

SCOMM

75:5

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB514(Fin)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 5/6/88
Title: "An Act relating to the
farming of aquatic plants..."
Sponsor: Rules Committee
Requestor: Finance Committee

Agency Affected: Office of the Governor
BRU: Executive Operations
Components: Executive Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		30.0	15.0			
CONTRACTUAL		118.0	134.0	150.0	150.0	150.0
SUPPLIES		2.0	1.0			
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		150.0	150.0	150.0	150.0	150.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		150.0	150.0	150.0	150.0	150.0
FEDERAL FUNDS						
OTHER						
TOTAL		150.0	150.0	150.0	150.0	150.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Requested funding is for Alaska FinFish Farming Task Force activities in FY 89 and FY 90 (50.0) and to expedite mariculture permitting activities within impacted State agencies (100.0 in FY 89 and FY 90; 150.0 in remaining years)

Prepared by: Michael A. Nizich, Director *Man* Phone: 465-3616
Division: Division of Administrative Services Date: 5/6/88

Approved by Commissioner: [Signature] Date: 5/6/88
Agency: Office of the Governor

Distribution (by preparer):

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

Funds will be provided to the Departments of Natural Resources, Environmental Conservation and Fish and Game to assist in the implementation this bill.

The Department of Natural Resources will be responsible for issuing permits and leases for mariculture sites as well as the siting review process established in Section 15 of the bill.

The Department of Environmental Conservation will be responsible for implementing provisions contained in the bill relating to chemical usages, product wholesomeness, shellfish site certification and other duties. Fish and Game will be responsible for the permitting of farms, pathology and genetics inspections and regulating brood aquisition.

In addition funds will be used to established and support Alaska Finfish Farming Task Force establish in Section 21 of the bill.

Funds will be provided to the agencies for personal services and support services to discharge their respective duties.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

MEMORANDUM

TO: ALL MEMBERS
ALASKA HOUSE OF REPRESENTATIVES

DATE: May 8, 1988

FROM: Steve Cowper
Governor

PHONE: 465-3500

SUBJECT: SB 514

I urge you to support passage of SB 514 (Finance) without amendment. The bill passed the Senate last night 17-3. Passage of SB 514 is important. Without this bill, the mariculture issue will be the subject of expensive and time-consuming litigation.

SB 514 will serve to encourage the growth of our shellfish and sea vegetable industry, and prevent this issue from becoming entangled in the courts by extending the existing moratorium on finfish farming.

Once again, I urge you to support passage of SB 514 (Finance) without amendment.

SENATE BILL 514

LETTER OF INTENT

It is the intent of the Senate that, for the period of the moratorium on finfish farming, the farming of finfish in a privately owned freshwater body with no outlet to state water should proceed. By enacting this bill, the Senate also directs the Commissioner of Fish and Game to work with prospective farmers and the Board of Fisheries to develop appropriate proposals to meet the goals of this legislation.

Letter of Intent



Official Business

Alaska State Legislature

House of Representatives

Committee on Rules

P. O. Box V
Juneau, Alaska 99811

Phone:
(907) 465-3764
465-3765

HOUSE RULES COMMITTEE LETTER OF INTENT FOR HCSCSSB514 (RULES)

It is the intent of the Legislature that, for the period of the moratorium on finfish farming, the farming of finfish in a privately owned freshwater body with no outlet to state water should proceed.

It is also the intent of the Legislature that the requirements of AS. 38.05.856 (d) and AS.35.05.083 (d) be limited to coverage of site clean-up and restoration of physical improvements such as buildings, equipment or other facilities. It is not the intent that the performance bond or other security requirements expand or reduce the scope of existing statutes or regulations relating to environmental protection.

By enacting the bill, the Legislature also directs the Commissioner of Fish and Game to work with prospective farmers and the Board of Fisheries to develop appropriate proposals to meet the goals of this legislation.

A handwritten signature in cursive script, reading "Mike Navarre".

