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# MEMORANDUM

# State of Alaska

TO: Michael Thill  
Committee Aide  
Senate Labor & Commerce Committee

DATE: March 18, 1981

FILE NO:

THRU: Pete Jeans, Deputy Commissioner  
Department of Commerce & Economic  
Development

PHONE NO:

FROM: Harry Treager, Director  
Division of Occupational Licensing

SUBJECT: CSSB 31

The Department of Commerce and Economic Development has reviewed your requested changes to SB 31, and the proposal of the Southeast Alaska Marine Pilots' Association proposed pension plan proposal.

This department's position remains unchanged, as outlined in Commissioner Webber's letter of January 20, 1981 to the Honorable Bob Mulcahy.

Additionally, CSSB 31 would increase the State's liability and spending if a proposal, as submitted by the Southeast Alaska Marine Pilots' Association, was enacted or suggested as a foundation of a pension plan.

The State's liability remains since the selection of the Pilot Fiduciary Agent Committee and its related activities would be made by the Marine Pilots Board as proposed.

Attached for your perusal is a copy of the position paper and Fiscal Note as previously submitted by this department.

This department cannot support Senate Bill 31 as presently proposed.

HDT/va124H16

Attachments



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM:

9 March, 1981

TO: Mr. Harry Treager  
Director, Division of Occupational Licensing  
Department of Commerce and Economic Development

FROM: Michael Thill, Committe Aide  
Senate Committee on Labor and Commerce

Enclosed you will find a proposed committee substitute for SB 31, which your division had examined for the preparation of a Bill Analysis and Fiscal Note. I have included some additional information provided by the S.E. Alaska Pilots Association for the implementation of their proposed pension plan. A position paper and revised fiscal note from you would be appreciated.

Secondly, I would like to request some information from you pertaining to HB 55 (temporary licensing of Veterinarians) which we have recently received in our committee. I would like to request a fiscal note and a position paper from your division, and would like to know the frequency of scheduled examinations, the number of required exams, and the duration of time before the results of those examinations are released. Could you also tell me approximately how many prospective candidates for temporary licensing we are impacting? Thank you for your attention to this matter.

*Memo  
Approved  
3-12-81*

Original sponsors: Ziegler, Bradley, Colletta  
et al by request

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 31 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a pension plan for Alaska pilots;  
7 and providing for an effective date."

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

9 \* Section 1. AS 08.62.040 is amended by adding a new subsection to read:

0 (c) The board may, by regulation, establish a pension plan to  
1 provide pension benefits to retired or disabled pilots and to the  
2 surviving spouses of deceased pilots. If a pension plan is established,  
3 it shall be financed from pilotage fees imposed under this chapter.

4 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10-  
5 070(c).

PROPOSED PILOT PENSION PLAN  
Alaska Board of Marine Pilots

Section I. TITLE

There is hereby established an Alaska Marine Pilot Pension Plan.

Section II. PURPOSE

All amounts generated by the pension plan may only be used to pay pensions to retired pilots, disabled pilots and widows of pilots.

Section III. ADMINISTRATION

(a) The pension plan will be administered and all benefit payments will be made by a fiduciary agent selected by the Pilotage Fiduciary Agent Committee. The committee shall establish the agent's compensation for services rendered, make appropriate determinations with regard to allowable expenses to the agent, establish and require appropriate fiduciary bond coverage for the agent, and make annual audit reviews of the agent's performances under his hire for their use in determining the continuation of the hire and the agent's compliance with the requirements of this plan together with an appropriate report thereon to the Board of Marine Pilots in connection with the annual review of the plan required under Section VIII. All such services of the committee will be without compensation, save that the committee shall be entitled to be reimbursed for its out-of-pocket expenses incurred in the performances thereof, which payment will be covered out of the revenues collected pursuant to the plan.

(b) Except for the collection of revenues in accordance with Section VI, the pilots will not be permitted to exercise any control of whatsoever kind or nature over the operation, administration or management of the plan.

(c) All revenues pursuant to the plan will be collected by the pilots at no cost to the State, Board of Marine Pilots or Pilotage Fiduciary Agent Committee and will be transmitted monthly to the fiduciary agent. Pilots who are members of an established pilot association shall be entitled to have their association collect such revenues for the account of the pilot and disburse the same over to the fiduciary agent. Such revenue will not be considered income to the pilots and will not be considered as part of the tariffs and charges otherwise collected by them as established from

time to time by the Board of Marine Pilots.

