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SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

4/28/88

Mr. President:

_____ Finance _____ Committee considered ^{SB} 482 _____

farming of aquatic plants and aquatic animals; prohibiting the aquatic farming of finfish in saltwater; efd

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Bills. ~~501~~ 601

5-1806N

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: Finance

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

2/24/88 DATE TURNED INTO OFFICE _____
Mr. President:

Resources _____ Committee considered SB 482

farming of aquatic plants and aquatic animals; prohibiting the aquatic farming of finfish in saltwater; efd

and recommended:

- replace with CS SB 482 (b)
N same title
~~X~~ new title
- attached amendment(s) and *I reports it back as follows*
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____ *4-FN's*
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

<i>2 Curtis Sturgulew she amended</i>	<i>3 Jim Dunca - no Rec.</i>
<i>2 Farming if amended</i>	<i>3 [Signature] " "</i>
_____	<i>3 [Signature] " "</i>
_____	<i>3 Carl Smith No Rec</i>
_____	_____
_____	_____

[Signature] DO PASS
Chairman signature and recommendation

Committee Backup Attached

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 482 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the farming of aquatic plants and
7 aquatic animals; prohibiting the aquatic farming of
8 Pacific salmon in saltwater; and providing for an
9 effective date."

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

11 * Section 1. FINDINGS AND POLICY. (a) The legislature finds that

12 (1) aquatic farming in the state would

13 (A) provide a consistent source of quality food;

14 (B) provide new jobs;

15 (C) increase state exports;

16 (D) create new business opportunities; and

17 (E) increase the stability and diversity of the state's
18 economy; and

19 (2) development of aquatic farming in the state would increase
20 the availability of fresh seafood to Alaskans and would strengthen the
21 competitiveness of Alaska seafood in the world marketplace by broadening
22 the diversity of products and providing year-round supplies of premium
23 quality seafood.

24 (b) It is the policy of the state

25 (1) to encourage the establishment and responsible growth of an
26 aquatic farming industry in the state; and

27 (2) that allocation of aquatic farming sites be made with full
28 consideration of established and ongoing activities in an area.

29 * Sec. 2. AS 16.40 is amended by adding new sections to read:
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1 the aquatic animal or aquatic plant proposed;

2 (2) the proposed farm may not unreasonably affect
3 management of natural stocks, and must not require significant
4 alterations in traditional fisheries or other existing uses of fish
5 and wildlife resources;

6 (3) the proposed farm may not significantly affect fisher-
7 ies, wildlife, or their habitats in an adverse manner; and

8 (4) the proposed farm plans and staffing plans must demon-
9 strate technical and operational feasibility.

10 Sec. 16.40.110. PERMIT APPLICATION, RENEWAL, AND TRANSFER. (a)
11 An applicant for an aquatic farming or hatchery permit required under
12 AS 16.40.100 shall apply on a form prescribed by the commissioner. An
13 application for a permit must include a plan for the development and
14 operation of the aquatic farm or hatchery, which must be approved by
15 the commissioner before the permit is issued.

16 (b) An application for renewal or transfer of a permit must be
17 accompanied by fees required by the commissioner, a report of the
18 disease history of the farm or hatchery covered by the permit, and
19 evidence that satisfies the commissioner that the applicant has com-
20 plied with the development plan required under (a) of this section.
21 The commissioner may require a health inspection of the farm or
22 hatchery as a condition of renewal. The department may conduct the
23 inspection or contract with a disease diagnostician to conduct the
24 inspection.

25 (c) A person to whom a permit is transferred may use the permit
26 only for the purposes for which the permit was authorized to be used
27 by the transferor, and subject to the same conditions and limitations.

28 Sec. 16.40.120. AQUATIC STOCK ACQUISITION PERMITS. (a) A
29 person may not acquire aquatic plants or aquatic animals from wild

1 stock in the state for the purpose of supplying stock to an aquatic
2 farm or hatchery required to have a permit under AS 16.40.100 unless
3 the person holds an acquisition permit from the commissioner.

4 (b) An acquisition permit authorizes the permit holder to ac-
5 quire the species and quantities of wild stock in the state specified
6 in the permit for the purposes of supplying stock to

7 (1) an aquatic farm or hatchery required to have a permit
8 under AS 16.40.100;

9 (2) the department; or

10 (3) sources outside of the state.

11 (c) The commissioner shall specify the expiration date of an
12 acquisition permit and may attach conditions to an acquisition permit,
13 including conditions relating to the time, place, and manner of har-
14 vest. Size, gear, place, time, licensing, and other limitations
15 applicable to sport, commercial, or subsistence harvest of aquatic
16 plants and aquatic animals do not apply to a harvest with a permit
17 issued under this section. The commissioner of fish and game shall
18 issue or deny a permit within 30 days after receiving an application.

19 (d) The commissioner shall deny or restrict a permit under this
20 section upon finding that the proposed harvest will impair sustained
21 yield of the species. The commissioner may deny or restrict a permit
22 under this section upon finding that the proposed harvest will
23 unreasonably disrupt established uses of the resources by commercial,
24 sport, personal use, or subsistence users. The commissioner shall
25 forward to the Board of Fisheries for action permit applications for
26 species that support commercial fisheries subject to limited entry
27 under AS 16.43. A denial of the permit by the commissioner must
28 contain the factual basis for the findings.

29 (e) The Board of Fisheries may adopt regulations for the

1 conservation, maintenance, and management of species for which an
2 acquisition permit is required.

3 (f) Except as provided in (d) of this section, the commissioner
4 shall issue a permit if

5 (1) wild stock is necessary to meet the initial needs of
6 farm or hatchery stock;

7 (2) there are technological limitations on the propagation
8 of cultured stock for the species sought;

9 (3) wild stock sought is not fully utilized by commercial,
10 sport, personal use, or subsistence fisheries; or

11 (4) wild stock is needed to maintain the gene pool of a
12 hatchery or aquatic farm.

13 (g) Aquatic plants and aquatic animals acquired under a permit
14 issued under this section become the property of the permit holder and
15 are no longer a public or common resource.

16 Sec. 16.40.130. IMPORTATION OF AQUATIC PLANTS OR AQUATIC ANIMALS
17 FOR STOCK. A person may not import into the state an aquatic plant or
18 aquatic animal for the purpose of supplying stock to an aquatic farm
19 or hatchery unless authorized by a regulation of the Board of Fisher-
20 ies.

21 Sec. 16.40.140. LIMITATION ON SALE, TRANSFER OF STOCK, AND
22 PRODUCTS. (a) A private hatchery required to have a permit under
23 AS 16.40.100 may sell or transfer stock from the hatchery only to an
24 aquatic farm or other hatchery that has a permit issued under AS 16.-
25 40.100, except that bivalve shellfish spat may also be sold or offered
26 for sale to an aquatic farm or related hatchery outside of the state.

27 (b) Stock may not be transferred to or from an aquatic farm or
28 hatchery required to have a permit under AS 16.40.100 without prior
29 notice of the transfer to the commissioner. A notice of transfer

1 shall be submitted at least 45 days before the proposed date of trans-
2 fer.

3 (c) A notice of transfer must be accompanied by a report of a
4 health inspection of the stock. The department shall conduct the
5 inspection or contract with a disease diagnostician to conduct the
6 inspection. The cost of inspection shall be borne by the department.

7 (d) The department may restrict or disapprove a transfer of
8 stock if it finds that the transfer would present a risk of spreading
9 disease.

10 (e) A person may not sell, transfer, or offer to sell or trans-
11 fer, or knowingly purchase or receive, an aquatic farm product grown
12 or propagated in the state unless the product was grown or propagated
13 on a farm with a permit issued under AS 16.40.100. The permit must be
14 in effect at the time of the sale, transfer, purchase, receipt, or
15 offer.

16 Sec. 16.40.150. DISEASE CONTROL AND INSPECTION. (a) The de-
17 partment shall order the quarantine or the destruction and disposal of
18 diseased hatchery stock or of aquatic farm products when necessary to
19 protect wild stock. A holder of a permit issued under AS 16.40.100
20 shall report to the department an outbreak or incidence of disease
21 among stock or aquatic farm products of the permit holder within 48
22 hours after discovering the outbreak or incidence.

23 (b) A holder of a permit issued under AS 16.40.100 shall allow
24 the department to inspect the permit holder's farm or hatchery during
25 operating hours and upon reasonable notice. The cost of inspection
26 shall be borne by the department.

27 (c) The department shall develop a disease management and cor-
28 trol program for aquatic farms and hatcheries.

29 (d) The department may enter into an agreement with a state or

1 federal agency or a private, state-certified provider to provide ser-
2 vices under (b) and (c) of this section, or inspections under AS 16.-
3 40.110(b).

4 Sec. 16.40.160. REGULATIONS. The commissioner may adopt regu-
5 lations necessary to implement AS 16.40.100 - 16.40.199.

6 Sec. 16.40.170. PENALTY. A person who violates a provision of
7 AS 16.40.100 - 16.40.199, a regulation adopted under AS 16.40.100 -
8 16.40.199, or a term or condition of a permit issued under AS 16.40.-
9 100 - 16.40.199, is guilty of a class B misdemeanor.

10 Sec. 16.40.199. DEFINITIONS. In AS 16.40.100 - 16.40.199

11 (1) "aquatic animal" means shellfish or finfish;

12 (2) "aquatic farm" means a facility that grows, farms, or
13 cultivates aquatic farm products in captivity or under positive con-
14 trol;

15 (3) "aquatic farm product" means an aquatic plant or
16 aquatic animal, or part of an aquatic plant or aquatic animal, that is
17 propagated, farmed, or cultivated in an aquatic farm and sold or
18 offered for sale;

19 (4) "aquatic plant" means a plant indigenous to state water
20 or that is authorized to be imported into the state under a permit
21 issued by the commissioner;

22 (5) "commissioner" means the commissioner of fish and game;

23 (6) "hatchery" means a facility for the artificial propa-
24 gation of stock, including rearing of juvenile aquatic plants or
25 aquatic animals;

26 (7) "positive control" means, for mobile species, enclosed
27 within a natural or artificial escape-proof barrier; for species with
28 limited or no mobility, such as a bivalve or an aquatic plant, "posi-
29 tive control" also includes managed cultivation in unenclosed water;

1 (8) "shellfish" means a species of crustacean, mollusk, or
2 other invertebrate, in any stage of its life cycle, that is indigenous
3 to state water or that is authorized to be imported into the state
4 under a permit issued by the commissioner;

5 (9) "stock" means live aquatic plants or aquatic animals
6 acquired, collected, possessed, or intended for use by a hatchery or
7 aquatic farm for the purpose of further growth or propagation.

8 * Sec. 3. AS 03.05.011(a) is amended to read:

9 (a) To carry out the requirements of this title, the commis-
10 sioner of environmental conservation may issue orders, regulations,
11 permits, quarantines, and embargoes relating to

12 (1) examination and inspection of premises containing
13 products, articles, and commodities carrying pests;

14 (2) establishment of quarantines for eradication of pests;

15 (3) establishment of standards and labeling requirements
16 pertaining to the sale of meat, fish, and poultry;

17 (4) tests and analyses which may be made and hearings which
18 may be held to determine whether the commissioner will issue a stop
19 order or quarantine;

20 (5) cooperation with federal and other state agencies;

21 (6) regulation of fur farming; for purposes of this para-
22 graph, "fur farming" means the raising of and caring for animals for
23 the purpose of marketing their fur, or animals themselves for breeding
24 stock;

25 (7) examination and inspection of meat, fish, and poultry
26 advertised for sale or sold to the public;

27 (8) enforcement of quality assurance plans developed in
28 cooperation with appropriate industry representatives;

29 (9) establishment of standards and conditions for the

1 operation and siting of aquatic farms and related hatcheries, includ-
2 ing

3 (A) restrictions on the use of chemicals; and

4 (B) requirements to protect the public from contami-
5 nated aquatic farm products that pose a risk to health;

6 (10) monitoring aquatic farms and aquatic farm products to
7 ensure compliance with this chapter and with the requirements of the
8 national shellfish sanitation program manual of operations published
9 by the Food and Drug Administration.