Mike Navarre, Chairman/House Rules Committee
May 9, 1988

CHAMBER = S
SOURCE = SFIN
DATE = 880506
YEAR = 88
TIME = 1010

DOCUMENT TEXT

SENATE FINANCE COMMITTEE

May 6, 1988

10:10 a.m.

SFC-88, f83, Side 2 (583-end)

SFC-88, f84, Side 1 (000-end)

SFC-88, f84, Side 2 (000-561)

CALL TO ORDER

Co-chairman Rick Halford convened the meeting at approximately 10:10 a.m.

PRESENT

In addition to Co-chairman Halford, Senators Fischer, Hensley, and Uehling were present. Senators Duncan and Zharoff arrived as the meeting was in progress. Co-chairman Binkley did not attend.

ALSO ATTENDING: Senator Rodey; Senator Sturgulewski; Representative Rieger; Hugh Malone, Commissioner, Dept. of Revenue; Milt Barker, Deputy Commissioner, Dept. of Revenue; Ron Lehr, Executive Director, Alaska Housing Finance Corporation; Royce Weller, Special Assistant, Dept. of Revenue; Jim Baldwin, Assistant Attorney General, Civil Division, Dept. of Law; David Benton, Special Assistant II, Dept. of Fish and Game; Carl Ohls, aide to Senator Zharoff; Roger Painter, Executive Director, Alaska Mariculture Association; aides to committee members and other members of the legislature; and representatives from the press.

SUMMARY INFORMATION

SB 426 - Act establishing Redoubt Bay Critical Habitat

Area; and providing for an effective date.

The bill was WAIVED from committee.

SB 514 - Act relating to the farming of aquatic plants and shellfish; and providing for an effective date.

CSSB 514 (Finance) (Act relating to the farming of aquatic plants and shellfish; prohibiting the farming of Atlantic salmon; extending the moratorium on finfish farming until July 1, 1990;

establishing the Alaska Finfish Farming Task Force; and providing for an effective date) was reported out of committee but subsequently HELD for review of the revised fiscal note.

HB 85 - An Act relating to reporting of unclaimed property; and providing for an effective date.

CSHB 85 (Judiciary) was WAIVED from committee.

FIN127AM DOCUMENT= 3 OF 4 PAGE = 29 OF 38

Senator Uehling requested a brief recess.

RECESS - 11:10 a.m.
RECONVENE - 11:15 a.m.

Upon reconvening, Senator Zharoff explained that it was difficult to reach a compromise acceptable to everyone. The final consensus was that the legislature should at least do something that would give direction to the state and keep the issue out of litigation. He explained that his staff as well as staff for Senator Eliason and Senator Sturgulewski worked on an agreement in consultation with the UFA and the Mariculture Association.

Senator Zharoff explained that Senate Resources held extensive hearings on the shellfish portion of mariculture development. Since there were areas of concurrence regarding shellfish, and it was felt the industry could proceed, amendments relating thereto were carried into the Finance version.

FIN127AM DOCUMENT= 3 OF 4 PAGE = 30 OF 38

The Senator noted that Sec. 1 presents findings while Sec. 2. relates to aquatic farm and hatchery permits and includes siting criteria for the department through statute rather than regulation. Remaining language contains amendments agreed upon by members of the Resources Committee.

Senator Zharoff explained that major areas of disagreement surround finfish mariculture. After reviewing proposals and in discussion with interested groups, it was concluded that the best method of resolution in the remaining days of the legislature was to extend the current moratorium for a two-year period. A task force is to review concerns raised at hearings and return to the next legislature with findings. The Senator again noted that the basic concern was to keep the mariculture issue out of litigation. The administration has agreed to the compromise.

Co-chairman Halford directed attention to the sunset provision, explaining that it appears only to repeal Sec. 1 of the 1987 bill. Senator Duncan explained that repeal would extend the moratorium.

CARL OHLES, aide to Senator Zharoff, next came before committee to speak to technical questions. Co-chairman Halford directed attention to page 5, lines 17 and 18, Limitation on Sale, Transfer of Stock, and Products. He then asked if the two-year extension would be made longer by permitting requirements. Mr. Ohles explained that the proposed bill only provides for creation of a permit for aquatic farms dealing with shellfish and aquatic plants. When the moratorium expires, there will be no statute that provides for any other species unless the legislature takes action.