(d) The Pilotage Fiduciary Agent Committee will consist of three (3) pilots licensed under the Alaska Marine Pilotage Act (AS 08.62.010, et seq.) who are actively engaged in the pilotage of vessels subject to said Act and three (3) agents or managers of vessels subject to said Act. Not more than one (1) pilot and one (1) agent or manager may be selected from the same judicial district, and all members of the committee shall be residents of the State. The Marine Pilot Board shall appoint the committee members, and the first members will be initially appointed for terms of one (1), two (2) and three (3) years as selected and designated by the Board.

(e) The fiduciary agent shall see to the collection of the revenues authorized under this plan, verification of the correctness of the charges exacted, computations required under Section VI of this plan, presentation of same to the Board of Marine Pilots, and to the disbursement of benefits authorized by the plan. The agent shall also be empowered and obligated to impress the lien for uncollected revenues provided for under AS 08.62.170.

#### Section IV.

#### PENSION TERMS

(a) (1) Each retired or disabled pilot shall be entitled to receive, as a monthly pension, an amount equal to \$ \_\_\_\_\_ multiplied by the number of full years of service credit he performed as a pilot licensed under the Alaska Marine Pilotage Act. This base rate is to be adjusted annually according to the average U. S. Government cost of living index for Southeastern Alaska.

(2) A pilot who retires or becomes disabled may not begin to receive a pension until the benefit year next following the date on which he retires or becomes disabled.

(3) A retired pilot may not receive benefits pursuant to the pension plan in any benefit year unless his resignation as an active pilot was submitted in writing to the Board of Marine Pilots prior to December of the immediately preceding calendar year. His resignation will become effective no later than the last day of the month preceding the start of such benefit year.

(4) If a retired or disabled pilot who is receiving a pension dies without a wife surviving him, his heirs at law or his designated successors in

interest, as the case may be, shall be entitled to receive the proceeds of the pension for the remainder of the benefit year, after which time benefit payments and eligibility therefor will automatically cease and expire.

(b) (1) The widow of a deceased pilot who would be eligible for a pension pursuant to Subdivision (c) of Section V shall be entitled to receive as a monthly pension an amount equal to \$ \_\_\_\_\_ multiplied by the number of full years of service credit her deceased husband performed as a pilot licensed under the Alaska Marine Pilotage Act. This base rate is to be adjusted annually according to the average U. S. Government cost of living index for Southeastern Alaska.

(2) If a retired or disabled pilot receiving a pension dies, his widow shall be entitled to continue to receive the full pension to which her deceased husband was entitled for the balance of the benefit year, after which she shall be entitled to receive the amount specified in Paragraph (1) of this subdivision.

(3) When a widow receiving a pensions dies, her heirs at law or her successors in interest, as the case may be, shall be entitled to receive the proceeds of the pension for the remainder of the benefit year, after which time benefit payments and eligibility therefor will cease and expire.

(c) For the purpose of the computations described in Paragraph (1) of Subdivision (a) of this section, the total months of service worked each year under the Alaska Marine Pilotage Act are to be added together and divided by twelve to obtain the number of full years credit. A minimum of fifteen (15) days in a work status in any month is required for one (1) month credit.

#### Section V.

#### ELIGIBILITY

(a) A pilot shall be eligible for the pension provided in Section IV if he meets all of the following requirements:

(1) Held an Alaska Marine Pilot's license after the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and served at least 120 days out of each year for five (5) years in that capacity.

(2) Retired after December 31, 19\_\_\_\_.

(3) Is at least 22 years of age.

(b) A disabled pilot who has served at least five (5) years as a pilot as outlined in Paragraph (1) of Subdivision (a) in this section shall be eligible for the pension provided in Section IV if it has been determined by the Board of Marine Pilots, based upon competent medical evidence, that such pilot is unable to perform the duties of a pilot.

(c) A widow of a deceased pilot shall be eligible for the pension provided in Subdivision (b) of Section IV if her deceased pilot husband died after January 1, 19\_\_ and if he had held a license as a pilot and served at least five (5) years as outlined in Paragraph (a) of Subdivision (a) in this section.

Section VI. REVENUES & BENEFIT COMPUTATIONS

(a) In addition to and concurrently with the basic pilotage rates established by the Board of Marine Pilots from time to time, a charge will be levied for pilotage services at a rate necessary to provide the benefits to be paid out pursuant to the pension plan. The additional rate will be determined as follows:

(1) On December 1 of each year, the number of persons eligible to receive benefits under the plan, their identities, the amount each will be entitled to receive, and the total amount to be paid out to all such persons during each month of the next benefit year, together with the monthly costs of administering the plan for the ensuing year, will be determined by the fiduciary agent.

