

SB

164

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTY C. FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUGH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

M E M O R A N D U M

March 5, 1985

TO: All Members
Senate Resources Committee

FROM: Staff *H*
Senate Resources Committee

RE: Sponsor Substitute for Senate Bill 164 "An Act relating to
surety for collection of wages and payment."

Sponsor Substitute for Senate Bill 164 would amend AS 16.10.290 and raise the surety bond for fish processors and primary fish buyers from the present \$10,000.

The bill raises the bond to \$20,000 for fish processors and primary fish buyers who have been licensed for five years. For those who have held a license for less than five years, the bond would be raised from \$10,000 to \$100,000.

The Department of Labor states that the bond would apply to all fish buying locations; therefore, one company with multiple locations would be required to have a bond for each location. A floater/processor would be required to have two bonds - one for buying fish and one for processing fish.

The surety bond running to the State of Alaska is designed to protect (1) all persons furnishing labor to a fish processor or primary fish buyer, including contractual employee benefits; and (2) independent registered commercial fisherman for the price of the raw fishery resource purchased from them.

Upon certification by the commissioner of the Department of Labor that the person applying has met the requirements of AS 16.10.290, the Department of Revenue may issue a license (AS 43.75.020) to that person to engage in the business of fish processing or primary fish buyer. Following these two steps, the Department of Fish and Game may issue the fish tickets.

A similar, although not identical bill (HB 227), has been introduced in the House.

There is a zero fiscal note from the Department of Revenue.

Included in the packet are:

1. A Department of Labor bill analysis and fiscal note;
2. A Department of Revenue bill analysis and fiscal note;
3. A Department of Fish and Game bill analysis;
4. An Alaska Legal Services Corporation letter discussing need for higher bond limit; and
5. An Alaska Legal Services Corporation memo discussing problems of Quinhagak and Elim fishermen.

Bill No. Sponsor Substitute for Senate Bill No. 164

Title "An act relating to surety for collection of wages and payment."

Date March 5, 1985

Contact: Eileen Plate
465-2700
Robert J. Bacolas
465-4870

This bill provides for an increase in the bonding requirements for fish processors and primary fish buyers, and appears, therefore, to be designed to assure that sufficient security is available to satisfy claims which may be filed against the bond.

The Department of Labor's experience during the past two years reflects that the current \$10,000 bond was insufficient in nearly 75% of the cases where a permit holder was required to sue against a bond for payment for raw fish. In most of these cases a \$50,000 to \$100,000 bond would have been necessary to cover the claims. Accordingly, strictly from the standpoint of the adequacy of the bond, the increase proposed in this bill appears appropriate.

The Department feels the seafood industry itself is in a better position to address the economic implications of the bonding increase. However, we do have some concern that if large numbers of fish processors and buyers are not able to qualify for the increased bonding, it could result in a proliferation of processors and buyers with no bonding at all.

This legislation would not have a fiscal impact on the Department of Labor.

APPROVED:



Jim Robison, Commissioner
Department of Labor

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SS for SB 164
 Title: "An Act relating to surety
 for collection of wages..."
 Sponsor: Coghill and Sackett
 Requestor: Senate Resource & Finance
 Date of Request: 3/5/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public
 Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety
 Wage & Hour Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert J. Bacolas
 Division: Labor Standards & Safety

Phone: 465-4870

Date: 3/5/85

Approved by Commissioner: Jim Robison
 Agency: Labor

Date: 3/5/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Revenue	DIVISION Public Services	BILL NUMBER HB227 / SB164	SPONSOR Binkley
DEPARTMENT POSITION Neutral			
PREPARED BY Sally Smith <i>Sally Smith</i>	DATE 2-27-85	COMMISSIONER'S SIGNATURE <i>Walter R. Anderson</i>	DATE 3/4/85

SUMMARY

OTHER AGENCIES AFFECTED BY BILL The Department of Labor	CONSTITUENT GROUP(S) AFFECTED BY BILL Fisheries Businesses
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

Unknown

ANALYSIS OF BILL/PROGRAM EFFECTS

This bill raises the bond amount on the fisheries surety bond which guarantees wages for processing workers and the purchase price of fish to fishermen.

The raise in bonding amount will raise the bond premium which could adversely impact smaller fisheries.

AMENDMENTS PROPOSED

We suggest that the bond amount be based on a percentage of the dollar amount of fish purchases. This could be set on the prior year purchases or current year estimate.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB227
 Title: An Act relating to fish processors and primary fish buyers
 Sponsor: Binkley
 Requestor: HSC on Fisheries
 Date of Request: 2-27-85

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Revenue Collections and Management
 BRU, Program or Subprogram(s) Affected: Public Services - Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By: Sally Smith, Director Phone: 465-2392
 Division: Public Services Date: February 27, 1985

Approved by Commissioner: [Signature] Date: 3/2/85
 Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: SB164
 Title: An Act relating to surety for collection of wages and payments
 Sponsor: Coghill and Sackett
 Requestor: Resources
 Date of Request: February 21, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Revenue Collections and Management
 BRU, Program or Subprogram(s) Affected: Public Services - Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Sally Smith, Director
 Division: Public Services

Phone: 465-2392
 Date: February 25, 1985

Approved by Commissioner: *Sharon G. Stucke*
 Agency: Department of Revenue

Date: 2/26/85

MAR 1 1985

Fiscal Note SB164
February 25, 1985
Page 2

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Commercial Fisheries	BILL NUMBER SB 164	SPONSOR Coghill
DEPARTMENT POSITION Neutral			
PREPARED BY Robert C. Clasby	DATE 3/4/85	COMMISSIONER'S SIGNATURE <i>Steven Pennington</i>	DATE 3/5/85

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Dept. of Labor	CONSTITUENT GROUP(S) AFFECTED BY BILL Commercial Fishermen Unknown
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

There have been some complaints that the present bond level is no longer adequate to cover owed wages or purchases, particularly with increased wages and ex-vessel fish prices. The bill seems to be an attempt to rectify the problem.

ANALYSIS OF BILL/PROGRAM EFFECTS

The bill will have no program effects on ADF&G.
The \$100,000 limit may not be high enough to cover owed monies by larger processors and excessive for small processors.

AMENDMENTS PROPOSED

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

Phil Lusher

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
POST OFFICE BOX 248
BETHEL, ALASKA 99559
TELEPHONE 343-2238

December 20, 1984

Bob Charles
Assistant to Rep. John Binkley
Bethel, Alaska

Re: Meeting of December 20

Dear Bob;

Thanks for the opportunity to meet with you personally about the needs which we see for legislative changes which could help the people on the Yukon-Kuskokwim Delta. Here are four suggestions which we can make to Rep. Binkley.

1. It is necessary to tighten restrictions on fish buyers who do business in Alaska in order to protect fishermen and other buyers.

John Binkley attended a meeting in Quinhagak in October where local fishermen discussed their problems caused by a fish buyer who received fish from them but did not pay for the fish. The buyer was Phil Lusher, and he has since filed for bankruptcy in Oregon. The bankruptcy papers show that Lusher had several court judgments against him. He owed money to other fishermen and other fish buyers. We had already learned that earlier in the year his bond had expired. Here are some things which might be done.

First, deny all operating rights to buyers who have outstanding fishermen's liens against them. This will not stop dishonest people who are buying fish in Alaska for the first time, but it will stop them from returning year after year unless they are willing to pay their debts.

It would work like this. Right now, fishermen who are owed money from a buyer can file a lien under AS 34.35.391. This is filed in the local recorder of deeds office. This section of the law could be amended to require the recorder of deeds to send copies of such liens to the Department of Fish and Game; the Department of Fish and Game would then deny approval of the Intent to Operate, and refuse to approve issuance of fish tickets. When the applicant showed that the liens had been released, then the Department would issue the necessary papers to buy fish in Alaska.

Bob Charles
December 20, 1984
Page Two

This system would help prevent deadbeats from getting receiving permissions to operate.

Second, the bond for fish buyers should be raised from \$10,000 to \$75,000. I do not know what current regulations are in this area, but I think that the Department of Fish and Game should evidence in advance that the fish buyer has paid in full the permiums for a bond which will be effective at least through December 31 of the current year. These two bonding modifications would help protect other fish buyers, as well.

2. The Commercial Fisheries Entry Commission or the State Legislature should make some rule to cover a situation where a permit holder dies leaving a minor to inherit the permit.

This situation is causing a lot of headaches in Alaska Legal Services. Typically, a young man who has a small child dies in an accident. Either the man is divorced, widowed, or dies with his wife in the same accident; the permit holder and the mother of the child might not be married at all. In the absence of a surviving wife, the minor child is left as the only heir.

The net result is a mess. The child cannot fish with the permit because he or she is too young. The Commission will allow the permit to be transferred to somebody else on an emergency basis for only one year; this means that nobody can use the permit until the child is grown, except for that one year. The Superior Court appoints a personal representative for the deceased permit holder, who is authorized to take care of the decedent's property; however, the court does not want to hold the probate case open for 14 or 16 years while the minor is growing up. The court wants to close the case within a year or two, and closing the case and the authority of the personal representative. The permit absolutely cannot be transferred with the promise that the buyer will return it at the end of a year; such restrictions are completely illegal. The only thing left for the family is to sell the limited entry permit, and, of course, nobody wants to do that. The permit is often the family's only source of income.

The law must be modified to allow the minor heir to take the permit when he or she is old enough, and to allow someone to use the permit while the minor is growing up. Often the permit is the family's only substantial asset, and its only means of earning a living. Some agency, either the court or the Commission, will have to bear the administrative burden of supervising the permit for possibly 18 years. However, it is more desirable for a state agency to alter its procedures than it is for the family to do with the permit.

Bob Charles
December 20, 1984
Page Three

Something must be done on this question.

3. The Commercial Fisheries Entry Commission or the State Legislature should make some rule changes to cover the case where a permit holder dies and leaves two or more heirs with equal claims to the permit.

The Bethel office has had several such cases in its office. Here, the permit holder dies without a will. The permit holder has two or three children, and there is no surviving wife. In this case, the children have exactly equal claims to the permit. The problem is that a permit cannot be divided or leased. If there is any transfer, it must be sold outright with no restrictions. Only one natural person can hold a permit, but two children end up with equal claims to it. The permit can be sold and the money divided between the children, but of course the family does not want to give up the permit. Again, the permit is often the only source of family income.

I do not know what to do in cases like this. My personal feelings are that a rule giving the permit to the oldest child is better than the rule we have now. However, I have not looked into the legality of such a rule. The Commission has more experience in dealing with a wide variety of fact situations in decedent's estate, and I would look to them for help.

4. The Bethel courts need an additional judge.

Many Bethel social service agencies met last November to discuss what gaps in service exist in Bethel and the Delta. The conference was organized by Suzanne Fenn at Kuskokwim Community College, and we met at the home of Bob and Diane Carpenter.

The participants concluded that one of the needs of this area is another Bethel judge. I do not know if a full Superior Court judge is necessary, but we need at least a District Court judge. I do not believe that a second magistrate for Bethel would be enough. There was a district judge seat created here few years ago, and the intent was that this judge would travel around villages. However, this did not work out. I believe that the reason was that most of the cases would be settled by the time that the district judge made it out to the village, making the travel unnecessary.

Bob Charles
December 20, 1984
Page Four

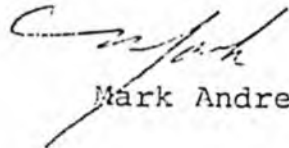
My impression now is that there is enough work in the Bethel area to keep a second judge busy. I donnot know if part-time judicial positions can be created, but this might be considered.

Those are my suggestions. Again, thanks very much for the opportunity to talk with you.

Good luck in Juneau, and a Merry Christmas to you and Johne.

Very truly yours,

ALASKA LEGAL SERVICES CORPORATION



Mark Andrews

MA/fa

cc: Robert Hickerson, ALSC

ALASKA LEGAL SERVICES CORPORATION

MARK ANDREWS

12/20/84

LEGISLATIVE CONTACTS: DON COOPER, CHIEF COUNSEL (276-6282)
MICHEAL STURM, CONTROLLER
ROBERT DICKERSON, EXECUTIVE DIRECTOR (DOES LOBBYING)
ISSUES: (REFER TO LETTER)

1. RESTRICTION ON FISH BUYERS.

THERE IS A PROBLEM WITH FISH BUYERS NOT PAYING THE FISHERMEN IN QUINHAGAK AND ELIM.

THERE ARE 42 FISHERMEN IN QUINHAGAK--\$16,000 EST. OWED TO FISHERMEN

\$4,000 -- \$5,000 OWED TO 20 EMPLOYEES WHO ARE PAID
COMMISSIONS/SALARIES/RENT.

THERE ARE 15-16 FISHERMEN IN ELIM -- \$9,000 TO \$11,000 OWED TO FISHERMEN

SOME WAGES ARE ALSO OWED TO EMPLOYEES.

FISH BUYERS BOND SHOULD COVER THE ENTIRE FISHING SEASON. PREMIUMS SHOULD BE FOR THE WHOLE
CALENDAR YEAR.

2. PERMIT HOLDER INHERITANCE -- ONE HEIR.

3. PERMIT HOLDER INHERITANCE -- TWO OR MORE HEIRS.

THERE ARE 5 CASES (#2 ABOVE), 3 CASES (#3 ABOVE) BEING PROCESSED BY THE BETHEL ALS OFFICE.
THE LIMITED ENTRY COMMISSION IS NOT DEALING WITH THE PROBLEM. THE PERMIT IS BEING HELD AND
IS NOT ABLE TO BE USED. SOMEONE IN THE FAMILY SHOULD BE ABLE TO USE IT DURING THE SEASON.
FOR MINORS, THE PROBLEM IS HAVING TO HANDLE THE CASE UNTIL THE MINOR COMES OF AGE.

DETERMINE THE IMPACT ON THIS PROBLEM IN OTHER AREAS OF THE STATE (ACQUIRE STATISTICS FROM
OTHER ALS OFFICES.) LOOK AT THE RESTRICTIONS ON LIMITED ENTRY PERMITS (AS16.43.140-182,
20AAC05.700-770) REFER TO RESEARCH AGENCY ON THE LEGAL ASPECTS ON THE LIMITATIONS ON THE
PERMITS.

OPERATING NEEDS:

1. MAINTAIN 3RD ATTORNEY POSITION.

CURRENTLY HAS 3 ATTORNEYS PLUS ONE PART-TIME. 180-210 CASES ARE BEING PROCESSED AT ANY
GIVEN TIME. THE OFFICE HANDLES 1800 NATIVE ALLOTMENT OPEN CASES. BETHEL ALS IS LOSING ONE
ATTORNEY POSITION. NO MONEY TO JUSTIFY IT. THE FAIRBANKS AND BETHEL OFFICES ARE IN TIGHT
SITUATIONS. (DETERMINE ORGANIZATIONAL STRUCTURE--STAFFING & EQUIPMENT PRIORITIES.) THE
CASE LOAD CAN JUSTIFY KEEPING THE 3RD ATTORNEY POSITION.

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

SENATE RESOURCES COMMITTEE, 3/6/85, 1:40
" " 4/3/85, 1:35

Senator John B. (Jack) Coghill
Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-1715

Box 158
Nenana, Alaska 99760
(907) 852-5171

March 4, 1985



FROM: Senator Coghill
TO: Senate Resources Committee
RE: SB 164

The need for an increase in the current fish surety bond level required under AS 16.10.290(b) of \$10,000 was brought to my attention by constituents in my district.

Many Interior fishermen have been defrauded by disreputable fish buyers. Many of them by the same buyer. This results in fishermen who remain uncompensated for the only source of income they have. Once potential claimants learn that other defrauded fishermen have filed they are less inclined to file because they know the bond has been exhausted.

Specifically, the partnership of Edmund Lord and Henry Ketzler in Nenana lost \$50,000 this past summer. They did not file a claim because they knew of another fisherman who lost money and beat them to the punch and filed a claim. The bond amount was then depleted in one claim.

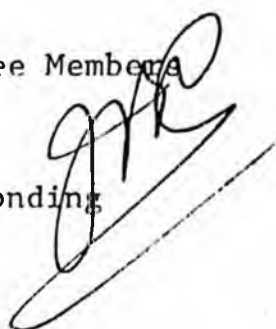
Many fishermen rely on customary practices of the fish business and allow fish buyers to pay them after delivery. Many operate without written contracts. I will not pass judgement on this. The point is we can increase our existing protections to them by increasing the bond to a level that works in reality.

I believe the bill is flexible to accomodate different levels of fish processors and buyers. My staff has talked with a local surety bond company and according to its representative surety bonding payment levels are individually rated and depend on the financial condition and the experience of the person. No bond is required if the fish buyer or processor has more than \$20,000 in lienable property within the state.

I urge the committee's support on this increase.

MEMORANDUM

TO: Senate Resource Committee Members
FROM: Senator Coghill
RE: CSSB 164, Fish Surety Bonding
DATE: April 3, 1985



CSSB 164 addresses the need to protect fishermen from inadequate fish surety bonds. Presently, the bond level requirement is \$10,000. This amount has proven to be less than many of the typical wage claims against the bond.

In order to protect fishermen's wages and promote reputable fish buys, a two-tier approach is offered to solve the problem.

A \$20,000 surety bond is available for resident and nonresident fish buyers and processors who comply with AS.16.10.290(b) and who have had a clean record for three years.

A \$100,000 bond is required of resident and nonresident fish buyers and processors who have had been adjudged liable on a claim; nonresidents applying for a license for the first time or nonresidents who have not yet established a clean record for three years.

A cash deposit or other negotiable security may be deposited with the Commissioner. The term of the bond shall be two years unless a claim is filed, then the bond term must be five years. If a fish processor or fish buyer has lienable property in the State greater than the bond amount, no bond is needed.

APR 16 1985

From the Office of

SENATOR DICK ELIASON

To: Senator
Sturgulewski

(4/16/85 letter from
Linda Schmitz
Wrangell)

Senator Eliason,

APR 6 1985 page 1 of 2 pages

This is a copy of a letter I wrote to Rep. Binkley regarding (H.B. 227). I would appreciate your taking the time to read it. Sincerely,

April 2, 1985

Dear Mr. John Binkley, ^{Widda}

I observed the March 29th teleconference having to do with your house bill 227 asking to change the surety bond requirements for fish processor, buyers from \$10,000 to \$100,000.

This deeply concerns me. I've lived in Wrangell for 31 years. I'm in the process of starting a business of buying, freezing and marketing our Alaskan Prawns. I will be buying a maximum of 5,000 lb. of shrimp per month from 4 local fishermen. This involves one fishery and one process (freezing). A \$10,000 bond is reasonable for a small volume business. However, it is not right for my small volume business to pay the same bond amount as the large (full scale) companies who deal in larger volume, various fisheries, different methods of processing and retail. (bate, gear, ice, etc.)

If the federal government were to impose a flat tax to be the same for every working person, regardless of income level; would this be constitutional?

Is it the intent of H.B. 227 to set forth laws to protect the fishermen?

Is it the intention of H.B. 227 to Stamp-out small business?

page 2 of 2 pages
April 2, 1985 letter
to Mr. John Binkley
continued.

I feel the needs of both the fishermen and the processor can be addressed in this bill.

We are all vulnerable to the fly-by-nights who leave the country without paying their dues.

Someone has to be held accountable and I'm confident good lawmakers such as yourself will find a means of doing this.

This Bill needs to be written allowing for input from Alaskans involved in the fisheries.

I feel, applications for processor, buyer permits should be reviewed individually and seriously. All processor, buyers should be bonded including those who pay cash. Bonding amounts should vary according to guide lines set forth and agreed upon by the special fisheries committee. Guide lines should be written into the bill, after considering testimony offered by Alaskans involved in the fisheries.

Thank-you for your time and patients.

Sincerely,

Sinda Schmitz

P.O. Box 47

Wrangell, AK 99929

Ph. (907-874-3755)

w/copies sent to:

Robin L. Taylor

John Suxd

Robert H. Ziegler Sr.

Andre Marrou

Peter Gell

Richard I. Eliason

Sec. 1. AS 16.10 is amended by adding new sections to read:

Sec. 16.10.285. NOTICE OF BONDED AND LICENSED OPERATORS.

(a) The Department of Labor shall provide to each primary fish buyer and fish processor that has met licensing and bonding requirements a certificate of bonding to be posted at each location operated by the primary fish buyer or fish processor. The certification of bonding shall specify the amount of the bond and that the primary fish buyer or fish processor has complied with the security bond requirements of AS 16.10.290 - 16.10.296.

(b) The primary fish buyer or fish processor shall post a copy of the business or fisheries business license along with a copy of the certificate of bonding at each location operated by the fish processor or primary fish buyer.

Sec. 16.10.286. INSPECTION OF LICENSES. Enforcement officers of the division of fish and wildlife protection shall regularly inspect fish processors and primary fish buyers for possession of proper licenses and compliance to AS 16.10.285.

Sec. 2. AS 16.10.290(b) is amended to read:

See attached

~~(b) The amount of the bond shall be \$20,000, except for a fish processor or primary fish buyer whose principals, with at least 10% ownership, has had a final judgement against them required to satisfy a claim filed against the bonds, cash deposits, or other security filed under this section, during any of the three years preceeding the year for which the bond is due: the amount of the bond shall be the amount of the final judgment or \$100,000, whichever is less. [\$10,000]. In lieu of the surety bond the fish processor or primary fish buyer may file with the commissioner a cash deposit or other negotiable security acceptable to the commissioner in the amount specified for the bond. If no claim is asserted under this section within two years from the date the bond, cash deposit or other security is filed, the term of the bond, cash deposit or other security shall be two years; if a claim has been asserted within two years, the term of the bond, cash deposit or other security shall be for five years.~~

Sec. 3. AS 16.10.290 (c) is amended to read:

(c) A person applying for a license as a fish processor or primary fish buyer who has less than the amount of the bond [\$10,000] in lienable

property in the state, with proof of the property satisfactorily made to the commissioner, shall file with the application a bond or other security as specified in this section. A [NO] bond is not required if the fish processor or primary fish buyer has more than the amount of the bond [\$10,000] in lienable property as specified in this subsection. An appraiser from the area of the state in which the lienable property is located may be used to determine the value of the property for purposes of this subsection.

* Sec. 2. AS 16.10.290(b) is amended to read:

(b) The amount of the bond shall be \$20,000, except that the amount of the bond shall be \$100,000 if (1) the fish processor or primary fish buyer, during any of the three years immediately preceding the year for which the bond is due, has been required as a result of a final judgment to satisfy a claim filed during those years against the bonds, cash deposits, or other security filed under this section; or (2) a principal with at least 10 percent ownership interest of the fish processor or primary fish buyer was a principal with at least a 10 percent ownership interest of another fish processor or primary fish buyer during any year, of the three years immediately preceding the year for which the bond is due, in which a claim filed against the bonds, cash deposits, or other security filed under this section that has resulted in a final judgment that required that other fish processor or primary fish buyer to satisfy the claim <\$10,000>.

In lieu of the surety bond the fish processor or primary fish buyer may file with the commissioner a cash deposit or other negotiable security acceptable to the commissioner in the amount specified for the bond. If no claim is asserted under this section within two years from the date the bond, cash deposit or other security is filed, the term of the bond, cash deposit or other security shall be two years; if a claim has been asserted within two years, the term of the bond, cash deposit or other security shall be for five years.

