

"An Act providing for the issuance of g.o. bonds in the amount of \$44,455,100 for the purpose of paying the cost of capital improvements to fish and game management and development facilities; effective date."

COMMITTEE REPORT

HOUSE

4/12/76

Mr. Speaker:

Date May 11 1976

The Committee on FINANCE has had SSHB 615

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR SSHB 615 AND THAT

CS FOR SSHB 615 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
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Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Original Sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 615 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$27,815,000 for the purpose
8 of paying the cost of capital improvements to fish and
9 game management and development facilities; and pro-
10 viding for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. For the purpose of paying the cost of capital improvements
13 to fish and game management and development facilities, general obligation
14 bonds of the state in the principal amount of not more than \$27,815,000 shall
15 be issued and sold. The full faith, credit and resources of the state are
16 pledged to the payment of the principal of and interest and redemption
17 premium, if any, on these bonds. These bonds shall be issued under the
18 provisions of AS 37.15 as those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the "1976
21 Fish and Game Construction Fund" shall be established, to which shall be
22 credited the proceeds of the sale of the bonds described in sec. 1 of this
23 Act except for the accrued interest and premiums. There is appropriated from
24 the "1976 Fish and Game Construction Fund" to the Department of Fish and
25 Game the amount of \$27,815,000. The proceeds of these bonds shall be allo-
26 cated by the governor in accordance with the following projects and esti-
27 mates:

28	Project	Location	Amount
29	(1) Hatchery and rearing facilities		

1	to produce at least 65 million		
2	salmon fry, including 20 million		
3	coho and chinook salmon	Cook Inlet Basin	\$ 6,770,000
4	(2) Russian River fish passage		
5	facility	Cook Inlet Basin	300,000
6	(3) Hatchery and rearing facilities		
7	to produce 25 million salmon		
8	fry and added lake and saltwater	Prince William	
9	rearing of coho salmon	Sound - Whittier	2,970,000
10	(4) Hatchery and rearing facilities		
11	to produce at least 20 million		
12	sockeye and 30 million pink/chum	Kodiak -	
13	fry	Alaska Peninsula	6,720,000
14	(5) Hatchery and rearing facilities		
15	to produce sheefish, grayling,	Fairbanks -	
16	trout, and salmon	AYK	655,000
17	(6) Hatchery and rearing facilities		
18	to produce at least 100 million		
19	salmon fry in Southeastern		
20	Alaska, including coho and	Southeastern	
21	chinook salmon	Alaska	7,450,000
22	(7) Anan Creek fish passage	Southeastern	
23	facility	Alaska	655,000
24	(8) Acquire sonar fish counters	Kenai-Kasilof	236,500
25	(9) Vessel modification -		
26	M/V Resolution	Homeport	122,400
27	(10) Construct fish ladder (Frazier		
28	Lake)	Kodiak	315,000
29	(11) Bear Lake fish facility		

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in the principal amount of not more than \$27,815,000 for
the purpose of paying the cost of capital improvements to
fish and game management and development facilities?

Bonds Yes []

Bonds No []

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

Original Sponsor: Rules Committee by
request of the Governor

Offered: 4/12/76
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$19,735,000 for the purpose
8 of paying the cost of capital improvements to fish and
9 game management and development facilities; and pro-
10 viding for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. For the purpose of paying the cost of capital improvements
13 to fish and game management and development facilities, general obligation
14 bonds of the state in the principal amount of not more than \$19,735,000 shall
15 be issued and sold. The full faith, credit and resources of the state are
16 pledged to the payment of the principal of and interest and redemption pre-
17 mium, if any, on these bonds. These bonds shall be issued under the pro-
18 visions of AS 37.15 as those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the "1976
21 Fish and Game Construction Fund" shall be established, to which shall be
22 credited the proceeds of the sale of the bonds described in sec. 1 of this
23 Act except for the accrued interest and premiums. There is appropriated from
24 the "1976 Fish and Game Construction Fund" to the Department of Fish and Game
25 the amount of \$19,735,000. To the extent feasible, the proceeds of these
26 bonds shall be allocated by the governor in accordance with the following
27 projects and estimates:

28	Project	Location	Amount
29	(1) Russian River fish passage		

Original Sponsor: Rules Committee by
request of the Governor

Offered: 4/12/76
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$19,735,000 for the purpose
8 of paying the cost of capital improvements to fish and
9 game management and development facilities; and pro-
10 viding for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. For the purpose of paying the cost of capital improvements
13 to fish and game management and development facilities, general obligation
14 bonds of the state in the principal amount of not more than \$19,735,000 shall
15 be issued and sold. The full faith, credit and resources of the state are
16 pledged to the payment of the principal of and interest and redemption pre-
17 mium, if any, on these bonds. These bonds shall be issued under the pro-
18 visions of AS 37.15 as those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the "1976
21 Fish and Game Construction Fund" shall be established, to which shall be
22 credited the proceeds of the sale of the bonds described in sec. 1 of this
23 Act except for the accrued interest and premiums. There is appropriated from
24 the "1976 Fish and Game Construction Fund" to the Department of Fish and Game
25 the amount of \$19,735,000. To the extent feasible, the proceeds of these
26 bonds shall be allocated by the governor in accordance with the following
27 projects and estimates:

28 Project	Location	Amount
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29 (1) Russian River fish passage		
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1	facility	Cook Inlet Basin	\$ 300,000
2	(2) Hatchery and rearing facilities	Karluk - Kodiak	
3	to produce at least 70 million	(20 million sockeye)	3,150,000
4	salmon fry	Alaska Peninsula -	
5		Russell Creek (50	
6		million pink/chum)	4,850,000
7	(3) Hatchery and rearing facilities	Yukon	100,000
8	to produce sheefish, grayling,	Tanana	100,000
9	trout, and salmon (AYK)	Fairbanks	200,000
10		Kuskokwim	100,000
11		Bering Straits -	
12		Unalakleet	100,000
13		Kotzebue	100,000
14	(4) Anan Creek fish passage facility	Southeastern Alaska	655,000
15	(5) Acquire sonar fish counters	Kenai - Kasilof	236,500
16	(6) Vessel modification -		
17	M/V Resolution	Home port	122,500
18	(7) Construct fish ladder (Frazier)	Kodiak	315,000
19	(8) Bear Lake fish facility		
20	improvement	Seward	150,000
21	(9) Beaver Falls holding facility	Ketchikan	105,000
22	(10) Construct sewage treatment		
23	facility	King Salmon	170,600
24	(11) Construct warehouse and quarters	Sand Point	246,800
25	(12) Vessel purchase	Initial use -	
26		Southeast Alaska	500,000
27	(13) Construct warehouse and shop	Palmer	235,600
28	(14) Construct warehouse	Dillingham	288,000
29	(15) Cook Inlet hatchery and	25 million pink/chum	

1	rearing facilities	10 million coho	3,890,000
2	(16) Southeast Alaska hatchery	50 million including	
3	and rearing facility	3 million coho	3,820,000

4 * Sec. 3. If the issuance of these bonds is authorized by the qualified
5 voters of the state, the amount of \$69,073 or as much of that amount as is
6 found necessary is appropriated from the general fund of the state to the
7 state bond committee to carry out the provisions of this Act and to pay
8 expenses incident to the sale and issuance of the bonds authorized in this
9 Act. The amounts expended from the appropriation authorized by this section
10 shall be reimbursed to the general fund from the proceeds of the sale of the
11 bonds authorized by this Act.

12 * Sec. 4. The amount withdrawn from the Public Facility Planning Fund for
13 the purpose of advance planning for the improvement financed under this Act
14 shall be reimbursed to the fund from the proceeds of the sale of bonds author-
15 ized by this Act.

16 * Sec. 5. The question whether the bonds authorized in this Act are to be
17 issued shall be submitted to the qualified voters of the state at the
18 next general election and shall read substantially as follows:

19 Proposition

20 State General Obligation Fish and Game Management and
21 Development Facilities Bonds \$19,735,000
22 Shall the State of Alaska issue its general obligation bonds
23 in the principal amount of not more than \$19,735,000 for the
24 purpose of paying the cost of capital improvements to fish
25 and game management and development facilities?

26 Bonds Yes []

27 Bonds No []

28 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).

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Introduced: 2/23/76
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 615
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$44,455,100 for the pur-
8 pose of paying the cost of capital improvements to
9 fish and game management and development facilities;
10 and providing for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. For the purpose of paying the cost of capital improvements
13 to fish and game management and development facilities, general obligation
14 bonds of the state in the principal amount of not more than \$44,455,100
15 shall be issued and sold. The full faith, credit and resources of the
16 state are pledged to the payment of the principal of and interest and
17 redemption premium, if any, on these bonds. These bonds shall be issued
18 under the provisions of AS 37.15 as those provisions read at the time of
19 issuance.

20 * Sec. 2. If the issuance of these bonds is authorized by the qualified
21 voters of the state, a special fund of the state to be known as the 1976
22 Fish and Game Construction Fund shall be established, to which shall be
23 credited the proceeds of the sale of the bonds described in sec. 1 of this
24 Act except for the accrued interest and premiums. There is appropriated
25 from the 1976 Fish and Game Construction Fund to the Department of Fish
26 and Game the amount of \$44,455,100. To the extent feasible, the proceeds
27 of these bonds shall be allocated by the governor in accordance with the
28 following projects and estimates:

29

<u>Project</u>	<u>Location</u>	<u>Amount</u>
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1	(1) Hatchery and rearing facilities		
2	to produce at least 100 million		
3	salmon fry, including 30 million		
4	coho and chinook salmon	Cook Inlet Basin	\$10,660,000
5	(2) Russian River fish passage		
6	facility	Cook Inlet Basin	300,000
7	(3) Hatchery and rearing facilities		
8	to produce 50 million salmon		
9	fry and added lake and saltwater	Prince William	
10	rearing of coho salmon	Sound - Whittier	6,500,000
11	(4) Hatchery and rearing facilities		
12	to produce at least 70 million	Kodiak -	
13	salmon fry	Alaska Peninsula	8,000,000
14	(5) Hatchery and rearing facilities		
15	to produce sheefish, grayling,	Fairbanks -	
16	trout, and salmon	AYK	655,000
17	(6) Hatchery and rearing facilities		
18	to produce at least 130 million		
19	salmon fry in Southeastern		
20	Alaska, including coho and	Southeastern	
21	chinook salmon	Alaska	14,000,000
22	(7) Anan Creek fish passage	Southeastern	
23	facility	Alaska	655,000
24	(8) Acquire sonar fish counters	Kenai-Kasilof	236,500
25	(9) Vessel modification -		
26	M/V Resolution	Homeport	122,500
27	(10) Construct fish ladder (Frazier)	Kodiak	315,000
28	(11) Bear Lake fish facility		
29	improvement	Seward	75,000