10 * Sec. 4. AS 03.05.020(a) is amended to read:

11 (a) The commissioner shall

12 (1) require routine inspection of food animals, fish,
13 poultry and derivative food products, to protect the public against
14 fraud, disease and spoilage, and in this connection adopt uniform
15 regulations establishing standards of identity and composition of
16 these food products and minimum standards of sanitation and handling
17 methods as to all phases of slaughtering, processing, storing, trans-
18 porting, displaying and selling of these food products;

19 (2) issue orders or cause the orders to be issued by an
20 authorized veterinarian prohibiting transportation and sale of food
21 products intended for human consumption which do not meet the minimum
22 requirements established under (1) of this subsection, and limiting
23 their use and disposal in conformity with protection of the public;

24 (3) adopt a schedule of fees or charges, and credit pro-
25 visions, for services rendered by state veterinarians to farmers and
26 others at their request in caring for livestock and poultry, and all
27 the fees shall be transmitted to the commissioner for deposit in the
28 state treasury;

29 (4) designate points of entry for admission of livestock or

1 poultry into the state, and arrange inspection at those points with or
2 without collaboration and assistance of the federal government, and
3 bar entry of stock or poultry not shipped under a valid permit or not
4 free from contagious or infectious disease;

5 (5) adopt, repeal, and amend regulations consistent with
6 existing law for

7 (A) the labeling and grading of milk and milk products
8 and standards of cleanliness and sanitation, to at least the
9 minimum of current recommendations of the United States Public
10 Health Service, for the operation of dairies selling, or offering
11 for sale, milk or milk products;

12 (B) the production and sale of ice cream and allied
13 frozen desserts;

14 (C) the production and sale of imitation milk and
15 imitation milk products;

16 (D) the labeling of aquatic farm products as aquatic
17 farm products.

18 * Sec. 5. AS 03.05.040(a) is amended to read:

19 (a) On any business day during the usual hours of business the
20 commissioner or an authorized inspector may, for the purpose of in-
21 specting agricultural, [OR] fisheries, or aquatic farm products or
22 aquatic farm sites subject to regulation, enter a storehouse, ware-
23 house, cold storage plant, packing house, slaughterhouse, retail store
24 or other building or place where those products are kept, stored,
25 processed or sold.

26 * Sec. 6. AS 03.05.100 is amended to read:

27 Sec. 03.05.100. DEFINITIONS. In this chapter,

28 (1) "agricultural products" does not include fish or fish-
29 eries products;

1 (2) "aquatic farm" and "aquatic farm product" have the
2 meanings given in AS 16.40.199;

3 (3) "fish or fisheries products" means any aquatic animal,
4 including amphibians, or aquatic plants or parts of those plants,
5 animals or amphibians that are usable as human food.

6 * Sec. 7. AS 16.05.050 is amended by adding a new paragraph to read:

7 (17) to permit and regulate aquatic farming in the state in
8 a manner that ensures the protection of the state's fish and game
9 resources and improves the economy, health, and well-being of the
10 citizens of the state;

11 * Sec. 8. AS 16.05.251 is amended by adding a new subsection to read:

12 (f) Except as expressly provided in AS 16.40.120(d) and 16.40.-
13 130, the Board of Fisheries may not adopt regulations or take action
14 regarding the issuance, denial, or conditioning of a permit under
15 AS 16.40.100 or 16.40.120, the construction or operation of a farm or
16 hatchery required to have a permit under AS 16.40.100, or a harvest
17 with a permit issued under AS 16.40.120. Regulations or orders adopt-
18 ed by the Board of Fisheries under this section do not apply to a
19 harvest with a permit issued under AS 16.40.120.

20 * Sec. 9. AS 16.05.330(a) is amended to read:

21 (a) Except as otherwise permitted in this chapter, a person may
22 not engage in sport fishing, including the taking of razor clams; in
23 hunting, trapping, or fur dealing; in the farming of [FISH,] fur [,]
24 or game; or in taxidermy, without having the appropriate license or
25 tag in actual possession.

26 * Sec. 10. AS 16.05.930 is amended by adding a new subsection to read:

27 (g) AS 16.05.330 - 16.05.720 do not apply to an activity au-
28 thorized by a permit issued under AS 16.40.100 or 16.40.120, or to a
29 person or vessel employed in an activity authorized by a permit issued

1 under AS 16.40.100 or 16.40.120.

2 * Sec. 11. AS 16.05.940(14) is amended to read:

3 (14) "[FISH OR] game farming" means the business of prop-
4 agating, breeding, raising, or producing [FISH OR] game in captivity
5 for the purpose of marketing the [FISH OR] game or game [THEIR] prod-
6 ucts, and "captivity" means having the [FISH OR] game under positive
7 control, as in a pen [, POND,] or an area of land that [OR WATER
8 WHICH] is completely enclosed by a generally escape-proof barrier;

9 * Sec. 12. AS 16.10 is amended by adding a new section to read:

10 Sec. 16.10.269. LIMITATIONS. AS 16.10.265 - 16.10.267 do not
11 apply to the purchase or sale of aquatic farm products from a holder
12 of a permit issued under AS 16.40.100 or stock from a holder of a
13 permit issued under AS 16.40.120.

14 * Sec. 13. AS 16.10.400 is amended by adding a new subsection to read:

15 (h) AS 16.10.400 - 16.10.475 do not apply to the construction or
16 operation of a private hatchery that has a permit issued under AS 16.-
17 40.100.

18 * Sec. 14. AS 16.43.140 is amended by adding a new subsection to read:

19 (d) This chapter does not apply to activities authorized by a
20 permit issued under AS 16.40.100 or 16.40.120.

21 * Sec. 15. AS 16.51.180(5) is amended to read:

22 (5) "seafood" means finfish, shellfish, and fish by-prod-
23 ucts, including but not limited to salmon, halibut, herring, flounder,
24 crab, clam, cod, shrimp, and pollock, but does not include aquatic
25 farm products as defined in AS 16.40.199;

26 * Sec. 16. AS 38.05 is amended by adding a new section to read:

27 Sec. 38.05.083. AQUATIC FARMING AND HATCHERY SITE LEASES. (a)
28 The commissioner may offer to the public for lease a site that has
29 been developed for aquatic farming or related hatchery operations

1 under a permit issued under AS 38.05.856. Before offering the site to
2 the public, the commissioner shall offer the site to the permittee.

3 (b) A site shall be leased under this section for not less than
4 the appraised fair market value of the lease. The value of the lease
5 shall be reappraised every five years.

6 (c) A lease under this section may be assigned, but if the
7 assignee changes the use of the site the lease reverts to the state.

8 (d) Before entering into a lease under this section, the commis-
9 sioner shall require the lessee to post a performance bond or provide
10 other security to cover the costs to the department of restoring the
11 leased site in the event the lessee abandons the site.

12 * Sec. 17. AS 38.05 is amended by adding a new section to read:

13 Sec. 38.05.856. TIDELAND AND LAND USE PERMITS FOR AQUATIC FARM-
14 ING. (a) The commissioner may issue a tideland or land use permit
15 for the establishment and operation of an aquatic farm and related
16 hatchery operations. A permit under this section is valid for three
17 years after the date of issuance. The permit may not be transferred.

18 (b) Before issuing or renewing a permit under this section, the
19 commissioner shall allow interested persons to submit written or oral
20 testimony concerning the issuance or renewal to the commissioner
21 within 30 days after the date of the notice. The commissioner may
22 hold a hearing to take testimony.

23 (c) Before issuing or renewing a permit under this section, the
24 commissioner shall consider all relevant testimony submitted under
25 this section. The commissioner may deny the application for issuance
26 or renewal for good cause, but shall provide the applicant with writ-
27 ten findings that explain the reason for the denial.

28 (d) Before issuing or renewing a permit under this section, the
29 commissioner shall require the permittee to post a performance bond or

1 provide other security to cover the costs to the department of restor-
2 ing the permitted site in the event the permittee abandons the site.

3 (e) The commissioner shall adopt regulations establishing crite-
4 ria for the approval or denial of permits under this section and for
5 limiting the number of sites for which permits may be issued in an
6 area in order to protect the environment and natural resources of the
7 area. The regulations must provide for the consideration of upland
8 management policies and whether the proposed use of a site is compati-
9 ble with the traditional and existing uses of the area in which the
10 site is located.

11 * Sec. 18. AS 38.05.945(a) is amended to read:

12 (a) This section establishes the requirements for notice given
13 by the department for the following actions:

14 (1) classification or reclassification of state land under
15 AS 38.05.300 and the closing of land to mineral leasing or entry under
16 AS 38.05.185;

17 (2) zoning of land under applicable law;

18 (3) a decision under AS 38.05.035(e) regarding the sale,
19 lease, or disposal of an interest in state land or resources; [AND]

20 (4) a competitive disposal of an interest in state land or
21 resources after final decision under AS 38.05.035(e);

22 (5) a public hearing under AS 38.05.856(b).

23 * Sec. 19. AS 38.05.945 is amended by adding a new subsection to read:

24 (g) Notice at least 30 days before action under (a)(5) or (6)
25 shall be given to appropriate

26 (1) regional fish and game councils established under
27 AS 16.05.260; and

28 (2) coastal resource service areas organized under AS 46.-
29 40.110 - 46.40.210.

1 * Sec. 20. AS 16.05.340(a)(14) is repealed.

2 * Sec. 21. Notwithstanding any other provisions of law, a person who is
3 lawfully operating an aquatic farm or related hatchery in the state on the
4 effective date of this Act is entitled to continue lawful operations at the
5 existing site. The person may obtain an initial lease or permit for the
6 person's existing operations under AS 38.05.083 or 38.05.856, enacted by
7 secs. 16 and 17 of this Act, but as a condition of obtaining the lease or
8 permit the person must agree that during the term of the lease or permit
9 the person will not change the use of the site.

10 * Sec. 22. LAND MANAGEMENT REPORT REQUIRED. The commissioner of natu-
11 ral resources shall submit to the legislature not later than January 30,
12 1989, a report detailing the department's implementation of AS 38.05.083
13 and 38.05.856, enacted by secs. 16 and 17 of this Act. The report must
14 include

15 (1) the number of applications received under AS 38.05.083 and
16 38.05.856, and the number of leases and permits issued, according to type
17 of aquatic farm product;

18 (2) the restrictions attached to permits and leases;

19 (3) a discussion of the system the department implements for
20 issuing leases and tideland and land use permits;

21 (4) the level of public involvement in the issuance process; and

22 (5) a discussion of how the program is working, and the depart-
23 ment's plans for modifications of the program.

24 * Sec. 23. This Act takes effect immediately under AS 01.10.070(c).
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1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 SENATE BILL NO. 482

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the farming of aquatic plants and
7 aquatic animals; prohibiting the aquatic farming of
8 finfish in saltwater; and providing for an effective
9 date."

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

11 * Section. 1. AS 16.40 is amended by adding new sections to read:

12 ARTICLE 2. AQUATIC FARMING.

13 Sec. 16.40.100. AQUATIC FARM AND HATCHERY PERMITS. (a) A
14 person may not, without a permit from the commissioner, construct or
15 operate

16 (1) an aquatic farm; or

17 (2) a hatchery for the purpose of supplying aquatic plants
18 or aquatic animals to an aquatic farm.

19 (b) A permit issued under this section authorizes the permittee,
20 subject to the conditions of AS 16.40.100 - 16.40.199, to acquire,
21 purchase, offer to purchase, transfer, possess, sell, and offer to
22 sell stock and aquatic farm products that are used or reared at the
23 hatchery or aquatic farm.

24 (c) The commissioner, after consulting with the commissioner of
25 environmental conservation, may attach conditions to a permit issued
26 under this section that are necessary to protect the public health or
27 natural stock.

28 (d) A permit issued under this section is nontransferable.

29 (e) Notwithstanding other provisions of law, the commissioner
S

1 may not issue a permit under this section for the farming of, or
2 hatchery operations involving, finfish in saltwater.

3 Sec. 16.40.105. CRITERIA FOR ISSUANCE OF PERMITS. The commis-
4 sioner shall issue permits under AS 16.40.100 on the basis of the
5 following criteria:

6 (1) the biological and environmental suitability of the
7 site for the proposed aquatic farm or hatchery;

8 (2) the ability of the permit applicant to establish and
9 operate the aquatic farm or hatchery without

10 (A) adversely affecting the department's management of
11 wild stocks;

12 (B) requiring substantial alterations in traditional
13 fisheries and other existing uses of fish and wildlife resources;
14 or

15 (C) adversely affecting wild stocks of fish or wild-
16 life, or their habitats.