(c) A person applying for a license as a fish processor or primary fish buyer who has less than \$10,000 in lienable property in the state, with proof of the property satisfactorily made to the commissioner, shall file with the application a bond or other security as specified in this section. No bond is required if

Introduced: 2/22/85
Referred: House Special Committee
on Fisheries, Resources and Finance

1 IN THE HOUSE

BY BINKLEY

2

HOUSE BILL NO. 227

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to fish processors and primary fish
7 buyers."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10 Sec. 16.10.285. NOTICE OF BONDED AND LICENSED OPERATORS. The
11 Department of Fish and Game shall maintain a list of fish processors
12 and primary fish buyers who have furnished to the department a written
13 statement of intent to operate. The list shall specify whether the
14 processor or buyer has complied with the security bond requirements of
15 AS 16.10.290 - 16.10.296 and has been issued a valid Alaska Business
16 License or Fisheries Business License by the Department of Revenue.
17 The list shall note the processor's or buyer's standing, if any, with
18 the Alaska Better Business Bureau and membership in a chamber of
19 commerce in the state. The Department of Fish and Game shall, at the
20 beginning of each commercial fishing season,

21 (1) publish the list in a newspaper of general circulation
22 that serves each area of the state in which the fish processors and
23 primary fish buyers have stated an intent to operate; and

24 (2) distribute copies of the list to the offices of local
25 governments and village councils and to fishermen's associations in
26 the areas of the state in which the fish processors and primary fish
27 buyers have stated an intent to operate.

28 Sec. 16.10.286. INSPECTION OF LICENSES. Enforcement officers of
29 the division of fish and wildlife protection shall regularly inspect

1 fish processors and primary fish buyers for possession of proper
2 licenses.

3 * Sec. 2. AS 16.10.290(b) is amended to read:

4 (b) The amount of the bond shall be \$100,000 [\$10,000]. In lieu
5 of the surety bond the fish processor or primary fish buyer may file
6 with the commissioner a cash deposit or other negotiable security
7 acceptable to the commissioner in the amount specified for the bond.
8 If no claim is asserted under this section within two years from the
9 date the bond, cash deposit or other security is filed, the term of
10 the bond, cash deposit or other security shall be two years; if a
11 claim has been asserted within two years, the term of the bond, cash
12 deposit or other security shall be for five years.

13 * Sec. 3. AS 16.10.290(c) is amended to read:

14 (c) A person applying for a license as a fish processor or
15 primary fish buyer who has less than \$100,000 [\$10,000] in lien-able
16 property in the state, with proof of the property satisfactorily made
17 to the commissioner, shall file with the application a bond or other
18 security as specified in this section. A [NO] bond is not required if
19 the fish processor or primary fish buyer has more than \$100,000
20 [\$10,000] in lienable property as specified in this subsection. An
21 appraiser from the area of the state in which the lienable property is
22 located may be used to determine the value of the property for
23 purposes of this subsection.

Fish Buyers

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION

POST OFFICE BOX 248
BETHEL, ALASKA 99556
TELEPHONE 543-2238

December 20, 1984

Bob Charles
Assistant to Rep. John Binkley
Bethel, Alaska

Re: Meeting of December 20

Dear Bob;

Thanks for the opportunity to meet with you personally about the needs which we see for legislative changes which could help the people on the Yukon-Kuskokwim Delta. Here are four suggestions which we can make to Rep. Binkley.

1. It is necessary to tighten restrictions on fish buyers who do business in Alaska in order to protect fishermen and other buyers.

John attended a meeting in Quinhagak in October where local fishermen discussed their problems caused by a fish buyer who received fish from them but did not pay for the fish. The buyer was Phil Leshner, and he has since filed for bankruptcy in Oregon. The bankruptcy papers show that Leshner had several court judgments against him. He owed money to other fishermen and other fish buyers. We had already learned that earlier in the year his bond had expired. Here are some things which might be done.

First, deny all operating rights to buyers who have outstanding fishermen's liens against them. This will not stop dishonest people who are buying fish in Alaska for the first time, but it will stop them from returning year after year unless they are willing to pay their debts.

It would work like this. Right now, fishermen who are owed money from a buyer can file a lien under AS 34.35.391. This is filed in the local recorder of deeds office. This section of the law could be amended to require the recorder of deeds to send copies of such liens to the Department of Fish and Game; the Department of Fish and Game would then deny approval of the Intent to Operate, and refuse to approve issuance of fish tickets. When the applicant showed that the liens had been released, then the Department would issue the necessary papers to buy fish in Alaska.

Rob Charles
December 20, 1984
Page Two

This system would help prevent deadbeats from getting receiving permissions to operate.

Second, the bond for fish buyers should be raised from \$10,000 to \$75,000. I do not know what current regulations are in this area, but I think that the Department of Fish and Game should evidence in advance that the fish buyer has paid in full the permiums for a bond which will be effective at least through December 31 of the current year. These two bonding modifications would help protect other fish buyers, as well.

2. The Commercial Fisheries Entry Commission or the State Legislature should make some rule to cover a situation where a permit holder dies leaving a minor to inherit the permit.

This situation is causing a lot of headaches in Alaska Legal Services. Typically, a young man who has a small child dies in an accident. Either the man is divorced, widowed, or dies with his wife in the same accident; the permit holder and the mother of the child might not be married at all. In the absence of a surviving wife, the minor child is left as the only heir.

The net result is a mess. The child cannot fish with the permit because he or she is too young. The Commission will allow the permit to be transferred to somebody else on an emergency basis for only one year; this means that nobody can use the permit until the child is grown, except for that one year. The Superior Court appoints a personal representative for the deceased permit holder, who is authorized to take care of the decedent's property; however, the court does not want to hold the probate case open for 14 or 16 years while the minor is growing up. The court wants to close the case within a year or two, and closing the case and the authority of the personal representative. The permit absolutely cannot be transferred with the promise that the buyer will return it at the end of a year; such restrictions are completely illegal. The only thing left for the family is to sell the limited entry permit, and, of course, nobody wants to do that. The permit is often the family's only source of income.

The law must be modified to allow the minor heir to take the permit when he or she is old enough, and to allow someone to use the permit while the minor is growing up. Often the permit is the family's only substantial asset, and its only means of earning a living. Some agency, either the court or the Commission, will have to bear the administrative burden of supervising the permit for possibly 18 years. However, it is more desirable for a state agency to alter its procedures than it is for the family to do with the permit.

Bob Charles
December 20, 1984
Page Three

Something must be done on this question.

3. The Commercial Fisheries Entry Commission or the State Legislature should make some rule changes to cover the case where a permit holder dies and leaves two or more heirs with equal claims to the permit.

The Bethel office has had several such cases in its office. Here, the permit holder dies without a will. The permit holder has two or three children, and there is no surviving wife. In this case, the children have exactly equal claims to the permit. The problem is that a permit cannot be divided or leased. If there is any transfer, it must be sold outright with no restrictions. Only one natural person can hold a permit, but two children end up with equal claims to it. The permit can be sold and the money divided between the children, but of course the family does not want to give up the permit. Again, the permit is often the only source of family income.

I do not know what to do in cases like this. My personal feelings are that a rule giving the permit to the oldest child is better than the rule we have now. However, I have not looked into the legality of such a rule. The Commission has more experience in dealing with a wide variety of fact situations in decedent's estate, and I would look to them for help.

4. The Bethel courts need an additional judge.

Many Bethel social service agencies met last November to discuss what gaps in service exist in Bethel and the Delta. The conference was organized by Suzanne Penn at Kuskokwim Community College, and we met at the home of Bob and Diane Carpenter.

The participants concluded that one of the needs of this area is another Bethel judge. I do not know if a full Superior Court judge is necessary, but we need at least a District Court judge. I do not believe that a second magistrate for Bethel would be enough. There was a district judge seat created here few years ago, and the intent was that this judge would travel around villages. However, this did not work out. I believe that the reason was that most of the cases would be settled by the time that the district judge made it out to the village, making the travel unnecessary.

Bob Charles
December 20, 1984
Page Four

My impression now is that there is enough work in the Bethel area to keep a second judge busy. I donnot know if part-time judicial positions can be created, but this might be considered.

Those are my suggestions. Again, thanks very much for the opportunity to talk with you.

Good luck in Juneau, and a Merry Christmas to you and Johnne.

Very truly yours,

ALASKA LEGAL SERVICES CORPORATION



Mark Andrews

MA/fa

cc: Robert Hickerson, ALSC

Senator John B. (Jack) Coghill

Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-1745

Box 458
Nenana, Alaska 99760
(907) 832-5171

March 4, 1985



FROM: Senator Coghill
TO: Senate Resources Committee
RE: SB 164

The need for an increase in the current fish surety bond level required under AS 16.10.290(b) of \$10,000 was brought to my attention by constituents in my district.

Many Interior fishermen have been defrauded by disreputable fish buyers. Many of them by the same buyer. This results in fishermen who remain uncompensated for the only source of income they have. Once potential claimants learn that other defrauded fishermen have filed they are less inclined to file because they know the bond has been exhausted.

Specifically, the partnership of Edmund Lord and Henry Ketzler in Nenana lost \$50,000 this past summer. They did not file a claim because they knew of another fisherman who lost money and beat them to the punch and filed a claim. The bond amount was then depleted in one claim.

Many fishermen rely on customary practices of the fish business and allow fish buyers to pay them after delivery. Many operate without written contracts. I will not pass judgement on this. The point is we can increase our existing protections to them by increasing the bond to a level that works in reality.

I believe the bill is flexible to accomodate different levels of fish processors and buyers. My staff has talked with a local surety bond company and according to its representative surety bonding payment levels are individually rated and depend on the financial condition and the experience of the person. No bond is required if the fish buyer or processor has more than \$20,000 in lienable property within the state.

I urge the committee's support on this increase.

- { POSITION Paper - } LABOR
{ FISCAL NOTE - }

OK POSITION Paper } Rev
FISCAL NOTE }

~~Gov~~
~~off~~
3500 (BILL ANALYSIS)
RAY Gillespie } Coghill's
office
-Elizabeth

LABOR

BILL ANALYSIS } FYG
to come }

} SACKETT
MARK
EARST

Q. Are people
buying fish in
the store without
a bond of any
kind?

Q. What are
requirements of
bonding - who
could qualify?

Education of fisherman } LABOR

Federal ~~law~~
avenue being
explored } LABOR

LABOR

- ① 5yrs to Long
 - ② CLAIM - QUALIFY
(JUDGEMENT) check
w/LABOR.
-

BLAKE - UFA

DON'T RESTRICT
SMALL NEW PROCESSORS

Try stepped Approach

WHAT ABOUT THE
BUYER / PROCESSORS WHO
BUY ON PROCESS FISH
PRODUCTS FROM THEIR
OWN FISHERMAN
OWNED COOPS

Jim
Elmer

Sterling Eide is on line in
Anchorage. He can answer
Sen. Halpern's question

Eide is with Fish & Game's
Game Division

He looks like a fish buyer
who would skin out of state
with the profits.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Revenue	DIVISION Public Services	BILL NUMBER HB227 / SB164	SPONSOR Binkley
DEPARTMENT POSITION Neutral			
PREPARED BY Sally Smith <i>Sally Smith</i>	DATE 2-27-85	COMMISSIONER'S SIGNATURE <i>Walter R. Anderson</i>	DATE 3/4/85

SUMMARY

OTHER AGENCIES AFFECTED BY BILL The Department of Labor	CONSTITUENT GROUP(S) AFFECTED BY BILL Fisheries Businesses
ORGANIZATIONAL SUPPORT FOR BILL unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

Unknown

ANALYSIS OF BILL/PROGRAM EFFECTS

This bill raises the bond amount on the fisheries surety bond which guarantees wages for processing workers and the purchase price of fish to fishermen.

The raise in bonding amount will raise the bond premium which could adversely impact smaller fisheries.

AMENDMENTS PROPOSED

We suggest that the bond amount be based on a percentage of the dollar amount of fish purchases. This could be set on the prior year purchases or current year estimate.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

Revision Date: _____

REQUEST

Bill/Resolution No.: HB227
 Title: An Act relating to fish processors and primary fish buyers
 Sponsor: Binkley
 Requestor: HSC on Fisheries
 Date of Request: 2-27-85

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Revenue Collections and Management
 BRU, Program or Subprogram(s) Affected: Public Services - Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By: Sally Smith, Director Phone: 465-2392
 Division: Public Services Date: February 27, 1985

Approved by Commissioner: [Signature] Date: 3/2/85
 Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



**STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS**

DEPARTMENT Fish and Game	DIVISION Commercial Fisheries	BILL NUMBER SB 164	SPONSOR Coghill
DEPARTMENT POSITION Neutral			
PREPARED BY <i>RC</i> Robert C. Clasby	DATE 3/4/85	COMMISSIONER'S SIGNATURE <i>Steven Penney</i>	DATE 3/5/85

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Dept. of Labor	CONSTITUENT GROUP(S) AFFECTED BY BILL Commercial Fishermen Unknown
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

There have been some complaints that the present bond level is no longer adequate to cover owned wages or purchases, particularly with increased wages and ex-vessel fish prices. The bill seems to be an attempt to rectify the problem.

ANALYSIS OF BILL/PROGRAM EFFECTS

The bill will have no program effects on ADF&G.
The \$100,000 limit may not be high enough to cover owed monies by larger processors and excessive for small processors.

AMENDMENTS PROPOSED

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

ALASKA LEGAL SERVICES CORPORATION

MARK ANDREWS

12/20/84

LEGISLATIVE CONTACTS: DON COOPER, CHIEF COUNSEL (276-6282)
MICHEAL STURM, CONTROLLER
ROBERT DICKERSON, EXECUTIVE DIRECTOR (DOES LOBBYING)
ISSUES: (REFER TO LETTER)

1. RESTRICTION ON FISH BUYERS.

THERE IS A PROBLEM WITH FISH BUYERS NOT PAYING THE FISHERMEN IN QUINHAGAK AND ELIM.

THERE ARE 42 FISHERMEN IN QUINHAGAK--\$16,000 EST. OWED TO FISHERMEN

\$4,000 -- \$5,000 OWED TO 20 EMPLOYEES WHO ARE PAID
COMMISSIONS/SALARIES/RENT.

THERE ARE 15-16 FISHERMEN IN ELIM -- \$9,000 TO \$11,000 OWED TO FISHERMEN

SOME WAGES ARE ALSO OWED TO EMPLOYEES.

FISH BUYERS BOND SHOULD COVER THE ENTIRE FISHING SEASON. PREMIUMS SHOULD BE FOR THE WHOLE CALENDAR YEAR.

2. PERMIT HOLDER INHERITANCE -- ONE HEIR.

3. PERMIT HOLDER INHERITANCE -- TWO OR MORE HEIRS.

THERE ARE 5 CASES (#2 ABOVE), 3 CASES (#3 ABOVE) BEING PROCESSED BY THE BETHEL ALS OFFICE.

THE LIMITED ENTRY COMMISSION IS NOT DEALING WITH THE PROBLEM. THE PERMIT IS BEING HELD AND IS NOT ABLE TO BE USED. SOMEONE IN THE FAMILY SHOULD BE ABLE TO USE IT DURING THE SEASON.

FOR MINORS, THE PROBLEM IS HAVING TO HANDLE THE CASE UNTIL THE MINOR COMES OF AGE.

DETERMINE THE IMPACT ON THIS PROBLEM IN OTHER AREAS OF THE STATE (ACQUIRE STATISTICS FROM OTHER ALS OFFICES.) LOOK AT THE RESTRICTIONS ON LIMITED ENTRY PERMITS (AS16.43.140-182, 20AAC05.700-770) REFER TO RESEARCH AGENCY ON THE LEGAL ASPECTS ON THE LIMITATIONS ON THE PERMITS.

OPERATING NEEDS:

1. MAINTAIN 3RD ATTORNEY POSITION.

CURRENTLY HAS 3 ATTORNEYS PLUS ONE PART-TIME. 180-210 CASES ARE BEING PROCESSED AT ANY GIVEN TIME. THE OFFICE HANDLES 1800 NATIVE ALLOTMENT OPEN CASES. BETHEL ALS IS LOSING ONE ATTORNEY POSITION. NO MONEY TO JUSTIFY IT. THE FAIRBANKS AND BETHEL OFFICES ARE IN TIGHT SITUATIONS. (DETERMINE ORGANIZATIONAL STRUCTURE--STAFFING & EQUIPMENT PRIORITIES.) THE CASE LOAD CAN JUSTIFY KEEPING THE 3RD ATTORNEY POSITION.



**STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS**

DEPARTMENT Revenue	DIVISION Public Services	BILL NUMBER HB227 / SB164	SPONSOR Binkley
DEPARTMENT POSITION Neutral			
PREPARED BY Sally Smith <i>Sally Smith</i>	DATE 2-27-85	COMMISSIONER'S SIGNATURE <i>William A. Jindale</i>	DATE 3/4/85

SUMMARY

OTHER AGENCIES AFFECTED BY BILL The Department of Labor	CONSTITUENT GROUP(S) AFFECTED BY BILL Fisheries Businesses
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

Unknown

ANALYSIS OF BILL/PROGRAM EFFECTS

This bill raises the bond amount on the fisheries surety bond which guarantees wages for processing workers and the purchase price of fish to fishermen.

The raise in bonding amount will raise the bond premium which could adversely impact smaller fisheries.

AMENDMENTS PROPOSED

We suggest that the bond amount be based on a percentage of the dollar amount of fish purchases. This could be set on the prior year purchases or current year estimate.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

Introduced: 2/19/85
Referred: Resources and
Finance

1 IN THE SENATE

BY COGHILL AND SACKETT

2

SENATE BILL NO. 164

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to surety for collection of wages
and payment."

7

8

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

9

* Section 1. AS 16.10.290(b) is amended to read:

10

(b) The amount of the bond shall be \$100,000 [\$10,000]. In lieu

11

of the surety bond the fish processor or primary fish buyer may file

12

with the commissioner a cash deposit or other negotiable security

13

acceptable to the commissioner in the amount specified for the bond.

14

If no claim is asserted under this section within two years from the

15

date the bond, cash deposit or other security is filed, the term of

16

the bond, cash deposit or other security shall be two years; if a

17

claim has been asserted within two years, the term of the bond, cash

18

deposit or other security shall be for five years.

19

* Sec. 2. AS 16.10.290(c) is amended to read:

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(c) A person applying for a license as a fish processor or

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primary fish buyer who has less than \$100,000 [\$10,000] in lienable

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property in the state, with proof of the property satisfactorily made

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to the commissioner, shall file with the application a bond or other

24

security as specified in this section. A [NO] bond is not required if

25

the fish processor or primary fish buyer has more than \$100,000

26

[\$10,000] in lienable property as specified in this subsection.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB227
 Title: An Act relating to fish processors and primary fish buyers
 Sponsor: Binkley
 Requestor: HSC on Fisheries
 Date of Request: 2-27-85

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Revenue Collections and Management
 BRU, Program or Subprogram(s) Affected: Public Services - Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
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100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By: Sally Smith, Director Phone: 465-2392
 Division: Public Services Date: February 27, 1985
 Approved by Commissioner: [Signature] Date: 3/21/85
 Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

ANSWER TO SEN ELIASON LTR.
ON STREAMLINING FISHERIES Bonding
LICENSE, AND PERMITS.

APR 11 1985

Fisheries Mini-Cabinet

April 10, 1985

Greg Baker, Director
Office of Commercial Fisheries
Development

Statutes regarding
Fisheries Industry

The Senate Resources Committee has contacted me regarding the continuing need to streamline statutes and regulations related to the fisheries industry -- such things as the freezing of fish on board a fishing vessel, the purchase of fresh fish by a restaurant, related labor bonds, fisheries taxation, and so on.

Several senators working on past legislation have emphasized that deciding who needs what licenses and bonds is confusing and that many of the requirements on the books are pointless. Many were drawn up to get at some specific problems but were made so broad in scope as to encompass types of operations for which the particular requirement is totally unnecessary. As a state, we have devoted tremendous amounts of time and money to fisheries and marketing enhancement, to business and overall economic development and to promote quality control and sales promotion. The State has offered courses in fisheries, has established programs aimed at development of the industry and then has allowed the very individuals and businesses we claimed to be encouraging to be stymied by the maze of requirements on our books.

I agree with the senators regarding these observations. It is obvious that many changes are needed to make our fisheries statutes and regulations appropriate to the goals at which they are aimed. They need to be reworked to serve as protective measures for the public rather than as thorns in the sides of the businesses we wish to stimulate and support.

The changes will be needed in numerous departments including Commerce and Economic Development, Environmental Conservation, Fish and Game, Labor, and Revenue; but they cannot be done effectively if done piecemeal. I believe we need to look at the big picture of fisheries business regulation; including everything from licensing to sanitation, labor standards to fish tickets, and taxation to interstate transport.

Because this matter requires major statutory changes, interagency coordination and effort, and because I do not believe any one office has the time, personnel or funding to undertake this task individually, I propose the mini-cabinet address this issue on a priority basis and provide the Resources Committee with an action plan prior to the end of this session. ←

SB/v10153b
41085A

cc: Senator Arliss Sturgulewski
Senator Richard Eliason

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE



P.O. BOX 143
SITKA, ALASKA 99835
FOUCH V
JUNEAU, ALASKA 99811
(907) 485-4916

May 15, 1984

Gregg Baker, Director
Office of Commercial Fisheries Development
Department of Commerce and Economic Development
Pouch D
Juneau, AK 99811

Dear Gregg;

As you probably recall, my office has been involved over the last several years, in working on a number of issues revolving around the need to streamline the laws governing such things as the freezing of fish on board a fishing vessel, the purchase of fresh fish by restaurants, the related labor bonds, fisheries taxation, and so on.

Once again I am hearing from small-scale processors about problems that they encounter with the state's ridiculous labor bonding requirements and licensing procedures. It is time that someone take on a full-fledged study of the entire area of what is required of fishing vessels and fish processors, documentation of what purpose each requirement serves, and where we can streamline and revamp these things to make them serve the real needs of the public, both the consumers and the industry.

Certainly the labor bonds required of processors are too small to be of any real help to those working or fishing for big companies, and are too large to be feasible for the very small operator who may not even have a payroll. Definitions of who is a processor have not kept up with advances in technology and our increasing emphasis on quality fish, as evidenced by the fact that we define those who freeze their catch in lieu of icing, as processors. (I did get legislation through to at least exempt these individuals from paying fisheries business taxes but, as I understand it, they still must jump through all the processor hoops).

Figuring out who needs what licenses and bonds, and so on,

is always confusing, but my big objection is that so many of the requirements on our books are so pointless. Many were drawn up to get at some specific problem but were made so sweeping as to encompass types of operations for which the particular requirement is totally unnecessary. I am particularly concerned about the small processors and buyers, fishermen themselves, and those who are trying innovative marketing techniques. As a state, we give lots of lip service to fisheries and marketing enhancement, to business and overall economic development. We spend millions on ASMI's budget to promote quality control and sales promotion. We offer courses in fisheries, establish offices and programs aimed at development of the industry, and offer loan guarantees when the processors are in financial trouble. And then we turn around and allow the very individuals and businesses we claim to be encouraging, to be stymied by the maze of requirements on our books.