1	(12)	Beaver Falls holding facility	Ketchikan	105,000
2	(13)	Construct sewage treatment		
3		facility	King Salmon	170,600
4	(14)	Construct warehouse and		
5		quarters	Sand Point	246,800
6	(15)	Vessel purchase	Initial use -	
7			Southeast Alaska	500,000
8	(16)	Construct warehouse and shop	Palmer	235,700
9	(17)	Construct warehouse	Dillingham	288,000
10	(18)	Salmon development projects	Statewide	1,390,000

11 * Sec. 3. If the issuance of these bonds is authorized by the qualified
12 voters of the state, the amount of \$155,600 or as much of that amount as is
13 found necessary is appropriated from the general fund of the state to the
14 state bond committee to carry out the provisions of this Act and to pay
15 expenses incident to the sale and issuance of the bonds authorized in this
16 Act. The amounts expended from the appropriation authorized by this section
17 shall be reimbursed to the general fund from the proceeds of the sale of
18 the bonds authorized by this Act.

19 * Sec. 4. The amount withdrawn from the Public Facility Planning Fund
20 for the purpose of advance planning for the improvement financed under
21 this Act shall be reimbursed to the fund from the proceeds of the sale of
22 bonds authorized by this Act.

23 * Sec. 5. The question whether the bonds authorized in this Act are to
24 be issued shall be submitted to the qualified voters of the state at the
25 next state general election and shall read substantially as follows:

26 Proposition

27 State General Obligation Fish and Game Management and
28 Development Facilities Bonds \$44,455,100

29 Shall the State of Alaska issue its general obligation bonds in the

1 principal amount of not more than \$44,455,100 for the purpose of
2 paying the cost of capital improvements to fish and game management
3 and development facilities?

4 Bonds Yes []

5 Bonds No []

6 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
7 10.070(c).

Introduced: 1/19/76
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$4,455,100 for the pur-
8 pose of paying the cost of capital improvements to
9 fish and game management and development facilities;
10 and providing for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. For the purpose of paying the cost of capital improvements
13 to fish and game management and development facilities, general obligation
14 bonds of the state in the principal amount of not more than \$4,455,100
15 shall be issued and sold. The full faith, credit and resources of the
16 state are pledged to the payment of the principal of and interest and
17 redemption premium, if any, on these bonds. These bonds shall be issued
18 under the provisions of AS 37.15 as those provisions read at the time of
19 issuance.

20 * Sec. 2. If the issuance of these bonds is authorized by the qualified
21 voters of the state, a special fund of the state to be known as the 1976
22 Fish and Game Construction Fund shall be established, to which shall be
23 credited the proceeds of the sale of the bonds described in sec. 1 of this
24 Act except for the accrued interest and premiums. There is appropriated
25 from the 1976 Fish and Game Construction Fund to the Department of Fish
26 and Game the amount of \$4,455,100. To the extent feasible, the proceeds of
27 these bonds shall be allocated by the governor in accordance with the
28 following projects and estimates:

29

<u>Project</u>	<u>Location</u>	<u>Amount</u>
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1	(1) Acquire Sonar Fish Counters	Kenia-Kasilof	\$ 236,500
2	(2) Vessel modification -		
3	M/V Resolution	Homeport	122,500
4	(3) Construct Fish Ladder (Frazier)	Kodiak	315,000
5	(4) Bear Lake Fish facility		
6	improvement	Seward	75,000
7	(5) Beaver Falls holding facility	Ketchikan	105,000
8	(6) Construct sewage treatment		
9	facility	King Salmon	170,600
10	(7) Construct warehouse and quarters	Sand Point	246,800
11	(8) Construct sockeye substrate		
12	incubation units	Kenai Peninsula	2,160,000
13	(9) Vessel purchase	Initial use -	
14		Southeast Alaska	500,000
15	(10) Construct warehouse and shop	Palmer	235,700
16	(11) Construct warehouse	Dillingham	288,000

17 * Sec. 3. If the issuance of these bonds is authorized by the qualified
18 voters of the state, the amount of \$15,600 or as much of that amount as is
19 found necessary is appropriated from the general fund of the state to the
20 state bond committee to carry out the provisions of this Act and to pay
21 expenses incident to the sale and issuance of the bonds authorized in this
22 Act. The amounts expended from the appropriation authorized by this section
23 shall be reimbursed to the general fund from the proceeds of the sale of
24 the bonds authorized by this Act.