Co-chairman Halford voiced support for the moratorium but stressed that he wanted to be fair to both sides two years hence.

End SFC-88, f84, Side 1

Begin SFC-88, f84, Side 2

Senator Zharoff MOVED for adoption of CSSB 514 (Finance).

SENATOR STURGULEWSKI came before committee. She explained that the proposed bill calls for total prohibition of finfish farming for two years. At the end of that period, unless the legislature takes action, the state will be in the same position it is today.

The Finance version sets up a task force which is needed to bring people to the table to discuss the issue. Senator Sturgulewski voiced her belief that a major disservice would be done to projects currently contemplated or underway if some things are not allowed to go forward at the end of the moratorium

The Senator explained that at one point in yesterday's discussion she was so anxious to see the legislature move together to establish a task force, that she was willing to support the moratorium. She advised that she was no longer willing to do so. She stated that it was a mistake not to have something "that forces us toward making some decisions here." She acknowledged the time and effort Senator Zharoff had put into the bill and noted that several days ago he had worked out an excellent compromise that would have allowed for upland finfish farming and

the farming of finfish other than Pacific salmon after one year. The compromise would have affected a one-year moratorium and would have allowed for Pacific salmon to be raised after three years.

Senator Sturgulewski acknowledged that major problems would result if the legislature does not act on the issue. She voiced her belief, however, that the proposed bill was not in the state's best interest.

Co-chairman Halford voiced his inclination to move the bill from

committee with a "no rec" recommendation and allow the full Senate to deal with it. He further voiced need for "careful slow-down" in regard to salt water finfish.

Senator Duncan raised questions concerning fiscal notes for the bill. Senator Zharoff explained that he and Senator Eliason and Senator Sturgulewski reviewed notes which accompanied the bill and made recommendations for revisions by the administration. The hope was to effect a substantial reduction in notes which

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currently total roughly \$500.0. The administration has approximately \$58.8 from which it feels the task force could be funded. The Co-chairman noted fiscal notes from DNR-Land and Water, DEC-Seafood Industry, DEC-WOM, SERO, SCRO, DF&G-FRED, Permitting and Technical Services. Senator Zharoff explained that recommendations to the administration suggested elimination of the \$99.0 fiscal note from DNR since the department would have been doing the anticipated work anyway. Funding for DEC and Fish and Game should accompany the bill, but since it was revised to deal only with shellfish, the fiscal notes should be reduced. He suggested a \$58.0 task force note for the Governor's Office, \$110.2 for DEC-Seafood, \$104.2 for DEC-Environmental Health, and that the Dept. of Fish and Game, FRED Division, note of \$154.6 be cut in half.

Co-chairman Halford suggested that the bill be moved from committee but held in possession pending preparation of appropriate fiscal notes. He voiced hope that a properly allocated note in the range of \$150.0 would accompany the bill. Senator Fischer raised questions regarding DEC need for positions

FIN127AM DOCUMENT= 3 OF 4 PAGE = 35 OF 38
set forth on its two notes, and suggested that reductions could be made.

The Co-chairman then requested that Senator Zharoff seek agreement from the Governor's Office for preparation of a fiscal note providing for funding to that office for expenses of the task force and for allocation to the departments as necessary for implementation of the bill.

Senator Hensley asked if the Finance version of the bill would run anyone out of the fish farming or aquaculture business. Senator Zharoff answered that the question relates to the area of concern raised by Senator Sturgulewski. Extending the moratorium an additional two years, will cause delay in activities "happening up to this point." Anyone operating under current statutes and regulations should be able to continue. In response to further questions from Senator Hensley, Senator Zharoff explained that various compromises discussed in framing the present bill might have included grandfathering provisions. In attempting to accommodate different interest groups, items of

compromise were added and others deleted. Senator Duncan directed attention to page 15, sec. 19, and advised that it appears to contain grandfather provisions for those lawfully operating an aquatic farm or related hatchery in the state on the effective date of the act.