17 Sec. 16.40.110. PERMIT APPLICATION AND RENEWAL. (a) An appli-
18 cant for an aquatic farming or hatchery permit required under AS 16.-
19 40.100 shall apply on a form prescribed by the commissioner. An
20 application for a permit must include a plan for the development of
21 the aquatic farm or hatchery, which must be approved by the commis-
22 sioner before the permit is issued.

23 (b) An application for renewal must be accompanied by fees re-
24 quired by the commissioner, a report of a health inspection of the
25 farm or hatchery covered by the permit, and evidence that satisfies
26 the commissioner that the applicant has complied with the development
27 plan required under (a) of this section. The department shall conduct
28 the inspection or contract with a disease diagnostician to conduct the
29 inspection. The inspection shall be conducted not more than 30 days

1 before the application is submitted to the department.

2 Sec. 16.40.120. AQUATIC FARM STOCK ACQUISITION PERMITS. (a) A
3 person may not acquire aquatic plants or aquatic animals from wild
4 stock in the state for the purpose of supplying stock to an aquatic
5 farm or hatchery required to have a permit under AS 16.40.100 unless
6 the person holds an acquisition permit from the commissioner.

7 (b) An acquisition permit authorizes the permit holder to ac-
8 quire the species and quantities of wild stock in the state specified
9 in the permit for the purpose of supplying stock to an aquatic farm or
10 hatchery required to have a permit under AS 16.40.100.

11 (c) The commissioner shall specify the expiration date of an
12 acquisition permit and may attach conditions to an acquisition permit,
13 including conditions relating to the time, place, and manner of har-
14 vest. Size, gear, place, time, licensing, and other limitations
15 applicable to sport, commercial, or subsistence harvest of aquatic
16 plants and aquatic animals do not apply to a harvest with a permit
17 issued under this section. The commissioner of fish and game shall
18 issue or deny a permit within 30 days after receiving an application.

19 (d) The commissioner shall deny or restrict a permit under this
20 section upon finding that the proposed harvest will substantially
21 impair sustained yield of the species. The commissioner may deny or
22 restrict a permit under this section upon finding that the proposed
23 harvest will significantly disrupt established uses of the resources
24 by commercial, sport, personal use, or subsistence users. The commis-
25 sioner shall forward to the Board of Fisheries for action permit
26 applications for species that support commercial fisheries subject to
27 limited entry under AS 16.43. A denial of the permit by the commis-
28 sioner must contain the factual basis for the findings. The commis-
29 sioner shall forward denied permit applications to the Board of

1 Fisheries for consideration at the next regularly scheduled meeting of
2 the board.

3 (e) Except as provided in (d) of this section, the commissioner
4 shall issue a permit if

5 (1) wild stock is necessary to meet the initial needs of
6 farm or hatchery stock;

7 (2) there are technological limitations on the propagation
8 of cultured stock for the species sought;

9 (3) wild stock sought is not fully utilized by commercial,
10 sport, personal use, or subsistence fisheries; or

11 (4) wild stock is needed to maintain the gene pool of a
12 hatchery or aquatic farm.

13 (f) Aquatic plants and aquatic animals acquired under a permit
14 issued under this section become the property of the permit holder and
15 are no longer a public or common resource.

16 Sec. 16.40.130. IMPORTATION OF AQUATIC PLANTS OR SHELLFISH FOR
17 STOCK. A person may not import into the state an aquatic plant or
18 aquatic animal for the purpose of supplying stock to an aquatic farm
19 or hatchery unless authorized by the commissioner or by a regulation
20 of the Board of Fisheries.

21 Sec. 16.40.140. LIMITATION ON SALE, TRANSFER OF STOCK, AND
22 PRODUCTS. (a) A private hatchery required to have a permit under
23 AS 16.40.100 may sell or transfer stock from the hatchery only to an
24 aquatic farm or other hatchery that has a permit issued under AS 16.-
25 40.100.

26 (b) Stock may not be transferred to or from an aquatic farm or
27 hatchery required to have a permit under AS 16.40.100 without prior
28 notice of the transfer to the commissioner. A notice of transfer
29 shall be submitted at least 30 days before the proposed date of

1 transfer.

2 (c) A notice of transfer must be accompanied by a report of a
3 health inspection of the stock. The department shall conduct the
4 inspection or contract with a disease diagnostician to conduct the
5 inspection. The cost of inspection shall be borne by the department.

6 (d) The department may restrict or disapprove a transfer of
7 stock if it finds that the transfer would present a substantial risk
8 of spreading disease.

9 (e) A person may not sell, transfer, or offer to sell or trans-
10 fer, or knowingly purchase or receive, an aquatic farm product grown
11 or propagated in the state unless the product was grown or propagated
12 on a farm with a permit issued under AS 16.40.100. The permit must be
13 in effect at the time of the sale, transfer, purchase, receipt, or
14 offer.

15 Sec. 16.40.150. DISEASE CONTROL AND INSPECTION. (a) The de-
16 partment shall order the quarantine or the destruction and disposal of
17 diseased hatchery stock or of aquatic farm products when necessary to
18 protect wild stock. A holder of a permit issued under AS 16.40.100
19 shall report to the department an outbreak or incidence of disease
20 among stock or aquatic farm products of the permit holder.

21 (b) A holder of a permit issued under AS 16.40.100 shall allow
22 the department to inspect the permit holder's farm or hatchery during
23 operating hours and upon reasonable notice. The cost of inspection
24 shall be borne by the department.

25 (c) The department shall develop a disease management and con-
26 trol program for aquatic farms and hatcheries.

27 (d) The department may enter into an agreement with a state or
28 federal agency or a private provider to provide services under (b) and
29 (c) of this section, or inspections under AS 16.40.110(b).

1 Sec. 16.40.160. REGULATIONS. The commissioner may adopt regu-
2 lations necessary to implement AS 16.40.100 - 16.40.199.

3 Sec. 16.40.170. PENALTY. A person who violates a provision of
4 AS 16.40.100 - 16.40.199, a regulation adopted under AS 16.40.100 -
5 16.40.199, or a term or condition of a permit issued under AS 16.40.-
6 100 - 16.40.199, is guilty of a class B misdemeanor.

7 Sec. 16.40.199. DEFINITIONS. In AS 16.40.100 - 16.40.199

8 (1) "aquatic farm" means a facility that grows, farms, or
9 cultivates aquatic farm products in captivity or under positive con-
10 trol;

11 (2) "aquatic farm product" means an aquatic plant, finfish,
12 shellfish, or other aquatic animal, or part of an aquatic plant or
13 aquatic animal, that is propagated, farmed, or cultivated in an
14 aquatic farm and sold or offered for sale for the purpose of consump-
15 tion;

16 (3) "aquatic plant" means a plant indigenous to state water
17 or that is authorized to be imported into the state under a permit
18 issued by the commissioner;

19 (4) "commissioner" means the commissioner of fish and game;

20 (5) "hatchery" means a facility for the artificial incu-
21 bation of stock, including rearing of juvenile aquatic plants or
22 aquatic animals;

23 (6) "positive control" means, for mobile species, enclosed
24 within a natural or artificial escape-proof barrier; for species with
25 limited or no mobility, such as a bivalve or an aquatic plant, "posi-
26 tive control" also includes managed cultivation in unenclosed water;

27 (7) "shellfish" means a species of crustacean, mollusk, or
28 other invertebrate, in any stage of its life cycle, that is indigenous
29 to state water or that is authorized to be imported into the state

1 under a permit issued by the commissioner;

2 (8) "stock" means live aquatic plants or aquatic animals
3 acquired, collected, possessed, or intended for use by a hatchery or
4 aquatic farm for the purpose of further growth or propagation.

5 * Sec. 2. AS 03.05.011(a) is amended to read:

6 (a) To carry out the requirements of this title, the commis-
7 sioner of environmental conservation may issue orders, regulations,
8 permits, quarantines, and embargoes relating to

9 (1) examination and inspection of premises containing
10 products, articles, and commodities carrying pests;

11 (2) establishment of quarantines for eradication of pests;

12 (3) establishment of standards and labeling requirements
13 pertaining to the sale of meat, fish, and poultry;

14 (4) tests and analyses which may be made and hearings which
15 may be held to determine whether the commissioner will issue a stop
16 order or quarantine;

17 (5) cooperation with federal and other state agencies;

18 (6) regulation of fur farming; for purposes of this para-
19 graph, "fur farming" means the raising of and caring for animals for
20 the purpose of marketing their fur, or animals themselves for breeding
21 stock;

22 (7) examination and inspection of meat, fish, and poultry
23 advertised for sale or sold to the public;

24 (8) enforcement of quality assurance plans developed in
25 cooperation with appropriate industry representatives;

26 (9) establishment of standards and conditions of operation
27 for aquatic farms and related hatcheries, including

28 (A) restrictions on the use of chemicals; and

29 (B) requirements to protect the public from

1 contaminants that pose a risk to health.

2 * Sec. 3. AS 03.05.020(a) is amended to read:

3 (a) The commissioner shall

4 (1) require routine inspection of food animals, fish,
5 poultry and derivative food products, to protect the public against
6 fraud, disease and spoilage, and in this connection adopt uniform
7 regulations establishing standards of identity and composition of
8 these food products and minimum standards of sanitation and handling
9 methods as to all phases of slaughtering, processing, storing, trans-
10 porting, displaying and selling of these food products;

11 (2) issue orders or cause the orders to be issued by an
12 authorized veterinarian prohibiting transportation and sale of food
13 products intended for human consumption which do not meet the minimum
14 requirements established under (1) of this subsection, and limiting
15 their use and disposal in conformity with protection of the public;

16 (3) adopt a schedule of fees or charges, and credit pro-
17 visions, for services rendered by state veterinarians to farmers and
18 others at their request in caring for livestock and poultry, and all
19 the fees shall be transmitted to the commissioner for deposit in the
20 state treasury;

21 (4) designate points of entry for admission of livestock or
22 poultry into the state, and arrange inspection at those points with or
23 without collaboration and assistance of the federal government, and
24 bar entry of stock or poultry not shipped under a valid permit or not
25 free from contagious or infectious disease;

26 (5) adopt, repeal, and amend regulations consistent with
27 existing law for

28 (A) the labeling and grading of milk and milk products
29 and standards of cleanliness and sanitation, to at least the

1 minimum of current recommendations of the United States Public
2 Health Service, for the operation of dairies selling, or offering
3 for sale, milk or milk products;

4 (B) the production and sale of ice cream and allied
5 frozen desserts;

6 (C) the production and sale of imitation milk and
7 imitation milk products;

8 (D) the labeling of aquatic farm products as aquatic
9 farm products;

10 (6) monitor aquatic farms that hold permits under AS 16.-
11 40.100 to ensure compliance with the requirements of the national
12 shellfish sanitation program manual of operations published by the
13 Food and Drug Administration.

14 * Sec. 4. AS 03.05.040(a) is amended to read:

15 (a) On any business day during the usual hours of business the
16 commissioner or an authorized inspector may, for the purpose of in-
17 specting agricultural, [OR] fisheries, or aquatic farm products or
18 aquatic farm sites subject to regulation, enter a storehouse, ware-
19 house, cold storage plant, packing house, slaughterhouse, retail store
20 or other building or place where those products are kept, stored,
21 processed or sold.

22 * Sec. 5. AS 03.05.100 is amended to read:

23 Sec. 03.05.100. DEFINITIONS. In this chapter,

24 (1) "agricultural products" does not include fish or fish-
25 eries products;

26 (2) "aquatic farm" and "aquatic farm product" have the
27 meanings given in AS 16.40.199;

28 (3) "fish or fisheries products" means any aquatic animal,
29 including amphibians, or aquatic plants or parts of those plants,

1 animals or amphibians that are usable as human food.