25 * Sec. 4. The amount withdrawn from the Public Facility Planning Fund
26 for the purpose of advance planning for the improvements financed under
27 this Act shall be reimbursed to the fund from the proceeds of the sale of
28 bonds authorized by this Act.

29 * Sec. 5. The question whether the bonds authorized in this Act are to

1 be issued shall be submitted to the qualified voters of the state at the
2 next state general election and shall read substantially as follows:

3 Proposition

4 State General Obligation Fish and Game Management and
5 Development Facilities Bonds \$4,455,100

6 Shall the State of Alaska issue its general obligation bonds in the
7 principal amount of not more than \$4,455,100 for the purpose of paying
8 the cost of capital improvements to fish and game management and
9 development facilities?

10 Bonds Yes []

11 Bonds No []

12 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

SS N6115

FEB 23 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.000(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a sponsor substitute for HB 615 to increase the number of fisheries facilities projects to be funded by a bond issue, as recommended by the Fisheries Council.

Sincerely,

Jay S. Hammond
Governor

ESTIMATE SUMMARY
1976 FISH AND GAME FUND
ENHANCEMENT PROJECTS

<u>Project Name</u>	<u>Fry Production</u>	<u>Capital Cost</u>
Tutka, Halibut Cove, Big Lake & Crooked Creek	4 million coho/king	\$ 530,000 — ?
Hidden/Skilak	20 million sockeye, 6 million coho	2,350,000
Cook Inlet (Kenai)	25 million pink/chum, 10 million coho	3,890,000
Cook Inlet Total	65 million	\$ 6,770,000
Cannery Creek	25 million (including 1 million coho)	\$ 2,670,000
Whittier	100,000 coho post-smolts	300,000 — ?
Prince William Sound Total	25 million	\$ 2,970,000
Karluk	20 million sockeye	\$ 3,150,000
Trout Creek	30 million pink/chum	3,570,000
AP/Kodiak Total	50 million	\$ 6,720,000
Hidden Falls	50 million (including 3 million coho)	\$ 3,630,000
Klawak Lake	50 million (including 3 million coho)	3,820,000
Southeastern Total	100 million	\$ 7,450,000
Statewide Facilities	240 million	\$23,910,000
Russian River fish passage facility - Cook Inlet Basin		\$ 300,000
Hatchery and rearing facilities to produce sheefish, grayling, trout, and salmon - Fairbanks-AYK		655,000 — ?
Anan Creek fish passage - Southeastern		655,000 —
Acquire sonar fish counters - Kenai-Kasilof		236,500
Vessel modification-M/V Resolution - Homeport		122,500
Construct fish ladder (Frazer) - Kodiak		315,000
Bear Lake fish facility improvement - Seward		75,000
Beaver Falls holding facility - Ketchikan		105,000
Construct sewage treatment facility - King Salmon		170,600
Construct warehouse and quarters - Sand Point		246,800
Vessel purchase - Initial use-Southeastern		500,000
Construct warehouse and shop - Palmer		235,700
Construct warehouse - Dillingham		288,000
Salmon development projects - Statewide		1,390,000 — ?
		\$ 5,295,100
TOTAL BOND REQUEST		\$29,205,100

*question marks
are mine
H*

ESTIMATE SUMMARY
1976 FISH AND GAME FUND
ENHANCEMENT PROJECTS

<u>Project Name</u>	<u>Fry Production</u>	<u>Capital Cost</u>
Tutka, Halibut Cove, Big Lake & Crooked Creek	4 million coho/king	\$ 530,000
Hidden/Skilak	20 million sockeye, 6 million coho	2,350,000
Cook Inlet (Kenai)	25 million pink/chum, 10 million coho	3,890,000
Cook Inlet (Susitna)	25 million pink/chum, 10 million coho	3,890,000
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Cook Inlet Total	100 million	\$10,660,000
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Cannery Creek	25 million (including 1 million coho)	\$ 2,070,000
Whittier	100,000 coho post-smolts	300,000
Prince William Sound	30 million (including 1 million coho)	3,530,000
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Prince William Sound Total	55 million	\$ 6,500,000
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Karluk	20 million sockeye	\$ 3,150,000
Trout Creek	50 million pink/chum	4,850,000
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AP/Kodiak Total	70 million	\$ 8,000,000
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Hidden Falls	50 million (including 3 million coho)	\$ 3,630,000
Tenahee	1 million coho post-smolts	1,300,000
Klawak Lake	50 million (including 3 million coho)	3,820,000
Thorne River	50 million (including 3 million coho)	5,250,000
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Southeastern Total	150 million	\$14,000,000
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Statewide Facilities	375 million	\$39,160,000
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Russian River fish passage facility - Cook Inlet Basin		\$ 300,000
Hatchery and rearing facilities to produce sheefish, grayling, trout, and salmon - Fairbanks-AYK		655,000
Anan Creek fish passage - Southeastern		655,000
Acquire sonar fish counters - Kenai-Kasilof		236,500
Vessel modification-M/V Resolution - Homeport		122,500
Construct fish ladder (Frazer) - Kodiak		315,000
Bear Lake fish facility improvement - Seward		75,000
Beaver Falls holding facility - Ketchikan		105,000
Construct sewage treatment facility - King Salmon		170,600
Construct warehouse and quarters - Sand Point		246,800
Vessel purchase - initial use-Southeastern		500,000
Construct warehouse and shop - Palmer		235,700
Construct warehouse - Dillingham		288,000
Salmon development projects - Statewide		1,390,000
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		\$ 5,295,100
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TOTAL BOND REQUEST		\$44,455,100