(2) After the total benefit amounts to be paid out monthly under the plan have been determined, together with the monthly operating costs, the rate necessary to provide that amount each month shall be calculated. The rate will be based upon the volume of shipping handled by pilots under the Alaska Marine Pilotage Act, in or out of each port or in each cruise area, in gross registered tons or advertised tons, whichever is greater, for the fiscal year ending the previous September 30. The rate will be expressed as mills per gross registered or advertised ton, whichever is greater, and will be calculated to the nearest one-hundredth of a mill.

(3) If the total amount to be paid out yearly will exceed three-fourth (3/4) mills per ton per eligible person, inclusive of operating costs of the agent, the rate will be set at such amount as

will limit the pay-out to three-fourth (3/4) mills per ton per eligible person, inclusive of operating costs of the agent, and the benefits to eligible persons reduced accordingly.

(b) The rate determined pursuant to Paragraphs (1) and (2) of Subdivision (a) above will become effective the first day of the following calendar year and will be in effect throughout the year.

(c) Revenues for any month or year are the amounts to be received pursuant to the pension plan for pilotage during that month or year.

(d) Benefits pursuant to the new rate will be paid commencing in February of each year and continue through and include January of the following year. The period during which the benefits are paid is the benefit year.

#### Section VII.

#### PAYMENT OF BENEFITS

The benefits actually paid out each month to all retired and disabled pilots, and to widows of deceased pilots, together with costs of administration, will be equal to the revenue during the preceding month. The net revenue after administration expense, whether greater or lesser than the aggregate pensions to which such persons are entitled, will be paid to them in proportion to the relative amounts to which they are entitled.

#### VIII.

#### PENSION PLAN REVIEW

The Pilotage Fiduciary Agent Committee shall annually review the pension plan and make any recommendations to the Board of Marine Pilots it deems necessary for changes in the plan.

#### Section IX.

#### MISCELLANEOUS

For the operation of the plan during the calendar year 19\_\_ and each year thereafter, the following will apply:

(a) The fiduciary agent will be selected on or before August 31, 19\_\_.

(b) The calculations described in Section VI shall be completed no later than and the rate imposed on January 1, 19\_\_, if applicable.

(c) The first payment of benefits pursuant to the pension plan will be made in February 19\_\_, if appli-

cable.

(d) Letters of resignation of those pilots seeking to receive benefits commencing January 19\_\_ shall be submitted to the Board of Marine Pilots prior to December 1, 19\_\_.

(e) The fiduciary agent shall provide for appropriate written designation of a successor in interest for each pilot and widow of deceased pilot. If a pilot or pilot's widow dies without such a designation having been made and received by the fiduciary agent, the agent shall withhold payments to the decedent's heirs at law until he has received a certified copy of a determination of heirship from a court of competent jurisdiction. If no such proof is received by the agent within \_\_\_\_ of the date of decedent's death, all post-death benefit payment eligibility will automatically terminate retroactive to the date of death of the decedent.

Section X.

ENACTMENT DATE

This plan is to begin the \_\_\_\_ day of \_\_\_\_\_,  
19\_\_.

January 20, 1981

Honorable Bob Mulcahy  
Chairman, Senate Labor and  
Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Mulcahy:

Re: Senate Bill 31

The Department of Commerce and Economic Development has reviewed SB 31, relating to a marine pilot pension plan and liens for payment of pilotage fees. Upon advice from Harry D. Treager, Director, Division of Occupational Licensing, the department opposes SB 31, as presently written, for the following reasons:

Section 1. AS 08.62.040(c):

1. Liability of the State to maintain a special interest pension plan affecting a selected industry.
2. Present attitude and consensus of this Administration is less government involvement and regulations of private industry.
3. Cost of a pension program and its administration would result in additional cost to consumers and government, e.g., AS 08.62.040(A)(4) "...and pay for audits whenever an audit is necessary to collect information needed to apply the standard in regulations."
4. Current number of marine pilots this bill would affect is seventy-two (72). Approximately 16 pilots are out-of-State residents.
5. SB 31 is unclear as to source of funding "...the board shall finance it from pilotage fees imposed under this chapter." Experts in the Department of Administration - Retirement & Benefits concluded this is an unsound method for pension plans. The plan is based on an unfunded source. State's liability is also concerned.

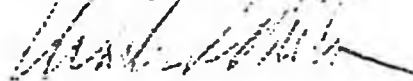
January 20, 1981

Section 2. AS 08.62.170.