DAVE BENTON, Special Assistant, Dept. of Fish and Game, came before committee. He explained that his reading of the bill indicates that "anybody that is legally operating right now would continue to legally operate." Further, "anybody that had the potential of legally operating at this point in time would be allowed to do that." There would be some limited ability to explore finfish options under the bill. It does "a lot of things for the mariculture industry that without a piece of legislation would be in limbo."

The bill resolves some problems regarding lease preferences and security for sites as well as getting shellfish hatcheries going. It would also put salmon farming on hold for two years.

Discussion followed between Senator Hensley and Mr. Benton regarding a visit to the Arctic char hatchery at Whitehorse. The Senator asked if a similar facility would be allowed under the bill. Mr. Benton answered that that would depend on the design of the facility. The bill would allow "some kinds of work with Arctic char." This activity, however, would not include a hatchery since the bill would not allow for finfish hatcheries at this time. Discussion followed between the Senator and Mr. Benton regarding research and development work on Arctic char needed for a viable enterprise.

Mr. Benton noted earlier discussion relating to a \$150.0 fiscal note and advised that it could be accommodated without problem.

Senator Zharoff restated his motion for adoption of CSSB 514 (Finance). No objection having been raised, CSSB 514 (Finance) was ADOPTED.

Senator Zharoff then MOVED that CSSB 514 (Finance) be passed from committee but held pending approval of the revised fiscal note.

No objection having been raised, CSSB 514 (Finance) was REPORTED OUT of committee. Co-chairman Halford and Senators Uehling and Hensley signed the committee report "no recommendation." Senators Duncan, Fischer, and Zharoff signed "do pass." (A \$150.0 fiscal note (5/6/88) from the Office of the Governor was later approved to accompany the bill.)

ADJOURNMENT

The meeting was adjourned at approximately 11:45 a.m.

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, VICE-CHAIRMAN
LEGISLATIVE COUNCIL
RESOURCES COMMITTEE
FISHERIES SUBCOMMITTEE, CHAIRMAN



P.O. BOX 143
SITKA, ALASKA 99835

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4916

MEMORANDUM

TO: Senator Jack Coghill, Chair
Senate Resources Committee

FROM: Senator Dick Eliason, Chair
Fisheries Subcommittee *Dick Eliason*

DATE: February 23, 1988

RE: Proposed Mariculture Legislation

Last spring, the Fisheries Subcommittee of the Senate Resources Committee held several statewide hearings on S.B. 106, "An Act relating to aquatic farming". These well attended hearings were held in Dillingham, Kodiak, Anchorage, Sitka, and Ketchikan with residents from Petersburg and Wrangell connected by the teleconference system.

An overwhelming majority of those testifying were in opposition to the pen rearing of salmon. Concerns regarding possible water quality problems, increased conflict between users, competing markets, and potential disease contamination of the wild stock were voiced by those testifying at these hearings. Since that time many communities and organizations statewide have submitted resolutions opposing salmon farming. Because of this strong, broad-base opposition to permitting farming of fish in saltwater, it seems unrealistic at this time for the legislature to continue to pursue this concept.

The attached draft legislation, instead, encourages the growers of shellfish and aquatic plants as well as the farming of finfish in fresh water. This legislation sets the criteria for these economic ventures and provides for an

orderly development of the industry. Under this proposal farming of finfish in saltwater would not be allowed. Possibly at a later date when this concept gains more support, the legislature may wish to pursue this matter once again. However, until that happens, it appears most prudent to consider legislation involving the farming of shellfish, aquatic plants, and fresh water fish.

I respectfully request that this draft be introduced as a Senate Resources Committee bill and that hearings be scheduled as soon as possible to allow interested Alaskans an opportunity to respond to this proposal. Thank you very much for your thoughtful consideration of this request.