It is obvious that many changes are needed to make our fisheries statutes and regulations appropriate to the goals they are aimed at. They need to be reworked to serve as protective measures for the public, rather than as thorns in the sides of the very businesses that we need to stimulate and support. These changes will be needed in many departments including Labor, Commerce, Revenue, Fish and Game, etc. But they cannot be done effectively if they are done piecemeal. We have tried that approach and it is simply not effective. We cannot continue to make little stabs at specific problems as constituents bring them to us.

It is time for someone to sit down and look at the big picture of fisheries business regulation; the whole gambit from licensing to sanitation, from labor bonds to fish tickets, from taxation to inter-state transport. I believe that the only office with that kind of "across the board jurisdiction" and a general goal of fisheries development is yours. I respectfully request that you consider pursuing this project with the goal of developing a package of proposed reforms to the Legislature so that we can at last take a broad look at what needs to be done in this area.

If you would like to discuss the types of problems I am interested in studying, or have any ideas or suggestions about how this task might best be accomplished, please give me a call. I do hope that you and Commissioner Lyon will give the need for such a project some serious consideration. I look forward to talking and working with you on this.

Sincerely,

Senator Dick Eliason

cc: Commissioner Dick Lyon

The GAME of FISH and the DEPARTMENTS

To Frank
This article is
from the Alaska
Fisherman's Journal
April, 1984

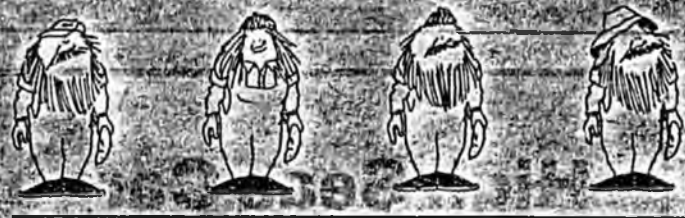
DEPT. OF REVENUE
WANTS RAW
FISH TAX.
LOSE
1 TURN.

YOUR BEARD
GETS
CAUGHT
IN GRINDER
LOSE
1 TURN
FOR
PLASTIC SURGERY!

PROCESSING
DEFINITION
ARGUED.
MOVE BACK
1.

DEPT. OF LABOR
WAIVER
GIVEN
ADVANCE 2.

UNCLE
DIES.
YOU
INHERIT
\$10,000
FOR
SURETY
BOND.
JUMP
AHEAD
2.



THE PLAYERS

NO D.E.C.
NUMBER ON
CONTAINER.
3,000 lb. SHIPMENT
SEIZED IN L.A.
LOSE YOUR SHIRT.

CAUGHT WITHOUT
PORTA-POTTY.
LOSE 1 TURN.

YOU PURCHASE
LIABILITY BOND
FOR TWICE
AMOUNT.
MOVE ON UP
1 SPACE.

BIRD DROPPINGS
COLLAPSE YOUR
CANVAS COVERING.
LOSE 1 TURN.

TERMS IN ORDER
RESTAURANT SIGNS
CONTRACT THIS SEASON

FLEET ON STRIKE
SEATTLE BUYERS
CRYING FOR
PRODUCTS
COLLECT
\$50,000.



YOU PASSED
DEPT. OF ENVIRON-
MENTAL CONTROL
WATER SAMPLING
TEST.
JUMP FOR JOY!

BEDFATHER-IN-LAW
COMES THROUGH
AT REVENUE
DEPT. OBTAIN
WAIVER. JUMP
AHEAD

YOU DEVELOP
ULCERS
FROM STRESS
TOD MUNCH MORE
BREAD. LOSE
1 TURN.

HEATHER MARKS 1984

A permitting guide for small boat processors

Bill Wason has fished in Alaska for three years, two on crabbers in Kodiak and Dutch Harbor, one year on a gillnetter in Bristol Bay. Currently, he's involved with a group of Bristol Bay fishermen in the formation of a co-op that intends to fly fresh kings and silvers out of the Bay this season. As a part of that effort, Wason has extensively researched the permit requirements for gillnetters as catcher/processors. He is also working on grant proposals at the village, state, and federal levels for the development of community freezing and fish handling facilities. The Journal presents Mr. Wason's narrative as a service to other small fishermen who find themselves adrift in the sea of red tape.

by Bill Wason

How many times have you gone to a fish store and looked at the silver salmon steal in the window display case: "SPECIAL \$5.99/lb" and remembered that summer when the cannery insisted that it could afford to pay you only 85¢/lb for the same fish? If you decided that you couldn't take it any longer, and investigated selling fish directly to the public, you were probably sent a permit information packet by the

state that was 10-plus pages long, took a lawyer to understand and a millionaire to put into practice. End of effort.

This article will attempt to look at how some fishermen have dealt with the task of becoming legal catcher/processors in Alaska. There is no doubt that at first glance it appears a very complicated and expensive proposition. But surprisingly, many bond requirements can be waived if you work with the same crew and sell only your own fish. Licensing, although complicated, can be relatively inexpensive, even in Alaska.

The Alaska paper mill begins at the Department of Fish and Game. We're all familiar with the ins and outs of obtaining vessel licensing, permits and crew licenses. Becoming a catcher/processor is a bit more of the same, but it involves a few more agencies (see chart page 16).

Don't let those big numbers (\$10,000-\$50,000) scare you. There are waivers for everything, if you can persuade the bureaucrats to consider your case. Starting at the Department of Fish and Game, you'll get an information packet that lists the names and phone numbers of all the people you have to contact. Unfortunately, most of the paperwork was developed for large processing operations, and it takes lots of patience to get sympathy, given the size of your boat and your general level of poverty as a small boat fisherman at the beginning of the season.

In looking through the intent to operate manual from Fish and Game it's important to read over the pages that define categories of fishermen and processors requiring the permit.

They define two categories that are important to small boat fishermen who want to process fish: **Catcher/Processor** and **Catcher/Exporter**.

A catcher/processor is someone who harvests and processes fish. Processing means "changing the physical condition of the fish by decapitating, filleting, freezing, salting, or canning. Processing does not include certain activities which maintain the quality of the raw fish, such as gutting, gilling, skinning, icing, or chill brining."

If you gut and gill and export out of the state you are labeled catcher/exporter. This distinction becomes important when you are trying to obtain waivers from the Department of Labor or Department of Environmental Conservation.

The Department of Labor
The distinction between a catcher/exporter and a catcher/processor may have an effect on your ability to obtain a surety bond waiver. A fisherman's surety bond is required by anyone

who processes or buys fish. It is meant to insure that buyers and processors pay off their fishermen and employees before going belly up. A great idea in this risky business. The only problem is that while \$10,000 is peanuts in the daily operation of a large cannery, it's a prohibitive cost to a small cash buyer or fisherman who just wants to market a few fish. It requires that you put up \$10,000 in cash or securities (long term bonds), or offer as collateral \$10,000 in equity in land in Alaska. Another option is to work with a bonding agency. They will require that you put up about three times the equity in unencumbered collateral to obtain a bond.

In addition, you will need to obtain workmen's compensation and unemployment insurance for all your employees. Fortunately, there is a waiver. If you do not hire any employees or buy fish, you shouldn't need a bond. (Since you hired your crew to catch fish, not just to clean fish, and because they all have deck hand licenses that make them independent contractors, they shouldn't be considered as employees.) You're over the first hurdle, as long as you don't buy anyone else's fish.

Now the next problem: All processors are required to have a surety bond. Are you a processor? According to Fish and Game, you can avoid becoming a processor if you only gut and gill. Unfortunately, the Department of Labor bases its definition of "processing" on what the Department of Revenue labels you. Revenue's main concern is that you pay your raw fish tax. If you ship fish out of the state, processed or gutted and gilled, you have to put up a processor's tax liability bond or pre-pay your tax. Thus, you could be considered a processor. It's a problem that hasn't been entirely resolved. Fortunately, the Department of Labor supervisor in Juneau, who decides about waivers, is very sympathetic to the problems of small boat fishermen. He seems very willing to work with you on obtaining a waiver, if this bond becomes your major obstacle. His name and telephone number is Jim O'Connor (907) 465-4870.

is calculated by estimating the total volume you expect to ship and multiplying it by 6% of the average wholesale price (average wholesale price for sockeye = \$1.50/lb x .06 = 7 1/4¢/lb in tax). Leftover funds can be applied to the next year or refunded at the end of the year.

You will need to obtain a Fisheries Business license, or a regular business license if you are buying fish (\$25). If you are an out of state resident you will need to fill out an income affidavit, but because there is no income tax, no bond is required. You might also consider incorporating, since this lessens personal financial risk and liability if you go bankrupt.

Department of Environmental Conservation

The most complex agency to deal with is the Department of Environmental Conservation. A permit to operate a processing plant is required of anyone processing fish, on land or water, unless you are only gutting and gilling and selling to individuals, not restaurants, within the state. There is currently a policy shift that is occurring in the department that has not been finalized, but looks very promising. Current regulations allow fishermen to gut, gill, and ice fish for sale to individuals within the state, or to preserve quality. The change would allow troll fishermen to gut, gill, and box the fish for export to out of state customers, using much less demanding criteria. This regulation change is currently meant only for troll fishermen, who have traditionally gutted, gilled, and iced their fish and work with very small catches at once. Gillnet or seine boats will still be required to go through the same D.E.C. permitting process.

A simplified D.E.C. permit process, or a waiver for gutted and gilled fish would certainly be a big help to all fishermen considering direct marketing. But sidestepping a D.E.C. permit has some possible negative consequences:

- 1) You may be in a more liable position if your fish are contaminated and you do not have a D.E.C. permit.



The surety bond is a good idea in this risky business, but might be too costly for the small buyer.

Department of Revenue

Perhaps the most frightening figure you've seen so far is the \$50,000 bond for fisheries tax liability or exporting salmon in the round. Fortunately, the regulations allow small boat fishermen who process on board and export out of the state to waive the bonding requirement by paying in cash the amount of the expected tax. An alternative is to purchase a bond for twice the amount of the expected tax, or put up as collateral three times the value of your expected tax in Alaskan property. Estimated tax

- 2) You may have trouble with buyers without a health inspection.
- 3) You may have trouble with health inspectors in other states or countries.
- 4) You have the additional weight of the head to consider in shipping.

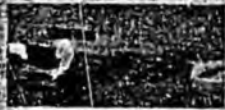
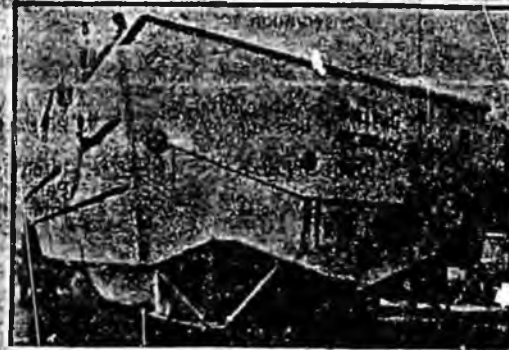
D.E.C. Vessel Inspections

Regardless of whether the regulations are relaxed, you should consider getting a D.E.C. inspection. Although it is a time consuming process, it may not cost you a lot of

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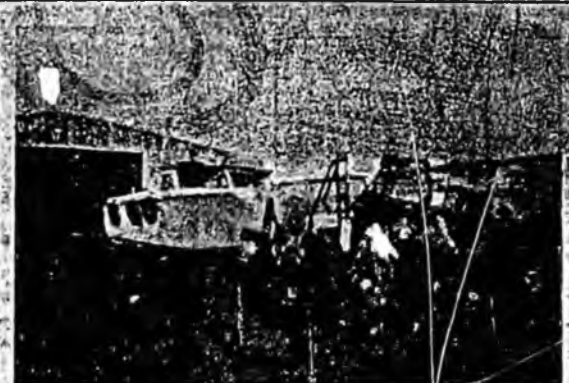
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AGENCY	REQUIREMENT	COST	NEEDED BY
Dept. of Labor	Fisheries Surety Bond	\$10,000	Fish Buyers/Processors
Dept. of Revenue	Fisheries Tax Bond	up to \$50,000	Processors
	Business License Affidavit	\$25.00 \$0	Buyers/Processors Out of State residents
Dept. of Environmental Conservation	Operating Permit	up to \$3,000 (depends on boat)	All Catcher/Processors who dehead or export salmon out of the state (this may change soon)
U.S. Environmental Protection Agency	E.P.A. Water Quality Permit for grinding	varies	Processors doing over 5,000 lbs/day
Dept. of Fish & Game	Intent to Operate Permit, Fish Tickets, Interim Use Permit	\$25 \$25	Fish Buyers Catcher/Processors Catcher/Exporters (gut/gill)
	Dept. of Weights & Measures	Check Scales	\$0 Fish Buyers



money. Most of the requirements are common sense sanitation practices that are required for anyone handling food. Boats may be required to ice fish or have refrigeration in the next 5 to 10 years anyway.

You have to start with a cleanable boat. Aluminum and fiberglass boats present no problems in this regard. Wood boats need to be painted with a good coat of nonpermeable, non-toxic paint or fiberglassed.

You have to figure out how you are going to clean the fish without creating a bloody mess. This means you will probably need a cleaning

trough of the type used by trollers and a cleaning table covered with a non-permeable surface (stainless steel, or a removable piece of hard plastic). You will need a place to store clean and dirty utensils, a place to store the roe, and a place to put the fish while they are bleed'ng or before final icing. You will need to figure out what to do with the guts. If you are processing more than 4,000 lbs of fish/day you will need to hook up a grinder. It is also recommended in areas where your guts are likely to end up in someone else's net. You will need a cover over the whole processing area to

keep out bird droppings. Canvas is OK. You will need to draw a flow diagram that shows where the fish have gone from the moment they came on board until they are boxed and ready to ship. You will need to include a diagram that shows the location of fresh and saltwater sources, sink, head, engine, plumbing, hoses, pumps, etc.

Water Systems

The sanitary use of water for drinking, cleaning hands, cleaning fish, and cleaning the boat is sometimes complicated considering

the current design of troll or gillnet boats. First problem: Wash-down pumps are often interconnected with bilge pumps, so that bilge water could contaminate the wash-down hose. You either have to rig up one-way connectors or you have to install a separate wash-down pump. You will need to install a small sink and built in water supply if you do not already have one. This is for drinking water and washing hands. You will also need fresh water for a chlorine rinse of your processing area between cleanings. Batch chlorination can be as simple as putting a cup of bleach in a 5 gallon

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bucket of water. Most of the cleaning will be done with your wash-down hose, which would be much more effective if it were fitted with a high pressure nozzle. The D.E.C. will carefully look at where you draw your ocean water for cleaning. It is important that your wash-down water is not contaminated by your bilge water or effluent outlets. This may require that you move suction or outlet pipes so they draw and drain water from different water levels.

Icing

One modification that is essential to processing is a method of refrigerating the cleaned fish. This usually involves icing, a well-developed skill among trollers. Inexperienced fish cleaners would be advised to read Chuck Gore's article in *National Fisherman*, Dec. '83. It is important to place the fish in the ice with their heads lower

than the tails so the blood will drain out the head. Any bins that hold cleaned fish or ice must have a sealed cover so that wash-down water doesn't contaminate the ice or cleaned fish. Trollers often have watertight holds, but gillnetters may need to use totes (hopefully sized to fit inside their bins).

Refrigerating cleaned fish is an essential for inexperienced fish cleaners to learn.



Mechanical Refrigeration

Other common refrigeration techniques, especially in Western Alaska, involve using champagne ice or spray brine, or refrigerated sea water systems to cool the catch. Small commercial systems have

been designed by several manufacturers like Thermal Tec, for application in 30-40 ft. boats. Home-built systems can also work well. They are much less expensive, but require more time to install in your boat. A thorough review of icing and refrigerated sea water systems has been done by *Alaska Fisherman's Journal* in their February and March issues.

An interesting article in *National Fisherman*, Nov. '83 describes how to construct a chill tank using evaporator coils made out of surplus stainless steel piping. The refrigeration unit is an automobile air conditioning compressor. I had an opportunity to visit the author, Brad Posey, in California and I was impressed by the simplicity of the system. It was originally designed for about 2,000 lbs. capacity, but hooking up compressors in series could possibly increase that. Brad Posey is interested in offering his advice and he will even assemble

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About thirty trollers along the Pacific coast have opted for this type of system. Details can be obtained from marine advisory agents in each area (Ed Melvin-Santa Cruz (408) 425-2691). Information on what Southeast Alaska trollers have done to solve refrigeration and licensing problems can be obtained by calling the Marine Advisory agent in Petersburg-Brian Paust (907) 772-3381. A list of Southeast trollers who have applied for D.E.C. permits can be obtained from Kit Ballentine at D.E.C. in Juneau (907) 465-2640.

Marine Sanitation

A few details remain before final D.E.C. processing permit approval. *If you have no toilet, a porta-potty or toilet with a holding tank must be installed.* If you have a toilet, you must be sure that the effluent pipe does not contaminate your wash-down water. Boxes and liners will need to be kept in a place where they won't get contaminated. There are lots of other details that will have to be worked out with the



A large increase in the number of boats-turned-processors means somebody's making money, or the idea would have quickly died.

D.E.C. field officer in considering your boat and situation. Be sure to give yourself lots of time to plan this licensing process. Even when you think your boat is finally ready, it will still take three or four weeks to get D.E.C. approval of your application. If you have questions please contact Dick Pfeiffer or Kit Ballentine at D.E.C. in Juneau (907) 465-2600.

Department of Weights and Measures

Once you get a D.E.C. permit, the rest is easy. If you are going to be

using any scales, they will have to be from a list approved by the Department of Weights and Measures. They must be checked annually for accuracy.

Now, collect your labor bond, for waiver, business license, revenue tax bond, and D.E.C. processing permit and return to where you started, the Alaska Department of Fish and Game. You will need to fill out a Seafood Buyers and Processors Intent to Operate form. At the same time you will need to obtain fish tickets. The important outcome of this whole permit process is that you will be assigned

an operator's number. This number, along with your D.E.C. number, will appear on any fish boxes or totes that are shipped out of the state (you will have to mark them on each box).

Some of you reading this article have already shipped and sold fish without having done anything but put in on an airplane and ship it to a broker. Your problem is that if you step on anyone's toes, which is almost inevitable, there's a good chance that one of your competitors will check on your permit numbers. If you aren't legal, that 3,000-pound shipment of fish will be held until it rots.

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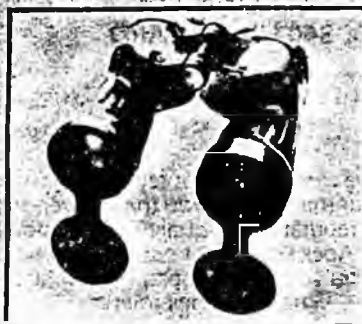
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The bottom line of this whole process comes down to dollars and sense. Does it pay? Is it even worth the trouble? It is hard to say in what cases it is going to be worth the trouble. But it seems many trollers are being forced to consider direct marketing of their fish, especially when the price at the dock doesn't even pay for the fuel they need to find them. In the last two years the number of boats that have become legal processors has increased dramatically. Somebody must be making some money, or the idea would have died right away.

Even gillnetters would do well to consider this as an option for their boats, especially during periods of "scratch fishing." The important word to consider here is "option." Fishermen have often resorted to long devastating strikes when they were unhappy with the price. If those same fishermen, say in Bristol Bay, had all been legally licensed to process and market fish, they all could have been fishing during the strike, and still refused to sell to buyers or canneries.

Marketing a few kings during the early part of the season will give you a good idea of whether you're being offered a fair price for your reds. I'd hate to clean fish during the peak of a Bristol Bay run, but having that as an option makes a lot of economic sense. If we want to make more money off a limited number of fish (especially in bad seasons) we are just going to have to assume more risk. If we take that chance, we will have one more card to play out in the continuing battle between the fisherman and processor.

Direct marketing, of course, is more than just risk. It's a difficult enterprise that requires lots of planning, patience, and luck. It would take another article just to outline the first steps. Best to work with a group of other fishermen, or through a broker, or get professional advice in setting up.

To achieve the capacity for vertical integration on any large scale will require some support from the state, both financially and legally. This, of course, will require some organizing and lobbying, something fishermen are not usually very good at. The following changes might help:

- 1) Streamline the permitting process, so that all of the agencies agree on the definition of a catcher/processor, and apply health requirements and revenue control with some consideration for the size and budgets of these smaller efforts.
- 2) Set up a loan program for quality improvement measures on fishing boats, especially refrigeration. In this same loan packet allow money to be spent for setting up as a catcher/processor, and for expenses spent on setting up direct markets.
- 3) Encourage the use of village economic development funds for providing the necessary infrastructure for freezing and flying out fish.

I'm sure it will take a long time for the legislature to see the value of catcher/processors or direct marketing as an option. For now, we are on our own in a risky business that makes fishing just one step riskier, though perhaps two or three steps more profitable. Don't drown in the paperwork!

Those interested in contacting Mr. Watson directly may write Box 110373, Anchorage, AK 99511, or call (907) 345-1318. □

251 fishermen seek loan extensions

The state Division of Accounting and Collections has approved 92% of the requests it has received for repayment extensions on state subsidized vessel and permit loans.

In exact numbers, that means 236 requests were approved and 16 were declined in 1983-84. In addition, five more were received recently and are still being considered.

The breakdown for salmon fishermen by region is: Alaska Peninsula/Aleutian Chain, 14 approved; Bristol Bay, 17 approved, one rejected; Chignik, five approved; Cook Inlet, 21 approved, one rejected; Kodiak, 56 approved, six rejected; Prince William Sound, 42 approved, five rejected, one outstanding; and Southeast, 52 approved, three rejected and one outstanding. Extension requests also have been granted for two

the division received 138 extension requests and approved 70% of them. Currently, about one-third of all the recipients of loans made under the Commercial Fishing Loan Program in the Department of Commerce and Economic Development are having trouble making the payments. Most have been granted extensions. The problem is attributed to the depressed fish prices of recent seasons.

About 17% of the state's 1,700 vessel and permit loans are in default. The division is just now starting to process the latest batch of default notices. If no satisfactory repayment plan can be worked out, the division turns the case over to the Department of Law to institute foreclosure proceedings.

As of mid-March, the division had one vessel left out of the three that had been foreclosed on and put up for sale. The 120-foot *Orion*, a pleasure yacht converted to a processor, sold for \$125,000 in

Meanwhile, a deal fell through for the 60-foot crabber *Tina*, located in Juneau. The boats were repossessed after the owners failed to make payments in 1981 and 1982.

Division director Maggie Hamley said the state recovered approximately 23 cents on the dollar from the transactions. "The sense is that we're not getting as much as we did in the past," she said.

Hamley said repossessed boats are difficult to sell these days. One problem is that the division is not allowed to provide refinancing on repossessed vessels unless certain conditions are met. A bill is pending in the legislature that would loosen this restriction.

A second problem is that the seafood markets are depressed right now. Hamley's impression is that when fish prices are better, bankers are more inclined to make loans for vessels. Also, fishermen seem reluctant at the present time to go into debt for a new boat. □



ICELINE®

The first new crab rope 20 years keeps your profits from drifting away.

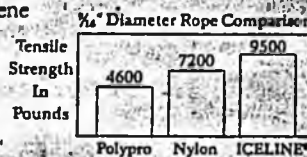
Turning your crab pots into pots of gold has never been easy. Crabs can be difficult to locate as sunken treasure. And so can your traps when their buoys are pulled under by currents dragging your rope down.