2 * Sec. 6. AS 16.05.050 is amended by adding a new paragraph to read:

3 (17) to permit and regulate aquatic farming in the state in
4 a manner that ensures the protection of the state's fish and game
5 resources and improves the economy, health, and well-being of the
6 citizens of the state;

7 * Sec. 7. AS 16.05.251 is amended by adding a new subsection to read:

8 (f) Except as expressly provided in AS 16.40.120(d) and 16.40.-
9 130, the Board of Fisheries may not adopt regulations or take action
10 regarding the issuance, denial, or conditioning of a permit under
11 AS 16.40.100 or 16.40.120, the construction or operation of a farm or
12 hatchery required to have a permit under AS 16.40.100, or a harvest
13 with a permit issued under AS 16.40.120. Regulations or orders adopt-
14 ed by the Board of Fisheries under this section do not apply to a
15 harvest with a permit issued under AS 16.40.120.

16 * Sec. 8. AS 16.05.330(a) is amended to read:

17 (a) Except as otherwise permitted in this chapter, a person may
18 not engage in sport fishing, including the taking of razor clams; in
19 hunting, trapping, or fur dealing; in the farming of [FISH,] fur [,]
20 or game; or in taxidermy, without having the appropriate license or
21 tag in actual possession.

22 * Sec. 9. AS 16.05.930 is amended by adding a new subsection to read:

23 (g) AS 16.05.330 - 16.05.720 do not apply to an activity au-
24 thorized by a permit issued under AS 16.40.100 or 16.40.120, or to a
25 person or vessel employed in an activity authorized by a permit issued
26 under AS 16.40.100 or 16.40.120.

27 * Sec. 10. AS 16.05.940(14) is amended to read:

28 (14) "[FISH OR] game farming" means the business of prop-
29 agating, breeding, raising, or producing [FISH OR] game in captivity

1 for the purpose of marketing the [FISH OR] game or game [THEIR] prod-
2 ucts, and "captivey" means having the [FISH OR] game under positive
3 control, as in a pen [, POND,] or an area of land that [OR WATER
4 WHICH] is completely enclosed by a generally escape-proof barrier;

5 * Sec. 11. AS 16.10 is amended by adding a new section to read:

6 Sec. 16.10.269. LIMITATIONS. AS 16.10.265 - 16.10.267 do not
7 apply to the purchase or sale of aquatic farm products from a holder
8 of a permit issued under AS 16.40.100 or stock from a holder of a
9 permit issued under AS 16.40.120.

10 * Sec. 12. AS 16.10.400 is amended by adding a new subsection to read:

11 (h) AS 16.10.400 - 16.10.475 do not apply to the construction or
12 operation of a private hatchery that has a permit issued under AS 16.-
13 40.100.

14 * Sec. 13. AS 16.43.140 is amended by adding a new subsection to read:

15 (d) This chapter does not apply to activities authorized by a
16 permit issued under AS 16.40.100 or 16.40.120.

17 * Sec. 14. AS 16.51.180(5) is amended to read:

18 (5) "seafood" means finfish, shellfish, and fish by-prod-
19 ucts, including but not limited to salmon, halibut, herring, flounder,
20 crab, clam, cod, shrimp, and pollock, but does not include aquatic
21 farm products as defined in AS 16.40.199;

22 * Sec. 15. AS 38.05 is amended by adding a new section to read:

23 Sec. 38.05.083. AQUATIC FARMING AND HATCHERY SITE LEASES. (a)
24 The commissioner may offer to the public for lease a site that has
25 been developed for aquatic farming or related hatchery operations
26 under a permit issued under AS 38.05.856. Before offering the site to
27 the public, the commissioner shall offer the site to the permittee.

28 (b) A site shall be leased under this section for not less than
29 the appraised fair market value of the lease. The value of the lease

1 shall be reappraised every five years.

2 (c) A lease under this section may be assigned, but if the
3 assignee changes the use of the site the lease reverts to the state.

4 (d) Before entering into a lease under this section, the commis-
5 sioner shall require the lessee to post a performance bond or provide
6 other security to cover the costs to the department of restoring the
7 leased site in the event the lessee abandons the site.

8 * Sec. 16. AS 38.05 is amended by adding a new section to read:

9 Sec. 38.05.856. TIDELAND AND LAND USE PERMITS FOR AQUATIC FARM-
10 ING. (a) The commissioner may issue a tideland or land use permit
11 for the establishment and operation of an aquatic farm and related
12 hatchery operations for not less than the appraised fair market value
13 of the permit. The value of the permit shall be reappraised every
14 five years.

15 (b) A permit under this section is valid for five years after
16 the date of issuance. The permit may not be transferred.

17 (c) Before issuing or renewing a permit under this section, the
18 commissioner shall require the applicant to (1) provide a copy of the
19 application to newspapers, radio and television stations for public
20 service announcement or (2) to provide paid notice of the application
21 once each week for three successive weeks in a newspaper or by radio.
22 The notice required in this subsection must be in more than one lan-
23 guage if the commissioner decides it is necessary. The notice must
24 state that interested persons may submit written and oral testimony
25 concerning the issuance or renewal to the commissioner within 30 days
26 after the date of the notice. The commissioner may hold a hearing if
27 necessary to take testimony.

28 (d) Before issuing or renewing a permit under this section, the
29 commissioner shall consider all relevant testimony submitted. Based

1 on the the testimony or other good cause, the commissioner may deny
2 the application for issuance or renewal, but must provide the appli-
3 cant with written findings that explain the reason for the denial.

4 (e) Before issuing or renewing a permit under this section, the
5 commission shall require the permittee to post a performance bond or
6 provide other security to cover the costs to the department of restor-
7 ing the permitted site in the event the permittee abandons the site.

8 (f) The commissioner shall adopt regulations establishing crite-
9 ria for the approval or denial of permits under this section and for
10 limiting the number of sites for which permits may be issued in an
11 area in order to protect the economy, environment, and natural
12 resources of the area.

13 * Sec. 17. AS 16.05.340(a)(14) is repealed.

14 * Sec. 18. Except as provided in sec. 20 of this Act, the commissioner
15 of fish and game may not issue a permit under AS 16.40.100 or 16.40.120,
16 enacted by sec. 1 of this Act, until regulations have been adopted under
17 AS 16.40.160, enacted by sec. 1 of this Act.

18 * Sec. 19. Except as provided in sec. 20 of this Act, the commissioner
19 of natural resources may not enter into a lease under AS 38.05.083 or issue
20 a permit under AS 38.05.856, enacted by secs. 15 and 16 of this Act, until
21 the commissioner adopts regulations necessary for the implementation of
22 AS 38.05.083 and 38.05.856.

23 * Sec. 20. Notwithstanding any other provisions of law, a person who is
24 lawfully operating an aquatic farm or related hatchery in the state on the
25 effective date of this Act is entitled to continue lawful operations at the
26 existing site. The person may obtain an initial lease or permit for the
27 person's existing operations under AS 38.05.083 or 38.05.856, enacted by
28 secs. 15 and 16 of this Act, but as a condition of obtaining the lease or
29 permit the person must agree that during the term of the lease or permit

1 the person will not expand operations beyond the scope allowed under the
2 existing permit.

3 * Sec. 21. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

CSBB 482 / SB 514
BILL VERSION: SB 482
PUBLISH DATE: SENATE 4/28/88
RK
AB-1

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Farming of Aquatic Plants and
Animals -- Finfish Prohibition
Sponsor: Resources Committee
Requestor: _____

Agency Affected: Office of the Governor
BRU: Division of Governmental
Coordination
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		49.8	99.5	99.5	99.5	99.5
TRAVEL		2.0	4.0	4.0	4.0	4.0
CONTRACTUAL		3.0	4.0	2.0	2.0	2.0
SUPPLIES		0.5	1.0	1.0	1.0	1.0
EQUIPMENT		3.5	3.5			
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		58.8	112.0	106.5	106.5	106.5

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		58.8	112.0	106.5	106.5	106.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		1	1			
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attachment 1

Prepared by: Robert L. Grogan
Division: Division of Governmental Coordination

Phone: 465-3562
Date: 3/8/88

Approved by Commissioner: _____
Agency: Office of the Governor

Date: 3/16/88

Distribution (by preparer):

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

Attachment 1

Division of Governmental Coordination
Bill Analysis
SB 482

The Division of Governmental Coordination (DGC) currently provides assistance to applicants seeking state permits for their coastal development projects. DGC provides applicant preapplication services, establishes interagency project review schedules and comment deadlines, mediates proposed conditions which are disputed by the applicant or another state agency, and issues the conclusive state consistency determination for the project as required by AS 44.19.145(11).

Passage of SB 482* is expected to have an effect on the number of project proposals in Alaska's Southeast and Southcentral regions. The state's mariculture workgroup has projected the following number of shellfish and sea vegetables farm applications for the next five years:

<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>
30	50	75	100	75	75

This increase in number of project reviews, and the additional coordination needed to incorporate the Aquatic Farm Permit into each project review, requires the addition of two professional staff, Range 18, to be located in the effected regional offices.

Funding supporting these two individuals includes \$2000 for travel to public meetings or site visits for controversial projects, approximately \$1000 for annual phone bills and an initial \$3000 contractual fee for PROFS hookup and associated setup costs. Each staff work area includes a desk, file cabinet, bookcase, computer table and a 3179 IBM Display Terminal.

csak8803080ldmf

* CS5B 482 and SB 514 is anticipated to have a similar project load effect on the division.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 482 (Resources)
PUBLISH DATE: SENATE 4/28/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the farming of aquatic plants and aquatic animals;*
Sponsor: Resources Committee
Requestor: Resources Committee

Agency Affected: Environmental Conservation
BRU: Environmental Quality
Components: SERO, SCRO, WOM

*prohibiting the aquatic farming of pacific salmon in saltwater; and providing for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	--	74.7	74.7	99.6	99.6	99.6
TRAVEL	--	12.0	12.0	20.0	20.0	20.0
CONTRACTUAL	--	12.0	12.0	16.0	16.0	16.0
SUPPLIES	--	3.5	3.5	2.7	2.7	2.7
EQUIPMENT	--	2.0	2.0	1.5	1.5	1.5
LAND & STRUCTURES	--	--	--	--	--	--
GRANTS, CLAIMS	--	--	--	--	--	--
MISCELLANEOUS	--	--	--	--	--	--
TOTAL OPERATING	--	104.2	104.2	139.8	139.8	139.8

CAPITAL	--	--	--	--	--	--
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REVENUE	--	--	--	--	--	--
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FUNDING: (Thousands of Dollars)

GENERAL FUND	--	104.2	104.2	139.8	139.8	139.8
FEDERAL FUNDS	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL	--	104.2	104.2	139.8	139.8	139.8

POSITIONS:

FULL-TIME	--	--	--	1.0	1.0	1.0
PART-TIME	--	3.0	3.0	2.0	2.0	2.0
TEMPORARY	--	--	--	--	--	--

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Phone: 465-2653
Division: Environmental Quality Date: 4/28/88

Approved by Commissioner: Dennis D. Kelso Date: 4/28/88
Agency: Environmental Conservation

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 482 (Resources)
PUBLISH DATE: SENATE 4/28/88

FISCAL NOTE

REQUEST:

Revision Date: --
Title: An Act relating to the farming of aquatic plants & aquatic animals:*
Sponsor: Resources Committee
Requestor: Resources Committee

Agency Affected: Environmental Conservation
BRU: Environmental Health
Components: Seafood Industry
Palmer Laboratory

prohibiting the aquatic farming of pacific salmon in saltwater; and providing for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	67.2	88.1	88.1	88.1	88.1
TRAVEL	0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	0	7.0	8.5	8.5	8.5	8.5
SUPPLIES	0	3.0	13.0	13.0	13.0	13.0
EQUIPMENT	0	18.0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	110.2	124.6	124.6	124.6	124.6

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	110.2	124.6	124.6	124.6	124.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	110.2	124.6	124.6	124.6	124.6

POSITIONS:

FULL-TIME	0	1.0	2.0	2.0	2.0	2.0
PART-TIME	0	1.0	1.0	1.0	1.0	1.0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: Douglas C. Donegan, Director Phone: 465-2609
Division: Environmental Health Date: 4/28/88

Approved by Commissioner: Dennis D. Kelso Date: 4/28/88
Agency: Environmental Conservation

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

CSSB 482 (RESOURCES) FISCAL NOTE ANALYSIS

The fiscal note includes funding for three functions at the Department of Environmental Conservation associated with development of mariculture projects. These are (1) regulation of sites and facilities to ensure that aquatic products are safe for human consumption; (2) testing of shellfish aquatic farm products for paralytic shellfish poisoning; (3) regulation of aquatic farm facilities to avoid unacceptable environmental impacts, particularly to water quality.

