Board of Fisheries took any action during the meeting when Proposition 140 was voted down.

SENATOR OLSON answered that the board offered no other solution and that's why he put the bill forward.

MS. ALCANTRA clarified that Proposition 140 originally called for a 60 percent reduction in fishing time in Area M, but what passed was just a 12 percent reduction in fishing time.

SENATOR OLSON commented that the people on the rivers want solutions, not more studies.

CHAIR CLAMAN turned to invited testimony.

[2:09:44 PM](#)

DOUG VINCENT-LANG, Commissioner, Department of Fish and Game, Juneau, Alaska, provided invited testimony in support of SB 128. He read the following prepared testimony.

Thank you for the opportunity to speak with you today regarding South Alaska Peninsula salmon fisheries. For the record, my name is Doug Vincent-Lang, and I am the Commissioner of the Alaska Department of Fish and Game.

Let me begin by saying the Department is deeply concerned about the poor returns of chinook, summer chum, fall chum and coho salmon to coastal western Alaska systems. The poor returns have resulted in fishery restrictions and closures that impact food security and subsistence and cultural activities.

I have visited the region numerous times and listened to testimony about the impact this is having. The words spoken are real and the impact understood. Let me be clear, we understand and are sympathetic to the hardship that the restrictions and closures are creating for people living in western Alaska.

As fishing is restricted or closed in rivers, people are asking what is being done in fisheries that intercept fish destined for these rivers. They are asking for some of these mixed stock fisheries to be restricted, or in the case of the legislation being discussed today, closed.

It is important to note that nearly all salmon fisheries are mixed stock fisheries. They all harvest to varying degrees stocks of mixed origins. For example, the salmon fisheries that occur in the lower Yukon River are mixed stock fisheries in that they harvest a range of discrete stocks that occur upriver of the fishery, including some of Canadian origin. It is not until a fishery is prosecuted on the spawning beds that it is not a mixed stock fishery.

In the case of coastal western Alaska chum salmon, these fish are harvested in various mixed stock marine fisheries, including as bycatch in marine trawl fisheries targeting pollock and cod as well various directed salmon fisheries, including the South Alaska Peninsula seine and gillnet fisheries.

However, it is important to note that they are also harvested in other fisheries, such as the Bristol Bay sockeye salmon fishery, as they move through that fishery on their way to the Kuskokwim and Yukon Rivers.

So, the question is: What is the acceptable level of harvest or intercept in these fisheries when subsistence is restricted or closed? Should all fisheries be closed if they harvest even a single chum salmon that is destined to coastal western Alaska when these fisheries are closed or restricted?

[2:11:48 PM](#)

To get a handle on this question, it is important to understand the stock compositions of the salmon

harvested in these mixed stock fisheries that intercept coastal western Alaska chum salmon. I will not talk about bycatch in this presentation as it is being addressed by the North Pacific Fishery Management Council. Instead, I will focus on the fisheries that occur along the South Alaska Peninsula, as this is one of the fisheries that is affected by the legislation being considered today.

In response to the poor returns of summer chum salmon to coastal western Alaska, the Department initiated an evaluation of the genetic compositions of chum salmon harvested in the South Peninsula area mixed stock salmon fisheries last year. This is one of several marine mixed stock fisheries that are known to intercept fish of Bering Sea coastal origin. Our study was designed to assess whether stock compositions in this fishery changed from when we previously evaluated as part of the Western Alaska Salmon Stock Identification Program (WASSIP) study conducted over a decade ago.

So, what did we learn? From fish ticket information, we know that 817,279 chum salmon were harvested in the South Peninsula fisheries in all of 2022. This is 78% of the recent 10-year average. Of these, 544,137 were harvested during June, which from previous studies is the time period when summer chum of coastal western Alaska origin are harvested in this fishery.