1. Vessels involved are of a U.S. registered class. Liens come under jurisdiction of U.S. Federal Court System and involve the U.S. Marshal's Office.
2. Marine pilots have the ability to pursue claims through the judicial system.
3. Cost to Alaska in enforcing a statute of this type, i.e., confiscation, safekeeping, and board would have to utilize the judicial system for appropriate conclusions.
4. Bill gives the board authority outside of its intended scope and functions.

If you desire further clarification of the department's position on SB 31, please contact Catherine Wallen, Legislative Liaison, Department of Commerce and Economic Development.

Sincerely,



Charles R. Webber  
Commissioner

HDT/jc2/5

THE LEGISLATURE THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 31 "An Act relating to a pension plan for Alaska pilots and liens  
Title for payment of marine pilotage fees; and providing for an effective date.  
Requested by Ziegler Date 1-19-81

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Public Protection  
BRU, Program, or Subprogram(s) Affected Regulation and licensing of professions - Boards  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	89.1	64.2	68.6	73.4	78.5
200 TRAVEL	-0-	0	0	0	0	0
300 CONTRACTUAL	-0-	0	0	0	0	0
400 COMMODITIES	-0-	0	0	0	0	0
500 EQUIPMENT	-0-	2.0	0	0	0	0
600 LAND & STRUCTURES	-0-	4.0	3.0	3.0	3.0	3.0
700 GRANTS, CLAIMS, ETC.	-0-	0	0	0	0	0
<b>TOTAL</b>	<b>-0-</b>	<b>95.1</b>	<b>67.2</b>	<b>71.6</b>	<b>76.4</b>	<b>81.5</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	95.1	67.2	71.6	76.4	81.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	3	2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

7% inflation factor used on personal services

See attached page for detailed information.

IV. DATE 1-19-81 PREPARED BY Marjorie Odland, Regulations Specialist  
AGENCY Division of Occupational Licensing  
PHONE 465-2535  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

PERSONAL SERVICES - FY'82 Salary Schedule

12 mos., gen.govt., Range 13, Research Analyst (FY'82 only)	29,104.99
12 mos., gen.govt., Range 13, Retire.Benefit Spec. I	29,104.99
12 mos., gen.govt., Range 14, Auditor I	<u>30,930.00</u>
Total	89,139.98 (FY'82)

\* FY'83, 7% inflation factor:

12 mos., gen.govt., Range 13, Retire.Benefit Spec. I	31,141.00
12 mos., gen.govt., Range 14, Auditor I	<u>33,095.00</u>
Total	64,236.00 (FY'83)

EQUIPMENT - One time expense FY'82

2 bookcases, 3 shelves	247.48
2 four drawer files, legal	505.20
2 chairs, swivel with arms	368.78
2 side chairs without arms	172.22
2 desks, 60"x30"	<u>853.84</u>
Total	2,147.52

LAND & STRUCTURES

FY'82, 3 positions - 65 sq. ft., x 3 x 1.70 = 4,000.00

FY'83, 2 positions - 65 sq. ft., x 2 x 1.70 = 3,000.00

MARINE PILOTING

# Southeastern Alaska Pilots Association

Telephone: 907-225-9696

P.O. BOX 6100

Cable Address: SEAPILOTS

KETCHIKAN, ALASKA 99901

July 4, 1980

Alaska Maritime Agencies Inc.  
Box 8075  
Ketchikan, Alaska 99901

RE: M/S Sun Princess

ATTORNEY IN FACT FOR:

Capt. Ed Creasey  
Capt. Jack Viera

INV. 4006

Pilot services rendered for the M/S Sun Princess on trip # 15

Pilot fee in and out of Juneau-----	\$970.00
Glacier Bay Cruising-----	1,386.00
Pilot fee in and out of Skagway-----	1,134.00
Pilot fee in and out of Ketchikan-----	970.00
841 miles X 690 passengers X .503 mills-----	2,918.85
54.36 excess units-----	639.27
Transportation and Subsistence-----	119.32

Total \$8,137.44

### Transportation and Subsistence

6/29/80 Hotel	\$80.77
thru Meals	24.80
7/3/80 Cabs	13.75
<u>Total</u>	<u>\$119.32</u>

APPROVED				
Author. <i>M</i>	Date	Tenure	Comp.	Payment
PAID BY ALASKA MARITIME AGENCIES				
CHECK No.	16124			
CHARGE TO ACCOUNT				
<i>Sun P. Voy # 15 6/80</i>				

REC'D JUL 16 1980

APPROVED :

M. Viera 7/8/80

SOUTHEASTERN ALASKA PILOTS ASSN.