The two fiscal note forms break down costs by division. The first two functions identified above relate to the Division of Environmental Health. The third one is located within the Division of Environmental Quality.

This fiscal note relies upon the assumptions developed by the Interagency Working Group in aquatic farming for the numbers of facilities that would need to be permitted during the next several years. There are currently 50 permitted mariculture facilities in Alaska. The working group assumed that 75 new mariculture (non-salt water finfish) applications will be submitted within one year of passage of the legislation; 100 applications would be submitted the second year; 75 the third year; 75 the fourth year; and 60 the sixth year. It was further assumed that half of the applications would result in operating farms. These farms will need to be permitted and then monitored.

Division of Environmental Health

The Division of Environmental Health (DEH) will need one full time position in Sitka and one half time position in Juneau to develop regulations, monitor chemical use, provide technical assistance, collect samples for site certification, enforce labeling requirements and monitor levels of paralytic shellfish poison (PSP).

The Division will include examination for presence of heavy metals in its site certification process because of increasing concern over the propensity of shellfish to bioaccumulate heavy metals such as lead, mercury, cadmium, and arsenic. Several states, including Alaska, have initiated some testing of shellfish for heavy metals. The federal government may eventually require examination of sites for the presence of heavy metals as part of the National Shellfish Sanitation Program. DEH intends to incorporate this concern into its site certification process under the proposed legislation.

The Palmer laboratory will need 18.0 in non-recurring equipment funding to purchase a muffle furnace and a graphite furnace to conduct heavy metal analyses. Currently, the laboratory has limited ability to perform heavy metal analysis. The purchase of this equipment will allow the department to conduct heavy metals analysis without additional staff.

With the growth in the shellfish industry through the development of mariculture facilities comes a corresponding increase in the need for testing of shellfish for paralytic shellfish poisoning. Shellfish lots must be tested for PSP before they can be released into interstate commerce. The Department has a limited capacity to absorb additional testing. Beginning in FY 90, the fiscal note includes a part time environmental laboratory technician at the Palmer biological lab to handle the projected increase in the need for PSP testing. An additional \$10,000 would be necessary for the purchase of mice used in the analysis for PSP. These costs do not result solely from the passage of this bill, as the requirements for PSP testing are already in place, but funding is needed to accomplish the testing that is projected to be needed.

Division of Environmental Quality

The Division of Environmental Quality (DEQ) must review proposals for mariculture facilities to ensure that they comply with air, land, and water quality regulations. DEC is also required to certify whether projects will comply with water quality standards as part of the federal permitting process. These reviews are conducted in the DEQ's regional offices. Currently, one position in each region is largely responsible for reviewing more than 200 projects per year. (Current low staffing levels require that some projects not be reviewed.) The projected workload for mariculture facilities would require additional staff in these offices to handle the increased workload. Otherwise, these projects will not receive adequate review.

Mariculture facilities have the potential to cause water quality problems through the discharge of feces and chemicals. While the concern is much less than it would be for finfish facilities, an additional workload will be created. The Department requests one half-time position in the Southeast Region and one half-time position in the Southcentral Region to handle the permitting and monitoring of these facilities for the first two years after passage of the legislation. After the third year, the position in Southeast Alaska would become full time to accommodate the increasing workload.

In making this request, the Department assumes that the siting criteria to be developed by the Department of Natural Resources will provide for separation of mariculture facilities from sewage discharges and from sources of runoff that may contain high levels of fecal coliform bacteria. Consequently, we assume that it will not be necessary for DEC to determine the precise zone of

impact of large numbers of sewage discharges. If this is not the case, then additional resources will be needed.

The proposed new positions would review mariculture project applications, participate in the coordinated consistency review process, inspect sites as needed, propose conditions needed to prevent water pollution, and perform other needed duties. Travel funds are requested for visits to some of the projected sites.

The Water Quality Management component in Juneau coordinates the Department's involvement in programs such as mariculture from a policy perspective. Funding for a part-time position in this component is requested to participate in inter-agency discussions, particularly including the development of siting guidelines and planning to address use conflicts and to assist in drafting regulations and procedures. This position would also research the experiences of other states and provinces concerning mariculture.

Position Title Environmental Sanitarian II			No. of Positions	Range/Step 16A	Barg. Unit G
Time Status F	Staff Months 12		Location Sitka	Election District 3	
Type of Expenditure			Justification		
	2	3	<p>This position will develop regulations, monitor chemical use, provide technical assistance, collect samples for site certification, enforce labeling requirements and monitor levels of paralytic shellfish poison. The support funding will provide for an acceptable level of on-site inspections to in-product quality and safety.</p>		
Salary	33.6				
Benefits	11.2				
Premium Pay	-0-				
Other	-0-				
Total Personal Services		44.8			
Travel		10.0			
Contractual		3.6			
Commodities		1.5			
Equipment					
Other					
Total Cost		59.8			
Funding Source for Total Cost					
		-0-			
Federal Receipts 1002		-0-			
G. P. Match 1003		-0-			
General Fund 1004		59.8			
GP Program Receipts 1005		-0-			
Other		-0-			

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Health
 Component Seafood Industry

Page 1 of 1
 Revised Date

FY 89

Position Title Environmental Sanitarian II			No. of Positions	Range/Step	16A	Barg. Unit	G
Time Status	Staff Months		Location		Election District		
P	6		Juneau		4		
			Justification				
			This position will develop regulations, conduct plan reviews, provide technical assistance, conduct on-site inspections, and monitor product in transit for quality and wholesomeness. Support funding will provide for an acceptable level of on-site inspections and product quality monitoring.				
Type of Expenditure			Amount				
1			2		3		
Salary			16.8				
Benefits			5.6				
Premium Pay			-0-				
Other			-0-				
Total Personal Services					22.4		
Travel					5.0		
Contractual					3.5		
Commodities					1.5		
Equipment					-0-		
Other					-0-		
Total Cost					32.4		
Funding Source for Total Cost					-0-		
Federal Receipts 1002					-0-		
G. F. Match 1003					-0-		
General Fund 1004					32.4		
GF Program Receipts 1005					-0-		
Other					-0-		

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Health
 Component Seafood Industry

Page 1 of 1
 Revised Date

FY 89

Position Title Environmental Laboratory Technician		No. of Positions 1	Range/Step 12A	Barg. Unit G
Time Status F	Staff Months 12	Location Palmer		Election District 16
Type of Expenditure		Amount		
	2	3		
Salary	15.0			
Benefits	4.4			
Premium Pay	1.5			
Other	-0-			
Total Personal Services		20.9		
Travel		-0-		
Contractual		1.5		
Commodities		10.0		
Equipment		18.0		
Other		-0-		
Total Cost		50.4		
Funding Source for Total Cost		-0-		
Federal Receipts	1002	-0-		
C. P. Match	1003	-0-		
General Fund	1004	50.4		
GP Program Receipts	1005	-0-		
Other		-0-		

Justification

The increased workload for PSP testing will necessitate increasing PCN 7307 to permanent-full-time status in FY 90. This requested support funds will cover the increased cost for laboratory expendibles, and glassware involved in testing, communications and sample shipment and delivery. In FY 89, non-recurring equipment funds are needed to purchase a muffle furnace and a graphite furnace to conduct heavy metal analysis. At the present time, the Palmer Laboratory has limited ability to perform heavy metal analysis. The method in use is time-consuming and labor intensive. The purchase of this equipment will increase efficiency.

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Health
 Component Palmer Laboratory

Page 1 of 1
 Revised Date

FY 89

Position Title Ecologist II		No. of Positions 1	Range/Step 18/A	Barg. Unit G																																																
Time Status F	Staff Months 12	Location Juneau		Election District 4																																																
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td></td> <td>37.4</td> <td></td> </tr> <tr> <td>Benefits</td> <td></td> <td>12.4</td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td></td> <td>49.8</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td>5.0</td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> <td>5.0</td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td>1.5</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td>--</td> </tr> <tr> <td>Total Cost</td> <td></td> <td></td> <td>79.3</td> </tr> </tbody> </table>		Type of Expenditure	1	2	3	Salary		37.4		Benefits		12.4		Premium Pay				Other				Total Personal Services			49.8	Travel			5.0	Contractual			5.0	Commodities			1.5	Equipment			0	Other			--	Total Cost			79.3	Justification This position will review mariculture project applications, participate in consistency determinations, inspect sites during the permit process as needed, propose conditions needed to prevent water pollution at individual sites, inspect the mariculture facilities once they become operational, and follow-up on any monitoring required by permit conditions.		
Type of Expenditure	1	2	3																																																	
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Benefits		12.4																																																		
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**Request For
New Position**

Agency Environmental Conservation
BRU Environmental Quality
Component SERO

Page 1 of 3
Revised Date

FY 89

Position Title Ecologist II		No. of Positions 1	Range/Step 18/A	Barg. Unit G
Time Status P	Staff Months 6	Location Anchorage		Election District
		Justification		
		This position will review mariculture project applications, participate in consistency determinations, inspect sites during the permit process as needed, propose conditions needed to prevent water pollution at individual sites, inspect the mariculture facilities once they become operational, and follow-up on any monitoring required by permit conditions.		
Type of Expenditure		Amount		
	2	3		
Salary	18.7			
Benefits	6.2			
Premium Pay				
Other				
Total Personal Services		24.9		
Travel		5.0		
Contractual		5.0		
Commodities		1.5		
Equipment		.0		
Other		--		
Total Cost		46.9		
Funding Source for Total Cost		--		
Federal Receipts	1002	--		
G. F. Match	1003	--		
General Fund	1004	46.9		
GF Program Receipts	1005	--		
Other		--		

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Quality
 Component SCRO

Page 2 of 3
 Revised Date

FY 89

Position Title Ecologist II		No. of Positions 1	Range/Step 18/8	Barg. Unit G
Time Status P	Staff Months 6	Location Juneau		Election District 4
		Justification		
		This position is responsible for coordinating Department involvement in new water-related programs, such as mariculture. This position will serve as a single point-of-contact for federal permitting (i.e. general permits from EPA likely), interagency review of mariculture project permits under CZM procedures, assistance in planning and siting functions, and assistance in drafting regulations in conjunction with DNR and ADF&G. This position will also research the experiences of other states and provinces concerning mariculture and assist in developing siting guidelines and criteria.		
Type of Expenditure		Amount		
	2	3		
Salary	18.7			
Benefits	6.2			
Premium Pay				
Other				
Total Personal Services		24.9		
Travel		2.0		
Contractual		5.0		
Commodities		.5		
Equipment		1.0		
Other		---		
Total Cost		33.4		
Funding Source for Total Cost		---		
Federal Receipts	1002	---		
G. F. Match	1003	---		
General Fund	1004	33.4		
GF Program Receipts	1005	---		
Other		---		

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Quality
 Component Water Quality Management

Page 3 of 3
 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: 4/14/88
Title: Act relating to the farming of aquatic plants and aquatic animals
Sponsor: Senate Resources
Requestor: _____

Agency Affected: Fish and Game
BRU: FRED
Components: FRED Division
Permitting and Technical Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		145.3	194.3	267.4	268.3	268.3
TRAVEL		13.3	14.3	17.3	24.3	27.3
CONTRACTUAL		2.4	2.4	3.4	5.4	9.4
SUPPLIES		2.6	4.6	6.6	10.6	22.6
EQUIPMENT				1.0	2.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		163.6	215.6	295.7	310.6	332.6

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	3	4	5	5	5
PART-TIME		2	2	2	2	2
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by: Brian J. Allee, Director Phone: 465-4160
Division: FRED Date: April 27, 1988

Approved by Commissioner: [Signature] Date: April 27, 1988
Agency: Department of Fish and Game

Distribution (by preparer):

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

During the legislative interim, the Alaska Department of Fish and Game (ADF&G) Commissioner's Office has chaired a multi-agency work group, including the Departments of Natural Resources, Environmental Conservation, Commerce and Economic Development, and the Division of Governmental Coordination of the Governor's Office. Through work group interaction, ADF&G has more clearly defined technical and permitting responsibilities mandated by proposed mariculture legislation and in relation to those of other agencies. The ADF&G fiscal note reflects the most realistic and accurate analysis of the costs of these responsibilities that is possible at this time.