Present were Hershberger, Huntington, Osterback, Rhode, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 878 CS HB 615

Phil Holdsworth began testimony. During the last session the governor asked that no action be taken on a bill comparable to HB 878. On Nov. 6 and 7, in Anchorage, agreements were reached with the Dept. of Revenue on aspects of this bill (HB878) The mining license tax has been on the books without changes since 1965. There is no real mining industry in Alaska today.

A suggested amendment: Smaller miners shouldn't have to do all of the complicated forms. Dept. of Revenue has tried to clarify the issue.

Other incentives might result in acceleration of the mining industry in Alaska. \$35 million was spent in exploration in Alaska in 1975.

Holdsworth felt that this was a "workable" bill.

Hershberger asked where we were in the status of precious metals in Alaska. Holdsworth answered that it depends on the area. In the Brooks range there is a richness of precious metals.

Chairman Anderson stated that letters received have expressed concern that special taxes are discriminatory. Some think we should be giving monetary incentives instead of taxing.

Holdsworth answered that most people don't even realize that there is already a mining tax law on the books.

Mr. Fred Betch, of the Dept. of Commerce, stated that the Dept. of Revenue was involved in the background of this bill. The bill basically has clarified how the taxes are to be assessed. He also agreed with Holdsworth as to the need for the amendment.

Question: How much will be added to the "coffers" with this bill
Answer: No more, as it stands now. There just isn't much mining in Alaska. Also, receipts aren't recognized until a sale of the product takes place.

Chuck Hawley of the Alaska Miners Association, testified that they generally support HB878. He added that there is felt that since the state has recognized the industry with a special tax, the state then has some obligation to the industry. (Roads, specifically, and also air access) There are only two sizeable operations in the state at present--Usibelli and Goodnews Bay. A.J. in Juneau was the last hardrock mine, and was closed around 1945.

However, Industry didn't write the bill. There are possible inequities.

- 1) It is set up the opposite of the way royalty rates usually work, i.e. an escalating rate.
- 2) Exemptions are needed for capital improvement costs.
- 3) Net operating losses should be carried over to succeeding years.

Corporate income taxes would still be paid to the state during this time.

Regarding special taxes--mining has not developed because of lack of transportation. Possibly the Haul Road could be kept open. Possibly Railroad extensions could be built. This would not be in the same category as a depletion allowance.

Brown asked whether mining gets the same types of benefits as oil, etc.
Answer: No.

Chairman Anderson asked about the fixed tax at the intermediate level.
Answer: It would do away with the escalation basis. Obviously, a large mining industry will pay more. Also, the state would end up gaining revenue if the capital recouping were allowed.

The District Manager for the Bear Creek Mining Company spoke. His group is a subsidiary of the Kennicott Copper Co. New areas of Alaska are being explored that appear to have a favorable mining future. The Cost of production in Alaska is higher than other Western States. Mining is one of the few industries that can go in rural Alaska. Incentives are needed--transportation, communication, ports, etc. Also stability is needed. Additional taxes would be harmful.

An amendment was presented adding language to clarify that two locations of the same company could be considered as one operation for tax purposes. The current problem is that after initial 3-year "tax holiday" is passed, if the company begins at a new location, the original costs of that new location need to be regained by the company.

Rhode suggested that as items of cost are amortized, they should be charged and taxable at that time.

It was stated that the main problem with mining in Alaska has been that costs of development are so high. Stability of the tax structure is needed.

Dale Tubbs, Deputy Director of the Division of Lands, mentioned the "sleeper" in the bill. It now includes sand and gravel. In the definitions on Page 9, Line 27, sand and gravel aren't included. Sand and gravel need to be listed as a material, not a mineral. Also, regarding the multiple-site situation, sand and gravel need to be split off from this. It can be cleared up with definitions. Clarification needs to be defined as to "mined" vs. "excavate". It must be kept in mind that sand and gravel are the biggest source of "mining" income now.

Re: clay and stone--it is not clear yet.

Chairman Anderson asked that Tubbs and VAn Doren redraft Page 9.

Wallace MacGreggor, of the Northwest Mining Association, spoke. He was concerned with the semantics problem (net proceeds, severance, etc.) Alaska's corporate tax is second only to that of Minnesota. Usually, the states with the highest taxation have a mature industry. This is not the case with Alaska.

Mr. Brown asked whether Mr. MacGreggor advises people as to whether to invest in Alaska. A. No. As to whether this bill really won't change the tax, Brown was answered that this was true.

Macgreggor stated, that regarding the percentage of net to gross, as you increase the initial costs of operation, it takes more capital to cover the costs. The mining license tax is much higher than a business license tax. Revenue derived by the state from mining could be greater than any other industry. The way it stands now, 2 out of 3 dollars received in mining would go to taxes. Because Alaska's base figure is higher than other states, the end result is that low-grade operations are cut out.