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For the June fishery, about 58% of the chum salmon harvested were of Asian origin and about 18% were of coastal Alaska origin. That is to say about 6 out of every 10 chum salmon harvested were of Asian origin. In contrast, less than 2 out of 10 were of coastal western Alaska origin. Coastal western Alaska represents a grouping of Bristol Bay, Kuskokwim River, Yukon River summer, and Norton Sound summer chum salmon. Unfortunately, we cannot differentiate stocks within this grouping with current genetic technology. Bottom line, our study showed that about 96,000 summer chum of coastal western Alaska origin were harvested in the South Peninsula fisheries last year during June. Based on preliminary run reconstruction data, this represents about a 6% harvest rate on these stocks as a group. Again, this number represents the

total number of summer chum stocks of coastal western Alaska origin that were harvested. That is, these are not all of Yukon and Kuskokwim River origin. They are also of Bristol Bay and Norton Sound origin.

This is information that we presented to the Board of Fisheries at their recent meeting to inform their discussions.

The two primary questions the Board faced at their meeting were: What was an acceptable level of intercept harvest, and how could harvest of coastal western Alaska chum salmon be reduced?

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Proposal 140, which was submitted by the Fairbanks Advisory Committee and supported by Tanana Chiefs Conference (TCC) and others, called for adoption of a previous management approach that restricted time fished. They postulated that chum salmon harvest could be reduced solely on reduction of time alone. However, when this management plan was utilized in the early 2000s, it did not significantly reduce the harvest of chum salmon, and given the improved fishing power of the modern Purse Seine fleet, the Department could not guarantee that chum salmon harvest would be reduced based solely on time restrictions. Based on this and other information, the Board chose to not pass proposal 140. It failed on a 3-4 vote.

Instead, they adopted a hybrid approach, specifically designed to reduce the harvest of chum salmon in June, that:

- Closed a known area of high chum harvests (Sanak Island sections) to commercial fishing for salmon during June.
- Reduced commercial salmon fishing time with purse seine gear in June by a minimum of 13%.
- Increased the length of closure windows to allow chum salmon passage through the fishery.
- Created chum salmon harvest limit triggers that restrict and potentially close the commercial purse seine fishery in June, if they are met or exceeded. A trigger of 300,000 chum was set that if exceeded after the second opening would reduce fishing time by 44 hours for the third period. A second trigger of 450,000 was set that if

exceeded after the third period would close the fourth period, a reduction of 88 hours.

- Expressed an expectation, and received commitment from the fishing industry, that the industry coordinate efforts to reduce chum salmon harvest based on a signed agreement that reduced harvest last year. This included waiving confidentiality and forming voluntary cooperatives. The cooperatives were formed last year and were successful in reducing chum harvests from 1.1 million chum in 2021 to 544,000 chum last year.

This proposal passed by a vote of 4-3.

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I want to note that many people were involved in this outcome, which occurred over a 7-day period during which public comment was taken, a committee of the whole discussion occurred and numerous after hour discussions occurred.

As with all compromise solutions, people on both sides of the issue were not happy with the outcome. Inriver users felt the Board let them down by not adopting their preferred solution. South Peninsula fishermen felt they unnecessarily lost traditional sockeye salmon harvest opportunity.

This season will tell the tale of the outcome. If the fishery is prosecuted, we will closely monitor it inseason. We will also, assuming a fishery is prosecuted, conduct a second year of genetic sampling. If the fishery is cancelled, we will not be able to conduct this study. We have also spoken with public safety to beef up enforcement to address the perceived issue of chum chucking. Finally, we will monitor the cooperatives to ensure they are operating as agreed to and envisioned.

2:17:50 PM

In closing, as with many Board of Fisheries decisions, and also the legislative process, not everyone is always happy with the outcomes. But in both cases, it's not for a lack of thoughtful deliberation and consideration.