Establishing the shellfish mariculture permitting system has allowed for assessment of needs for permitting personnel. A range I6 research analyst position would perform the professional review function for permits. A Clerk V would provide system support, including computerized tracking, routine review closeout, letters of acknowledgement, accepting fees, and processing permits.

In the fiscal note for the previous mariculture legislation (87-88), the role of technical services was not clear. Lacking a clear sense of what tasks would be involved, no funding was identified. After a year of experience in dealing with farms and farmers and in studying the situation in other states and provinces, it is clear that the following are necessary:

1. A biologist/administrator in Juneau to serve as program leader. This position will deal with the public, other agencies, answer requests, and develop the program.
2. A biologist, under the program leader's direction, to assure biological and environmental suitability of proposed projects, and confirm that the potential farmer will be capable of operating the farm in a way that will realize benefit to the state while protecting natural stocks.
3. Technician time so that our local area biologists can be freed up to deal with projects out of the local offices. Area biologists will be the prime contact with real and potential farmers.

The pathology laboratory will need to add staff to handle the paperwork associated with stock transfers, disease screening of stocks involved with shellfish, plant, and freshwater fish farming, and site inspections and delivery of fish health services to the farmers. The additional staff would include a Clerk IV, a Microbiologist, and a Pathologist. These positions must be added quickly because passage of this bill will precipitate additional work immediately.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CCSB 482 (Resources)
PUBLISH DATE: SENATE 4/28/88

FISCAL NOTE

REQUEST:

Revision Date: 4/22/88
Title: Aquatic Farming
Sponsor: Resource Committee
Requestor: Senator Eliason

Agency Affected: Natural Resources
BRU: Land and Water Management
Parks and Outdoor Recreation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	88.0	214.0	273.0	273.0	317.0
TRAVEL	-	5.0	7.0	9.0	9.0	10.0
CONTRACTUAL	-	5.0	7.0	9.0	9.0	10.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	99.0	230.0	294.0	273.0	341.0

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

REVENUE	-	27.5	40.0	59.5	57.0	70.0
---------	---	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	99.0	230.0	294.0	294.0	341.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	99.0	230.0	294.0	294.0	341.0

POSITIONS:

FULL-TIME	-	2	3	4	4	5
PART-TIME	-	-	3	4	4	4
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: Paula Burgess
Division: Land and Water Management
Approved by Commissioner: Judith M. Burff
Agency: Natural Resources

Phone: 465-3400
Date: 4/22/88
Date: 4/25/88

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

Position Title Natural Resource Officer II		No. of Positions 1	Range/Step 16	Barg. Unit GGU	
Time Status Fulltime	Staff Months 12	Location Juneau		Election District	
Type of Expenditure		Justification			
Amount		<p>The adjudicator would process all permit and lease applications that were received by the Southeast Regional Office in Juneau. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This source of funds would also be used to hold the public hearing. The Southeast Regional Office is responsible for the entire panhandle.</p>			
1	2				3
Salary	33.0				
Benefits	11.0				
Premium Pay					
Other					
Total Personal Services					44.0
Travel					3.0
Contractual					2.0
Commodities					
Equipment					
Other					
Total Cost		49.0			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	49.0			
GF Program Receipts	1005				
Other					

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 2 of 6
 Revised Date 4/22/88

FY 89

Position Title Natural Resource Officer II		No. of Positions 6	Range/Step 6	Barg. Unit GGU
Time Status Fulltime	Staff Months 12	Location Anchorage		Election District
Type of Expenditure		Justification		
1	2	The adjudicator would process all permit and lease applications that were received by the Southcentral Regional Office in Anchorage. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This Regional Office includes all of Prince William Sound, the Kodiak Island area, and the Aleutian Chain. Applications might be expected in any of these areas. This individual and this source of funds would also be used to hold public hearings.		
Amount				
Salary	33.0			
Benefits	11.0			
Premium Pay				
Other				
Total Personal Services	44.0			
Travel	2.0			
Contractual	3.0			
Commodities	1.0			
Equipment				
Other				
Total Cost	50.0			
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004	50.0			
GF Program Receipts 1005				
Other				

**Request For
New Position**

Agency Natural Resources
BRU Land and Water Management
Component Land and Water Public Use

Page 3 of 6
Revised Date 4/22/88

FY 89

ANALYSIS
CSSB 482

The fiscal note for CSSB 482 is based on an estimate of the number of new applications for tideland leases and permits that we might expect to receive over the next five years. All state agencies have used the same base estimates for their fiscal notes for shellfish and sea vegetables. The estimates are an extrapolation of existing trends in shellfish applications, assuming continued progress in those industries, an assumption that progress will be made in the farming of scallops, and that some experimentation may begin in the farming of sea vegetables. CSSB 482 does allow the farming of some types of finfish, so DNR has increased these estimates by five applications each year. The total number of new applications of all types we estimate to be:

1989	1990	1991	1992	1993
55	80	105	80	80

In addition to the processing of new applications, we must budget for monitoring the permits and leases that are granted. For this purpose, we are assuming an approximate 25 percent success rate of the new applications after the first two years. (For the first two years we assume that all of the applications require some form of monitoring.) Under these assumptions, we would expect to see some 60 "successful" mariculture farms at the end of five years. ("Success" is defined here as a farm that is actually growing something in the water. No assumption is made about marketing of the product.)

In order to process and monitor the permits and leases, the Division of Land and Water Management (DLWM) will need one adjudicator in the Southeast Region, and one adjudicator in the Southcentral Region in the first year. In the second year, DLWM will need one additional adjudicator to be located where the need is the greatest (depending upon which region receives most of the new applications). By the third year DLWM will need two adjudicators in each of the two regions. By the fifth year DLWM will need one additional adjudicator, again to be located where the need is the greatest. (For the purpose of preparing the fiscal note, one of the additional positions is assumed to be in the Southeast Region, and one in the Southcentral Region.)

By the second year DLWM will need one half-time contract administrator to handle the accumulation of two years of lease contracts, and one half-time surveyor in each region to review survey plats. We do not anticipate the need for contract administrators and surveyors to increase beyond these levels during the five year period covered by the fiscal note.

In order to avoid land speculation, it would be desirable to inspect permit and lease sites once a year. Some inspections can be combined with other field investigations, and some may be performed under cooperative agreements with other agencies. CSSB 482 also states that the Commissioner may hold a public hearing to take oral testimony. Given the controversial nature of many mariculture proposals, we can expect frequent requests for public hearings in nearby communities. A lean inspection program, plus the holding of public hearings, will cost the department \$5,000 for each adjudicator the first year (travel, contractual, and per diem).

The Division of Parks and Outdoor Recreation (DPOR) is responsible for adjudicating mariculture applications within park boundaries. DPOR anticipates receiving additional applications for mussel farming in Kachemak Bay over the next few years (11 permits have already been granted within the park on an experimental basis). By 1991 DPOR will need a seasonal position to process mariculture applications and to complete field inspections, as well as incidental marine supplies to operate the field equipment that currently exists.

Assuming a reasonable flat rate fee is set for the new permit, such as \$250 per acre per year (with a \$250 minimum), and assuming an average farm size of two acres, some \$27,500 in revenue might be generated the first year.

POSITION SUMMARY

Fiscal Year '89

Two (2) - Natural Resource Officers II (Range 16)

Fiscal Year '90

Three (3) - Natural Resource Officers II (Range 16)

One (1) - Half-time Contract Administrator (Range 14)

Two (2) - Half-time Surveyors (Range 20)

Fiscal Year '91

Four (4) - Natural Resource Officers II (Range 16)

One (1) - Half-time Contract Administrator (Range 14)

Two (2) - Half-time Surveyors (Range 20)

One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '92

Four (4) - Natural Resource Officers II (Range 16)

One (1) - Half-time Contract Administrator (Range 14)

Two (2) - Half-time Surveyors (Range 20)

One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '93

Five (5) - Natural Resource Officers II (Range 16)

One (1) - Half-time Contract Administrator (Range 14)

Two (2) - Half-time Surveyors (Range 20)

One (a) - Seasonal Park Ranger (Range 16)

ALASKA STATE LEGISLATURE

15th . . . Legislature . . . 2nd . . . Session

SENATE BILL NO. 482 . .

By . THE RESOURCES COMMITTEE

"An Act relating to the farming of aquatic plants and aquatic animals; prohibiting the aquatic farming of finfish in saltwater; and providing for an effective date."

Introduced in the Senate 2/24 , 19 88

HISTORY IN THE SENATE

19 88

Read first time and referred to Committee on

2 24 Resources Finance

Reported back with recommendation that

*4 28 Res replace w/cs
1 do pass, 2 do pass
if amended 4
no rec, 4 FN to Fin*

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1736
PHONE: (907) 465-2400

OFFICE OF THE COMMISSIONER

May 2, 1988

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

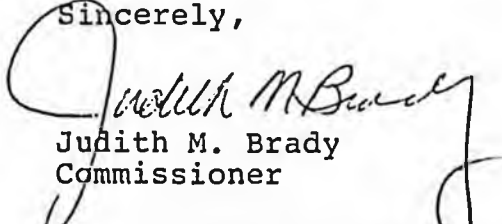
Dear Senator Zharoff:

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

SECTIONAL ANALYSIS

CSSB 482 (Res) - "An Act relating to the farming of aquatic plants and aquatic animals; prohibiting aquatic farming of finfish in saltwater; and providing for an effective date."

Section 1 AS 16.40 is amended by adding new sections to read:

16.40.100 - A person may not operate or construct an aquatic farm or hatchery (for the purpose of supplying aquatic plants or animals to an aquatic farm) without a permit from the Commissioner of Fish and Game. Conditions that are necessary to protect the public health or natural stock may be attached to the permit.

The Commissioner of Fish and Game may not issue a permit for the farming of, or hatchery operations involving, finfish in saltwater.

16.40.105 - The Commissioner of Fish and Game shall issue the aquatic farm or hatchery permits on the basis of the following -

- the biological and environmental suitability of the site

- the ability of applicant to establish the site without adversely affecting the Department of Fish and Game's management of the stock, without requiring substantial alterations in traditional fisheries, or without adversely affecting the wild stocks

16.40.110 - An applicant for an aquatic farm or hatchery permit must submit a development and operation plan to the Commissioner of Fish and Game.

An application for renewal or transfer must be accompanied by a fee determined by the Commissioner of Fish and Game, a report of the disease history, and a report by the applicant on how the site was developed.

The Department of Fish and Game may conduct a health inspection of the farm or hatchery as a condition of renewal.

A transferred permit maybe used only for the purposes for which the permit was authorized,

subject to the same conditions and limitations.

- 16.40.120 - An aquatic farm stock acquisition permit is required from the Commissioner of Fish and Game before a person may acquire aquatic plants or animals from wild stock for the purpose of supplying stock to an aquatic farm or hatchery.

The Commissioner of Fish and Game shall specify the expiration date of the acquisition permit and may attach conditions relating to the time, place, and manner of harvest. The commissioner shall issue or deny a permit within 30 days after receiving an application.

The Commissioner of Fish and Game shall deny an acquisition permit if the proposed harvest will impair sustained yield of the species. The Commissioner may deny a permit if the proposed harvest will disrupt established uses of the resources by commercial, sport, personal use or subsistence users.

The Board of Fisheries will act on requests for an acquisition permit involving species that are subject to limited entry. The Board of Fisheries will consider any requests for an acquisition permit denied by the Commissioner of Fish and Game. The Board may adopt regulations.

Except for the reasons stated above for denial, the Commissioner of Fish and Game shall issue an acquisition permit if -

- wild stock is necessary to meet the initial needs of an aquatic farm or hatchery,
- there are technological limitations on the propagation of cultured stock,
- wild stock sought is not fully utilized, or
- wild stock is need to maintain the gene pool

Stock acquired under an acquisition permit becomes the property of the permit holder.

- 16.40.130 - An aquatic plant or animal may not be imported into the state unless authorized by the Board of Fisheries.
- 16.40.140 - A private hatchery permitted under AS 16.40.100 may sell or transfer stock only to an aquatic farm or hatchery. Stock may not be transferred

without notifying the Commissioner of Fish and Game at least 30 days before the proposed date of transfer.