Carl McCowan, of the U.S. Borate and Chemical Corporation, stated that they have a propsect in Alaska. He stated that corporations contribute to the resource and economic well-being of the country. Their company will spend about one million dollars in exploration in Alaska in 1976. The government gets the biggest share of profits in any mining operation.

Question was asked as to what good the bill was if it hasn't produced any income yet.

It takes capital to create jobs. It takes people willing to take a risk. A profit isn't always possible in the first year. The 3 1/2 year "tax holiday" per operation is needed to recoup. Economic changes are needed in the state. We need to harvest the minerals.

Brown stated that it is the general feeling that the law is not unfavorable. Also, there are tremendous differences between mining and oil and gas.

(Meeting recessed, and resumed at 1:30 p.m.)

Donald McDonald, a propector, spoke. There is a question regarding taxing royalties. Would you be paying double on the same money? The company pays a tax on net proceeds. Are royalty payments deducted first?

Mr. Betch answered. Royalties are a deduction to the operator, and the receiver pays the tax.

Question: The difference between the mining Development Company, and the owner of the land needs to be clarified. Proving up a claim can take a long time.

Betch answered that he had no idea why the situation wasn't taken care of in the original bill.

McDonald: More time is needed to recoup expenses. Existing leases can't be rewritten to take care of the new tax structure. The problem is the royalty payments.

Also, if sand, rock and gravel are going to be taxed, must they be filed as mineral claims?

Bill Huff, of the Ketchikan Miners Association, presented testimony. Sand and gravel must now be purchased from the state. There is a problem regarding state leases as opposed to mining claims.

McDonald stated that if gravel and sand is treated separately, it should be put in a separate bill. Make it completely separate, or operable under a mining claim.

You can't hold a mining claim unless you are processing a metal.

Huff: Changes in the law have prohibited staking a gravel claim. Why call it a mineral now.

Vance Thornsbury, of Inspiration Exploration, testified. This bill would somewhat stabilize the taxation policy of Alaska. However, the rate as expressed in the bill shouldn't be escalating. It should be declining, or a solid 5%. Alaska must attract industry by a declining or set rate.

Inspiration is working on Chichagoff Island at this point. If the mine goes into operation, everything will be done except smelting on location. Refining could be done, possibly, in the future. As to the number of people to be employed, 200 was the estimate.

Eliason asked about land classification. Thornsbury stated that a wilderness classification would make it impossible to meet the requirements in order to mine.

Bill Huff spoke about land withdrawals vs. national security. We must have good domestic mineral supply. There is a long time-lag between finding minerals and developing them. An example of mining that must be developed is the nickel deposit in Glacier Bay.

Chairman Anderson expressed committee support of development. Rural areas must be developed to support themselves. However, there are many anti-development people in Alaska.

It was moved to add the amendment on Page 10, Line 16 and 17. Motion passed.

Betch expressed concern about the amendment. The "one mining business" wording could be a loophole for several mines, and lots of deductions. He had no objection to the first amendment. It was Line 9 of that amendment that was the problem.

Discussion of the "one business" situation ascertained that "mining business operations" needs to be clarified as opposed to "mining business"

Betch said that the second amendment would allow separation for taxation. The rate schedule would be applied. Motion carried to add the amendment to Line 8.

Motion to amend Line 9 passed, with Smith objecting.

Re: Line 15, Betch stated that this is standard accounting language that is proposed. No action was taken on the amendment.

Motion was made to amend Line 4, page 3, by adding the words "exploration and". Motion carried.

Motion was made to amend Page 3 Line 11 by adding a new subsection allowing offsetting losses in subsequent years. Motion passed.

Re: definition of minerals on page 9, Line 27 and 28, discussion included the fact that molibdanum, uranium and titanium should be added to the list of minerals. "Sand and gravel" should be struck from the mineral list and classified as "materials." Also, on Pg. 4, every place minerals occurs, "or materials" should be added.

Eliason asked about the handling of rock quarries. Smith answered that they are "materials" under a state sale.

McDonald stated that even dirt is a mineral. Valuable metals should be the term, not minerals.

Smith suggested listing by exception instead of attempting to name all of the minerals.

Re: definitions, "all locatable and leasable minerals except sand, gravel, building materials, topsoil, oil and gas" Motion to adopt the definitions passed.

Motion to adopt the new subsection 8 on page 10 and add "materials" and also on page 4 wherever "minerals" occurs, passed.

Betch questioned page 1, the net proceeds tax wording, and the graduated increase based on ability to pay. A flat rate would give the incentive to the larger operator.

Eliason suggested listing the changes line by line for the Finance Committee.

Re: CSSS HB 615. Motion was made to adopt the new \$19,690,000 amount. Smith stated that he was not concerned with detail. Experts will take care of that. Also, non-profit groups will take over alot of what Fish and Game has proposed. He would exclude items 2, 3, 15 and 16 from the list of projects. "Let's not support hatcheries yet."

Eliason stated that we need to either get with it or get out of it. By removing hatchery programs we're regressing.

Smith stated that he had no qualms about the hatchery program, but do we want hatchery programs? It is the first phase of a 300 million dollar program.