Alaska State Legislature

PRESIDENT

907-465-3755



JAN FAIKS
POST OFFICE BOX V
JUNEAU, ALASKA 99811

Senate

June 27, 1988

The Honorable Ben Grussendorf
Speaker of the House
Post Office Box V
Juneau, Alaska 99811

Dear Mr. Speaker:

As you will recall, last session the Legislature approved Senate Bill 514. The legislation addresses the important issue of mariculture and establishes the Alaska Finfish Farming Task Force. The Governor has since signed SB 514 into law, but unfortunately the \$150,000 fiscal note supporting the Task Force's activities inadvertently was omitted as part of the FY 89 budget's New Legislation and as a result, no funds are available to support the Task Force's work. The Governor has indicated he will not make appointments until the funding situation changes.

I know the House shares the Senate's interest in fully exploring all the questions surrounding the future of mariculture in Alaska. I hope the House also shares the Senate's frustration that it would be unfortunate that due to an oversight, the Task Force's work would be delayed until funding could again be considered.

For this reason, I am agreeable to earmarking \$50,000 of the Senate's interim operating budget to support the Task Force's work. If the House would do the same, it would enable the Task Force to get underway. An additional \$20,000 may also be available in Fish and Game's budget should plans for a National Pacific Fisheries meeting be changed. While this will not provide the full \$150,000 stipulated in the fiscal note, I am hopeful the Governor would agree the amount is sufficient to enable the Task

OUT OF SESSION

3111 C STREET, SUITE 525 ANCHORAGE, ALASKA 99503 907-561-7610



Force to begin its work. Should the Task Force find additional funds are still needed, the Legislature would then have the opportunity to consider the issue next session.

Your consideration in the House and Senate working together to help support the Task Force will be appreciated. I look forward to hearing of your decision at your earliest convenience.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Jan Faiks', written over the printed name.

Jan Faiks
Senator

JF:cf

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB514(Fin)
PUBLISH DATE: _____

REQUEST:

FISCAL NOTE

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Requestor: Finance Committee

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Components: Executive Office

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EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		150.0	150.0	150.0	150.0	150.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		150.0	150.0	150.0	150.0	150.0
FEDERAL FUNDS						
OTHER						
TOTAL		150.0	150.0	150.0	150.0	150.0

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

ANALYSIS : (Attach a separate page if necessary)

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Prepared by: Michael A. Nizich, Director *Man* Phone: 465-3616
Division: Division of Administrative Services Date: 5/6/88

Approved by Commissioner: [Signature] Date: 5/6/88
Agency: Office of the Governor

Distribution (by preparer):

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

Funds will be provided to the Departments of Natural Resources, Environmental Conservation and Fish and Game to assist in the implementation this bill.

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ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, VICE-CHAIRMAN
LEGISLATIVE COUNCIL
RESOURCES COMMITTEE
FISHERIES SUBCOMMITTEE, CHAIRMAN



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

MEMORANDUM

TO: Senator Dick Eliason
FROM: Sheila Peterson, staff *Sheila*
Senator Eliason's Office
DATE: March 7, 1988
RE: Opposition to the pen rearing of salmon

The following communities and organizations have submitted resolutions in opposition to the pen rearing of salmon:

Communities:

Kenai Peninsula Borough
Edna Bay Community, Inc.
City of Port Alexander
City and Borough of Sitka
City of Craig
City of Wrangell
Ketchikan Gateway Borough

Organizations:

Craig Fish and Game Advisory
SW Regional Fish and Game
Council
United Fisherman of Alaska
Northern Southeast Regional
Aquaculture Association
Alaska Trollers' Association
Southeast Alaska Conservation
Council
Alaska Environmental Lobby
Seafood Producers Cooperative
Southeast Regional Fish and
Game Council
North Pacific Fisheries Assn.
Cook Inlet Fisheries Coalition
Cordova District Fishermen
United

We have also received many, many letters and public opinion messages statewide in opposition to the pen rearing of salmon.