Of course, the real drag is going crabless, potless and profitless. At Tubbs, we thought it was time to put control back into your hands. So we created a revolutionary new rope: ICELINE®.

Tubbs' ICELINE is simply the toughest, lightest, easiest to handle crab rope ever made. In equal diameter comparisons it is a full 90% stronger than polypropylene, 25% stronger than nylon. In equal strength comparisons, ICELINE is almost half the weight and diameter of polypropylene and easier to handle than nylon.

Best of all, because ICELINE is lightweight and floats, it stands up to the ocean's currents and won't allow your buoy marker to get sucked under. Plus, ICELINE lets you set your traps far deeper than other crab ropes allow.

Finally, there's a direct line to the profits you've been chasing after. Tubbs' remarkable new ICELINE. Ask your local marine supply dealer about it today or call 1-800-367-7633 for more information.



TUBBS
CORDAGE COMPANY
501 W. Palm Avenue
Orange, CA 92668

Douglas Pope

Lawyer

Juneau Law Office

526 Main St., 99801

(907) 586-4151

March 5, 1985

Hon. Arliss Sturgulewski
Chair
Senate Resources Committee
State of Alaska
State Capitol Building
Juneau, Alaska 99801

Re: SSSB 164
An Act relating to surety for collection of wages and
payment

Dear Senator Sturgulewski:

The purpose of this letter is provide written material supporting my testimony on the above-referenced bill. I submit these comments as an interested citizen, and as a partner in the Ketchikan based company, Silver Lining Seafoods. Silver Lining was established in 1981. Sales in 1984 exceeded \$3.5 million. The company buys fish in southeast Alaska, Prince William Sound, Cook Inlet and Kodiak. It produces fresh and frozen salmon, halibut, cod, lingcod, rockfish, abalone, prawns, clams and scallops for export to American markets. The finfish and flatfish are sold head-on, head-off and filleted vacuum packaged portions. In addition, the company produces smoked salmon, hooligan and sablefish, as well as lox, and raw and processed roe. Company plans include purchasing Arctic whitefish for smoking and Yukon salmon strips for vacuum packing and export. Finally, the company provides custom processing services to certain buyers.

This brief history should illustrate that Silver Lining Seafoods is both a "fish processor" in southeast Alaska, as well as a "primary fish buyer" in other areas of Alaska. The company supports the intent of the bill to require the bond specified for buyers and processors with a short history in the marketplace.

For reasons which I will illustrate during my oral presentation, Alaska workers, fishermen and processors have often been at the mercy of the occasional unscrupulous fish buyer or broker with no attachable or lienable assets other than this bond. Cash buyers on the fishing grounds may offer a price contingent upon a later settlement which is never seen. Undercapitalized processors and brokers buy fish for export without adequate cash reserves to guarantee later payment.

The law as written is for the benefit of fishermen and persons supplying labor. I believe that definition includes custom processing, but none of the other products or services that Silver Lining provides. This is an anomaly since, with

Douglas Pope

Lawyer

Juneau Law Office

526 Main St., 99801

(907) 586-4151

custor. processing, the company doesn't own the product, and can hold it as security for payment. In virtually all other situations, Silver Lining pays cash for the raw product. When it sells in the marketplace it must wait 15-45 days for payment. Each year, between one and two percent of our sales are lost in bad debts to brokers who do business in Alaska, but do not fit the definition of a primary fish buyer. These brokers do business in Alaska yet have no employees or investment here. They buy almost exclusively from local processors and buyers.

Our company believes that an amendment to the law which adds a promise to pay other fish processors or primary fish buyers for fisheries resources sold, and expands the law to include brokers, will add a measure of protection for all processors and buyers in Alaska without compromising the interests of workers or fishermen. Brokers do not hire workers as a rule and do not buy directly from fishermen.

Thank you for the opportunity to present these comments.

Sincerely,

A large, stylized handwritten signature in black ink that reads "Douglas Pope". The signature is written over the typed name "Douglas Pope" which appears below it.

Douglas Pope

cc. Senator Coghill
Senator Sackett

11 April, 85

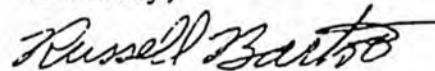
Dept. of Environmental Conservation
Division of Environmental Health
Seafood Permit Section
437 E. Street, Suite 200
Anchorage, Alaska 99501

Dear Sir;

This letter is my answer to your refusal to process my permit application. First, did you really read my application or are you just blindly following regulations? Let me point out to you that I am not processing fish. I am doing nothing more than any other fisherman. The only difference between my operation and any other, is in who I intend to sell to. Unless you plan to require every fisherman to disinfect, have a covered processing area, sanitized utensils, plus hot & cold running water, then what you are requiring of me is unreasonable. I repeat, the only difference between me and any other fisherman is in who I intend to sell my fish to. Your request for detailed plans of a deck view and side view seem to show that you have never seen a 36' gillnet fishing boat before, when you've seen one you've seen them all.

In conclusion, I would like to state that your regulations do not fit my type of operation. Any concerns you have about the quality of my fish have no recourse, since whether you process this application or not, you haven't changed one iota the methods and procedures used in handling my fish. What you have accomplished is to delay the consumer from getting fresh fish, and making him pay more to get something that has laid around for a while. I suggest that either you change your regulations or that I will have to walk up on the hill here in Juneau and see about changing things for you.

Sincerely,



Russell Bartoo
Box 847
Juneau, Alaska 99802

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL HEALTH - SEAFOOD PERMIT SECTION
477 "E" STREET, SUITE 200, ANCHORAGE, ALASKA 99501

Telephone: (907)
Address:

274-2533

April 8, 1985

Russell R. Bartoo
Bartoo Enterprises
Box 847
Juneau, Ak 99802

SUBJECT: Seafood Processors Permit Application for F/V Marg

Dear Mr. Bartoo

We have received and reviewed your Seafood Processors Permit Application, however, we can not complete the review process as some items were either left blank or require clarification. All items must be properly completed so all segments of the operation may receive an adequate review.

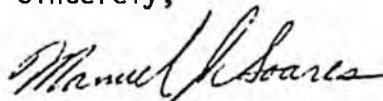
The following items require completion:

1. At least the final rinse/wash water used on the product must be disinfected. This may be accomplished in several ways, one of which is batch chlorination (specify method).
2. On disposal of process waste on the application you indicated no processing waste discharge, however, in your narrative you indicated the fish are immediately cleaned.
3. Provide detailed (to scale) plans/sketches of the vessel showing both a deck view and side view to include covered processing area, hand washing facilities, hot and cold outlets, hose connections, method and chemical used for cleaning and sanitizing utensils and equipment, plumbing plan showing intakes and outfall (points of discharge), etc.

Upon receipt of your completed application we will complete the review process and issue your Permit To Operate if everything is in order.

If you have any questions or we can be of assistance, please contact this office.

Sincerely,



Manuel J. Soares
Seafood Permit Coordinator

MJS:rpm

Enclosure



RECEIVED

MAR 20 1984

STATE OF ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION REGION II

SEAFOOD PROCESSORS PERMIT APPLICATION

Incomplete Applications will NOT be accepted. Insert N/A if not applicable.

Form with sections: A. 1. GENERAL INFORMATION, 2. Principals/Owners, 3. Location, 4. Vessel Information, 5. Permits/Authorizations Previously Issued. Includes handwritten entries like 'Bartoo Enterprises', 'F/V MARG', 'None', 'Russell R. Bartoo', 'AK 5172 C', and '36'.

CONTINUED ON FOLLOWING PAGE

16 march, 85

Seafood Permit Coordinator
Division of Environmental Conservation
437 E Street, Suite 200
Anchorage, Alaska 99501

Sirs:

My operation consists of gutting fish at sea while fishing, on an as caught basis.

Facilities used are a fiberglass cleaning box with the blood and guts immediately falling overboard. Cleaning & clean up are provided by both a salt water hose & deck bucket wash down. Rubber rain gear, rubber boots, rubber gloves, and a hat are worn at all times.

Fish are stored in a fiberglass insulated, well iced fish hold that is scrubbed after each delivery. This hold also serves as the live tank for crab.

Fish are sold on a prior order basis and are delivered fresh with no processing involved.

Crab are sold live.


Russell Bartoo

F. 12. WASTE DISPOSAL 1

Check method for disposal of sewage (toilet, shower, kitchen and bathroom sink waste):

- Septic System (Describe) _____
- Package Treatment Plant (Type) _____
- Lagoon (Describe) _____
- Municipal System (Name) _____
- USCG Approved System (Type) _____
- Holding Tank (Size) 10 gal Distance From Shore When Discharging to city system
- Depth of Discharge (if Applicable) _____
- Other (Describe) _____

Check method(s) for disposal of process waste (gurry, fish heads and entrails, carcasses, shells, etc.)

- No Treatment (Describe) fish cleaned a few at a time while boat is drifting in deep water
- Grinder (Type) _____ To what size is waste ground _____
- Depth of Discharge Below Mean Lower Low _____
- Screen Waste Reduction Plant Barge to Approved Dumping Site
- No Processing Waste Discharge Other (Describe) _____

Check method of disposal of domestic solid waste (kitchen wastes, cardboard, damaged cans)

- Incinerator — Rated Capacity, lbs./hr. _____
Describe Construction _____
- Municipal Solid Waste Facility (Name and Location) Tuneau
- Private Solid Waste Facility (Name and Location) _____
- Other (Describe) _____

G. 13. ICE AND REFRIGERATION

Identify method(s) used to maintain or reduce temperature of product upon receipt at facility: _____

chilled sea water or ice packed

If ice, ice production capabilities (tons/24 hours) 0 Source of ice Tuneau Cold Storage

Storage capacity for ice (tons or cubic feet) 2T

Method of storage insulated hold

H. 14. SUBMITTALS

Check Additional Information being submitted

- Facility Plans and Specifications (Part 2 a-e of Instructions)
- Narrative Description of the Processing Operation (Part 2f of Instructions)
- Can/Package Code Sheet (Part 2g and Section B of Application)
- Copy of this Application has been submitted to the Environmental Protection Agency (Part 4 of instructions)

I. 15. SIGNATURE

I certify that the information contained herein is true and correct to the best of my knowledge.

Signature of Responsible Official/Principal Owner (see item #2) <u>Russell R. Bartoo</u>	Date <u>15 March 85</u>
Printed or Typed Name <u>Russell R. Bartoo</u>	Title <u>Owner Operator</u>

Mail completed application and any supporting documents to: Seafood Permit Coordinator, Division of Environmental Health
 Department of Environmental Conservation
 437 "E" Street, Suite 200, Anchorage, Alaska 99501
 Telephone (907) 274-2533 for further information or assistance.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION
SOUTHEAST REGIONAL OFFICE

Telephone: (907)

Address:

789-3151

P.O. Box 2420

Juneau, Alaska 99801

April 24, 1985

Russell R. Bartoo
Bartoo Enterprises
P.O. Box 847
Juneau, AK 99802

Re: Waste Disposal, Sewage Disposal, and
Fresh Water for F/V Marg for 1985

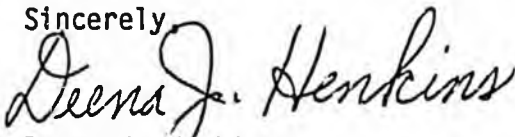
Approval for the waste disposal for your seafood processing facility is based upon your processing less than five tons of raw product per day and your seafood waste discharge meeting the following minimum restrictions:

1. The discharge of seafood waste shall be in marine waters at least one half mile offshore or in waters at least forty feet deep at MLLW.
2. The discharge of seafood waste is prohibited in protected coves or harbors.
3. The discharge of seafood wastes within three hundred yards of any other vessel is prohibited.
4. The discharge of seafood wastes shall not violate the State of Alaska Water Quality Standards 18 AAC 70.020(b).

If you will be unable to comply with the aforementioned restrictions, or anticipate any changes in your operations, contact the Department at (907) 789-3151.

Fresh water for drinking should be taken from a public supply which is in compliance with Alaska Drinking Water Regulations, 18 AAC 80, or the water chlorinated as it is taken aboard by adding 3 ounces of chlorine bleach per 100 gallons of water.

Sincerely,



Deena J. Henkins,
Regional Environmental Supervisor

cc: ADEC, SCRO, M. Soares

Species of Fish and Shellfish
Caught, Purchased or Processed
(Mark X in all that apply ___):

Type of Processing
(Mark X in all that apply ___):

1. Salmon
 2. Herring
 3. Crab
 4. Shrimp
 5. Other Shellfish (please specify)
Coral
 6. Groundfish (please specify)
Rockfish
Cod
 7. Miscellaneous Finfish (please specify)
 8. Halibut

1. Fresh (Butchering)
 2. Cooking
 3. Freezing
 4. Drying
 5. Canning
 6. Salting
 7. Pickling
 8. Smoking
 9. Other (please specify)

Marketing Information for Raw Fish and Shellfish

Please indicate locations in Alaska (town or city) and outside Alaska (town, state and country) where raw fish and shellfish are sold.

Juneau, Alaska
Seattle, Wash.
San Francisco, Cal.
Los Angeles, Cal.
Phoenix, Ariz.

Certification of Company Officer responsible for the contents of this
Intent to Operate:

"I Russell R. Bartoo (signature), certify under
penalty of perjury that I have reviewed all information contained in this report,
and that it is true and complete to the best of my knowledge.

Your Printed Name Russell R. Bartoo

Your Title Owner & Operator

Date signed: 05/22/85

For further information contact:

Alaska Department of Fish and Game
Division of Commercial Fisheries
Computer Services Section
P.O. Box 3-2000
Juneau, Alaska 99802
Tel.: (907) 465-4150

Mail with remittance to:
 Department of Revenue
 Pouch SA
 Juneau, Alaska 99811-0400

ALASKA DEPARTMENT OF REVENUE
 FISHERIES BUSINESS LICENSE APPLICATION
 AS 43.75.011-140

Initial Fee \$25.00
 for each plant or location

064

1. Individual and/or Firm Name <i>BARTOO ENT.</i>		4. New <input checked="" type="checkbox"/> Application <input type="checkbox"/> Renewal	5. License Year <i>1985</i>
2. Street or P.O. Box Number <i>BOX 847</i>		6. Federal Employer Identification or Social Security No. <i>165-26-2421</i>	
3. City, State and Zip Code <i>JUNEAU, AK. 99802</i>	Daytime Telephone Number <i>()</i>	7. Total Estimated Taxes (See Reverse Side) <i>\$ 1,000 =</i>	
<p>8. IMPORTANT. The total estimated taxes computed on this application must be secured by one of the following methods. Please check the box beside the form of tax liability security you will use and follow the instructions.</p> <p><input type="checkbox"/> A. Fisheries Business Tax Bond, in a sum equal to twice the total estimator's tax. (Complete Revenue form 04-062 and attach to application.)</p> <p><input type="checkbox"/> B. Prepayment of total estimated tax. (Enclose a check payable to the Alaska Department of Revenue in an amount equal to the total estimated tax you have computed.)</p> <p><input checked="" type="checkbox"/> C. Lienable real property in the State of Alaska, owned by the applicant, the value of which is equal to three times the total estimated tax. (Complete lines 15 - 22 on the reverse side.)</p>			
<p>9. NOTE: Under AS 16.10.290, fish processors or primary fish buyers (except for restaurants, grocery stores and established fish markets) are required to file with the Commissioner of Labor, Wage and Hour Division, P.O. Box 630, Juneau, Alaska 99811, a surety bond worth \$10,000, or provide a legal description of at least \$10,000 worth of lienable property to be posted as security in place of a bond. Fishermen who process their catch must also comply with this requirement. Those operations that do not purchase fish or hire employees are eligible, as of December 31, 1981, to apply for a waiver from the \$10,000 security requirements of the law. (The Department of Labor will notify the Department of Revenue when this requirement has been either fulfilled or waived.)</p> <p>CHECK THE APPROPRIATE BOX:</p> <p><input type="checkbox"/> Exempt from Labor bond because business is: (check one)</p> <p style="padding-left: 40px;"><input type="checkbox"/> Restaurant <input type="checkbox"/> Grocery Store <input type="checkbox"/> Established Fish Market</p> <p><input checked="" type="checkbox"/> Not exempt from Labor bond</p>			
<p>10. List the name(s) and address(es) of the business owner(s). If the business is a corporation, list the names and addresses of its principal officers. List the information on an attachment if more space is needed.</p> <p><i>RUSSELL BARTOO</i> <i>ABOVE</i></p> <div style="text-align: right;"> <p>RECEIVED MAR 18 1985 DEPARTMENT OF REVENUE PUBLIC SERVICES DIVISION JUNEAU</p> </div>			
<p>11. CHECK LIST. The Department of Revenue will not issue the Alaska Fisheries Business License unless the following requirements are met. Please check if you have:</p> <p><input checked="" type="checkbox"/> Enclosed \$25.00 with this application?</p> <p><input checked="" type="checkbox"/> Completed both sides of application?</p> <p><input checked="" type="checkbox"/> Provided Fisheries Business tax liability security?</p> <p><input checked="" type="checkbox"/> Completed or exempt from the Department of Labor bonding requirement?</p> <p><input type="checkbox"/> Non-Residents only: Filed Affidavit and Tax Liability Bond? Non residents, in addition to their fisheries tax security, must file an affidavit (form 04-654) and Tax Liability Bond (form 04-655) with the Alaska Department of Revenue, Bonds and Affidavits Section,</p> <p style="padding-left: 40px;">Pouch SA, Juneau, Alaska, 99811-0400, as required by AS 43.10.160. This affidavit and bond provides security for other Alaska taxes for which the non-resident fisheries business may become liable.</p> <p><input type="checkbox"/> Exporters of Salmon in the Round: A \$50,000 bond is required if salmon is to be exported in the round unless the applicant owns at least \$50,000 of lienable real property in the State of Alaska (form 04-063). This security is in lieu of other security required under AS 43.75.055.</p>			
<p>IMPORTANT: THE FOLLOWING MUST BE COMPLETED TO ALLOW FOR ALLOCATION OF REVENUE BACK TO LOCAL GOVERNMENTS</p>			
12. Name of Cannery, Plant, Vessel or Business <i>MARG</i>		13. Physical Location of Cannery, Plant, Vessel or Business <i>JUNEAU</i>	
<p>CHECK ONLY ONE: <input type="checkbox"/> Within incorporated city limits <input type="checkbox"/> Outside city but within organized borough <input type="checkbox"/> Outside all cities and boroughs</p>			
<p>I declare under penalty of perjury that this application (including any accompanying statements) has been examined by me and to the best of my knowledge and belief is true, correct and complete.</p>			
Printed Name of Applicant <i>Russell R. Bartoo</i>		Signature of Applicant <i>Russell R. Bartoo</i>	Date <i>18 March 85</i>
OFFICE USE ONLY License Number <i>5-6584</i>		OFFICE USE ONLY	
Year <i>1985</i>	Date Issued <i>3/18/85</i>		

Alaska Fisheries Business License Application (continued)

THIS SIDE MUST BE COMPLETED

LIEABLE REAL PROPERTY. Complete lines 15-22 only if you checked box 8C on the front of this application.

If the security for the total estimated tax is real property, on lines 15-22 please describe the property and list its actual value in excess of all liens against it. The description of the land, buildings or wharves should include the street address, or other general location of the real property, its legal description, the extent or percentage of ownership by the applicant, its actual and reasonable market value, the names of anyone holding a lien against the property and the amount of their lien. Deduct the total of the liens from the value and show the lienable amount which remains. If applicable, attach copies of current property tax assessments. If more space is needed, attach a separate sheet of paper. Be sure this attachment is signed and dated by the applicant.

THE SCHEDULE BELOW MUST BE COMPLETED

15. Real Property Address or Location <i>10491 Ann</i>			
16. Legal Description			
17. Lienholder ----- Lienholder			18. Amount of Lien \$ ----- Amount of Lien \$ -----
19. % of Ownership	20. Market Value \$ -----	21. Less Total Liens \$ -----	22. Lienable Amount \$ -----

PLEASE USE THIS SCHEDULE TO ESTIMATE THE AMOUNT OF YOUR FISHERIES BUSINESS TAX. REFER TO THE INSTRUCTIONS ON THE OPPOSITE PAGE FOR SPECIFIC INFORMATION.

		1. Fisheries resources that will be processed by your company.	2. Fisheries resources that will be custom processed for your company, or fisheries resources you will custom process for someone other than a licensed fisheries business.	3. Salmon to be exported in the round. (A \$50,000 bond is required unless the applicant owns at least \$50,000 worth of lienable real property in the State of Alaska.)	4. Unprocessed fisheries resources to be sold outside Alaska, or to be transported outside Alaska for subsequent processing or sale. (Do not include salmon exported in the round.) AS 43.75.100(A)(1)(2)	5. Estimated Total Value (Add columns 1-4)	6. Tax Rate	7. Total Estimated Taxes (Multiply each amount in column 5 by the percentage rate in column 6)	8. FOR FISHERMEN ONLY WHO QUALIFY FOR TAX EXCLUSION. Frozen resources to be sold to a licensed fisheries business. AS 43.75.017
ESTABLISHED COMMERCIAL FISHERIES									
A	SALMON CANNED AT A SHORE-BASED CANNERY AS 43.75.015(a)(1)	POUNDS							
	TOTAL VALUE					\$	4½% (.045)	\$	
B	SHORE-BASED FISHERIES EXCEPT SALMON CANNED AT A SHORE-BASED CANNERY AS 43.75.015(a)(2)	POUNDS							
	TOTAL VALUE					\$	3% (.03)	\$	
C	FLOATING FISHERIES AS 43.75.015(b)(3)	POUNDS			10,000				Pounds Established
	TOTAL VALUE				20,000	\$ 20,000	5% (.05)	\$ 1,000	Value
DEVELOPING COMMERCIAL FISHERIES*									
D	SHORE-BASED FISHERIES AS 43.75.015(b)(1)	POUNDS							
	TOTAL VALUE					\$	1% (.01)	\$	
E	FLOATING FISHERIES AS 43.75.015(b)(2)	POUNDS							Pounds Developing
	TOTAL VALUE					\$	3% (.03)	\$	Value

* In the space below, please list the Developing Commercial Fisheries you intend to process or export in your fisheries business. (See attached list of allowable Developing Commercial Fisheries as designated by the Commissioner of the Alaska Department of Fish and Game.)

1. 3. 5. 7.

9. TOTAL ESTIMATED TAXES (Add column 7. Enter here and in box no. 7 on front of application.) \$ 1,000

State Agencies:

INTENT TO Operate

DIV OF COMM FISH - F+G

FISHERIES BUSINESS LICENSE APPLICATION
PUBLIC SERVICES DIV - Rev

SURETY BOND

DEPT of LABOR

Seafood Processors Permit Application
DEPT of ENV. CONS.

REQUEST FOR FISH TICKETS
- DEPT of F+G.