Ketchikan, Alaska

B. *Arnold Peterson*

Title *cf*

Terms: Payment due upon completion of service.  
Finance charges for late payment 1 1/2% per month,  
annual percentage 18%.

P.O. BOX 6100

Cable Address: SEAPILOTS

KETCHIKAN, ALASKA 99901

August 2, 1980

Alaska Maritime Agencies Inc.  
Box 8075  
Ketchikan, Alaska 99901

RE: S/S Universe # 2

ATTORNEY IN FACT FOR:  
Capt. Harley Clough  
Capt. Jack Viera  
Capt. Roger Dunn

INV. 4056

Pilot services rendered for the S/S Universe on trip # 2.

Pilot fee in and out of Juneau-----	\$970.00
Glacier Bay Cruising-----	1,386.00
Pilot fee in and out of Sitka-----	970.00
Pilot fee in and out of Ketchikan-----	970.00
583 miles X 528 passengers X .503 mills-----	1,548.35
Travel and Standby Days-----	552.00
Detention Days-----	276.00
27.08 excess units-----	318.40
Transportation and Subsistence-----	814.40

Total \$7,805.15

Travel-Standby-Detention Days

7/25/80 Detention Day	\$138.00
7/25/80 Travel Day	138.00
7/26/80 Detention Day	138.00
7/27/80 Travel Day	138.00
7/30/80 Travel Day 2 pilots	276.00
Total	\$828.00

Transportation and Subsistence

7/22/80 Trans	\$418.10
Thru Hotel	186.00
8/1/80 Meals	130.20
Cabs	75.10
Phone	5.00
Total	\$814.40

APPROVED

m. may 8/12/80

APPROVED				
Author.	Rate	Ten.	Comp.	Payment
<i>[Signature]</i>				<i>[Signature]</i>
PAID BY ALASKA MARITIME AGENCIES				
CHECK No. 16951				
CASH TO ACCOUNT				
<i>Universe #2</i>				

REC'D AUG 17 1980

SOUTHEASTERN ALASKA PILOTS ASSN.  
Ketchikan, Alaska

By *Arnold Meikawa*

Title *[Signature]*

Terms: Payment due upon completion of service.  
Finance charges for late payment 1 1/2% per month,  
annual percentage 18%.

*[Handwritten initials]*

P.O. BOX 6100

Cable Address: SEAPILOTS

KETCHIKAN, ALASKA 99901

July 20, 1980

Alaska Maritime Agencies Inc.  
Box 8075  
Ketchikan, Alaska 99901

RE: S/S Universe # 1

ATTORNEY IN FACT FOR:

Capt. /Vern Wyatt  
Capt. Roger Dunn

INV. 4029

Pilot services rendered for the S/S Universe on trip # 1.

Pilot fee in and out of Juneau-----	\$970.00
Glacier Bay Cruising-----	1,386.00
Pilot fee in and out of Sitka-----	970.00
Pilot fee in and out of Ketchikan-----	970.00
460 miles X 528 passengers X .503 mills-----	1,221.68
Detention Days-----	276.00
Travel and Standby Days-----	828.00
27.08 excess units-----	318.40
Transportation and Subsistence-----	910.90

Total \$7,850.98

Travel and Detention Days

7/8/80 Travel Day 2 pilots	\$276.00
7/11/80 Travel Day	138.00
7/11/80 Detention Day	138.00
7/12/80 Detention Day	138.00
7/13/80 Travel Day	138.00
7/16/80 Travel Day 2 pilots	276.00
	<u>\$1,104.00</u>

APPROVED :

M. May 7/22/80

Transportation and Subsistence

7/08/80 Trans	\$741.00
thru Hotel	74.40
7/18/80 Meals	31.00
Cabs	60.50
Phone	4.00

Total \$910.90

APPROVED				
DATE	AMOUNT	TENAGE	COM.	PAYMENT
7/22/80	16024			
PAID BY ALASKA MARITIME AGENCIES				
CHECK No. 16024				
CHARGE TO ACCOUNT				
UNIVERSE #1-7/80				

SOUTHEASTERN ALASKA PILOTS ASS'N  
Ketchikan, Alaska

By Harold M. Anderson  
Title CP

Terms: Payment due upon completion of service  
Finance charges for late payment 1 1/2% per month,  
annual percentage 18%.