Resolutions

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

May 2, 1988

The Honorable Fred Zharoff
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

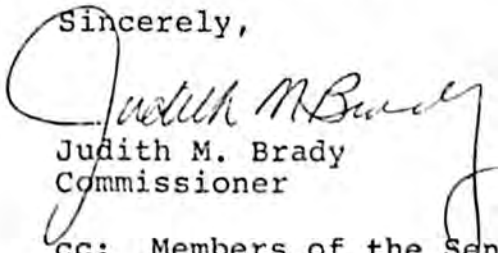
Dear Senator Zharoff:

I understand that the subject of land use regulations for mariculture activities continues to be an issue in the progress of SB 482 and SB 514. I believe that passage of a mariculture bill this session is extremely important to resolve some of the many pending policy questions surrounding the rearing of finfish and shellfish.

I support your position that districting, opening of application periods, and preparation of final written findings not appear in statute (specifically, Section 18, lines 5 through 24 in SB 514). Placing these provisions in statute restricts the department's ability to fine tune our system for processing applications if we find that it needs adjusting several years from now. Should either SB 482 or SB 514 pass this session without including this system in statute I do intend to propose the adoption of the system in regulation. It is essential that the public be aware of, and participate in the development of the rules that affect them.

As you are aware, this system for processing applications was proposed by the department. I would not oppose passage of a bill solely because it mandates this language in statute. I believe the need for the Legislature to settle the larger policy questions is greater than any constraints the department may encounter if the language were in statute. If I may be of further assistance to you, do not hesitate to contact me.

Sincerely,



Judith M. Brady
Commissioner

cc: Members of the Senate Finance Committee
Senator Richard Eliason,
Rod Swope
Bob Evans
Richard LeFebvre

AMENDMENT # 1

Ellis

Offered in the HOUSE Rules

TO: CSSB 514 (Finance)

Page 9, lines 5 - 29, Page 10 lines 1-12:

Delete all material

Renumber following bill sections accordingly.

AMENDMENT

#2

E H/5

Offered in HOUSE Rules

TO: CSSB 512 (Finance)

Amend Page 13, lines 2 - 5 to read:

(b) The commissioner shall schedule at least one [a] 60-day period each year during which a person may submit an application that identifies a site in a district for which the person wishes to be issued a permit under AS 38.05.856.

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 7, 1988

SUBJECT: Sectional analysis of CSSB 514 (Finance)

TO: Senator Dick Eliason, Chairman
Senate Rules Committee

FROM: Edward H. Hein *EHA*
Legislative Counsel

Section 1 states legislative findings and policy regarding aquatic farming.

Sec. 2 is the guts of the bill. This creates a new article within AS 16.40, providing for the farming of shellfish and aquatic plants.

Sec. 16.40.100 requires a person to have a permit from the commissioner of fish and game in order to construct or operate an aquatic farm or related hatchery. The section spells out what a person is allowed to do under a permit and authorizes the commissioner to attach conditions to the permit to protect natural stocks. Permits may not be issued for farming Atlantic salmon.

Sec. 16.40.105 requires the commissioner to use specified criteria in issuing permits.

Sec. 16.40.110 provides for permit application, renewal, and transfer procedures and requirements. Applicants must submit a development plan for initial permit issuance. Renewal applications must include a report of disease history of the aquatic farm or hatchery, and evidence that the applicant has complied with the development plan. Commissioner may require a health inspection. Transferees are limited to the same terms as the transferors.

Sec. 16.40.120 requires a stock acquisition permit from the commissioner of fish and game in order to acquire wild shellfish or plant stock to supply an aquatic farm or

related hatchery. The commissioner must act on a permit application within 30 days. Permits may be denied or restricted if sustained yield would be impaired or if issuance would unreasonably disrupt an established use of the resource for commercial, sport, subsistence, or personal use purposes. Commissioner must inform the Board of Fisheries of permits denied because of unreasonable disruption of established uses or of any action taken on permits for acquiring species subject to limited entry. The Board of Fisheries may adopt regulations for conservation, maintenance, and management of species for which an acquisition permit is required. Unless a permit must be denied because of impairment of sustained yield, unreasonable disruption of an established use, or a conflicting Board of Fisheries regulation, the commissioner must issue acquisition permits if any of four circumstances exist: (1) wild stock is needed to start the farm or hatchery; (2) there are technological limitations on propagating the species for which a permit is sought; (3) the wild stock sought is not being fully utilized for other fishing uses; or (4) wild stock is needed to maintain the gene pool of the farm or hatchery. Shellfish and plants acquired under the permit become the property of the permit holder.