CENTRALIZED permit process
- DEC / OMB

INFORMATION / EDUCATION

- Off COMM FISH - DCED

PROPOSED AMENDMENTS TO CSHB 227 (Fisheries)
January 27, 1986

*Sec. 2. AS 16.10.290 (b) is amended to read:

(b) The amount of the bond shall be \$10,000 unless, during the preceding five years, that amount was insufficient to satisfy a final judgment resulting from a claim asserted against the bond, cash deposits, or other security filed under this section. If \$10,000 was insufficient, the bond shall be \$50,000; if \$50,000 was insufficient, the bond shall be \$100,000. If the commissioner determines that during the preceding five years, a fish processor or primary fish buyer (1) has engaged in the business of fish processor or primary fish buyer in the state, but not in compliance with this section and (2) has not yet satisfied a final judgment entered against the processor or fish buyer for payment of labor furnished to, or raw fishery resources purchased by, the processor or fish buyer, then the amount of the bond for the processor or fish buyer shall be \$100,000. In lieu of the surety bond the fish processor or primary fish buyer may file with the commissioner a cash deposit or other negotiable security acceptable to the commissioner in the amount specified for the bond. If no claim is asserted under this section within two years from the date the bond, cash deposit or other security is filed, the term of the bond, cash deposit or other security shall be two years; if a claim has been asserted within two years, the term of the bond, cash deposit or other security shall be for five years.

Add a new Sec. 4, and renumber accordingly:

* Sec. 4. AS 16.10.290 is amended by adding a new subsection to read:

(h) A fish processor or primary fish buyer shall file a surety bond in the amount required under (b) of this section for each location for which the processor or buyer is to be licensed.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

465-3603

October 15, 1985

The Honorable Vic Fischer
Alaska State Senate
Pouch V
Juneau, AK 99811

Re: Fish Processors' Bonds

Dear Senator Fischer:

You have asked about the need for legislation, such as SB 164, to alleviate the problems addressed by AS 16.10.290, which requires that before a fish processor or fish buyer may be issued a license by the Department of Revenue, the person must file a surety bond with the Department of Labor for \$10,000. The bond is conditioned upon the fish processor's or buyer's promise to pay persons who provide labor or sell fish to him. SB 164 would raise the amount of the bond from \$10,000 to \$100,00.

As you are no doubt aware, the amount of the required surety bond is problematic. \$10,000 is inadequate to cover all but the smallest claims, and especially if more than one claim is filed during the period of the bond (two years), it is not at all unlikely that the bond will not cover all of the claims filed. A bond of \$100,000 would, of course, cover many more claims, but still could, in some instances, be inadequate. Moreover, small businesses would probably find it impossible to operate under such a bond requirement. A possible solution might be to have the amount of the bond tied to the size of the business.

As you have noted, once a claim is filed against fish processor or buyer, he or she may continue to operate pending the outcome of a suit filed to collect upon the bond. During this period, more claims may be filed against the person, as there is no authority for the state to revoke the person's license while the suit is pending. It is unlikely that a statute which authorized such action could survive judicial scrutiny, as serious due process problems would result from depriving a person of such a license without affording him or her an opportunity to contest the claims.

Honorable Vic Fischer
Senator
Re: Fish Processors' Bonds

October 15, 1985
Page 2

Once the claims are adjudicated, and assuming they are paid from the bond, the processor or buyer is not automatically or necessarily put out of business. As long as the condition of filing a \$10,000 bond (or cash deposit or other negotiable security) is satisfied, the processor may remain in business. However, after a processor's bond has been taken by claims once or twice, obtaining the required surety bond could become very difficult, and the processor would then have to come up with \$10,000 for a cash deposit or other negotiable security, and this could be prohibitive for some businesses, essentially putting them out of business.

In any event, new legislation would be required to effect any changes in the law as it is written. If you have any further questions with which we may assist you, please let us know.

Sincerely yours,

HAROLD M. BROWN
ATTORNEY GENERAL

By: *Linda Scoccia*
Linda Scoccia
Assistant Attorney General

LS:bap

SB 164

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF

POUCH V
JUNEAU, ALASKA. 99811
(907) 485-4907



Senate Committee on Resources

April 8, 1985

Lennie Boston
Special Staff Assistant
Office of the Governor
Pouch A
Juneau, AK 99811

Dear Ms. Boston:

The Senate Resources Committee has held two public hearings on SB 164 dealing with bonding for fish buyers and primary fish processors. What has emerged from those hearings is the real need to streamline and update the state's laws and regulations dealing with this subject.

Senator Eliason has brought to the committee his attempts to find a solution to this problem as presented in his attached letter dated May 15, 1984 to Gregg Baker, Director of the Office of Commercial Fisheries Development. However, the issue involves several state departments and needs a high level coordination effort.

The committee felt that in your position as coordinator for the Fisheries Cabinet Council you might be able to assist in finding a solution. The Senate Resources Committee would like to invite you to meet with them on April 12 at 1:30 p.m. in the Butrovich Room to discuss ways which might be explored to assist Alaskan fishermen and processors in dealing with the various governmental agencies.

Thank you.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Arliss".

Senator Arliss Sturgulewski
Chairman, Senate Resources Committee

Enclosure

Susan Brayley - Det - Seafood inspector

Permit Coordination Section

Joan Hughes - 789-3151

Seafood Processors Checklist

Small Catcher Tack Issue
Recommendations .

8-29

^{Det.}
Checklist for Seafood Processing - DEC

DEC - Seafood tosh force report

Bond-
Education / Enforcement

Permitting / Licensing

Catcher

LEGISLATIVE AFFAIRS AGENCY

File

MEMORANDUM

January 24, 1986

SUBJECT: CSSB 164 (Resources), fish buyer bond

TO: Sen. Arliss Sturgulewski
Chairman, Senate Resources Committee

FROM: Ed Hein, Legislative Counsel *EH*

Enclosed is another draft of CSSB 164 (Resources). After discussing with you the change I suggested to section 2 of the bill, I mentioned to Rodger Painter that the same change would be appropriate to CSHB 227 (Fisheries). He agreed, and then pointed out that perhaps we didn't even need the first sentence in (c), except for the language that indicated the bond is to be posted at the time a fish buyer applies for a license. I agreed, and suggested that we put that last provision in subsection (a) and add that to the bill. He agreed. We both thought it wise to run the whole thing by Jim O'Conner at Dept. of Labor. Jim said it was a good idea and would not create any problems. Since Frank Homan was unavailable Friday (today), I took the liberty of making the additional changes to the bill. I asked Betty Hargrave to relay this to you and to have someone from your office call me if you have any questions.

If you



Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

M E M O R A N D U M

February 4, 1986

TO: Irene Cashen
Chief Clerk

FROM: Representative Peter Goll
Chairman, House Special Committee on Fisheries

SUBJECT: Letter of Intent for CS HB227 (Fisheries)

LETTER OF INTENT CSHB 227 (Fisheries)

This legislation is designed to help ensure that Alaska fishermen have some recourse when a fish processor or primary fish buyer fails to make promised payments for the delivery of raw fisheries resources. The effectiveness of this surety bond program is questionable unless fishermen are aware of how the program works.

The Fourteenth Alaska Legislature respectfully requests the Alaska Department of Labor to work closely with the Office of Commercial Fisheries Development, Alaska Department of Commerce and Economic Development in the development of an educational program for the surety bond program. These agencies should work through the Alaska Marine Advisory Program, commercial fishermen's organizations, Native groups, fish and game advisory committees and the news media reaching coastal Alaska and the fishing fleets.

No

A M E N D M E N T

#1

Offered in the HOUSE

TO: CSHB 227(Fisheries)

Page 2, line 17 through line 20, delete all material and insert:

"Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. A fish processor or primary fish buyer is exempt from the bonding requirements of AS 16.10.290 - 16.10.296 if

(1) the processor or fish buyer does not purchase fish or hire employees; or

(2) the processor or fish buyer has operated lawfully in the state in each of the preceding 10 years, and during that period a final judgment has not been entered against

(A) the bond, cash deposits, or other security filed under AS 16.10.290; or

(B) the processor or fish buyer for payment for labor furnished to, or raw fishery resources purchased by, the processor or fish buyer."

No

Hein

A M E N D M E N T

#2

Offered in the HOUSE

TO: CSHB 227(Fisheries)

Page 1, after line 8, insert a new bill section to read:

"* Section 1. AS 16.10 is amended by adding a new section to read:

Sec. 16.10.285. NOTICE OF OPERATORS REQUIRED TO FILE INCREASED BOND. At the beginning of each commercial fishing season, the department shall compile a list of fish processors and primary fish buyers that have been required to file a bond covering the season in an amount exceeding \$10,000. The department shall publish the list in a newspaper of general circulation that serves each area of the state in which the fish processors and primary fish buyers have stated an intent to operate."

Page 1, line 9, delete "Section 1" and insert "Sec. 2."

Renumber remaining bill sections accordingly.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: SB164
 Title: An Act relating to surety for collection of wages and payments
 Sponsor: Coghill and Sackett
 Requestor: Resources
 Date of Request: February 21, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Revenue Collections and Management
 BRU, Program or Subprogram(s) Affected: Public Services - Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Sally Smith, Director
 Division: Public Services

Phone: 465-2392
 Date: February 25, 1985

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 2/26/85

MAR 1 1985

Fiscal Note SB164
February 25, 1985
Page 2

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senator John B. (Jack) Coghill
Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-4921

Box 55028
North Pole, Alaska 99705
(907) 488-7332



Adopted

February 5, 1986

TO: All Members of the Resources Committee

FROM: Senator John B. Coghill

SUBJECT: Letter of intent for CSSB 164

This legislation is designed to increase protections for Alaskan fishermen who are left unpaid by fish processors or primary fish buyers. To help ensure that fishermen throughout the state receive the maximum benefit from this program it is important that fishermen are made aware of how the program works.

The Resources Committee requests the Department of Labor to work closely with the Office of Commercial Fisheries Development in the development of an educational program for the surety bond program. These agencies should work with the Commercial Fisheries Entry Commission, Alaska Marine Advisory Program, commercial fisherman's organizations, Native groups, fish and game advisory committees and the news media to educate as many fishermen as possible.

Senator John B. (Jack) Coghill
Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-4921

Box 55028
North Pole, Alaska 99705
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February 5, 1986

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*Let's
Entry Committee*

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
V'C FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

M E M O R A N D U M

January 27, 1986

TO: All Members
Senate Resources Committee

FROM: Staff^W
Senate Resources Committee

RE: SB 164 "An Act relating to surely for collection
of wages; and providing for an effective date"

The CSSB 164 is a refinement of the original bill that was before the committee last year.

Over the interim, considerable work was done on this bill, and the CS appears to meet earlier objections.

Section 1 clarifies 16.10.290(a) by stating that the person applying for a fisheries license from the Department of Revenue must meet the surely requirements of the Department of Labor.

Section 2 states that the bond is \$10,000 unless there have been judgments against a previous bond exceeding \$10,000, then the bond is \$50,000. If judgments have exceeded \$50,000, then the bond is \$100,000.

Section 3 is a rewrite of 16.10.290(c) stating that no bond is required if proof of lienable property satisfies the Commissioner of Labor.

Section 4 allows those operators who do not purchase fish or hire employees to be exempt from this bond requirement.

1-27/Page 2

Section 5 will allow this new bonding requirement to become effective immediately.

The new title will provide for an immediate effective date.

Enclosures:

Position paper from Department of Labor
Zero fiscal note from Department of Labor
Memo from Senator Coghill

Bill No. Committee Substitute for Senate Bill No. 164
(Resources)

Date January 24, 1986

Title "An Act relating to surety for collection
of wages and payment."

Contact: Eileen Plate
465-2700
Robert J. Bacolas
465-4870

This bill provides for an increase in the bonding requirements for fish processors and primary fish buyers if the processors or buyers previous bonding was insufficient to satisfy judgments against it. Basically, the bill provides for bonding commensurate with the processor's or buyer's track record during the previous bonding period.

The provisions of this bill, therefore, appear to be an equitable solution to the fish processor and buyer bonding problem in that they provide for the increased bonding sanction to only be imposed on those processors and buyers who fail to meet their obligations.

This legislation would not have a fiscal impact on the Department of Labor.

APPROVED:



Jim Robison, Commissioner
Department of Labor

POSITION PAPER/Department of Labor

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : _____

REQUEST

Bill Resolution No. : CS for SB 164
Title : "An Act relating to surety
for collection of wages..."

Sponsor : Coghill and Sackett
Requestor : Senate Resources
Date of Request : 1/24/86

FISCAL DETAIL

Agency Affected : Labor
BRU : Labor Standards & Safety
Wage & Hour Administration

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : . Attach a separate page if necessary

Prepared by : Robert J. Bacolas *by RB* Phone : 465-4870
Division : Labor Standards & Safety Date : 1/24/86
Approved by Commissioner : Jim Robison *Jim Robison* Date : 1/24/86
Agency : Labor

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Senator John B. (Jack) Coghill
Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-4921

Box 55028
North Pole, Alaska 99705
(907) 488-7332



January 28, 1986

TO: All Resources Committee Members

FROM: Senator Coghill

RE: SB 164

A large, stylized handwritten signature in black ink, appearing to read "Jack Coghill".

I introduced the original SB 164 to address concerns of fishers on the Interior rivers. They brought to my attention that there were fish buyers out there who defrauded them of payment and there was no way to catch up with them once they left the state. Many times the surety bonds were inadequate to pay the claims of multiple defrauded fishers.

I agree with and support the restructuring of the bonding requirements as written by the Resource Committee. The bond of a fish buyer or processor should reflect its past performance in the industry.

I think it is important that a coordinated effort be implemented between the Department of Labor and the Department of Revenue to investigate whether a unscrupulous fish buyer or processor is operating under a new corporate name and hence, getting around a bonding increase.

I compliment the Resources Staff for all the hours devoted to designing this bill so it will be equitable to all involved.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA 99811
(907) 465-4907

Senate Committee on Resources

MEMORANDUM

March 5, 1985

TO: All Members
Senate Resources Committee

FROM: Staff *H*
Senate Resources Committee

RE: Sponsor Substitute for Senate Bill 164 "An Act relating to surety for collection of wages and payment."

Sponsor Substitute for Senate Bill 164 would amend AS 16.10.290 and raise the surety bond for fish processors and primary fish buyers from the present \$10,000.

The bill raises the bond to \$20,000 for fish processors and primary fish buyers who have been licensed for five years. For those who have held a license for less than five years, the bond would be raised from \$10,000 to \$100,000.

The Department of Labor states that the bond would apply to all fish buying locations; therefore, one company with multiple locations would be required to have a bond for each location. A floater/processor would be required to have two bonds - one for buying fish and one for processing fish.

The surety bond running to the State of Alaska is designed to protect (1) all persons furnishing labor to a fish processor or primary fish buyer, including contractual employee benefits; and (2) independent registered commercial fisherman for the price of the raw fishery resource purchased from them.

Upon certification by the commissioner of the Department of Labor that the person applying has met the requirements of AS 16.10.290, the Department of Revenue may issue a license (AS 43.75.020) to that person to engage in the business of fish processing or primary fish buyer. Following these two steps, the Department of Fish and Game may issue the fish tickets.

A similar, although not identical bill (HB 227), has been introduced in the House.

There is a zero fiscal note from the Department of Revenue.

Included in the packet are:

1. A Department of Labor bill analysis and fiscal note;
2. A Department of Revenue bill analysis and fiscal note;
3. A Department of Fish and Game bill analysis;
4. An Alaska Legal Services Corporation letter discussing need for higher bond limit; and
5. An Alaska Legal Services Corporation memo discussing problems of Quinhagak and Elim fishermen.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

February 5, 1986

COMMITTEE ON RESOURCES LETTER OF INTENT FOR CSSB 164

This legislation is designed to increase protections for Alaskan fisherman who are left unpaid by fish processors or primary fish buyers. To help ensure that fishermen throughout the state receive the maximum benefit from this program, it is important that fishermen are made aware of how the program works.

The Resources Committee requests the Department of Labor to work closely with the Office of Commercial Fisheries Development in the development of an educational program for the surety bond program. These agencies should work with the Commercial Fisheries Entry Commission, Alaska Marine Advisory Program, commercial fishermen's organizations, Native groups, fish and game advisory committees, and the news media to educate as many fishermen as possible.

APR 11 1985

Fisheries Mini-Cabinet

April 10, 1985

Greg Baker, Director
Office of Commercial Fisheries
Development

Statutes regarding
Fisheries Industry

The Senate Resources Committee has contacted me regarding the continuing need to streamline statutes and regulations related to the fisheries industry -- such things as the freezing of fish on board a fishing vessel, the purchase of fresh fish by a restaurant, related labor bonds, fisheries taxation, and so on.

Several senators working on past legislation have emphasized that deciding who needs what licenses and bonds is confusing and that many of the requirements on the books are pointless. Many were drawn up to get at some specific problems but were made so broad in scope as to encompass types of operations for which the particular requirement is totally unnecessary. As a state, we have devoted tremendous amounts of time and money to fisheries and marketing enhancement, to business and overall economic development and to promote quality control and sales promotion. The State has offered courses in fisheries, has established programs aimed at development of the industry and then has allowed the very individuals and businesses we claimed to be encouraging to be stymied by the maze of requirements on our books.

I agree with the senators regarding these observations. It is obvious that many changes are needed to make our fisheries statutes and regulations appropriate to the goals at which they are aimed. They need to be reworked to serve as protective measures for the public rather than as thorns in the sides of the businesses we wish to stimulate and support.

The changes will be needed in numerous departments including Commerce and Economic Development, Environmental Conservation, Fish and Game, Labor, and Revenue; but they cannot be done effectively if done piecemeal. I believe we need to look at the big picture of fisheries business regulation; including everything from licensing to sanitation, labor standards to fish tickets, and taxation to interstate transport.

Because this matter requires major statutory changes, interagency coordination and effort, and because I do not believe any one office has the time, personnel or funding to undertake this task individually, I propose the mini-cabinet address this issue on a priority basis and provide the Resources Committee with an action plan prior to the end of this session.

GB/v10153b
41085A

cc: Senator Arliss Sturgulewski
Senator Richard Eliason

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE



P.O. BOX 143
SITKA, ALASKA 99835
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4916

May 15, 1984

Gregg Baker, Director
Office of Commercial Fisheries Development
Department of Commerce and Economic Development
Pouch D
Juneau, AK 99811

Dear Gregg;

As you probably recall, my office has been involved over the last several years, in working on a number of issues revolving around the need to streamline the laws governing such things as the freezing of fish on board a fishing vessel, the purchase of fresh fish by restaurants, the related labor bonds, fisheries taxation, and so on.

Once again I am hearing from small-scale processors about problems that they encounter with the state's ridiculous labor bonding requirements and licensing procedures. It is time that someone take on a full-fledged study of the entire area of what is required of fishing vessels and fish processors, documentation of what purpose each requirement serves, and where we can streamline and revamp these things to make them serve the real needs of the public, both the consumers and the industry.

Certainly the labor bonds required of processors are too small to be of any real help to those working or fishing for big companies, and are too large to be feasible for the very small operator who may not even have a payroll. Definitions of who is a processor have not kept up with advances in technology and our increasing emphasis on quality fish, as evidenced by the fact that we define those who freeze their catch in lieu of icing, as processors. (I did get legislation through to at least exempt these individuals from paying fisheries business taxes but, as I understand it, they still must jump through all the processor hoops).

Figuring out who needs what licenses and bonds, and so on,

is always confusing, but my big objection is that so many of the requirements on our books are so pointless. Many were drawn up to get at some specific problem but were made so sweeping as to encompass types of operations for which the particular requirement is totally unnecessary. I am particularly concerned about the small processors and buyers, fishermen themselves, and those who are trying innovative marketing techniques. As a state, we give lots of lip service to fisheries and marketing enhancement, to business and overall economic development. We spend millions on ASMI's budget to promote quality control and sales promotion. We offer courses in fisheries, establish offices and programs aimed at development of the industry, and offer loan guarantees when the processors are in financial trouble. And then we turn around and allow the very individuals and businesses we claim to be encouraging, to be stymied by the maze of requirements on our books.

It is obvious that many changes are needed to make our fisheries statutes and regulations appropriate to the goals they are aimed at. They need to be reworked to serve as protective measures for the public, rather than as thorns in the sides of the very businesses that we need to stimulate and support. These changes will be needed in many departments including Labor, Commerce, Revenue, Fish and Game, etc. But they cannot be done effectively if they are done piecemeal. We have tried that approach and it is simply not effective. We cannot continue to make little stabs at specific problems as constituents bring them to us.

It is time for someone to sit down and look at the big picture of fisheries business regulation; the whole gambit from licensing to sanitation, from labor bonds to fish tickets, from taxation to inter-state transport. I believe that the only office with that kind of "across the board jurisdiction" and a general goal of fisheries development is yours. I respectfully request that you consider pursuing this project with the goal of developing a package of proposed reforms to the Legislature so that we can at last take a broad look at what needs to be done in this area.

If you would like to discuss the types of problems I am interested in studying, or have any ideas or suggestions about how this task might best be accomplished, please give me a call. I do hope that you and Commissioner Lyon will give the need for such a project some serious consideration. I look forward to talking and working with you on this.

Sincerely,

Senator Dick Eliason

cc: Commissioner Dick Lyon

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE



P.O. BOX 143
SITKA, ALASKA 99835
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4916

May 15, 1984

Gregg Baker, Director
Office of Commercial Fisheries Development
Department of Commerce and Economic Development
Pouch D
Juneau, AK 99811

Dear Gregg;

As you probably recall, my office has been involved over the last several years, in working on a number of issues revolving around the need to streamline the laws governing such things as the freezing of fish on board a fishing vessel, the purchase of fresh fish by restaurants, the related labor bonds, fisheries taxation, and so on.

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Sincerely,

Senator Dick Eliason

cc: Commissioner Dick Lyon

SB. 164

OK LABOR James J O'Connor.

\$ 10,000 WAS INSUFFICIENT IN 75% OF CASES

MANY FISH PROCESSORS MAY NOT QUALIFY FOR \$ 100,000

REVENUE Sally Smith.

SMALLER FISHERIES COULD BE ADVERSELY IMPACTED

FISH + GAME

\$ 100,000 NOT HIGH ENOUGH FOR LARGE PROCESSORS

\$ 100,000 EXCESSIVE FOR SMALL PROCESSORS

John
Q. ARE PEOPLE BUYING FISH IN THE STATE WITHOUT A BOND OF ANY KIND? HOW DOES THAT HAPPEN?

Q. WHAT ARE THE REQUIREMENTS OF BONDING AND WHO CAN QUALIFY?

Q. HOW CAN WE PROTECT THE FISHERMAN WITHOUT ADVERSELY IMPACTING THE LEGITIMATE THE SMALLER PROCESSORS?

needs
admission

WITNESSES: DEPT OF LABOR, DEPT OF REV, DEPT OF FTG
CASS - UFA, RICK LAUBER - SEAFOOD PROCESSORS,

Douglas Pope

Lawyer

Juneau Law Office

526 Main St., 99801

(907) 586-4151

March 5, 1985

Hon. Arliss Sturgulewski
Chair
Senate Resources Committee
State of Alaska
State Capitol Building
Juneau, Alaska 99801

Re: SSSB 164
An Act relating to surety for collection of wages and
payment

Dear Senator Sturgulewski:

The purpose of this letter is provide written material supporting my testimony on the above-referenced bill. I submit these comments as an interested citizen, and as a partner in the Ketchikan based company, Silver Lining Seafoods. Silver Lining was established in 1981. Sales in 1984 exceeded \$3.5 million. The company buys fish in southeast Alaska, Prince William Sound, Cook Inlet and Kodiak. It produces fresh and frozen salmon, halibut, ccd, lingcod, rockfish, abalone, prawns, clams and scallops for export to American markets. The finfish and flatfish are sold head-on, head-off and filleted vacuum packaged portions. In addition, the company produces smoked salmon, hooligan and sablefish, as well as lox, and raw and processed roe. Company plans include purchasing Arctic whitefish for smoking and Yukon salmon strips for vaccuum packing and export. Finally, the company provides custom processing services to certain buyers.