2:18:17 PM

KAREN GILLIS, Program Director, Bearing Sea Fishermen's Association (BSFA), Anchorage, Alaska, stated that BSFA works to support small boat fishermen in the Arctic, Yukon, Kuskokwim, and Bristol Bay regions. She said SB 128 will solve a problem that the Board of Fisheries failed to address effectively. That problem is that for more than a decade Area M management has prioritized commercial fishing over escapement and subsistence, in violation of state law and the policies that guide Board of Fisheries decisions. ADF&G has documented the severe decline in chum salmon in Western Alaska. In 2020 and 2021, escapement goals were not met throughout the Yukon and Kuskokwim river system, and subsistence harvests were severely limited or completely closed throughout the season. Meanwhile, ADF&G documented that the Area M fishery harvested over 210,000 chum salmon the last two years. These fish were bound for the Western Alaska Rivers that are failing to meet escapement goals.

She referenced a 2012 ADF&G Special Publication that identifies the stock competition of chum salmon harvested in fisheries of the Western Alaska Salmon Stock Identification Program. It says that Area M is composed primarily of migratory salmon pathways where discrete salmon stocks need protection from overharvest to prevent poor escapement. Chum and Chinook transiting Area M are weak and need protection. The law and the Alaska constitution are clear that ensuring chum salmon meet escapement goals and subsistence needs in the AYK region is a priority of ADF&G and the Board of Fisheries. If a stock cannot provide reasonable opportunity for subsistence, all other uses must be eliminated. For all fisheries in Alaska with the exception of Area M, ADF&G's policy and practice is to manage to meet salmon escapement goals and to close commercial fishing on a stock when escapement needs or reasonable opportunities for subsistence are not being met. This is not being applied to the Area M commercial salmon intercept fishery.

In February 2023, the Board of Fisheries voted to allow the Area M fisheries to continue to harvest Western Alaska chums without any meaningful windows for chum passage. For decades AYK residents have voiced concerns about changes in salmon stocks that have sustained the people for millennia. There is a multispecies salmon decline in Western Alaska and there is no provision for escapement and subsistence priority or in-river commercial fishing in the foreseeable future. The continued interception of migrating chum salmon in Area M threatens the sustainability and future of coastal Western Alaska chum salmon and the fisheries they once supported. Stakeholders have exhausted their administrative remedies with the Board of

Fisheries. She asked the legislature to take action and provide lawful restrictions on the commercial fishery in Area M as a remedy to the Board of Fisheries inability to follow the law.

CHAIR CLAMAN asked her to submit her remarks in writing.

2:23:16 PM

VIRGIL UMPHENOUR, Member, Fairbanks Fish and Game Advisory Committee, Fairbanks, Alaska, provided invited testimony in support of SB 128. He shared that he served three terms on the Board of Fisheries and tried very hard to get a responsible fishery in Area 140. That measure passed 7:0 in 2001, but it was subsequently changed from 3 16-hour openings per week to 88 hours of fishing with 32 hours off in June. He pointed out that the Area M fishery is the only fishery in the state that is not managed on escapement goals. He noted that the Yukon River is managed on escapement goals in Alaska and Canada. He highlighted that during the last meeting, the Board of Fisheries not only did not pass Proposition 140, but also ignored the Sustainable Salmon Policy that is in regulation. He read an excerpt to support the point. Furthermore, the board violated the allocation criteria set out in AS 16.05.251. He specifically cited subsections (e)(3) and (4) about providing residents the opportunity to obtain fish for personal and family consumption and the availability of alternative fisheries resources. That is nonexistent in the AYK while Area M had 225 other commercial fishing permits in use in 2021 in addition to the salmon permits.

2:27:21 PM

BRIAN RIDLEY, Chief, Chair, and President, Tanana Chiefs Conference (TCC), Tanana, Alaska, provided invited testimony in support of SB 128. He is from the village of Eagle on the Canadian border. He stated support for the bill and the idea of sustainable salmon management, which is lacking largely due to decisions made by the Board of Fisheries and ADF&G. He charged that following three days of public testimony and expert advice from renowned fishery scientists, the Board of Fisheries ignored that testimony and failed to prioritize sustainability and subsistence in favor of commercial salmon interests. This was a clear violation of regulatory and statutory requirements. In closing comments, he said two of the four members who voted in favor of the current proposal said they voted for the money.