Sec. 16.40.130 prohibits importation of aquatic plants or shellfish for aquatic farms and hatcheries unless allowed by the Board of Fisheries by regulation.

Sec. 16.40.140 Limits sale or transfer of aquatic farm hatchery stock to other farms or hatcheries in state that have a permit, but shellfish stock can be sold to aquatic farms and related hatcheries outside the state.

Sec. 16.40.150 requires the Department of Fish and Game to order a quarantine or the destruction and disposal of diseased hatchery stock or aquatic farm products if necessary to protect wild stock. Permit holders must allow the department to conduct inspections during reasonable business hours and with reasonable notice. Cost of inspection paid by the department.

Sec. 16.40.160 allows the commissioner of fish and game to adopt necessary regulations for aquatic farming.

Sec. 16.40.170 establishes a class B misdemeanor penalty for violations of statutes and regulations relating to aquatic farming.

Sec. 16.40.199 defines various terms.

Sec. 3 authorizes the commissioner of environmental conservation to establish standards and conditions of operation and siting requirements for aquatic farms and related hatcheries to protect public health.

Sec. 4 requires the commissioner of environmental conservation to adopt aquatic farm products labeling regulations.

Sec. 5 gives the Department of Environmental Conservation authority to inspect aquatic farms and sites.

Sec. 6 defines "aquatic farm" and "aquatic farm product" for purposes of AS 03.05.

Sec. 7 authorizes the commissioner of fish and game to regulate aquatic farming in a manner that ensures the protection of fish and game resources.

Sec. 8 limits the regulatory authority of the Board of Fisheries with respect to aquatic farming to the authority expressly granted in Sec. 16.40.120(d) and (e) and 16.40.130.

Sec. 9 exempts aquatic farms and related hatcheries from the licensing requirements for sport and commercial fishing under AS 16.05.

Sec. 10 removes shellfish farming from the definition of "fish farming"; shellfish farming would be governed under AS 16.40; other fish farming would be under AS 16.05.

Sec. 11 exempts the sale of aquatic farm shellfish that are subject to limited entry from the permit and purchasing requirements of AS 16.10.265 - 16.10.267, which require fish buyers and processors to buy only from limited entry permit holders.

Sec. 12 exempts aquatic farming from the requirements of the Limited Entry Act, AS 16.43.

Sec. 13 excludes aquatic farm products from the definition of "seafood" for purposes of the Alaska Seafood Marketing Institute statutes.

Sec. 14 establishes a process for the Department of Natural Resources to lease sites for aquatic farms and related hatcheries. Lessees would be required to post a performance bond or other security to cover costs to the state of clean-up in the event the site is abandoned.

Sec. 15 requires the commissioner of natural resources to identify districts within which aquatic farming sites may be selected. Persons may then submit applications for sites during a 60-day period. Based on the applications received and consultations with other department heads, the commissioner makes a preliminary finding proposing sites in each district. After notice and hearing, the commissioner issues a final written finding identifying sites for which permits will be issued, and specifying conditions and limitations on the development of each site. The commissioner may then issue tideland and land use permits for aquatic farms. Permits are valid for three years and may be renewed, but not transferred. Before renewal, interested persons may submit written or oral testimony concerning the renewal. The commissioner must consider all relevant testimony before issuing or renewing a permit. A permit may be denied for good cause, but then the commissioner must provide the applicant with written findings explaining the reason for the denial. Applicants must post a performance bond or other security. The commissioner must adopt criteria for approving and denying permits and for limiting the number of sites in an area to protect the environment and natural resources.

Sec. 16 requires notice for public hearings on tideland permits and the siting of aquatic farms.

Sec. 17 requires that the notice under Sec. 16 be given to regional fish and game councils and coastal resource service areas.