Eliason stated that most people seem to be behind the program.

Chairman Anderson mentioned the lack of definitive site selection information at this time.

Eliason stated the difficulty in Southeast as to getting together on

projects. The private sector can't do it in SE.

Huntington stated that the Interior rivers need to be rehabilitated.

Motion to amend to delete items 2, 3, 15 and 16 was defeated.

Motion was made to specify areas and amounts, specifying by line item certain projects totaling \$45,000.

Anderson asked what Huntington would do with the facility? Huntington answered that experiments could be done, with development at the same time.

Brown answered that the intent of the motion is to make distribution of the monies specific. He favored it.

As to what to do if the designated areas don't lend themselves to development, Huntington answered that a small unit could be developed and used.

Motion to pass the Huntington amendment passed.

Motion to pass the original motion as amended passed, with a majority of Do Pass recommendations.

Re: CS HB 654. The Committee Substitute was presented. There was brief discussion, including that the definition of minerals is different for tax purposes than for land. Discussion also zeroed in on the need for a 60-day notification to persons before a classification change. Concern was stated regarding agricultural changes, when agriculture may not be the highest and best use.

An amendment to paragraph c, Line 26, page 5, regarding notice----if requested a hearing may be held-----etc. Motion adopted
Motion to move CS HB 654 out of committee with a Do Pass recommendation carried.

Present were Rhode, Huntington, Staff Assistant Van Doren and Chairman Anderson. Present for a part of the meeting were Brown and Osterback.

Subject: SSHP615

Chairman Anderson stated that the committee was specifically looking for a time frame and a reason for having the \$44 million spent now.

Bob Roys, Dept. of Fish and Game, began the presentation on the FRED program. (Copies of charts attached) The basic conclusion drawn at the present time is that when the production of fry is up, so is the return of adult fish to the spawning ground. The longer you control the fry--the better off the fishery is. Once the fry reach the natural environment, you no longer have control.

Mr. Roys stated that many kinds of expertise are available within the Dept. of Fish and Game.

Mr. Huntington asked why, according to the chart shown, there is only one very small Fish and Game effort in the whole Yukon system. In 4/5 of Alaska, there is only one program relating to fisheries.

Mr. Roys explained that commercial and sport fishing projects were being undertaken in the interior--his program was the FRED program.

Dick Logan, staff biologist for FRED spoke. He said that where the biggest need is, the main objectives have been zeroed in. It is much harder for the FRED program to work in the Interior, since much less is known about the technology of the fisheries there. Pink and chum salmon have the most developed technology, and are thus the easiest and most predictable to work with. Not much is really known about sockeye and kings yet. The monies asked for will be put basically into pinks and chums. However, Cook Inlet has a "spinoff" project relating to sockeye.

Types of facilities addressed are: smolt facility, salt water rearing, lake stocking, pre to post smolt rearing, and closed system.

Pinks do not generate the income chums do, so from an economic standpoint, chums are the ones that should be stressed. Chums return after 4 years, so results won't begin until then.

Bob Luim presented testimony. A given location determines the number of fry to be involved. The estuarian environment will support only a certain number of fry at a time. Also, the cost-benefit ratio must be ascertained. Some facilities could be developed in stages, but most should be completed immediately, to help hold down costs.

Year-round facilities are not feasible, although some of the systems could combine with natural lakes. Most Alaskan lakes are too cold for over-wintering of fish.

Southeast Alaska has available some monies from previous funds. These are to be combined with the proposed bond monies. The bond issue is the beginning of a 15-year plan. Future additions will be needed to meet these goals.

Re: site selection. Fish and Game engineers would enter in here. Preliminary designs will be done before the bond issue. The contractor could be on board by May. The bond issue asks for minimum numbers of fry to be planned for, but allows for more. The size of the fry is a critical factor. You can raise more small fry, but larger fry may be better for releasing--the size of the brood stock determines.

It must be kept in mind that all charts and figures use averages.

In answer to a question from Osterback as to plans for development facilities in the Chain, answer was given that there are no immediate plans for red salmon development there. Background information is necessary before development can be attempted. The information is now lacking. Some testing could be done now, possibly.

Mr. Rhode asked how much FRED has so far received from the budget. Roys answered 2.3 million for 1976. Additional personnel would be necessary if the bond passes. Substantial budget increases will be noted in the future to back up the bond issue, and implementation. Question: What would you rate as the success factor of the 1958 hatchery built by FRED? Answer: Good mainly as a test facility. Actually, overall, very poor.

Mr. Van Doren asked about HB623. Answer: If this bill doesn't pass, planning money would have to come from the bond monies. It would cause a two-year delay in the projects.

Mr. Van Doren asked what were the problems with rearing pens. Answer: unusual storms, and predators. (The Norwegians have discovered that trained dogs take care of the seagull and otter problems.)

Mr. Roys reminded the committee that professional opinion enters in to all decisions such as site selection.

Re: spawning grounds- it is hard to protect spawning grounds from diseased adults. The Dept. of Environmental Conservation won't allow some things. Research is now going on in the field of inoculations. Testing is being done on ozonation. Pharmaceutical companies are doing research in Alaska. The longer you rear the fish the more problems with disease.