This brief history should illustrate that Silver Lining Seafoods is both a "fish processor" in southeast Alaska, as well as a "primary fish buyer" in other areas of Alaska. The company supports the intent of the bill to require the bond specified for buyers and processors with a short history in the marketplace.

For reasons which I will illustrate during my oral presentation, Alaska workers, fishermen and processors have often been at the mercy of the occasional unscrupulous fish buver or broker with no attachable or lienable assets other than this bond. Cash buyers on the fishing grounds may offer a price contingent upon a later settlement which is never seen. Undercapitalized processors and brokers buy fish for export without adequate cash reserves to guarantee later payment.

The law as written is for the benefit of fishermen and persons supplying labor. I believe that definition includes custom processing, but none of the other products or services that Silver Lining provides. This is an anomoly since, with

Douglas Pope

Lawyer

Juneau Law Office

526 Main St., 99801

(907) 586-4151

custom processing, the company doesn't own the product, and can hold it as security for payment. In virtually all other situations, Silver Lining pays cash for the raw product. When it sells in the marketplace it must wait 15-45 days for payment. Each year, between one and two percent of our sales are lost in bad debts to brokers who do business in Alaska, but do not fit the definition of a primary fish buyer. These brokers do business in Alaska yet have no employees or investment here. They buy almost exclusively from local processors and buyers.

Our company believes that an amendment to the law which adds a promise to pay other fish processors or primary fish buyers for fisheries resources sold, and expands the law to include brokers, will add a measure of protection for all processors and buyers in Alaska without compromising the interests of workers or fishermen. Brokers do not hire workers as a rule and do not buy directly from fishermen.

Thank you for the opportunity to present these comments.

Sincerely,

A handwritten signature in cursive script that reads "Douglas Pope". The signature is written in black ink and is positioned below the word "Sincerely,".

Douglas Pope

cc. Senator Coghill
Senator Sackett

Hein
4/10/85

Original sponsors: Coghill and Sackett

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IN THE SENATE

BY THE RESOURCES COMMITTEE

CS FOR SENATE BILL NO. 164 (Resources)
IN THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to surety for collection of wages
and payment."

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

* Section 1. AS 16.10.290(b) is amended to read:

(b) The amount of the bond shall be \$20,000, except that the amount of the bond shall be \$60,000 for (1) a fish processor or primary fish buyer who has engaged in the business of fish processor or primary fish buyer in the state but not in compliance with this section; or (2) a fish processor or primary fish buyer who, during any of the three years immediately preceding the year for which the bond is due, has been required as a result of a final judgment to satisfy a claim filed during those years against the bonds, cash deposits, or other security filed under this section [\$10,000]. In lieu of the surety bond the fish processor or primary fish buyer may file with the commissioner a cash deposit or other negotiable security acceptable to the commissioner in the amount specified for the bond. If no claim is asserted under this section within two years from the date the bond, cash deposit or other security is filed, the term of the bond, cash deposit or other security shall be two years; if a claim has been asserted within two years, the term of the bond, cash deposit or other security shall be for five years.

* Sec. 2. AS 16.10.290(c) is amended to read:

(c) A person applying for a license as a fish processor or primary fish buyer who has less than the amount of the bond [\$10,000]

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 2 in lienable property in the state, with proof of the property satis-
 3 factorily made to the commissioner, shall file with the application a
 4 bond or other security as specified in this section. A [NO] bond is
 5 not required if the fish processor or primary fish buyer has more than
 6 the amount of the bond [\$10,000] in lienable property as specified in
 7 this subsection.

8 * Sec. 3. AS 16.10.293(a) is repealed and reenacted to read:

9 (a) The following are exempt from the bonding requirement of
 10 AS 16.10.290 - 16.10.295:

- 11 (1) restaurants;
- 12 (2) grocery stores;
- 13 (3) established fish markets; and
- 14 (4) fish processing operations that do not purchase fish
 15 and do not hire employees.

16 * Sec. 4. AS 16.10.291 is repealed.

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Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment."

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

9 * Section 1. AS 16.10.290(b) is amended to read:

10 (b) The amount of the bond shall be \$20,000, except that the
11 amount of the bond shall be \$100,000 for (1) a fish processor or
12 primary fish buyer who has engaged in the business of fish processor
13 or primary fish buyer in the state but not in compliance with this
14 section; (2) a fish processor or primary fish buyer who, during any of
15 the three years immediately preceding the year for which the bond is
16 due, has been required to satisfy a claim filed during those years
17 against the bonds, cash deposits, or other security filed under this
18 section; (3) a nonresident fish processor or nonresident primary fish
19 buyer who is applying for a license to engage in the business of fish
20 processor or primary fish buyer for the first time in the state; or
21 (4) a nonresident fish processor or nonresident primary fish buyer who
22 has engaged in the business of fish processor or primary fish buyer in
23 the state in compliance with this section for only the year or two
24 years immediately preceding the year for which the bond is due
25 [\$10,000]. In lieu of the surety bond the fish processor or primary
26 fish buyer may file with the commissioner a cash deposit or other
27 negotiable security acceptable to the commissioner in the amount
28 specified for the bond. If no claim is asserted under this section
29 within two years from the date the bond, cash deposit or other

1 security is filed, the term of the bond, cash deposit or other securi
2 ty shall be two years; if a claim has been asserted within two years
3 the term of the bond, cash deposit or other security shall be for five
4 years.

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6 (c) A person applying for a license as a fish processor or
7 primary fish buyer who has less than the amount of the bond [\$10,000
8 in lienable property in the state, with proof of the property satis
9 factorily made to the commissioner, shall file with the application
10 bond or other security as specified in this section. A [NO] bond is
11 not required if the fish processor or primary fish buyer has more than
12 the amount of the bond [\$10,000] in lienable property as specified in
13 this subsection.
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MUST PROVE
NON RES ARE
PROBLEM.

(*) INSERT FINDING
TO PROTECT CHALLENGE

Bond shall be the lesser of

\$100,000 for processor with no prior bonding record
or with bond claims in the past 3 years

\$20,000 for processors with out claims for 3 bonded
years

10,000 for processors w/o bond violation and
with total purchases and payroll of less than
\$100,000

~~0 for processors w/o purchases or payroll~~

~~Waiver requirement~~

4839

Fisherman who buys fish? yes
Each buying station? yes
Waiver for host? No
- ALL CASH BUYER -

Hein
3/29/85

Original sponsors: Coghill and Sackett

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment."

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9 * Section 1. AS 16.10.290(b) is amended to read: 3-1

10 (b) The amount of the bond shall be \$20,000, except that the
11 amount of the bond shall be \$100,000 for (1) a fish processor or
12 primary fish buyer who has engaged in the business of fish processor
13 or primary fish buyer in the state but not in compliance with this
14 section; (2) a fish processor or primary fish buyer who, during any of
15 the three years immediately preceding the year for which the bond is
16 due, has ^{Had a judgement entered against} (been required to satisfy a claim filed) during those years
17 against the bonds, cash deposits, or other security filed under this
18 section; (3) a nonresident fish processor or nonresident primary fish
19 buyer who is applying for a license to engage in the business of fish
20 processor or primary fish buyer for the first time in the state; or
21 (4) a nonresident fish processor or nonresident primary fish buyer who
22 has engaged in the business of fish processor or primary fish buyer in
23 the state in compliance with this section for only the year or two
24 years immediately preceding the year for which the bond is due
25 [\$10,000]. In lieu of the surety bond the fish processor or primary
26 fish buyer may file with the commissioner a cash deposit or other
27 negotiable security acceptable to the commissioner in the amount
28 specified for the bond. If no claim is asserted under this section
29 within two years from the date the bond, cash deposit or other

ALL STATION

Residents? Criminal to work for fish

1 security is filed, the term of the bond, cash deposit or other securi-
2 ty shall be two years; if a claim has been asserted within two years,
3 the term of the bond, cash deposit or other security shall be for five
4 years.

5 * Sec. 2. AS 16.10.290(c) is amended to read:

6 (c) A person applying for a license as a fish processor or
7 primary fish buyer who has less than the amount of the bond [\$10,000]
8 in lienable property in the state, with proof of the property satis-
9 factorily made to the commissioner, shall file with the application a
10 bond or other security as specified in this section. A [NO] bond is
11 not required if the fish processor or primary fish buyer has more than
12 the amount of the bond [\$10,000] in lienable property as specified in
13 this subsection.
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LATEST CS
SAME LANGUAGE
AS HOUSE

Hein
2/5/86 ✓

Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment; and providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or
11 primary fish buyer shall file with the commissioner of labor a surety
12 bond running to the State of Alaska conditioned upon the promise to
13 pay (1) all persons furnishing labor to a fish processor or primary
14 fish buyer, including contractual employee benefits; and (2) indepen-
15 dent registered commercial fishermen for the price of the raw fishery
16 resource purchased from them. The suret, or sureties shall be satis-
17 factory, in the determination of the commissioner.

18 * Sec. 2. AS 16.10.290(b) is amended to read:

19 (b) The amount of the bond shall be \$10,000 unless, during the
20 preceding five years, that amount was insufficient to satisfv a final
21 judgment resulting from a claim asserted against the bond, cash depos-
22 its, or other security filed under this section. If \$10,000 was
23 insufficient, the bond shall be \$50,000; if \$50,000 was insufficient,
24 the bond shall be \$100,000. If the commissioner determines that
25 during the preceding five years, a fish processor or primary fish
26 buyer (1) has engaged in the business of fish processor or primary
27 fish buyer in the state while not in compliance with this section and
28 (2) has not yet satisfied a final judgment entered against the pro-
29 cessor or fish buyer for payment for labor furnished to, or raw

1 fishery resources purchased by, the processor or fish buyer, then the
2 amount of the bond for the processor or fish buyer shall be \$100,000.

3 In lieu of the surety bond the fish processor or primary fish buyer
4 may file with the commissioner a cash deposit or other negotiable
5 security acceptable to the commissioner in the amount specified for
6 the bond. If no claim is asserted under this section within two years
7 from the date the bond, cash deposit or other security is filed, the
8 term of the bond, cash deposit or other security shall be two years;
9 if a claim has been asserted within two years, the term of the bond,
10 cash deposit or other security shall be for five years.

11 * Sec. 3. AS 16.10.290(c) is repealed and reenacted to read:

12 (c) A bond is not required if the fish processor or primary fish
13 buyer has more than the amount of the bond in lienable property in the
14 state and provides proof of the property satisfactory to the commis-
15 sioner.

16 * Sec. 4. AS 16.10.291 is repealed and reenacted to read:

17 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. A fish
18 processor or primary fish buyer that does not purchase fish or hire
19 employees is exempt from the bonding requirements of AS 16.10.290 -
20 16.10.296.

21 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
22 10.070(c).

Hein
01/15/86

Original sponsors: Coghill and Sackett

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 164 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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10 (b) The amount of the bond shall be \$10,000, except that the
11 amount of the bond shall be \$50,000 for a fish processor or primary
12 fish buyer who, during the three-year period immediately preceding the
13 year for which the bond is due, has been required as a result of a
14 final judgment to satisfy a claim filed during those years against the
15 bonds, cash deposits, or other security filed under this section, and
16 \$100,000 if more than one judgment has been entered against the bond
17 during that period. In lieu of the surety bond the fish processor or
18 primary fish buyer may file with the commissioner a cash deposit or
19 other negotiable security acceptable to the commissioner in the amount
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22 ty is filed, the term of the bond, cash deposit or other security
23 shall be two years; if a claim has been asserted within two years, the
24 term of the bond, cash deposit or other security shall be for five
25 years.

26 * Sec. 2. AS 16.10.290(c) is amended to read:

27 (c) A person applying for a license as a fish processor or
28 primary fish buyer who has less than the amount of the bond [\$10,000]
29 in lienable property in the state, with proof of the property

1 satisfactorily made to the commissioner, shall file with the applica-
2 tion a bond or other security as specified in this section. A [NO]
3 bond is not required if the fish processor or primary fish buyer has
4 more than the amount of the bond [\$10,000] in lienable property as
5 specified in this subsection.

6 * Sec. 3. AS 16.10.290 is amended by adding a new subsection to read:

7 (h) A fish processor or primary fish buyer shall file a bond in
8 the amount required under (b) of this section for each of five or
9 fewer stations at which fish is to be purchased by the processor or
10 buyer.

11 * Sec. 4. AS 16.10.291 is repealed and reenacted to read:

12 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. An opera-
13 tion that does not purchase fish or hire employees is exempt from the
14 bonding requirements of AS 16.10.290 - 16.10.296.

DEC 23 1985

Hein ✓
12/20/85

Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

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13 year for which the bond is due, has been required as a result of a
14 final judgment to satisfy a claim filed during those years against the
15 bonds, cash deposits, or other security filed under this section, and
16 \$100,000 if more than one judgment has been entered against the bond
17 during that period. In lieu of the surety bond the fish processor or
18 primary fish buyer may file with the commissioner a cash deposit or
19 other negotiable security acceptable to the commissioner in the amount
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Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment; and providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or
11 primary fish buyer shall file with the commissioner of labor a surety
12 bond running to the State of Alaska conditioned upon the promise to
13 pay (1) all persons furnishing labor to a fish processor or primary
14 fish buyer, including contractual employee benefits; and (2)
15 independent registered commercial fishermen for the price of the raw
16 fishery resource purchased from them. The surety or sureties shall be
17 satisfactory, in the determination of the commissioner.

18 * Sec. 2. AS 16.10.290(b) is amended to read:

19 (b) The amount of the bond shall be \$10,000 unless, during the
20 immediately preceding term for which the bond was filed, that amount
21 was insufficient to satisfy a final judgment resulting from a claim
22 filed during that term against the bond, cash deposits, or other
23 security filed under this section. If \$10,000 was insufficient, the
24 bond shall be \$50,000; if \$50,000 was insufficient, the bond shall be
25 \$100,000. In lieu of the surety bond the fish processor or primary
26 fish buyer may file with the commissioner a cash deposit or other
27 negotiable security acceptable to the commissioner in the amount
28 specified for the bond. If no claim is asserted under this section
29 within two years from the date the bond, cash deposit or other

1 security is filed, the term of the bond, cash deposit or other securi-
2 ty shall be two years; if a claim has been asserted within two years,
3 the term of the bond, cash deposit or other security shall be for five
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5 * Sec. 3. AS 16.10.290(c) is repealed and reenacted to read:

6 (c) A bond is not required if the fish processor or primary fish
7 buyer has more than the amount of the bond in lienable property in the
8 state and provides proof of the property satisfactory to the
9 commissioner.

10 * Sec. 4. AS 16.10.291 is repealed and reenacted to read:

11 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. An opera-
12 tion that does not purchase fish or hire employees is exempt from the
13 bonding requirements of AS 16.10.290 - 16.10.296.

14 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

Hein ✓
01/21/86

Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

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13 filed during that term against the bond, cash deposits, or other
14 security filed under this section. If \$10,000 was insufficient, the
15 bond shall be \$50,000; if \$50,000 was insufficient, the bond shall be
16 \$100,000. In lieu of the surety bond the fish processor or primary
17 fish buyer may file with the commissioner a cash deposit or other
18 negotiable security acceptable to the commissioner in the amount
19 specified for the bond. If no claim is asserted under this section
20 within two years from the date the bond, cash deposit or other securi-
21 ty is filed, the term of the bond, cash deposit or other security
22 shall be two years; if a claim has been asserted within two years, the
23 term of the bond, cash deposit or other security shall be for five
24 years.

25 * Sec. 2. AS 16.10.290(c) is amended to read:

26 (c) A person applying for a license as a fish processor or
27 primary fish buyer who has less than the amount of the bond [\$10,000]
28 in lienable property in the state, with proof of the property satis-
29 factorily made to the commissioner, shall file with the application a

1 bond or other security as specified in this section. A [NO] bond is
2 not required if the fish processor or primary fish buyer has more than
3 the amount of the bond [\$10,000] in lienable property as specified in
4 this subsection.

5 * Sec. 3. AS 16.10.291 is repealed and reenacted to read:

6 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. An opera-
7 tion that does not purchase fish or hire employees is exempt from the
8 bonding requirements of AS 16.10.290 - 16.10.296.

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Bradley ✓
01/20/86

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 150 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to the Alaska
7 Water Use Act (AS 46.15); establishing procedures for
8 administrative and judicial adjudication of water
9 rights under that Act; and providing for an effective
10 date."

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

12 * Section 1. AS 46.15.040 is amended by adding a new subsection to
13 read:

14 (d) A right to appropriate water granted under this chapter may
15 not be construed against the state as a guarantee of a particular
16 water level or volume, except as provided in AS 46.15.145, as a guar-
17 antee of a particular artesian pressure or water quality, or as a
18 guarantee that water may be withdrawn or diverted at a particular
19 cost.

20 * Sec. 2. AS 46.15.065 is amended by adding a new subsection to read:

21 (f) The adjudication process for a declaration filed under (a)
22 of this section that is pending before the commissioner on the effec-
23 tive date of this Act continues under the procedures set out in this
24 section until the commissioner finally determines whether the declar-
25 ant is entitled to a certificate. If a certificate is issued under
26 this section, the certificate holder may be included as a participant
27 in an adjudication under AS 46.15.165 or 46.15.166.

28 * Sec. 3. AS 46.15.140 is amended to read:

29 Sec. 46.15.140. ABANDONMENT, FORFEITURE, AND REVERSION OF

1 APPROPRIATIONS. (a) The commissioner may declare an appropriation to
2 be wholly or partially abandoned and revoke or amend the certificate
3 of appropriation as to the unused quantity of water if an appropri-
4 ator, with intention to abandon, does not make beneficial use of all
5 or a part of the [HIS] appropriated water. [AN APPROPRIATION SO
6 FORFEITED AND ABANDONED REVERTS TO THE STATE AND THE WATER BECOMES
7 UNAPPROPRIATED WATER.]

8 (b) The commissioner may declare that an appropriator has [AN
9 APPROPRIATION TO BE] wholly or partially forfeited an appropriation,
10 and shall revoke the certificate of appropriation in whole or in part
11 if the [AN] appropriator voluntarily fails or neglects, without suffi-
12 cient cause, to make use of all or a part of the [HIS] appropriated
13 water for a period of five successive years.

14 * Sec. 4. AS 46.15.140 is amended by adding new subsections to read:

15 (c) Failure to use beneficially for five successive years all or
16 part of the water granted in a certificate of appropriation raises a
17 rebuttable presumption that the appropriator has abandoned or for-
18 feited the right to use the unused quantity of water and shifts to the
19 appropriator the burden to prove otherwise to the satisfaction of the
20 commissioner.

21 (d) A state agency or a municipality may not abandon or forfeit
22 an appropriation in whole or in part except after public notice.

23 (e) If the commissioner revokes a certificate in whole or in
24 part, the portion of the certificate covered by the revocation reverts
25 to the state and the water becomes unappropriated water.

26 * Sec. 5. AS 46.15.145(f) is amended to read:

27 (f) At least once each 10 years the commissioner shall review
28 each reservation under this section to determine whether the purpose
29 described in (a) of this section for which the certificate reserving

1 water was issued and the findings described in (c) of this section
2 still apply to the reservation. If the commissioner determines that
3 the purpose, or part or all of the findings, no longer apply to the
4 reservation, the commissioner [HE] may revoke or modify the certifi-
5 cate reservi the water after notice, hearing when appropriate, and a
6 written dete nation that the revocation or modification is in the
7 best interests of the state [IN ACCORDANCE WITH AS 46.15.140(b)].

8 * Sec. 6. AS 46.15 is amended by adding new sections to read:

9 Sec. 46.15.165. ADMINISTRATIVE ADJUDICATIONS. (a) The commis-
10 sioner may, by order, initiate an administrative adjudication to
11 quantify and determine the priority of all water rights and claims in
12 a drainage basin, river system, ground water aquifer system, or other
13 identifiable and distinct hydrologic regime, including any hydrologi-
14 cally interrelated surface and ground water systems.

15 (b) In the order initiating an administrative adjudication, the
16 commissioner shall describe the appropriate geographic and hydrologic
17 boundaries of the adjudication area. During the adjudication, the
18 commissioner may adjust the boundaries to ensure the efficient admin-
19 istration of water appropriations among users.

20 (c) Upon initiation of the adjudication, the commissioner shall

21 (1) serve the order on each applicant, certificate holder,
22 or permittee listed in the department's records within the adjudica-
23 tion area;

24 (2) serve the order on any agency of the federal, state, or
25 a local government with management authority over land or water within
26 the adjudication area;

27 (3) serve the order on any person who owns land within the
28 adjudication area if the land is held in trust by the United States or
29 if the patent or deed to the land contains a restriction on alienation

1 imposed under 25 U.S.C. 334 (Indian General Allotment Act of February
2 8, 1887, 24 Stat. 389, as amended and supplemented), 25 U.S.C. 372
3 (the Allotment Act of June 25, 1910, 36 Stat. 855), or 43 U.S.C.
4 270-1, 270-2 (the Allotment Act of May 17, 1906, 34 Stat. 197), and on
5 the United States on behalf of any such person;

6 (4) serve the order on the United States and the appropri-
7 ate governing body of the Annette Island Reserve established by 25
8 U.S.C. 495 (the Act of March 3, 1891, 26 Stat. 1101) if the land or
9 water, including hydrologically interconnected water, of the Annette
10 Island Reserve is within the adjudication area;

11 (5) serve the order on any other person claiming a federal
12 reserved water right;

13 (6) serve the regional corporation and village corporation
14 established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement
15 Act) whose land is located within the adjudication area; and

16 (7) publish the order once each week during four consecu-
17 tive weeks in a newspaper of general circulation in the adjudication
18 area.

19 (d) Service of an order under (c) of this section does not
20 constitute an admission by the state that the person served with the
21 order has a water right.

22 (e) Service of the order under (c)(1) of this section is suffi-
23 cient if mailed by certified mail, return receipt requested, to the
24 last known address that the applicant, certificate holder, or permit-
25 tee has given to the division of the department responsible for admin-
26 istration of water rights. A person served under (c)(1) - (4) of this
27 section who fails to appear in a timely manner and assert a claim as
28 prescribed by the commissioner is estopped from subsequently asserting
29 an objection to the adjudication of that person's water rights within

1 the adjudication area, unless the person is entitled to a federally
2 reserved water right and has failed to consent under (k) of this
3 section.

4 (f) In an adjudication under this section, the commissioner may
5 appoint an impartial qualified person as a master to preside over the
6 adjudication, to hold hearings, to take testimony, to collect evi-
7 dence, to propose to the commissioner an order adjudicating the valid-
8 ity of, quantifying, and determining the priority of all water rights,
9 and to take other action the commissioner decides is necessary.
10 Employment by a federal, state or local governmental agency does not
11 disqualify an individual from appointment as master under this sub-
12 section if the commissioner determines that the individual is other-
13 wise impartial and qualified to act as master.

14 (g) A state agency may assert a water right on behalf of the
15 state in the adjudication.