Sec. 18 requires a public hearing by the commissioner of natural resources within 30 days after giving notice of the preliminary finding concerning siting.

Sec. 19 "grandfathers-in" existing lawful aquatic farms and related hatcheries, but conditions obtaining an initial lease or permit on the person's agreement not to change the use during the term of the lease or permit.

Sec. 20 requires the commissioner of natural resources to submit to the legislature a report on the implementation of

Senator Dick Eliason
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the statutes that provide for issuance of leases and tideland or land use permits for aquatic farming.

Sec. 21 establishes a finfish farming task force to study issues relating to finfish farming in the state. The task force consists of five members appointed by the governor. It is to submit to the legislature an interim report in January, 1989, and a final report a year later.

Sec. 22 extends the existing finfish moratorium for two more years.

Sec. 23 provides an immediate effective date.

EHH:bb
b6/008



UNITED FISHERMEN OF ALASKA

211 4th Street, Suite 106
Juneau, AK 99801
907-586-2820

May 7, 1988

United Fishermen of Alaska urges the passage of CSSB 514 (Finance) without further amendments.

This bill establishes an effective mechanism for the development of shellfish farming in Alaska. It provides stability to encourage the growth of the industry.

This bill temporarily resolves the question of the legal status of finfish farming. It will help prevent lawsuits that would be costly to all parties.

This bill establishes a task force with specific goals to find answers to questions that have been raised about the value or cost to Alaskans of finfish farming.

Mariculture has been a controversial topic in the state. This bill puts an end to part of the controversy by establishing in statute a framework for the development of shellfish and kelp mariculture. This bill also establishes a solid forum for future discussions about finfish farming.

This bill specifically allows freshwater farms to continue or to be established while the larger issues regarding other farming projects are resolved.

We urge you to support CSSB 514 (Finance) as it is currently worded.

UFA support

SB 514 - ADVANTAGES TO SHELLFISH GROWERS

1. A strong policy statement by the legislature which encourages the establishment and responsible growth of an aquatic farming industry by the state is listed.
2. A hatchery could be established which would provide a stable and reliable source of shellfish spat.
3. An aquatic farm permit issued by the Department of Fish and Game may be transferred. This fact should facilitate the shellfish grower in obtaining financing.
4. A shellfish permittee shall be given a preference to a long term lease. This lease may be assigned. A long term lease will provide the much needed stability to the industry. The permittee will not have to compete competitively with other interested parties, but will be given a preference.
5. A permit will be issued for three years. Currently a one year permit is issued in Southeast.
6. Existing permit holders are grandfathered in for a lease preference. Under the current system, these farmers would have to compete competitively with all other residents to obtain a long term lease.

Distributed by Senator Eliason

Advantages to Shellfish Growers

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, VICE-CHAIRMAN
LEGISLATIVE COUNCIL
RESOURCES COMMITTEE
FISHERIES SUBCOMMITTEE, CHAIRMAN



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MEMORANDUM

TO: Senator Dick Eliason

FROM: Sheila Peterson, staff *Sheila*
Senator Eliason's Office

DATE: March 7, 1988

RE: Opposition to the pen rearing of salmon

The following communities and organizations have submitted resolutions in opposition to the pen rearing of salmon:

Communities:

Kenai Peninsula Borough
Edna Bay Community, Inc.
City of Port Alexander
City and Borough of Sitka
City of Craig
City of Wrangell
Ketchikan Gateway Borough
Sitka Chamber of Commerce

Organizations:

Craig Fish and Game Advisory
SW Regional Fish and Game
Council
United Fisherman of Alaska
Northern Southeast Regional
Aquaculture Association
Alaska Trollers' Association
Southeast Alaska Conservation
Council
Alaska Environmental Lobby
Seafood Producers Cooperative
Southeast Regional Fish and
Game Council
North Pacific Fisheries Assn.
Cook Inlet Fisheries Coalition
Cordova District Fishermen
United

We have also received many, many letters and public opinion messages statewide in opposition to the pen rearing of salmon.

Resolutions