Chairman Anderson asked that Mr. Roys "walk through" a given proposal with all of the "ifs" and "probably's" out.

Roys began with Item #1 of the bond proposal: First a site selection resume is done. Detailed information on costs are available. These

cost factors are entered into the selection decision. In the development schedule certain assumptions are made. 1. The passage of bills, and 2. the passage of the bond issue.

As to why sites aren't certain at this time, one reason given was that Hidden Lake and Skeelac Lake need to be viewed with the snow off.

Negotiations with an engineering consultant company will begin as soon as it is known that money is available. Then a contract will be signed.

In many instances the Big Lake design will be used with alterations. The designs will need to be simple, but long-lasting. (There are 4 design firms only in the state capable of doing these hatcheries. It is not known whether contractor capability covering the total bond issue is available. Two construction seasons are allowed for.)

There is no "exact" facility such as is contemplated in the state. Parts are taken from several facilities.

(Tape 11) Chairman Anderson stated that we need accurate cost estimates and close to accurate site selection information. Needed also is more information on the background of each location. Mr. Roys replied that site selection can't be finalized yet, but will be before the bond proposal comes up.

Mr. Rhode asked whether any condemnation of property would be required under any of the proposed sites. Answer, none that I know of.

Mr. Roys stated that if the fisheries are in a general decline, naturally the cost/benefit ratios will not be good. As to the predicted life of facilities, 20-year cost is used as the basis. For instance, the concrete would probably last, but timber would have to be replaced.

Chairman Anderson stated that the public needed to know that there are no immediate solutions to the problem of fishery decline.

Mr. Roys stated that as in all biological situations, when you don't have complete control of the animal, you lose efficiency. Also, the king salmon situation is puzzling worldwide. He cited the situation with "outside" hatcheries, where the return of adults wasn't counted. Consequently, there was no way to tell whether the hatchery was efficient.

Chairman Anderson asked whether it was realistic to believe all will progress as planned: design, construction--of the main facilities. Roys answered that design could proceed as planned, but contractors were an unknown factor. Proper bids are assumed in the planning. There would be no problem in having the site selections finalized before the bond election.

Mr. Van Doren asked where the monies for PR for the bond election were coming from. Van Doren also stated that competition for construction bid awards from construction companies will be tremendous.

Chairman Anderson mentioned the Aquaculture position paper by Prince William Sound Corporation. Anderson asked whether the Dept. of Fish and Game would be in competition with that group.

Roys answered that he didn't see competition with the group. Coordination would be developed. Major policy is now being developed.

Anderson stated that there appear to be two criteria in question--one for the state, and one for the non-profit developers. How come, when the state is supposed to encourage non-profit.

Roys answered that the state will be working on the sport fishery while the Prince William Corp. will be doing commercial.

Don Doren asked what happens to surplus fish. Answer: We must assess the ability to harvest, then control the output. If systems are right for harvesting, there will be no surplus.

Question: Is it possible that native stocks will be wiped out by the cultivated fish. Answer: It's possible. There is a need to select areas where no major natural producer is now.

Question: Have any fish runs in any area been completely written off? Answer: To my knowledge, only one small one associated with a small creek.

Question: Are any areas self-destructive? Answer: Side by side runs can be different. Answers are not known yet. Experiments are being carried out. Natural rearing areas that don't produce are directly related to not enough spawning areas.

Question: Do you feel that adequate planning has been done for the 1.5 million bond issue? Answer: In many cases an excellent job has been done, such as setting up the siting criteria. Whether the bond issue reflects the needs of the people is yet to be decided. This will be no more of a biological gamble than natural fish processes.

Question: How long did it take to prepare the green booklet? Answer: We have been incorporating research from other areas, including Japanese.

Mr. Huntington asked about the development of the AYK fishery. Answer: This has been coordinated with the sport fishing division. The fish hatchery near Fairbanks will help. These will be introduced into barren lakes. Some tests have been done.

Discussion ensued as to the merits of introducing a "strange" fish into an unknown area.

Question re: Pg. 2 Ln. 10--1.5 million dollars. Answer: This was provided by the fisheries council--I (Roys) don't know what for.

Announcement was made that Friday, April 2, HB615 will be before this committee again. (Mr. Huntington suggested cutting the amount for the bond in half)

Meeting adjourned at 5:10 p.m.

STATE
of ALASKA

MEMORANDUM
DEPARTMENT OF PUBLIC WORKS

TO:

Bob Palmer
Project Coordinator
Alaska Fisheries Council

DATE : April 23, 1976

FROM:

Dick Holden *DH*
Deputy Commissioner
Department of Public Works

SUBJECT: Construction of Salmon
Hatchery Facilities

This is to confirm our recent discussion and decisions concerning the construction of state-owned salmon hatcheries to be financed by G.O. Bonds.

If the Department of Fish and Game can have specific sites selected for as many as eight hatcheries, each of as much as 50 million egg capacity by late August of this year, then the Alaska Department of Public Works will be able to go to bid with those projects no later than April 1 of 1977, for construction in 1977.

5-3-76
Approved
by
Palmer