REC'D JUL 29 1980

P.O. BOX 6100

Cable Address: SEAPILOTS

KETCHIKAN, ALASKA 99901

RE: Sun Princess #1

June 6, 1980

Alaska Maritime Agencies  
P. O. Box 8075  
Ketchikan, Alaska 99901

ATTORNEY IN FACT FOR:  
Capt. Bill Bullard  
Capt. George McReynolds

INV. 3562

Pilot services rendered for the Sun Princess in trip #1

Pilot fees in/out Juneau -----	970.00
Pilot fees in/out Skagway -----	1,134.00
Glacier Bay Cruising -----	1,386.00
Pilot fees in/out Ketchikan -----	970.00
Misty Fjords cruising -----	692.00
782 miles x 690 passengers x 5.03 mills -----	2,714.08
Travel & Standby Days -----	552.00
54.36 excess units -----	799.00
Transportation & Subsistence -----	479.05

TOTAL

9,696.13

Travel Days

6/1 travel/ 2 pilots	276.00
6/6 travel/ 2 pilots	276.00
	<u>552.00</u>

Transportation & Subsistence

6/1/80	Trans.	330.00
thru	Cabs	34.45
6/6/80	Meals	37.20
	Hotel	74.40
	Phone	3.00
		<u>479.05</u>

APPROVED				
Author.	Dates	Tonnage	Comp.	Payment
<i>[Signature]</i>				<i>[Signature]</i>
PAID BY ALASKA MARITIME AGENCIES				
CHECK No. 16003				
CHARGE TO ACCOUNT				
<i>[Signature]</i>				

APPROVED :

REC'D JUN 26 1980

6/80

M. May 6/16/80

SOUTHEASTERN ALASKA PILOTS ASSN.  
Ketchikan, Alaska

By *[Signature]*  
Bookkeeper

Title .....

Terms: Payment due upon completion of service.  
Finance charges for late payment 1 1/2% per month,  
annual percentage 18%.

eh B

CRUISE #3

MARINE PILOTING

# Southeastern Alaska Pilots Association

Telephone: 907-225-9696

P.O. BOX 6100

Cable Address: SEAPILOTS

KETCHIKAN, ALASKA 99901

Sept. 16, 1980

Alaska Maritime Agencies Inc.  
Box 8075  
Ketchikan, Alaska 99901

RE: M/S Island Princess

ATTORNEY IN FACT FOR:

Capt. Harley Clough  
Capt. Bob Nerup

INV. 4134

Pilot services rendered for the M/S Island Princess on trip # 11.

Pilot fee in and out of Ketchikan-----	\$970.00 ✓
Pilot fee in and out of Juneau-----	970.00
Pilot fee in and out of Skagway-----	1,134.00
Glacier Bay Cruising-----	1,386.00
Pilot fee in and out of Sitka-----	970.00
569 miles X 630 passengers X .503 mills-----	1,803.10
Inadequate Quarters-----	223.20
59.90 Excess units-----	880.50
Transportation and Subsistence-----	150.20
<b>Total</b>	<b>\$8,487.00 ✓</b>

### Transportation and Subsistence

9/09/80	Trans	\$116.00
thru	Meals	6.20
9, 13/80	Cabs	26.00
	Phone	2.00
<b>Total</b>		<b>\$150.20</b>

### Inadequate Quarters

9/10/80	Juneau	\$74.40
9/11/80	Skagway	74.40
9/12/80	Cape Spencer	74.40
<b>Total</b>		<b>\$223.20</b>

APPROVED

16794

CHARGE TO ACCOUNT

F.P. # 11 9/80

SEP 26 1980

APPROVED :

M.M. 9/24/80

SOUTHEASTERN ALASKA PILOTS ASSN.  
Ketchikan, Alaska

B. *Harold Mackinnon*

Title .....

Terms: Payment due upon completion of service.  
Finance charges for late payment 1 1/2% per month,  
annual percentage 18%.



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

Summary - SB 31, Ziegler by request

"An Act relating to a pension plan for Alaska Pilots and liens for payment of marine pilotage fees; and providing for an effective date."

08.62.040: (c)

Adds new subsection (c) authorizing powers and duties of the Board of Marine Pilots in establishing a pension plan to provide benefits to retired or disabled pilots and to the surviving spouses of deceased pilots. Also gives the Board the authority of financing and administering the fund through pilotage tariffs.

08.62.170:

Amends section to include that the Board (as well as a pilot) has a lien on a vessel for payment of pilotage fees.