A notice of transfer must be accompanied by a report of a health inspection of the stock. The Department of Fish and Game may restrict or disapprove a transfer if the Department finds that the transfer would present a substantial risk of spreading disease.

- 16.40.150 - An aquatic farm or hatchery permit holder shall notify the Department of Fish and Game of an outbreak or incidence of disease among the stock. The Department shall order the quarantine or the destruction of stock when necessary to protect the wild stock.

The holder of an aquatic farm or hatchery permit shall allow the Department of Fish and Game to inspect the farm or hatchery. The cost of this inspection shall be paid by the Department.

The Department of Fish and Game shall develop a disease management and control program for aquatic farms and hatcheries. The Department can contract with a state or federal agency or a private state-certified provider to conduct the health inspections.

- 16.40.160 - The Commissioner of Fish and Game may adopt regulations necessary to implement this statute.
- 16.40.170 - A person who violates these statutes is guilty of a class B misdemeanor.
- 16.40.199 - The following terms are defined: aquatic farm, aquatic farm product, aquatic plant, aquatic animal, commissioner, hatchery, positive control, shellfish, and stock.

Section 2 AS 03.05.011(a) is amended to read:

The Commissioner of Environmental Conservation may adopt regulations regarding the standards and conditions of operating an aquatic farm or hatchery including the restrictions on the use of chemicals and the requirements necessary to protect the public from contaminants that pose a risk to health.

Section 3 AS 03.05.020(a) is amended to read:

The Commissioner of Environmental Conservation

shall adopt regulations regarding the labeling of aquatic farm products as aquatic farm products and shall monitor aquatic farms to ensure compliance with the requirements of the national shellfish sanitation program manual.

Section 4 AS 03.05.040(a) is amended to read:

The Commissioner of Environmental Conservation may inspect an aquatic farm or hatchery.

Section 5 AS 03.05.100 is amended to read:

The definition of an aquatic farm and aquatic farm product have the meanings given in AS 16.40.199.

Section 6 AS 16.05.050 is amended by adding a new paragraph to read:

The Commissioner of Fish and Game has the authority to permit and regulate aquatic farming in the state.

Section 7 AS 16.05.251 is amended by adding a new subsection to read:

Except for taking action on acquisition permits regarding species subject to limited entry and regulating the importation of an aquatic plant or animal for the purpose of supplying stock to an aquatic farm or hatchery, the Board of Fisheries may not adopt regulations regarding an aquatic farm permit or an aquatic farm acquisition permit.

The regulations adopted by the Board of Fisheries under AS 16.05.251 do not apply to a harvest under an acquisition permit.

Section 8 AS 16.05.330(a) is amended to read:

The reference to farming of fish is removed from existing statutes.

Section 9 AS 10.05.930 is amended by adding a new subsection to read:

The statutes regarding licensing of sport fishing and hunting and the licensing of commercial fishing crewmembers and vessels do not apply to an activity authorized by an aquatic farm permit or an aquatic farm stock acquisition permit.

Section 10 - AS 16.05.940(14) is amended to read:

The reference to fish farming is deleted from the definition section of this chapter.

Section 11 - AS 16.10 is amended by adding a new section to read:

16.10.269 - The statutes regarding purchase of fish from permit holders and possession of permit and identification by seller do not apply to the purchase or sale of aquatic farm products from a holder of an aquatic farm permit or an aquatic farm stock acquisition permit.

Section 12 - AS 16.10.400 is amended by adding a new subsection to read:

The statutes regarding existing salmon hatcheries do not apply to the construction or operation of a private hatchery that has an aquatic farm permit.

Section 13 - AS 16.43.140 is amended by adding a new subsection to read:

The statutes regarding entry permit systems does not apply to activities authorized under an aquatic farm permit or an aquatic farm stock acquisition permit.

Section 14 - AS 16.51.180(5) is amended to read:

The definition of "seafood" in the Alaska Seafood Marketing Institute chapter is amended as not to include aquatic farm products.

Section 15 - AS 38.05 is amended by adding a new section to read:

38.05.083 - The Commissioner of Natural Resources may offer for lease a site that has been developed for aquatic farming or hatchery operations. Before offering the site to the public, the Commissioner shall offer the site to the permittee.

The site shall be leased for not less than the appraised fair market value of the lease. The value of the lease shall be reappraised every five years.

The lease may be assigned, but if the assignee changes the use of the site the lease reverts to the state.

The lessee shall post a performance bond or provide other security to cover the costs to the Department of Natural Resources of restoring the leased site in the event the lessee abandons the site.

Section 16 - AS 38.05 is amended by adding a new section to read:

38.05.856 - The Commissioner of Natural Resources may issue a tideland or land use permit for the establishment and operation of an aquatic farm or hatchery for not less than the appraised fair market value of the site. The value shall be reappraised every five years.

A tideland or land use permit issued for an aquatic farm or hatchery is valid for five years and the permit may not be transferred.

The Commissioner of Natural Resources shall provide a copy of the application to the media for a public service announcement or shall provide paid notice of the application to the newspaper or radio once each week for three successive weeks. The Commissioner of Natural Resources shall hold hearings to take testimony before issuing or renewing a tideland or land use permit.

Based on the testimony or other good cause, the Commissioner of Natural Resources may deny the application for issuance or renewal.

The permittee shall post a performance bond or provide other security to cover the costs to the Department of Natural Resources of restoring the permitted site in the event the permittee abandons the site.

The Commissioner of Natural Resources shall adopt regulations establishing criteria for the approval or denial of permits and for limiting the number of sites to protect the environment and natural resources of the area.

Section 17 - AS 16.05.340(a)(14) is repealed.

The current fish farming biennial license of \$200 is repealed.

Section 18 - Except for the grandfather clause in Section 20, the Commissioner of Fish and Game may not issue an aquatic farm permit or an aquatic farm stock

acquisition permit under regulations have been adopted.

Section 19 - Except for the grandfather clause in Section 20, the Commissioner of Natural Resources may not issue a lease, a tideland, or land use permit for an aquatic farm or hatchery until regulations necessary for the implementation of the program has been adopted.

Section 20 - A person who is lawfully operating an aquatic farm or hatchery may obtain an initial lease or permit under AS 38.05.083 or 38.05.856, but as a condition of obtaining the lease or permit the person must agree that during the term of the lease or permit the person will not expand operations beyond the scope allowed under the existing permit.

Section 21 - This Act takes effect immediately.

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 482 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the farming of aquatic plants and
7 aquatic animals; prohibiting the aquatic farming of
8 finfish in saltwater; and providing for an effective
9 date."

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

11 * Section. 1. AS 16.40 is amended by adding new sections to read:

12 ARTICLE 2. AQUATIC FARMING.

13 Sec. 16.40.100. AQUATIC FARM AND HATCHERY PERMITS. (a) A
14 person may not, without a permit from the commissioner, construct or
15 operate

16 (1) an aquatic farm; or

17 (2) a hatchery for the purpose of supplying aquatic plants
18 or aquatic animals to an aquatic farm.

19 (b) A permit issued under this section authorizes the permittee,
20 subject to the conditions of AS 03.05.011 and AS 16.40.100 - 16.40.-
21 199, to acquire, purchase, offer to purchase, transfer, possess, sell,
22 and offer to sell stock and aquatic farm products that are used or
23 reared at the hatchery or aquatic farm.

24 (c) The commissioner, with the concurrence of the commissioner
25 of environmental conservation, may attach conditions to a permit
26 issued under this section that are necessary to protect the public
27 health or natural stock.

28 (d) Notwithstanding other provisions of law, the commissioner
29 , may not issue a permit under this section for the farming of, or

1 hatchery operations involving, finfish in saltwater.

2 Sec. 16.40.105. CRITERIA FOR ISSUANCE OF PERMITS. The commis-
3 sioner shall issue permits under AS 16.40.100 on the basis of the
4 following criteria:

5 (1) the biological and environmental suitability of the
6 site for the proposed aquatic farm or hatchery;

7 (2) the ability of the permit applicant to establish and
8 operate the aquatic farm or hatchery without

9 (A) adversely affecting the department's management of
10 wild stocks;

11 (B) requiring alterations in traditional fisheries and
12 other existing uses of fish and wildlife resources; or

13 (C) adversely affecting wild stocks of fish or wild-
14 life, or their habitats.

15 Sec. 16.40.110. PERMIT APPLICATION, RENEWAL, AND TRANSFER. (a)
16 An applicant for an aquatic farming or hatchery permit required under
17 AS 16.40.100 shall apply on a form prescribed by the commissioner. An
18 application for a permit must include a plan for the development and
19 operation of the aquatic farm or hatchery, which must be approved by
20 the commissioner before the permit is issued.

21 (b) An application for renewal or transfer of a permit must be
22 accompanied by fees required by the commissioner, a report of the
23 disease history of the farm or hatchery covered by the permit, and
24 evidence that satisfies the commissioner that the applicant has com-
25 plied with the development plan required under (a) of this section.
26 The commissioner may require a health inspection of the farm or
27 hatchery as a condition of renewal. The department may conduct the
28 inspection or contract with a disease diagnostician to conduct the
29 inspection.

1 (c) A person to whom a permit is transferred may use the permit
2 only for the purposes for which the permit was authorized to be used
3 by the transferor, and subject to the same conditions and limitations.

4 Sec. 16.40.120. AQUATIC FARM STOCK ACQUISITION PERMITS. (a) A
5 person may not acquire aquatic plants or aquatic animals from wild
6 stock in the state for the purpose of supplying stock to an aquatic
7 farm or hatchery required to have a permit under AS 16.40.100 unless
8 the person holds an acquisition permit from the commissioner.

9 (b) An acquisition permit authorizes the permit holder to ac-
10 quire the species and quantities of wild stock in the state specified
11 in the permit for the purpose of supplying stock to an aquatic farm or
12 hatchery required to have a permit under AS 16.40.100.

13 (c) The commissioner shall specify the expiration date of an
14 acquisition permit and may attach conditions to an acquisition permit,
15 including conditions relating to the time, place, and manner of har-
16 vest. Size, gear, place, time, licensing, and other limitations
17 applicable to sport, commercial, or subsistence harvest of aquatic
18 plants and aquatic animals do not apply to a harvest with a permit
19 issued under this section. The commissioner of fish and game shall
20 issue or deny a permit within 30 days after receiving an application.

21 (d) The commissioner shall deny or restrict a permit under this
22 section upon finding that the proposed harvest will impair sustained
23 yield of the species. The commissioner may deny or restrict a permit
24 under this section upon finding that the proposed harvest will disrupt
25 established uses of the resources by commercial, sport, personal use,
26 or subsistence users. The commissioner shall forward to the Board of
27 Fisheries for action permit applications for species that support
28 commercial fisheries subject to limited entry under AS 16.43. A
29 denial of the permit by the commissioner must contain the factual

1 basis for the findings.

2 (e) The Board of Fisheries may adopt regulations for the conser-
3 vation, maintenance, and management of species for which an aquisition
4 permit is required.

5 (f) Except as provided in (d) of this section, the ccmmisioner
6 shall issue a permit if

7 (1) wild stock is necessary to meet the initial needs of
8 farm or hatchery stock;

9 (2) there are technological limitations on the propagation
10 of cultured stock for the species sought;

11 (3) wild stock sought is not fully utilized by commercial,
12 sport, personal use, or subsistence fisheries; or

13 (4) wild stock is needed to maintain the gene pool of a
14 hatchery or aquatic farm.

15 (g) Aquatic plants and aquatic animals acquired under a permit
16 issued under this section become the property of the permit holder and
17 are no longer a public or common resource.

18 Sec. 16.40.130. IMPORTATION OF AQUATIC PLANTS OR AQUATIC ANIMALS
19 FOR STOCK. A person may not import into the state an aquatic plant or
20 aquatic animal for the purpose of supplying stock to an aquatic farm
21 or hatchery unless authorized by a regulation of the Board of Fisher-
22 ies.

23 Sec. 16.40.140. LIMITATION ON SALE, TRANSFER OF STOCK, AND
24 PRODUCTS. (a) A private hatchery required to have a permit under
25 AS 16.40.100 may sell or transfer stock from the hatchery only to an
26 aquatic farm or other hatchery that has a permit issued under AS 16.-
27 40.100.