16 (h) A division of the department or another state agency may
17 provide documentary and testimonial evidence, research, and scientific
18 analysis during the adjudication. The commissioner may provide evi-
19 dence, research, or analysis from sources outside government.

20 (i) In conducting an adjudication, the commissioner may take
21 action necessary for the efficient and fair administration and use of
22 the state's water including

23 (1) determining indispensable, necessary, and convenient
24 parties to the adjudication;

25 (2) classifying applicants, certificate holders, permit-
26 tees, and claimants in groups that share similar interests, such as by
27 the amount of water used or the type of use, and restricting their
28 active participation in the adjudication by appointing group represen-
29 tatives for the purposes of receiving notices, examining witnesses,

1 and other adjudicatory functions;

2 (3) entering interlocutory orders appropriate to a disposal
3 of all or part of the issues in the adjudication, and designating the
4 orders as final for the purposes of an appeal to the superior court
5 under (1) of this section; and

6 (4) allocating to a participant the extra costs that the
7 state has incurred in conducting the adjudication because the partici-
8 pant has in bad faith asserted a claim to water wholly without merit
9 or has unreasonably delayed the proceeding.

10 (j) For the purposes of asserting a water right in an adjudica-
11 tion, a certificate issued under this chapter is prima facie evidence
12 of the water right and its priority date.

13 (k) If the commissioner has initiated the adjudication and the
14 federal government or a private person who has been served under
15 (c)(2) - (4) of this section asserts a federally reserved water right
16 but fails to consent in writing to the adjudication, then the commis-
17 sioner may exclude the federal government or the person, respectively,
18 as participants in the adjudication. The commissioner may negotiate
19 the terms of the written consent.

20 (l) A person adversely affected by a final order of the commis-
21 sioner adjudicating water rights under this section may appeal to the
22 superior court within 30 days after the decision is mailed or de-
23 livered to the person.

24 (m) The commissioner may adopt regulations setting out proce-
25 dures for administrative adjudications under this section.

26 Sec. 46.15.166. JUDICIAL ADJUDICATIONS. (a) Instead of initi-
27 ating an adjudication under AS 46.15.165, the commissioner may, with
28 the concurrence of the attorney general, if a federally reserved water
29 right has been or might be asserted by an agency of the United States

1 on its own behalf or on behalf of a person described in
2 AS 46.15.165(c)(3) - (6), file on behalf of the state a complaint in
3 superior court to initiate a judicial adjudication consistent with 43
4 U.S.C. 666 to quantify and determine the priority of all water rights
5 in a drainage basin, river system, ground water aquifer system, or
6 other identifiable and distinct hydrologic regime, including any
7 hydrologically interrelated surface and ground water systems.

8 (b) Venue is proper in a complaint filed under (a) of this
9 section if the complaint is filed in a judicial district in which all
10 or a part of the hydrologic regime is located.

11 (c) In a complaint brought under (a) of this section, the court
12 may appoint an impartial, qualified person as a master to hold hear-
13 ings, take testimony, collect evidence, and make recommendations to
14 the court regarding the scope and content of a proposed judicial
15 decree that would finally adjudicate the validity of water rights,
16 quantify them, and determine priorities among the water right appro-
17 priations in the adjudication area. Employment by a federal, state,
18 or local government agency does not disqualify an individual from
19 appointment as master under this subsection if the court determines
20 that the individual is otherwise impartial and qualified to act as
21 master. The master may, with the court's permission, take action that
22 the commissioner would be authorized to take in an administrative
23 adjudication under AS 46.15.165.

24 (d) In an adjudication under this section, the court may incor-
25 porate in an order or judgment final orders of the commissioner previ-
26 ously issued under AS 46.15.165.

27 (e) Proceedings under this section shall be conducted without a
28 jury.

29 Sec. 46.15.167. EFFECT OF DECISION. The final order of the

1 commissioner under AS 46.15.165 and the final judgment of a court
2 under AS 46.15.166 are binding on each party to the adjudication and
3 on each person who subsequently makes an application for a water
4 right. The court or the commissioner may retain jurisdiction for a
5 period of time necessary to implement an adjudication order or
6 judgment and to provide for subsequent water appropriations.

7 Sec. 46.15.168. OTHER ACTIONS. (a) The state may timely inter-
8 vene as a party in a superior court action potentially involving a
9 determination of the validity, quantity, use, reservation, or priority
10 of water rights.

11 (b) The commissioner may accept a remand from a state or federal
12 court of a water rights dispute and may administratively adjudicate
13 the dispute under AS 46.15.165.

14 (c) The commissioner may enter into arbitration to resolve a
15 water rights dispute.

16 (d) The commissioner may incorporate and apply as binding upon
17 the parties to an administrative adjudication under AS 46.15.165 any
18 court decree concerning the state hydrologic regime involved in the
19 adjudication.

20 Sec. 46.15.169. FEDERAL RESERVED WATER RIGHTS. This chapter
21 does not represent a commitment by the state to a specific federal re-
22 served water right.

23 * Sec. 7. AS 46.15 is amended by adding new sections to read:

24 Sec. 46.15.255. ENFORCEMENT. (a) In addition to a penalty
25 imposed under AS 46.15.180 for violation of an order issued under this
26 chapter, the commissioner may

27 (1) remove or abate unpermitted works of appropriation,
28 diversion, impoundment, or withdrawal;

29 (2) install corrective controls or control works; and

1 (3) seek enforcement of the order by filing an action in
2 the superior court.

3 (b) A person who violates an order issued under AS 46.15.180 is
4 liable for all costs of removal, abatement or installation and for
5 court costs and attorney fees incurred by the state in seeking en-
6 forcement of the order.

7 Sec. 46.15.256. DATA COLLECTION AUTHORITY. To carry out the
8 provisions of this chapter, the commissioner may

9 (1) inspect books, records, meters, gauges, well logs,
10 works of appropriation, diversion, impoundment, withdrawal, or control
11 and other relevant information or physical condition;

12 (2) enter private property at all reasonable times after
13 obtaining a search warrant from a judicial officer if the owner re-
14 fuses consent to entry; and

15 (3) compel the production of relevant information by a
16 subpoena or subpoena duces tecum signed by the commissioner if the
17 commissioner reasonably believes the information is necessary to carry
18 out the purposes of this chapter.

19 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
20 10.070(c).

Original sponsor: Binkley

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON FISHERIES

2 CS FOR HOUSE BILL NO. 227 (Fisheries)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment; and providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or
11 primary fish buyer shall file with the commissioner of labor a surety
12 bond running to the State of Alaska conditioned upon the promise to
13 pay (1) all persons furnishing labor to a fish processor or primary
14 fish buyer, including contractual employee benefits; and (2) indepen-
15 dent registered commercial fishermen for the price of the raw fishery
16 resource purchased from them. The surety or sureties shall be satis-
17 factory, in the determination of the commissioner.

18 * Sec. 2. AS 16.10.290(b) is amended to read:

19 (b) The amount of the bond shall be \$10,000 unless, during the
20 immediately preceding term for which the bond was filed, that amount
21 was insufficient to satisfy a final judgment resulting from a claim
22 filed during that term against the bond, cash deposits, or other
23 security filed under this section. If \$10,000 was insufficient, the
24 bond shall be \$50,000; if \$50,000 was insufficient, the bond shall be
25 \$100,000. In lieu of the surety bond the fish processor or primary
26 fish buyer may file with the commissioner a cash deposit or other
27 negotiable security acceptable to the commissioner in the amount
28 specified for the bond. If no claim is asserted under this section
29 within two years from the date the bond, cash deposit or other

1 security is filed, the term of the bond, cash deposit or other securi-
2 ty shall be two years; if a claim has been asserted within two years,
3 the term of the bond, cash deposit or other security shall be for five
4 years.

5 * Sec. 3. AS 16.10.290(c) is repealed and reenacted to read:

6 (c) A bond is not required if the fish processor or primary fish
7 buyer has more than the amount of the bond in lienable property in the
8 state and provides proof of the property satisfactory to the commis-
9 sioner.

10 * Sec. 4. AS 16.10.291 is repealed and reenacted to read:

11 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. An opera-
12 tion that does not purchase fish or hire employees is exempt from the
13 bonding requirements of AS 16.10.290 - 16.10.296.

14 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

Hein
1/24/86

Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A. BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment; and providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or
11 primary fish buyer shall file with the commissioner of labor a surety
12 bond running to the State of Alaska conditioned upon the promise to
13 pay (1) all persons furnishing labor to a fish processor or primary
14 fish buyer, including contractual employee benefits; and (2)
15 independent registered commercial fishermen for the price of the raw
16 fishery resource purchased from them. The surety or sureties shall be
17 satisfactory, in the determination of the commissioner.

18 * Sec. 2. AS 16.10.290(b) is amended to read:

19 (b) The amount of the bond shall be \$10,000 ^a unless, during the
20 immediately preceding term for which the bond was filed, that amount
21 was insufficient to satisfy a final judgment resulting from a claim
22 filed (during that term) against the bond, cash deposits, or other
23 security filed under this section. If \$10,000 was insufficient, the
24 bond shall be \$50,000; if \$50,000 was insufficient, the bond shall be
25 \$100,000. In lieu of the surety bond the fish processor or primary
26 fish buyer may file with the commissioner a cash deposit or other
27 negotiable security acceptable to the commissioner in the amount
28 specified for the bond. If no claim is asserted under this section
29 within two years from the date the bond, cash deposit or other

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security is filed, the term of the bond, cash deposit or other security shall be two years; if a claim has been asserted within two years, the term of the bond, cash deposit or other security shall be for five years.

* Sec. 3. AS 16.10.290(c) is repealed and reenacted to read:

(c) A bond is not required if the fish processor or primary fish buyer has more than the amount of the bond in lienable property in the state and provides proof of the property satisfactory to the commissioner.

* Sec. 4. AS 16.10.291 is repealed and reenacted to read:

Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. An operation that does not purchase fish or hire employees is exempt from the bonding requirements of AS 16.10.290 - 16.10.296.

* Sec. 5. This Act takes effect immediately in accordance with AS 01.-10.070(c).

Number of hours

1 fishery resources purchased by, the processor or fish buyer, then the
2 amount of the bond for the processor or fish buyer shall be \$100,000.

3 In lieu of the surety bond the fish processor or primary fish buyer
4 may file with the commissioner a cash deposit or other negotiable
5 security acceptable to the commissioner in the amount specified for
6 the bond. If no claim is asserted under this section within two years
7 from the date the bond, cash deposit or other security is filed, the
8 term of the bond, cash deposit or other security shall be two years;
9 if a claim has been asserted within two years, the term of the bond,
10 cash deposit or other security shall be for five years.

11 * Sec. 3 AS 16.10.290(c) is repealed and reenacted to read:

12 (c) A bond is not required if the fish processor or primary fish
13 buyer has more than the amount of the bond in lienable property in the
14 state and provides proof of the property satisfactory to the commis-
15 sioner.

16 * Sec. 4. AS 16.10.291 is repealed and reenacted to read:

17 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. A fish
18 processor or primary fish buyer that does not purchase fish or hire
19 employees is exempt from the bonding requirements of AS 16.10.290 -
20 16.10.296.

21 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
22 10.070(c).

Original sponsors: Coghill and Sackett

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 164 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment; and providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or
11 primary fish buyer shall file with the commissioner of labor a surety
12 bond running to the State of Alaska conditioned upon the promise to
13 pay (1) all persons furnishing labor to a fish processor or primary
14 fish buyer, including contractual employee benefits; and (2)
15 independent registered commercial fishermen for the price of the raw
16 fishery resource purchased from them. The surety or sureties shall be
17 satisfactory, in the determination of the commissioner.

18 Sec. 2. AS 16.10.290(b) is amended to read:

19 (b) The amount of the bond shall be \$10,000 unless, during the
20 immediately preceding term for which the bond was filed, that amount
21 was insufficient to satisfy a final judgment resulting from a claim
22 filed during that term against the bond, cash deposits, or other
23 security filed under this section. If \$10,000 was insufficient, the
24 bond shall be \$50,000; if \$50,000 was insufficient, the bond shall be
25 \$100,000. In lieu of the surety bond the fish processor or primary
26 fish buyer may file with the commissioner a cash deposit or other
27 negotiable security acceptable to the commissioner in the amount
28 specified for the bond. If no claim is asserted under this section
29 within two years from the date the bond, cash deposit or other

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1 security is filed, the term of the bond, cash deposit or other securi-
2 ty shall be two years; if a claim has been asserted within two years,
3 the term of the bond, cash deposit or other security shall be for five
4 years.

5 * Sec. 3. AS 16.10.290(c) is repealed and reenacted to read:

6 (c) A bond is not required if the fish processor or primary fish
7 buyer has more than the amount of the bond in lienable property in the
8 state and provides proof of the property satisfactory to the
9 commissioner.

10 * Sec. 4. AS 16.10.291 is repealed and reenacted to read:

11 Sec. 16.10.291. EXEMPTION FROM BONDING REQUIREMENTS. An opera-
12 tion that does not purchase fish or hire employees is exempt from the
13 bonding requirements of AS 16.10.290 - 16.10.296.

14 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

1 IN THE SENATE

BY COGHILL AND SACKETT

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 164

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE · FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surety for collection of wages
7 and payment."

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

9 * Section 1. AS 16.10.290(b) is amended to read:

10 (b) The amount of the bond shall be \$20,000 for fish processors
11 and primary fish buyers who, for the five years immediately preceding
12 the date on which the bond is filed, have been licensed under (d) of
13 this section and have not been required to pay a claim under this
14 section. The amount of the bond for other fish processors and primary
15 fish buyers shall be \$100,000 [\$10,000]. In lieu of the surety bond
16 the fish processor or primary fish buyer may file with the commission-
17 er a cash deposit or other negotiable security acceptable to the
18 commissioner in the amount specified for the bond. If no claim is
19 asserted under this section within two years from the date the bond,
20 cash deposit or other security is filed, the term of the bond, cash
21 deposit or other security shall be two years; if a claim has been
22 asserted within two years, the term of the bond, cash deposit or other
23 security shall be for five years.

24 * Sec. 2. AS 16.10.290(c) is amended to read:

25 (c) A person applying for a license as a fish processor or
26 primary fish buyer who has less than the bond amount required under
27 (b) of this section [\$10,000] in lienable property in the state, with
28 proof of the property satisfactorily made to the commissioner, shall
29 file with the application a bond or other security as specified in

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this section. A [NO] bond is not required if the fish processor or primary fish buyer has more than the bond amount required under (b) of this section [\$10,000] in lienable property as specified in this subsection.

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4/3/85✓

Original sponsors: Coghill and Sackett

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2 IN THE SENATE

BY THE RESOURCES COMMITTEE

3 CS FOR SENATE BILL NO. 164 (Resources)

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - FIRST SESSION

6 A BILL

7 For an Act entitled: "An Act relating to surety for collection of wages
8 and payment."

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

10 * Section 1. AS 16.10.290(b) is amended to read:

11 (b) The amount of the bond shall be \$20,000, except that the
12 amount of the bond shall be \$100,000 for (1) a fish processor or
13 primary fish buyer who has engaged in the business of fish processor
14 or primary fish buyer in the state but not in compliance with this
15 section; (2) a fish processor or primary fish buyer who, during any of
16 the three years immediately preceding the year for which the bond is
17 due, has been required as a result of a final judgment to satisfy a
18 claim filed during those years against the bonds, cash deposits, or
19 other security filed under this section; (3) a nonresident fish pro-
20 cessor or nonresident primary fish buyer who is applying for a license
21 to engage in the business of fish processor or primary fish buyer for
22 the first time in the state; or (4) a nonresident fish processor or
23 nonresident primary fish buyer who has engaged in the business of fish
24 processor or primary fish buyer in the state in compliance with this
25 section for only the year or two years immediately preceding the year
26 for which the bond is due [\$10,000]. In lieu of the surety bond the
27 fish processor or primary fish buyer may file with the commissioner a
28 cash deposit or other negotiable security acceptable to the commis-
29 sioner in the amount specified for the bond. If no claim is asserted
under this section within two years from the date the bond, cash

1 deposit or other security is filed, the term of the bond, cash deposit
 2 or other security shall be two years; if a claim has been asserted
 3 within two years, the term of the bond, cash deposit or other security
 4 shall be for five years.

5 * Sec. 2. AS 16.10.290(c) is amended to read:

6 (c) A person applying for a license as a fish processor or
 7 primary fish buyer who has less than the amount of the bond [\$10,000]
 8 in lienable property in the state, with proof of the property satis-
 9 factorily made to the commissioner, shall file with the application a
 10 bond or other security as specified in this section. A [NO] bond is
 11 not required if the fish processor or primary fish buyer has more than
 12 the amount of the bond [\$10,000] in lienable property as specified in
 13 this subsection.
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Original sponsors: Coghill and Sackett

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IN THE SENATE

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Fraud & larceny - illegal to buy
CS FOR SENATE BILL NO. 164 (Resources)

how many violators

BY THE RESOURCES COMMITTEE

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to surety for collection of wages and payment."

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

* Section 1. AS 16.10.290(b) is amended to read:

(b) The amount of the bond shall be \$20,000, except that the amount of the bond shall be \$100,000 for (1) a fish processor or primary fish buyer who has engaged in the business of fish processor or primary fish buyer in the state but not in compliance with this section; (2) a fish processor or primary fish buyer who, during any of the three years immediately preceding the year for which the bond is due, has been required as a result of a final judgment to satisfy a claim filed during those years against the bonds, cash deposits, or other security filed under this section; *may be substituted* (3) a nonresident fish processor or nonresident primary fish buyer who is applying for a license to engage in the business of fish processor or primary fish buyer for the first time in the state; or (4) a nonresident fish processor or nonresident primary fish buyer who has engaged in the business of fish processor or primary fish buyer in the state in compliance with this section for only the year or two years immediately preceding the year for which the bond is due [\$10,000]. In lieu of the surety bond the fish processor or primary fish buyer may file with the commissioner a cash deposit or other negotiable security acceptable to the commissioner in the amount specified for the bond. If no claim is asserted under this section within two years from the date the bond, cash

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2 deposit or other security is filed, the term of the bond, cash deposit
3 or other security shall be two years; if a claim has been asserted
4 within two years, the term of the bond, cash deposit or other security
5 shall be for five years.

6 * Sec. 2. AS 16.10.290(c) is amended to read:

7 (c) A person applying for a license as a fish processor or
8 primary fish buyer who has less than the amount of the bond [\$10,000]
9 in lienable property in the state, with proof of the property satis-
10 factorily made to the commissioner, shall file with the application a
11 bond or other security as specified in this section. A [NO] bond is
12 not required if the fish processor or primary fish buyer has more than
13 the amount of the bond [\$10,000] in lienable property as specified in
14 this subsection.
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W/
LTR INTENT
ADOPTED

Hein
2/3/86

Original sponsor: Binkley

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON FISHERIES

2 CS FOR HOUSE BILL NO. 227 (Fisheries)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fish processors and primary fish
7 buyers; and providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or
11 primary fish buyer shall file with the commissioner of labor a surety
12 bond running to the State of Alaska conditioned upon the promise to
13 pay (1) all persons furnishing labor to a fish processor or primary
14 fish buyer, including contractual employee benefits; and (2) indepen-
15 dent registered commercial fishermen for the price of the raw fishery
16 resource purchased from them. The surety or sureties shall be satis-
17 factory, in the determination of the commissioner.

18 * Sec. 2. AS 16.10.290(b) is amended to read:

19 (b) The amount of the bond shall be \$10,000 unless, during the
20 preceding five years, that amount was insufficient to satisfy a final
21 judgment resulting from a claim asserted against the bond, cash depos-
22 its, or other security filed under this section. If \$10,000 was
23 insufficient, the bond shall be \$50,000; if \$50,000 was insufficient,
24 the bond shall be \$100,000. If the commissioner determines that
25 during the preceding five years, a fish processor or primary fish
26 buyer (1) has engaged in the business of fish processor or primary
27 fish buyer in the state while not in compliance with this section and
28 (2) has not yet satisfied a final judgment entered against the pro-
29 cessor or fish buver for pavment for labor furnished to, or raw

Original sponsors: Kerttula and V.Fischer

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 35 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Nelchina Public Use Area."

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

8 * Section 1. AS 41.21 is amended by adding new sections to read:

9 ARTICLE 7A. PUBLIC USE AREAS.

10 Sec. 41.21.876. PURPOSE. The purpose of AS 41.21.876 - 41.21.
11 882 is to establish the area described in AS 41.21.882 as the Nelchina
12 Public Use Area. The Nelchina Public Use Area is established to

13 (1) protect and maintain fish and wildlife habitat and
14 populations, particularly caribou calving areas, trumpeter swan nest-
15 ing areas, and other important habitats for moose, Dall sheep, and
16 brown bear;

17 (2) perpetuate and enhance public uses of fish and wildlife
18 and their habitat including fishing, hunting, trapping, viewing,
19 photography;

20 (3) perpetuate and enhance general public recreation in a
21 high quality environment;

22 (4) allow other public uses of the area when compatible
23 with the purposes specified in (1) and (2) of this section.

24 Sec. 41.21.878. MANAGEMENT. (a) Management of the surface and
25 subsurface estate of the Nelchina Public Use Area is the responsibil-
26 ity of the Department of Natural Resources. After adequate public
27 hearings the commissioner shall adopt and may revise a management plan
28 for the Nelchina Public Use Area. With regard to the management of
29 land within the core caribou calving area described in

1 AS 41.21.882(a), the commissioner shall obtain the concurrence of the
2 Department of Fish and Game in the adoption and revision of the
3 management plan. With regard to the management of land within the
4 public use area described in AS 41.21.882(b), the commissioner shall
5 consult with the Department of Fish and Game in the adoption and
6 revision of the management plan.

7 (b) The Department of Fish and Game is responsible for the
8 management of fish and game resources and public use of fish and
9 wildlife in the Nelchina Public Use Area consistent with the purposes
10 of AS 41.21.876.

11 (c) The Nelchina Public Use Area shall be open to mineral entry
12 under AS 38.05.185 - 38.05.275, and the commissioner may adopt regu-
13 lations to achieve the purposes specified in AS 41.21.876. Each valid
14 existing right or permit shall remain valid and continue in full force
15 and effect according to its terms. Exploration, development, and
16 extraction of subsurface resources shall be allowed as long as they
17 occur in a manner that is compatible with the purposes specified in
18 AS 41.21.876(1) and (2).

19 (d) The state may not acquire by eminent domain privately owned
20 land within or abutting state-owned land described in AS 41.21.882 but
21 may acquire privately owned land by purchase, exchange, or otherwise
22 for inclusion in the Nelchina Public Use Area.

23 Sec. 41.21.880. COMPATIBILITY OF USES. (a) Except as provided
24 in (e) of this section, the commissioner shall prohibit or restrict
25 incompatible uses within the state-owned land and water described in
26 AS 41.21.882.

27 (b) Nothing in AS 41.21.876 - 41.21.882 prohibits the Department
28 of Fish and Game from engaging in rehabilitation, enhancement, and
29 development of fish and wildlife habitat within an area described in

1 AS 41.21.882.

2 (c) Sport and subsistence fishing, hunting, or trapping rights
3 permitted under law or under a regulation of the Board of Fisheries or
4 the Board of Game within the Nelchina Public Use Area is permitted as
5 long as it occurs in a manner compatible with purposes specified in
6 AS 41.21.876(1) and (2).