Fiscal note from Dept. of Commerce & Econ Devel: Related to administrative and clerical costs of enforcing fund:

FY 82.....	\$95,100.	(includes initial purchases of equipment)
FY 83.....	67,200.	
FY 84.....	71,600	
FY 85.....	76,400	
FY 86.....	81,500	

Fiscal does not show figures for possible impact of judicial costs in enforcing necessary liens held by the Board.

DRAFT

MARITIME INDUSTRY

POSITION PAPER

IN OPPOSITION TO

CS FOR SENATE BILL NO. 31(L & C)

The purpose of this position paper is to call your attention to the above-referenced bill which is presently before the Senate Transportation Committee for consideration. If enacted into law, this bill would give authority to the Board of Marine Pilots to establish a pension plan for marine pilots licensed by the State.

BACKGROUND

In 1970, the State of Alaska enacted legislation to create the Board of Marine Pilots. The purpose of creating a pilotage authority is:

- (1) to ensure their efficiency by only issuing licenses to competent persons, and by making it illegal for unlicensed persons to act as pilots,
- (2) to ensure that there is a supply of pilots available to meet the needs of shipping,
- (3) to regulate the fees charged for their services.

Unfortunately, what has evolved over the eleven years since the State pilotage system was established, is a situation where the pilots themselves have established an unhealthy control over the profession the Board of Marine Pilots was established to regulate. Virtually all of the legislation and regulation having to do with the pilotage profession

over the last ten years has been initiated by the pilotage associations in southeast and southwest Alaska. These initiatives have been designed to obtain legal sanction for restricting access into their membership and to gain a monopolistic control over pilotage trade.

The above can best be illustrated by the lengthy hearings that took place in April of 1980 with regard to an application by the Southwest Alaska Pilots Association (SWAPA) for an Increase in Rates. Attached hereto is a copy of the suggested order of the hearing officer which we would encourage you to review. The footnotes are particularly useful in understanding the character of this suggested order.

The Board of Marine Pilots adopted the above order of the hearing officer with the exception of the section on Increasing the Number of Pilots. Consequently, there is no control over the number of pilots that divide the revenue generated by the order. Therefore, it is possible to conclude that incomes in the range of \$150,000 - \$175,000 per year are enjoyed by some pilots in Southwest Alaska.

In addition, at the February 17, 1981, Board of Marine Pilots Meeting, this Order was amended further to allow SWAPA the right to operate Middlerock, Inc. (the pilot boat service at Valdez) as a separate profit making venture. The \$260,000 in expenses allowed in the attached Order was given to SWAPA as an additional increase in the tariff.

Another illustration of the control SWAPA has asserted has to do with a piece of legislation that they sponsored

and that was passed in 1977 (AS08.62.185). This statute, as a practical matter, mandates the employment of state licensed pilots on enrolled vessels. The Legislative Audit Report in 1979 pointed this out in Section III.2 on page 20, and the State should repeal the above section because it is clearly unconstitutional.

Other measures of control asserted by the pilots have to do with the lack of advertising of opportunities to join the pilotage profession, refusing to sign the trip cards of applicants objectionable to the association and by exclusive and non-competitive agreements with individual members.

#### PENSION PLAN LEGISLATION

The background detailed above is an attempt to simply demonstrate the climate that users of pilotage services find themselves in today. The pension plan legislation currently before you is a result of several efforts by the marine pilots to have a pension plan implemented by the Board of Marine Pilots. The Board has consistently denied all previous proposals to establish a State supported plan for marine pilots who are self-employed <sup>professionals</sup> ~~individuals~~ who band together in associations to share a common dispatching facility.

All rate increases previously <sup>presented to</sup> ~~adopted by the~~ Board of Marine Pilots <sup>by the pilots associations</sup> have taken into consideration the expense of an individual Keogh Plan, which is the proper pension mechanism for self-employed persons. Attached is a portion of the proposal of the Southeast Alaska Pilots Association for an increase in rates which is presently before the Board of Marine Pilots. This attachment illustrates the fact marine

pilots already have existing individual plans.

In addition, most persons who enter the pilotage profession come from prior employment in other maritime related occupations where pension benefits have already been earned. Consequently, should CS for Senate Bill No. 31 (L & C) be signed into law, it is conceivable that some marine pilots would enjoy the benefits of as many as three separate pension plans.

### Chapter 62. Marine Pilots.

- Article
- Board of Marine Pilots (§§ 08.62.010 — 08.62.040)
- Licensing (§§ 08.62.080 — 08.62.150)
- General Provisions (§§ 08.62.170 — 08.62.200)

Revisor's note (1970). — In ch. 106, SLA 1970, AS 08.62 was incorrectly designated AS 08.57.