He stated that TCC understands that the interception of salmon in Area M and salmon bycatch in the Bering Sea Pollack are not alone to blame for the collapse of chum and Chinook runs, but

the situation in the Yukon River is so dire that each and every chum and Chinook salmon counts. The more than 18,000 people TCC serves have already sacrificed for years by not fishing for salmon and practicing their way of life. Salmon is more than sustenance; it is essential to members' physical, economic, cultural, and physical wellbeing. He called on everyone who makes up the Area M commercial fleet to join in the conservation efforts to rebuild the area salmon populations before they go extinct.

MR. RIDLEY concluded by saying that SB 128 can change the trajectory of salmon management in Area M and allow salmon to return to the Yukon and Kuskokwim rivers. He urged the legislature to support SB 128.

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CHAIR CLAMAN opened public testimony on SB 128.

[2:31:38 PM](#)

ERNIE WEISS, Natural Resources Director, Aleutian East Borough, Anchorage, Alaska, testified in opposition to SB 128. He relayed that he had attended all the Board of Fisheries meetings this year, including the Alaska Peninsula, Aleutian Islands, Chignik finfish meeting, and the Arctic, Yukon/Kuskokwim finfish meeting. He stated that the action the Board of Fisheries took during the Alaska Peninsula meeting in February was based on science and the public process was robust. The meaningful restrictions imposed on the South Alaska Peninsula June fishery are meant to move more chum salmon through the area. He opined that the restrictions coupled with the action plan this fleet enacted will significantly reduce chum harvest. He pointed out that the action plan this fleet enacted in 2022 resulted in the lowest chum to sockeye ratio since limited entry was enacted. He highlighted that the science presented during the February meeting showed that climate change was the cause of the struggling salmon stocks, not the Alaska Peninsula fishery. Furthermore, genetic testing shows that 80 percent of the chum salmon caught in this mixed stock fishery are bound for Asia. Closing the Area M June salmon fishery will not fix the AYK salmon issues, but it will hurt borough fishermen and communities. He concluded by saying that overriding the Board of Fisheries by passing SB 128 would set a poor precedent.

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ABBY FREDERICK, Director of Communications & Investor Relations, Silver Bay Seafoods (SBS), Juneau, Alaska, stated that SBS opposes SB 128 but shares the concern about Western Alaska

salmon stocks. They support efforts to better understand the cause of the declines and find meaningful solutions that strengthen healthy sustainable ecosystems. She said climate change is warming Alaska twice as fast as the rest of the US and it is disheartening to hear about the impacts that climate and changes in the ocean are having on Alaska's salmon stocks. Nevertheless, SBS still cannot support the punitive actions put forth in SB 128; they will devastate the Alaska Peninsula but won't benefit the AYK salmon stocks. She described the Board of Fisheries action during the February meeting as significant. She highlighted that while the board restricted fishing a minimum of 13 percent, additional actions in the decision potentially could reduce the commercial fishery further. She opined that the Board of Fisheries' action coupled with the fleet's adaptive approach is the best path forward.

2:35:45 PM

ALISSA NADINE ROGERS, Director of Natural Resources, Orutsararmiut Native Council, Bethel, Alaska, testified in support of SB 128. She stated that the Yupik people are strong and resilient, but nothing but ashes is left of what was once the largest unaltered King Salmon fishery in the world. She stated that the tribe is heavily involved in this fishery through science and traditional knowledge. Many tribal members live in poverty and their economy is the subsistence harvest. She described the importance of the Aleutians commercial salmon fishery and the production of oil to the state's economy and questioned the reason for selling Alaskan oil dirt cheap and punishing the Alaskan people for the lack of economic infrastructure. She pointed out that the Yupik people have sustained themselves on their fishery for more than 10,000 years. She emphasized the importance of allowing for substance harvest throughout the Arctic, Yukon, Kuskokwim, and Bristol Bay rivers. She reiterated support for SB 128.