7 (d) The commissioner shall permit access to the Nelchina Public
8 Use Area by motorized or nonmotorized means of transportation on
9 traditional routes to private land, interests in private land, and for
10 lawful sport and subsistence hunting, fishing, trapping and recre-
11 ational purposes as long as it occurs in a manner that is compatible
12 with purposes specified in AS 41.21.876(1) and (2).

13 (e) The Department of Public Safety and the Department of Fish
14 and Game shall have access for fish and game management, research, and
15 enforcement purposes.
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Sea Fisher Products Inc.
P. O. Box 5
Petersburg, Ark. 99838

03-26-85

Dear Sirs:

We are a small corporation with one Floating Fish Processor, the Vessel Arctic Fisher.

In Regards to Senate bill 11, Please remove the stipulation that it applies only to Shore-based facilities. We are in favor of any bill that will help cur fishing industry as this one certainly will, but Floating Processors are as important to the industry as are Shore-based ones and should not be further discriminated against.

In most casses Floating processors pay a much higher price to the fishermen for the raw fish. Since the tax is bassed on fish cost that means a higher tax is paid per pound. On top of that we pay 2% more on all species in all areas than do the Shore facilities.

Give us a break. We already have two strikes against us, don't make it three.

(5) R/S
164
In regards to bill ~~186~~ to change the tax bond to \$100,000.00. . . Please don't, we have been unable to get even the \$10,000.00 bond and have always had to pre-pay our tax. This is a large burden for us and the State has our money for as many as ten months before it is due. If our tax is overdue we pay a 5% fine plus 12% interest but when we pay in advance we get nothing. If the State wishes to cover itself more adaquatly why not incourage more processors to pre-pay their tax by giving a tax credit of 12% for early payment. Rewards are usually much more successful then punishments.

Thank you for your attention.

Marylin Power



Sea Fisher Products Inc.

Res / Non Res ✓

Bond
Cost ✓

Halford

291 section

Payroll
bond 50% of ~~labor~~ & purchases

- Waiver for processes who
don't buy

Criminal Penalty.

Jennie Boston to appear
to discuss Baker letter -
work during interim -

Week from Friday

get
back
to
work



Official Business

Alaska State Legislature

House of Representatives

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

Special Committee on Fisheries

July 19, 1985

Mr. Ron Hegge
Director
Alaska Longline Fishermen's Association
P.O. Box 1129
Sitka, Alaska 99835

Dear Mr. Hegge:

We would appreciate your comments on an interim project being handled jointly by the House Special Committee on Fisheries and Senate Resources Committee. The two legislative committees are receiving the support of state agencies through the Office of Commercial Fisheries Development.

The committees will be taking a critical look at the state's bonding, permitting and licensing processes for buyers and processors of Alaska seafood. The goal is to eliminate unnecessary requirements and consolidate the permitting process. We want to eliminate unnecessary red tape to make the system more "user friendly" without inhibiting the state's ability to protect public health and safety.

The state's application process for seafood buyers and processors represents more than 25 year's accumulation of requirements. In examining these regulations, statutes and administrative procedures, we intend to take a close look at what can be done to make the application procedures easier for fishermen desiring to market their own catches and the growing number of smaller-scale, Alaska-based seafood companies.

Are there specific requirements that you would like to have examined? Do you have any suggestions for improving the process? Please be as explicit as possible.

We would like to gather as much feedback as possible directly from the fishing grounds. Please contact Rodger Painter, Administrative Assistant to the House Special Committee on Fisheries, or Frank Homan, Administrative Assistant to the Senate Resources Committee.

Sincerely,

A handwritten signature in cursive script that reads "Rodger Painter".

Rodger Painter, Administrative Assistant
House Special Committee on Fisheries



SEAFOOD PRODUCERS COOPERATIVE

PHONE (206) 733-0120 • TELEX 152-338 SPC BLH • 2875 ROEDER AVE. • BELLINGHAM, WA 98225

August 1, 1985

Mr. Roger Painter
House Special Committee
on Fisheries
Pouch V
Juneau, AK 99811

Dear Mr. Painter:

We are pleased that the committees mentioned in your letter are undertaking a review of the bonding, permitting and licensing process that we as a processor of seafoods in Alaska must work our way through each year.

We would like to see a single renewable annual permit that would cover a) intent to operate; b) fisheries business license; c) surety bond; and d) request for fish tickets. This could work similar to auto renewal. Once the original permit were applied for and received, subsequent permit renewal notices would be sent out by the State with a 60 day renewal deadline. This time frame would allow time for renewal of the labor or surety bond and evidence of same could be returned with the permit renewal application. It is not the amount of information requested that we have problems with, it's the number of different permits and licenses required, and the different agencies involved.

Many small processors don't know what the various requirements are and it is difficult to find out. Even the pamphlet put out by the State Department of Commerce & Economic Development does not explain exactly what is needed.

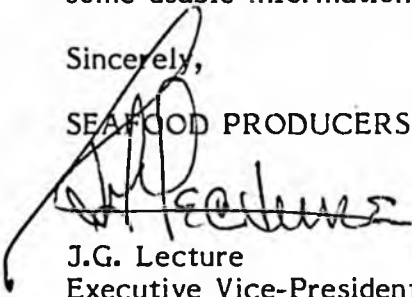
If it were done through a single application to a single agency, the whole process would become simpler and compliance would be assured.

There is one other area that is of great importance to a growing number of processors that now or in the future will have facilities on leased land. Our organization owns a \$5,500,000 cold storage in Sitka yet since it is on leased land (55 year lease) owned by the City & Burrough of Sitka, we are unable to have it included as lienable property for fisheries business tax security. This forces us at considerable cost to post a large bond, or as we do, tie up considerable cash in an U.S. Treasury note in the name of both SPC and the State of Alaska. As the amount of security required has increased, the amount of cash we have had to tie up has increased. This requirement has become an unnecessary burden on our organization. I know it would benefit SPC and other processors if the definition of lienable property were changed to include the value of buildings on long term leased land.

We appreciate the opportunity to express our views and hope we have provided some usable information.

Sincerely,

SEAFOOD PRODUCERS COOPERATIVE



J.G. Lecture
Executive Vice-President

JGL:km

MEMORANDUM

State of Alaska

TO: Greg Baker, Director
Office of Commercial Fisheries
Development

DATE: July 15, 1985

FILE NO:

TELEPHONE NO:


FROM: Richard E. Reynolds
Development Specialist

SUBJECT: Permit Reform

There has been considerable discussion in the past about simplifying the permit process for fish buyers/processors. A centralized permit process for major projects was instituted a few years ago and continues to some extent under the auspices of the Department of Environmental Conservation and the Division of Governmental Coordination. Permits and licenses required of the seafood industry seem fairly routine, with most requiring annual renewal or reporting. It would help to have one person or office available to direct a newcomer to relevant agencies.

Department of Environmental Conservation (DEC), Department of Labor, and Department of Fish and Game are cooperating to share data and give new applicants better service and direction. It would certainly help to have a current information handout. Revenue Fishery Business tax returns and the Fish and Game processors annual report are duplicative to some extent. Alaska Department of Fish and Game has really had no ability to check the validity of annual reports submitted by processors. Accuracy might be improved and the reporting burden of processors might be relieved if those forms were combined and necessary data shared.

There has always been a problem keeping track of Alaska processors because of the continuous stream of new entrants, drop outs and reorganizations. DEC and Fish and Game have apparently instituted a system of assigning code numbers. It would seem that data sharing accuracy depends to a large extent on establishing a common base for identification of both plants and companies.

The labor bond requirement does not seem to be solving the problems it seeks to address. Either buyers operate without the bond or amounts left owing exceed the \$10,000 limit. Some new small buyers apparently cannot now qualify for bonding. If the limit was increased by legislative action, the cost to all operators would increase, and more financially shaky, or new small firms may be prohibited from legally doing business. In other areas of commerce, nonpayment for goods and services find redress in the civil court system. It may be reasonable to replace or improve the existing system with a good educational program to advise fishermen and processing employees about methods of investigating financial reliability, risks, danger signals, and available forms of legal redress.

Other options exist for modifications of the labor bond requirement. If there are 200 processors/buyers that are not presently exempt and each deposited \$500 in an account with the state, a fund of \$100,000 annually could be created. Over time, with modest claims, such a fund could become quite substantial.

Much of the concern about permitting and reporting seems to come from small buyers and processors. Proposed new DEC regulations for catcher/processors will provide more clear and simple guidelines for that category of operator.

There might be some advantage to exempting small operators from the Department of Revenue requirements for tax liability bonding. A small salmon buyer that might purchase fish valued at say \$50,000, at 3 percent, the total tax liability will only be \$1,500. The question is if that degree of exposure really requires prepayment or the posting of security to insure payment of taxes due.

RER/me0422M
071585A

Dear Mr. [unclear]

This year I have been penalized several Times by state agencies for minor administrative problems. I may have to pay as much as \$3,000⁰⁰ in penalties for "Acts of God" problems that fishermen-processors must contend with. Try to follow This years events.

The D.E.C. is trying to initiate a boat inspection program for certifying holds. So the F/U Ranger was layed up from December to March 15, 1985 for complete insulation, fiberglassing, + Sealed hold tanking. Therefore we missed our short sablefish fishery. Our \$25,000 in Taxes went to Boat maintenance + bad weather. + no fishery left us to dangle until Halibut season.

We work hard to survive in lean years. + this one for some longliners is just that. onward!!

So in June we get popped for no intent to operate which I applied for in January but I can't use my vessel as real property so the intent is rat holed for 6 months + I didn't even know it. Bruce Lester the fish cop becomes Captain America + takes us to justice for \$600 while we are penalized by the revenue dept for \$2500 for lack of tax payments and the D.E.C. puts full processor status to our unprocessed fish buying operation. So you want me to

be specific on requirements.

1.) let Alaskan catcher-processors use their boats & equipment to be bonded for Advancement on Taxes through the Revenue Dept. Some of us can't afford both boats & inflated land. This Revenue prepayment of taxes is too much for small developing operations to bear.

2) Provide another status for D.E.C. requirements for catcher processors. The only reason I'm considered a "Processor" is because I Box fish for transport. I don't mind paying the tax. I do mind having to bow down to unnecessary D.E.C. requirements that don't pertain to sanitation for whole unprocessed fish. This processor status has been used as a harassment technique by larger processors and in some cases causes unnecessary handling of fish which decreases the quality. D.E.C. regulations should fit the processing techniques. All my fish are wholesaled for transport to other processors in or out of town. (see correspondence w/ D.E.C.)

3) The Dept of Economic Development violated my processor status during Herring Season through an order of the Dept of public safety. I would like an open door hearing process for small catcher-processors

To explain our problems to a mediating Agency such as the Office of the Ombudsman, where solutions to real problems can be arranged for the small catcher-processors, ^{some} can survive through the bureaucrat confusion.

If the governor's office can rescind my processor status without due process the state should pay my loss, and I would like to have the \$50,000 loss repaid to my company so I can stay in business. When only large corporate influences are heard the small catcher-processors will be rat holed and innovation crushed.

rag, rag, rags . . .
4) Enforcement problems should be administered through each specific Dept. (ie) my ticket from ADF+G enforcement was due to a Dept of Revenue problem. I should have been informed by both Dept of my problem before the fish cop took me to court. It took 6 months this year for D.E.C. to process my application and the Revenue + ADF+G are often just as slow. I really don't care as long as they accept my delays as being justified also. (See correspondence with Dept of public Safety).

5) Finally, I feel a lack of gratitude from the Bureaucratic entities when a new

Fishery is developed due to hardwork, innovation, and personal promotion. and there is no reimbursement for Taxes. specifically The ASMI Tax: Our company spent \$20,000 to promote new species of seafood + upgrade my facilities I should get a tax break. Established businesses + cold storages don't promote new products as developing catcher-processors. must yet they eventually benefit through our mistakes + successes without the risks, I should be able to get a rebate due to promotion not available through ASMI.

(c) As the catcher processor grows buying ^{fish} is an integral part of developing the business to keep a continual product flow, however the state fishing loan through Econ. Development will not consider revenue generated from buying as a basis for lending any money for ~~as~~ upgrading a vessel or vessel purchase. If I fish part of the year and due to lack of permits I must buy part on my vessel + sell in port. I believe the state should make financing available. Loans based on fishing perform only limit + inhibit normal vessel + business use of vessels and our personal business potential. This is a very important point. Alaska must aid new businesses + promote new ideas to keep-up with

changes in the industry. ~~It is a~~
#8 I don't own land in Alaska I have
lived here 5 years and my whole
lively hood depends on the Seafood
industry which is a water based
industry. As an Alaskan I
should receive my benefits land
holders are entitled to since owning
the ocean is ridiculous.

Well Rodger if you've held
your attention to these points I
would hope further questions on
my mad ravings are in order,
please give me a call. my finger
has a blister & its lunch time

Thany.
Jim
Sedex etc

DEC

SEABOY ALASKA LONGLINE
John & Richard Maher
P.O. Box 1610
Sitka, AK 99835
July 9, 1985

State of Alaska
Div. of Environmental Health
P.O. Box 10-4240
Anchorage, AK 99510-4240

Dear Mr. Soares:

This is in reply to your letter of 6-25-85. Animals are excluded from the truck facility because they can't climb five (5) feet into the van when in operation.

Rodents are eliminated by cats in the available area and any animal that has entered the van will be frozen overnight when the refer unit is in operation. This includes insects.

The truck is mobile and can out distance any rats and flies on its way to the airport.

The truck is sprayed regularly inside and out with a special high pressure sprayer available at the Allen Marine Ways. This also doubles as a hand washing source when pressure equipment is turned off.

Since the fish is boxed in this van is unprocessed there is little or no liquid waste. If any it is washed over the edge of the dock. All solid waste is dumped at sea in an accepted manner.

Lighting is provided by sealed beam sources in the ceiling.

The Allen Marine warehouse has a toilet facility during normal working hours and a portable toilet is available 24 hours a day. There are no floor drains in the van. Water drains out the rear when washed on the usual incline washing area.

Ms. Krohn has been notified several times to inspect our mobile facility, however she was not able to visit during our operating schedule. We will continue to attempt a connection with Ms. Krohn.

As per our conversation concerning the F/V Alaska which visited Sitka with a permit AK144 but no inspection from your department, I would hope this same courtesy would apply here.

Div. of Environmental Health -2- July 9, 1985

The people of Sitka seem to wonder what laws do and don't apply to Alaskans. I have also been aware along with other processors in the area who are ready to verify that it is common policy to permit operation while an attempt to coordinate a compliance or variance with your department, to insure that the regulatory intent of producing a wholesome seafood product is maintained.

Sincerely,

John T. Maher

John Maher
Seafood Processor

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL HEALTH
P.O. BOX 10-4240, ANCHORAGE, ALASKA 99510-4240

Telephone: (907) 272-1561
Address:

REPLIED

7-9-85

June 25, 1985

John T. Maher
Seaboy Alaska Longline
P.O. Box 1610
Sitka, Alaska 99835

SUBJECT: FROZEN FOOD SERVICE FACILITY

Dear Mr. Maher:

Once again I have received an application from you which is not complete, nor does it contain the information I requested in my letter of January 24, 1985. In order to permit this facility, we must insure that basic handling and sanitation requirements have been met, and the following items are required:

1. A plot plan of the area showing docks, roads, buildings, restrooms, etc. in proximity to the truck facility.
2. A floor plan of the facility drawn to a reasonable scale (1" equals 4 feet or larger), showing overall dimensions, doors, windows, floor drains, equipment, handwashing facilities, storage, and a plumbing plan of both the water system and waste system.
3. Specify what effective measures will be taken to exclude animals, birds, and vermin (including but not limited to rodents and insects) from the facility.
4. Specify the type of lighting and protection provided to prevent breakage.

Several attempts were made by Joyce Krohn of the Sitka Office to review your facility upon your request. However, not only was she not able to locate anyone there, but on her last attempt the truck was also gone.

Mr. John T. Maher

- 2 -

June 25, 1985

Upon receipt of the above requested information and a verification inspection for compliance with 18AAC34, by a representative of the department, we will complete the review and issue your permit. Until such time that you have been issued a permit for this facility, it has not been permitted and may not be used. Also the permit #AK 371 issued to the F/V Ranger may not be used at any other facility, only the Ranger.

If you have any questions or we can be of assistance, please feel free to contact me.

Sincerely,



Manuel J. Soares
Seafood Permit Coordinator

MJS:k11

cc: Joe Cladouhos
Harmon Blanch
Susan Braley
Joyce Krohn



Ombudsman

John B. Chenoweth

June 28, 1985

John Maher
Seaboy Alaska Longline
Box 1610
Sitka Alaska 99835

RE: Ombudsman Complaint J85-0496

Dear Mr. Maher:

This will acknowledge our receipt of a copy of your June 24, 1985 letter to Lt. Tedsloff of the Department of Public Safety.

It is our policy to first allow the agencies the opportunity to respond to citizen complaints before our involvement. If after a reasonable period of time you do not receive an adequate response to your letter to Lt. Tedsloff, you may recontact us if you wish.

As you may be aware, in past years this office has had a policy of accepting collect calls regarding complaints. Unfortunately, because of severe budget cuts, the Ombudsman has directed our staff not to accept collect calls starting July 1, 1985. I mention this so should you have to contact us in the future, you will understand the reasons for the policy change.

Please let me know if you have any questions.

Sincerely,

Duncan C. Fowler
Regional Representative

DCF:11e

State of Alaska

Reply to:

- 3201 C Street, Suite 608
Anchorage, Alaska 99503
(907) 563-3673
- Pouch W0
Juneau, Alaska 99011
(907) 465-4970
- P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

Seaboy Alaska Longline
John & Richard Maher
P.O. Box 1610
Sitka, Alaska 99835
June 24, 1985

Lt. Tedsloff
Public Safety
Fish & Wildlife Protection Div.
P.O. Box 6188 Annex
Anchorage, Alaska 99504

Dear Lt. Tedsloff,

This is a letter of complaint against officer Bruce Lester of Sitka, Alaska. I believe that officer Lester is abusing his privileges of authority and alienating both fisherman and processing company (Seaboy Alaska Longline). Mr. Lester has cited Seaboy Alaska Longline for turning in a fish ticket that was misplaced when we moved our office. The intent of the regulation is to promote a speedy fish ticket return. However, Mr. Lester's attitude when dealing with this problem is one of harassment. If Mr. Lester could find that our company has purposely withheld the fish tickets then a citation would be in order. He also said that we turned our tickets in late on a regular basis. This maybe true due to the fact that Fish & Game has a courtesy pick up from the other processors in town. It seems that our company gets by passed occasionally. It's also a courtesy that our company works with Fish & Game to biologically monitor rockfish stocks. Frankly! Mr. Lester's actions and attitude makes me feel like throwing away misplaced fish tickets. His zealousness to the letter of the law has alienated his own subordinates and myself as a processor. If a ticket is the response for being honest, then why follow the regulations. It would be easier to dump old misplaced tickets in the waste basket.

Mr. Lester also served another ticket for no Intent to Operate at midday on Friday May 24, 1985 knowing I had little time to find what problem was responsible for the delay. Before halibut season after Memorial Day, I quickly corrected the situation however, Mr. Lester left work early Friday and he didn't get the message from the Revenue Department, to grant my company an extension time. Mr. Lester visited my operation on Saturday May 25th out of uniform and caused a work delay so he could listen to his phone messages in my office. His outbursts in front of my crew and unnecessary badgering should be a point looked into on other instances. There is no need to tell you why two men under his employment quit. It becomes evident when his gestapo interrogation of my private business affairs and judgemental attitude ex-
wondering how he keeps his job? As a public servant Mr. Lester is a lack of guidance and his hardline tactics leave me disappointed with Fish & Wildlife protection's courteous reputation and fairness. There is more to living and working in Sitka than dodging an unprofessional man who is out to harass developing businesses with paper tiger problems.

Our lack of Intent to Operate was a financial problem due to a series of events, of poor fishing, bad weather, and bad debts. The Intent to Operate was filed on January 4 1985, personally by myself, but Fish & Game withheld the Intent to Operate without informing me or my brother. As you will notice concurrently DEC permits from the state take 5-6 months to process. We

were unaware of the paper work problem. If Mr. Lester would have investigated further he would have found the Revenue Department and their enforcement division have the responsibility for negotiating our problem. Your cut and dry letter of June 13th 1985 to protect your subordinates actions reflects a neglect to the responsibility of "due process of Law". I respectfully suggest your department handle criminal enforcement and let the revenue department handle administrative problems.

Concerning our ticket 3 years ago, that also was close to being thrown out of court. A minimum \$50 fine and a voidance of more court action was an easy solution to selective prosecution, which is what really was the issue. So I don't accept any attitude from Fish & Game enforcement of criminal misconduct concerning Seaboy Alaska Longline. We've been an asset and inspiration to this community and we dis-respect any attempts by state agencies to interfere with due process of Law, which was incurred by Mr. Lester's 11th hour tactics.

There must be a lack of real problems in this community when harassment of businessness is condoned by state enforcement officials.

Copies of this letter will be distributed as widely as possible to insure a fair assesment of the problem. Mr. Lester's suggestions during his out of uniform harasment, that we go back to fishing instead of fish processing shows his bias, no doubt, aquired through a personal interest in our private operations.

I will be available to discuss this in person at a inquest if necessary and witness other instances of pety harasment which could be documented officially at this time.

Sincerely,

John Maher, Partner/Manager
Seaboy Alaska Longline

P.S. I don't spend my Saturdays in jogging attire harassing state agencies to do their jobs. I expect no less in return.

Alaska State Legislature

Advisory Council Members
Senator Bennett, Chairman
Senator Kerttula
Senator Abood
Senator Sackett



Pouch V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Frank Hohman
Aide to Senator Sturgulewski

FROM: Bill Hall *BH*
Senior Advisor

DATE: June 3, 1985

RE: Senate Advisory Council (SAC) Involvement in the Need to Streamline Permitting, Licensing and Bonding Requirements of Alaska's Fishing Industry.

I am in receipt of Senator Sturgulewski's memorandum outlining her interest in working on this issue with assistance from SAC. I am writing this memo to confirm our earlier discussions regarding the timing of our involvement relative to my impending leave of absence and to confirm that you do not anticipate a need for my assistance until my return to work on September 1.

It is my understanding that work on this issue will involve staff from both the House and the Senate. I have discussed the matter with Roger Painter of Representative Goll's staff, and he expressed an interest in arranging a planning meeting this week.

BH;cb

Mary Levan
Sen. Cleason

Criminal Penalties

Bob Charles
Rep. Bentley

Catcher Processor
Smaller operators

Mini Tack Force
Gregg Baker

Letters to
- Fisherman group
- small processors
- City govts

Frank
Roger

Seafood Processors
Rick Barber

Dept of Revenue
Dan Anderson

rather existing
requirements from
agencies

Dept of F & G

Contact mini Cabinet
Roger

DEC Tack Force

Dept of DEC

Requirements — Penalties
Bonding — Enforcement
Education
Credit Check?
waiver after 4/15

Dept of Labor
Jim O'Connor

FISH BUYERS

FISH BROKERS

Legal Services
A.G.

FISH TICKETS

Hom an
Coordinate - memo
of meeting
Statement of task
or purpose.

Ely - Permitting Process
DEC

Earl Krueger
ATA

ASMI
Permit brochure

Next
meeting