#### Article 1. Board of Marine Pilots.

Section	Section
10. Creation and membership of board	30. Meetings
20. Appointment and term of office	40. Powers and duties

**Sec. 08.62.010. Creation and membership of board.** There is created the Board of Marine Pilots. It consists of two pilots licensed under this chapter who have been actively engaged in piloting on vessels subject to this chapter, two agents or managers of vessels subject to this chapter, two public members in accordance with AS 08.01.025, and the commissioner or his designee. Not more than one pilot and one agent or manager shall be from any one judicial district. All members of the board shall be residents of the state. (§ 2 ch 106 SLA 1970; am § 3 ch 25 SLA 1976)

**Effect of amendment.** — The 1976 amendment inserted "two public members" in accordance with AS 08.01.025" in the second sentence.

**Sec. 08.62.020. Appointment and term of office.** The governor shall appoint the pilot and agent or manager members of the board, subject to confirmation by a majority of the members of the legislature in joint session, for terms of four years, or until their successors are appointed. The first members shall be initially appointed for one, two, three and four year terms. (§ 2 ch 106 SLA 1970)

**Sec. 08.62.030. Meetings.** The board shall hold a regular annual meeting. The board may hold special meetings at the call of the chairman with prior approval of the governor. (§ 2 ch 106 SLA 1970)

**Sec. 08.62.040. Powers and duties.** (a) The board shall

- (1) provide for the maintenance of efficient and competent pilot service on all waters covered by this chapter to assure protection of shipping and the safety of human life and property;
- (2) consistent with the law, adopt regulations, subject to the Administrative Procedure Act (AS 44.62), establishing the qualifications

Title 9  
Code of Civil Procedure



Sec. 08.62.160. Mandatory employment of licensed pilots. A vessel subject to this chapter navigating the inside coastal waters of Alaska as determined by regulation shall employ a pilot holding a valid license under this chapter. (§ 2 ch 106 SLA 1970)

Sec. 08.62.170. Pilot's lien for compensation. Each vessel, its tackle, apparel and furniture and the owner of the vessel are jointly and severally liable for the compensation of a pilot employed on the vessel and the pilot has a lien on the vessel, her tackle, apparel and furniture for his compensation. (§ 2 ch 106 SLA 1970)

Sec. 08.62.180. Exemptions. This chapter does not apply to (1) vessels under enrollment, except as provided in § 185 of this chapter; (2) fishing vessels registered in the United States or in British Columbia, Canada; (3) motorboats as defined in sec. 1 of the federal Motor Boat Act of 1940 (54 Stat. 163; 46 U.S.C., sec. 526 et seq.); (4) vessels of United States registry of less than 300 gross tons and tow boats of United States registry and vessels owned by the State of Alaska, engaged exclusively (A) on the rivers of Alaska, or (B) in the coastwise trade on the west coast of the United States including Alaska, Hawaii, and British Columbia, Canada; (5) vessels of Canada, including Canadian cruise ships, engaged in frequent trade between British Columbia and Alaska, if reciprocal exemptions are granted by Canada to vessels owned by the State of Alaska and those of United States registry; and (6) pleasure craft. (§ 2 ch 106 SLA 1970; am § 1 ch 43 SLA 1972; am § 2 ch 78 SLA 1977)

Eff. of amendment. — The 1977 amendment added "except as provided in § 185 of this chapter" to the end of paragraph (1).

Sec. 08.62.185. Certain licensed pilots required for oil tankers. (a) Any oil tanker, whether enrolled or registered, of 50,000 dead weight tons or greater, shall, when navigating in state waters beyond Alaska pilot stations either

- (1) employ a pilot licensed by the state under this chapter, or
  - (2) utilize a federally licensed pilot whose duty station has been on that tanker throughout that specific voyage.
- (b) The pilot required in (a) of this section shall control the vessel during all docking operations. (§ 3 ch 78 SLA 1977)

Editor's note. — Section 1, ch. 78, SLA 1977, provides: "INTENT. The legislature finds that because of the danger of oil spills, the transportation of crude oil and refined petroleum products by tankers on state waters creates a potential hazard to important natural resources of the state and to jobs and incomes dependent on these resources. The legislature also recognizes that docking areas for receiving these

Amended

Title 8 Business and Professions

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Sec. 08.62.19... chapter to... is availab... yment of... shable b... who vio... ted under... shable by... 06 SLA 19

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