2:38:19 PM

CARLIN HOBLET, representing self, Anchorage, Alaska, stated that he is an Area M seiner who was urging the legislature not to undermine the established system for fisheries management in Alaska. He maintained that hearing SB 128 disregarded appointed officials who have dedicated their careers to fishery science and management. He posited that passing the bill would set a dangerous precedent throughout state government. He pointed out that countless hours of research into the salmon crashes in the Yukon and Kuskokwim Rivers had shown that the Area M fisheries are not a significant contributing factor. Nevertheless, Area M fishermen have implemented a self-management plan to maximize

the number of chum and Chinook transiting the area. Their interest is for the greater good of fellow Alaskans, and their mission is to rebuild endangered salmon stocks so Alaskans will still be able to participate in the fishery that is the foundation of the region. He posited that SB 128 will not return salmon to the endangered rivers because climate is the leading factor in the decline. He urged the committee to prevent SB 128 from advancing.

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CHARLOTTE LEVY, Natural Resources Assistant Director, Aleutians East Borough, Anchorage, Alaska, testified in opposition to SB 128. She stated that for many years she has participated in Board of Fisheries meetings and worked with Area M fishermen. She pointed out that fisheries management is complex and the state has developed a rigorous and comprehensive process for its management. The Board of Fisheries relies on science and the lived experience of stakeholders. Board processes exist for a reason; they require extensive resources, time, and subject matter expertise that is not available within the legislature. She opined that passing SB 128 would set a precedent that potentially would undermine all board processes in the state. She concluded by reminding the committee that the fishermen in Area M are predominantly Alaska residents who operate boats that are under 60 feet. They are subsistence users and borough residents who live and work in remote communities year around. The borough is responsible for critical infrastructure in these communities and the Area M fishery contributes upwards of 28 percent of the borough's fish tax revenue. She questioned cherry-picking this one fishery because it would be the harbinger of borough and community collapse.

2:42:33 PM

DALE PEDERSEN, representing self, Sand Point, Alaska, stated that he is a 50-year Area M fisherman and setnetter who wholeheartedly opposes SB 128. He said the Board of Fisheries meeting in February was well attended and like all such meetings, there were no winners. Like them or not, stakeholders have always lived with Board of Fisheries' decisions. If the legislature were to override the Board of Fisheries decision by passing SB 128, it would upset this precedence. He also pointed out that by the time the board made its decision, many boat owners had already invested significant money in their fishing operations, thinking there would be a June fishery. He urged the committee to instead spend time looking at why salmon smolt were having difficulty surviving and returning salmon were starving. He opined that it was due to poor conditions in the ocean. He

urged the committee to hold SB 128 and allow the Board of Fisheries and ADF&G do the jobs they do so well.

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DAVID POLUSHKIN, representing self, Wasilla, Alaska, stated that he has fished in Area M for 36 years, and is a board member of Concerned Area M Fishermen (CAMF). He advised that CAMF represents more than 80 percent of the drift fleet in Area M. He also represents 54 fishing vessels from the Russian communities on the Kenai Peninsula and MatSu Borough. He stated opposition to SB 128, which would deal a devastating blow to the Area M fishery without any noticeable benefit to returns in Western Alaska rivers. He reminded the committee that this was tried in Area M in 2001-2003; it decimated the fishery but had no noticeable benefit to the Western Alaska chum salmon stock. SB 128 would be even worse because it also proposes closing the north side of the Area M fishery even though chums bound for Western Alaska aren't caught there. He continued that the bill overrides the Board of Fisheries decision that was based on science and stakeholder experience. The legislature voted for Board of Fisheries members and should let them do their job. He urged the committee to oppose SB 128.

[2:46:13 PM](#)

CONNOR MURPHY, representing self, Kodiak, Alaska, stated that he is a lifelong Alaskan, a subsistence user, and a commercial fisherman. Most of his income comes from his setnet operation which would be shut down completely for the month of June if SB 128 were to pass. North Alaska Peninsula districts would be shut down as well. He explained that the North Alaska Peninsula is managed based on escapement in specific rivers. He reported that just 154 chums were caught in June last year on the North Alaska Peninsula and there was no genetic evidence that any of the chums would struggle in Western Alaska river systems. He continued that there was no proposal or testimony before the Board of Fisheries about closing the North Alaska Peninsula in June for chums bound for these river systems. The Area M fishery is complex and SB 128 fails to grasp that fact. He opined that overriding the Board of Fisheries' process directly threatens all fisheries in the state and all board processes. He urged the committee to leave fisheries management to the Board of Fisheries and ADF&G, as has been the case since statehood.

[2:47:54 PM](#)

CHELSAE RADELL, Assistant Director, Alaska Groundfish Data Bank (AGBD), Kodiak, Alaska, stated that AGBD is a member-based organization that represents shoreside processors and trawl

vessels that are mostly home-ported in Kodiak. She voiced explicit opposition to SB 128 and stated support for Area M fishermen. Instead of repeating the extensive scientific data that was presented in February, she said she would focus on the larger issue of the dangerous precedent that would be set for fisheries management in Alaska if SB 128 were to pass. She reminded the committee that the Board of Fisheries is comprised of experts and stakeholders with the knowledge and experience to delve into the complex issue of fisheries management. The members are appointed based on their experience and the legislature has control over who is confirmed to sit on the Board of Fisheries. She disputed the notion that the Board of Fisheries somehow failed to act during the February meeting. They took action to significantly restrict the Area M fishery while implementing adaptive measures to allow more chum salmon to transit the area. She emphasized that any action to further restrict the fishery outside the board process undermines the authority of the Board of Fisheries on this and all future fishery management issues in the state. She urged the committee to hold SB 128.

[2:50:07 PM](#)

BLAIR HICKSON, representing Anvik River Lodge, Anvik, Alaska, stated that he had been in the area for 28 years, which is the primary spawning grounds for chum salmon in the Yukon River. He reported the high and low chum salmon numbers in the river and stated that there was no question the spawning rivers could still house these fish. The water temperatures have remained fairly stable. He stated support for SB 128 and emphasized that every salmon that swims up these rivers and spawns counts.

[2:51:31 PM](#)

VIVIAN KORTHUIS, Chief Executive Officer, Association of Village Council Presidents (AVCP), Bethel, Alaska, stated that AVCP represents 56 tribes along the Yukon and Kuskokwim rivers and the Bering Sea coast in Western Alaska. She urged the legislature to protect Alaskans by passing SB 128, maintaining that the Board of Fisheries was not doing its job and ignoring state law. She described the current situation as the greatest natural resource crises that had ever occurred in Alaska. This is a generational and humanitarian crisis and a food famine. Chum salmon numbers have crashed since 2020 resulting in a failure to provide escapement and meet subsistence needs. There are no more conservation actions that AYK subsistence fishermen can take. She urged the committee to support SB 128.

[2:54:03 PM](#)

ADOLPH LUPIE, representing self, Tuntutuliak, Alaska, stated that he is a subsistence hunter and fisherman who is representing his village in support of SB 128. He made the following points: 1) 2019 was the first year of the chum salmon crash; 2) chum salmon crashed in 2021 in both the Yukon and Kuskokwim rivers, 3) chum salmon numbers remained very low in 2022, 4) Area M interception in 2021 was over 210,000 chum salmon and bycatch was 51,500 that were headed for Western Alaska and the Tuntutuliak commercial fishery; 5) Board of Fisheries management of Area M prioritizes commercial fishing in violation of state law; 6) people in Tuntutuliak are hurting from the lack of fish; and 7) chum salmon is needed during the summer to meet food needs during the winter. He urged the committee to act.

[2:56:37 PM](#)

STACY ARBELOVSKY, representing self, Kasilof, Alaska, stated that he is a lifelong Alaskan who has commercial fished for 49 years. He owns and operates a drift gillnet boat and permit in Area M and is a member of Concerned Area Fishermen. He opposes SB 128. He stated that the Board of Fisheries took action this winter against the June fishery to help chum salmon to transit the area during times of abundance. This included loss of fishing time, area closures and the adaptive fleet cooperative to stand down and move fishing areas when implemented. He opined that this was a good management plan for the fishery. He pointed out that SB 128 would also shut down the North Peninsula fishery for setnet and gillnet fishing, which was not part of Proposition 140. He said that genetic studies and sampling have shown that this fishery does not harvest any AYK chum salmon. He emphasized that the June fishery on the North Peninsula is extremely important to the set and drift gillnet fleets. He spoke against having five sockeye rivers over-escaped from a closure that is not science-based. He asked the committee to consider the real motive of SB 128 and urged the committee to support fisheries management that is based on science.

[2:58:45 PM](#)

RICHARD DAVIS, Member, Board of Directors, Seafood Producers Cooperative, Juneau, Alaska, testified in opposition to SB 128. He stated that the cooperative is the largest and longest surviving trade association of commercial fishermen on the North American Continent. The cooperative paid \$0.5 million in raw fish business tax to the State of Alaska this year. He stressed that the legislative process should not be used to contravene Board of Fisheries management decisions. The fishermen he represents don't always like the Board of Fisheries' decisions,

but they live with them. Thus, the Seafood Producers Cooperative opposes SB 128.

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DENNIS ZADRA, representing self, Cordova, Alaska, testified in opposition to SB 128. He echoed the previous testimony that science should govern decisions on fisheries. The board process should be respected.

[3:02:03 PM](#)

PHYLLIS SHIRRON, representing self, Cordova, Alaska, testified in opposition to SB 128. She posited that the bill wasn't developed with a comprehensive understanding of the watersheds or communities it would impact. It does not take into account the biomass effects of all the river systems or far-reaching negative economic effects to families and communities in Area M. Furthermore, SB 128 blatantly undermines the power and value of the public process and managerial plans that are in place. Passing SB 28 would set a precedent for overriding existing regulatory and managerial agencies through the legislature. She urged the committee to oppose SB 128.

[3:04:01 PM](#)

CHARLES LEAN, Chair, Northern Norton Sound Fish and Game Advisory Committee, Nome, Alaska, stated that he was speaking from the heart in support of SB 128. He stated that a public process is only as good as its rules. What is happening is the Board of Fisheries is not following the rules that it promulgated. He pointed out that the majority of AYK has not fished for chum and Chinook salmon for three years and fishing for coho salmon has been limited. At issue is the lack of adequate escapement and the replenishment of the runs that support an area the size of Texas with 130,000 Alaska residents. He concluded by emphasizing that this crisis needs to be addressed; the department and Board of Fisheries are not following the rules and it is time to step in and take over.

[3:06:21 PM](#)

PETER HAMRE, representing self, Homer, Alaska, stated that he owns and operates a fishing boat on the Alaska Peninsula, and more than half his income comes from the Area M June fishery. Thus, he is opposed to SB 128. Board of Fisheries members are carefully vetted, whereas the legislature has neither the time nor expertise to take on fisheries management. He urged the committee not to go down this path.

[3:06:56 PM](#)

SCOTT ADAMS, representing self, Homer, Alaska, testified in opposition to SB 128. He stated that he worked in Area M for 10 years and he feels the bill is going in the wrong direction. The Board of Fisheries and the fishers in Area M are working to restrict the chum catch. He opined that fisheries should not be managed legislatively.

[3:08:12 PM](#)

DANNY CUMBERLODGE, representing self, Sandpoint, Alaska, testified in opposition to SB 128. He sat through the 12 days of Board of Fisheries meetings and listened to all the science that was presented. He believes the board made the best decision it could. All parties sacrificed. He opined that adopting the bill would make the Board of Fisheries process irrelevant.

[3:09:18 PM](#)

SENATOR OLSON offered closing comments that disputed the notion that the Board of Fisheries and ADF&G were doing a good job.

[3:10:02 PM](#)

CHAIR CLAMAN held SB 128 in committee with public testimony open.

[3:10:21 PM](#)

There being no further business to come before the committee, Chair Claman adjourned the Senate Judiciary Standing Committee meeting at 3:10 p.m.