28 (b) Stock may not be transferred to or from an aquatic farm or
29 hatchery required to have a permit under AS 16.40.100 without prior

1 notice of the transfer to the commissioner. A notice of transfer
2 shall be submitted at least 30 days before the proposed date of trans-
3 fer.

4 (c) A notice of transfer must be accompanied by a report of a
5 health inspection of the stock. The department shall conduct the
6 inspection or contract with a disease diagnostician to conduct the
7 inspection. The cost of inspection shall be borne by the department.

8 (d) The department may restrict or disapprove a transfer of
9 stock if it finds that the transfer would present a risk of spreading
10 disease.

11 (e) A person may not sell, transfer, or offer to sell or trans-
12 fer, or knowingly purchase or receive, an aquatic farm product grown
13 or propagated in the state unless the product was grown or propagated
14 on a farm with a permit issued under AS 16.40.100. The permit must be
15 in effect at the time of the sale, transfer, purchase, receipt, or
16 offer.

17 Sec. 16.40.150. DISEASE CONTROL AND INSPECTION. (a) The de-
18 partment shall order the quarantine or the destruction and disposal of
19 diseased hatchery stock or of aquatic farm products when necessary to
20 protect wild stock. A holder of a permit issued under AS 16.40.100
21 shall report to the department an outbreak or incidence of disease
22 among stock or aquatic farm products of the permit holder.

23 (b) A holder of a permit issued under AS 16.40.100 shall allow
24 the department to inspect the permit holder's farm or hatchery during
25 operating hours and upon reasonable notice. The cost of inspection
26 shall be borne by the department.

27 (c) The department shall develop a disease management and con-
28 trol program for aquatic farms and hatcheries.

29 (d) The department may enter into an agreement with a state or

1 federal agency or a private, state-certified provider to provide ser-
2 vices under (b) and (c) of this section, or inspections under AS 16.-
3 40.110(b).

4 Sec. 16.40.160. REGULATIONS. The commissioner may adopt regu-
5 lations necessary to implement AS 16.40.100 - 16.40.199.

6 Sec. 16.40.170. PENALTY. A person who violates a provision of
7 AS 16.40.100 - 16.40.199, a regulation adopted under AS 16.40.100 -
8 16.40.199, or a term or condition of a permit issued under AS 16.40.-
9 100 - 16.40.199, is guilty of a class B misdemeanor.

10 Sec. 16.40.199. DEFINITIONS. In AS 16.40.100 - 16.40.199

11 (1) "aquatic animal" means shellfish or freshwater finfish;

12 (2) "aquatic farm" means a facility that grows, farms, or
13 cultivates aquatic farm products in captivity or under positive con-
14 trol;

15 (3) "aquatic farm product" means an aquatic plant or
16 aquatic animal, or part of an aquatic plant or aquatic animal, that is
17 propagated, farmed, or cultivated in an aquatic farm and sold or
18 offered for sale for the purpose of consumption, or kelp that is
19 cultivated for use in dyes;

20 (4) "aquatic plant" means a plant indigenous to state water
21 or that is authorized to be imported into the state under a permit
22 issued by the commissioner;

23 (5) "commissioner" means the commissioner of fish and game;

24 (6) "hatchery" means a facility for the artificial propa-
25 gation of stock, including rearing of juvenile aquatic plants or
26 aquatic animals;

27 (7) "positive control" means, for mobile species, enclosed
28 within a natural or artificial escape-proof barrier; for species with
29 limited or no mobility, such as a bivalve or an aquatic plant,

1 "positive control" also includes managed cultivation in unenclosed
2 water;

3 (8) "shellfish" means a species of crustacean, mollusk, or
4 other invertebrate, in any stage of its life cycle, that is indigenous
5 to state water or that is authorized to be imported into the state
6 under a permit issued by the commissioner;

7 (9) "stock" means live aquatic plants or aquatic animals
8 acquired, collected, possessed, or intended for use by a hatchery or
9 aquatic farm for the purpose of further growth or propagation.

10 * Sec. 2. AS 03.05.011(a) is amended to read:

11 (a) To carry out the requirements of this title, the commis-
12 sioner of environmental conservation may issue orders, regulations,
13 permits, quarantines, and embargoes relating to

14 (1) examination and inspection of premises containing
15 products, articles, and commodities carrying pests;

16 (2) establishment of quarantines for eradication of pests;

17 (3) establishment of standards and labeling requirements
18 pertaining to the sale of meat, fish, and poultry;

19 (4) tests and analyses which may be made and hearings which
20 may be held to determine whether the commissioner will issue a stop
21 order or quarantine;

22 (5) cooperation with federal and other state agencies;

23 (6) regulation of fur farming; for purposes of this para-
24 graph, "fur farming" means the raising of and caring for animals for
25 the purpose of marketing their fur, or animals themselves for breeding
26 stock;

27 (7) examination and inspection of meat, fish, and poultry
28 advertised for sale or sold to the public;

29 (8) enforcement of quality assurance plans developed in

1 cooperation with appropriate industry representatives;

2 (9) establishment of standards and conditions of operation
3 for aquatic farms and related hatcheries, including

4 (A) restrictions on the use of chemicals; and

5 (B) requirements to protect the public from contami-
6 nants that pose a risk to health.

7 * Sec. 3. AS 03.05.020(a) is amended to read:

8 (a) The commissioner shall

9 (1) require routine inspection of food animals, fish,
10 poultry and derivative food products, to protect the public against
11 fraud, disease and spoilage, and in this connection adopt uniform
12 regulations establishing standards of identity and composition of
13 these food products and minimum standards of sanitation and handling
14 methods as to all phases of slaughtering, processing, storing, trans-
15 porting, displaying and selling of these food products;

16 (2) issue orders or cause the orders to be issued by an
17 authorized veterinarian prohibiting transportation and sale of food
18 products intended for human consumption which do not meet the minimum
19 requirements established under (1) of this subsection, and limiting
20 their use and disposal in conformity with protection of the public;

21 (3) adopt a schedule of fees or charges, and credit pro-
22 visions, for services rendered by state veterinarians to farmers and
23 others at their request in caring for livestock and poultry, and all
24 the fees shall be transmitted to the commissioner for deposit in the
25 state treasury;

26 (4) designate points of entry for admission of livestock or
27 poultry into the state, and arrange inspection at those points with or
28 without collaboration and assistance of the federal government, and
29 bar entry of stock or poultry not shipped under a valid permit or not

1 free from contagious or infectious disease;

2 (5) adopt, repeal, and amend regulations consistent with
3 existing law for

4 (A) the labeling and grading of milk and milk products
5 and standards of cleanliness and sanitation, to at least the
6 minimum of current recommendations of the United States Public
7 Health Service, for the operation of dairies selling, or offering
8 for sale, milk or milk products;

9 (B) the production and sale of ice cream and allied
10 frozen desserts;

11 (C) the production and sale of imitation milk and
12 imitation milk products;

13 (D) the labeling of aquatic farm products as aquatic
14 farm products;

15 (6) monitor aquatic farms that hold permits under AS 16.-
16 40.100 to ensure compliance with the requirements of the national
17 shellfish sanitation program manual of operations published by the
18 Food and Drug Administration.

19 * Sec. 4. AS 03.05.040(a) is amended to read:

20 (a) On any business day during the usual hours of business the
21 commissioner or an authorized inspector may, for the purpose of in-
22 specting agricultural, [OR] fisheries, or aquatic farm products or
23 aquatic farm sites subject to regulation, enter a storehouse, ware-
24 house, cold storage plant, packing house, slaughterhouse, retail store
25 or other building or place where those products are kept, stored,
26 processed or sold.

27 * Sec. 5. AS 03.05.100 is amended to read:

28 Sec. 03.05.100. DEFINITIONS. In this chapter,

29 (1) "agricultural products" does not include fish or

1 fisheries products;

2 (2) "aquatic farm" and "aquatic farm product" have the
3 meanings given in AS 16.40.199;

4 (3) "fish or fisheries products" means any aquatic animal,
5 including amphibians, or aquatic plants or parts of those plants,
6 animals or amphibians that are usable as human food.

7 * Sec. 6. AS 16.05.050 is amended by adding a new paragraph to read:

8 (17) to permit and regulate aquatic farming in the state in
9 a manner that ensures the protection of the state's fish and game
10 resources and improves the economy, health, and well-being of the
11 citizens of the state;

12 * Sec. 7. AS 16.05.251 is amended by adding a new subsection to read:

13 (f) Except as expressly provided in AS 16.40.120(d) and 16.40.-
14 130, the Board of Fisheries may not adopt regulations or take action
15 regarding the issuance, denial, or conditioning of a permit under
16 AS 16.40.100 or 16.40.120, the construction or operation of a farm or
17 hatchery required to have a permit under AS 16.40.100, or a harvest
18 with a permit issued under AS 16.40.120. Regulations or orders adopt-
19 ed by the Board of Fisheries under this section do not apply to a
20 harvest with a permit issued under AS 16.40.120.

21 * Sec. 8. AS 16.05.330(a) is amended to read:

22 (a) Except as otherwise permitted in this chapter, a person may
23 not engage in sport fishing, including the taking of razor clams; in
24 hunting, trapping, or fur dealing; in the farming of [FISH,] fur [,]
25 or game; or in taxidermy, without having the appropriate license or
26 tag in actual possession.

27 * Sec. 9. AS 16.05.930 is amended by adding a new subsection to read:

28 (g) AS 16.05.330 - 16.05.720 do not apply to an activity au-
29 thorized by a permit issued under AS 16.40.100 or 16.40.120, or to a

1 person or vessel employed in an activity authorized by a permit issued
2 under AS 16.40.100 or 16.40.120.

3 * Sec. 10. AS 16.05.940(14) is amended to read:

4 (14) "[FISH OR] game farming" means the business of prop-
5 agating, breeding, raising, or producing [FISH OR] game in captivity
6 for the purpose of marketing the [FISH OR] game or game [THEIR] prod-
7 ucts, and "captivity" means having the [FISH OR] game under positive
8 control, as in a pen [, POND,] or an area of land that [OR WATER
9 WHICH] is completely enclosed by a generally escape-proof barrier;

10 * Sec. 11. AS 16.10 is amended by adding a new section to read:

11 Sec. 16.10.269. LIMITATIONS. AS 16.10.265 - 16.10.267 do not
12 apply to the purchase or sale of aquatic farm products from a holder
13 of a permit issued under AS 16.40.100 or stock from a holder of a
14 permit issued under AS 16.40.120.

15 * Sec. 12. AS 16.10.400 is amended by adding a new subsection to read:

16 (h) AS 16.10.400 - 16.10.475 do not apply to the construction or
17 operation of a private hatchery that has a permit issued under AS 16.-
18 40.100.

19 * Sec. 13. AS 16.43.140 is amended by adding a new subsection to read:

20 (d) This chapter does not apply to activities authorized by a
21 permit issued under AS 16.40.100 or 16.40.120.

22 * Sec. 14. AS 16.51.180(5) is amended to read:

23 (5) "seafood" means finfish, shellfish, and fish by-prod-
24 ucts, including but not limited to salmon, halibut, herring, flounder,
25 crab, clam, cod, shrimp, and pollock, but does not include aquatic
26 farm products as defined in AS 16.40.199;

27 * Sec. 15. AS 38.05 is amended by adding a new section to read:

28 Sec. 38.05.083. AQUATIC FARMING AND HATCHERY SITE LEASES. (a)
29 The commissioner may offer to the public for lease a site that has

1 been developed for aquatic farming or related hatchery operations
2 under a permit issued under AS 38.05.856. Before offering the site to
3 the public, the commissioner shall offer the site to the permittee.

4 (b) A site shall be leased under this section for not less than
5 the appraised fair market value of the lease. The value of the lease
6 shall be reappraised every five years.

7 (c) A lease under this section may be assigned, but if the
8 assignee changes the use of the site the lease reverts to the state.

9 (d) Before entering into a lease under this section, the commis-
10 sioner shall require the lessee to post a performance bond or provide
11 other security to cover the costs to the department of restoring the
12 leased site in the event the lessee abandons the site.

13 * Sec. 16. AS 38.05 is amended by adding a new section to read:

14 Sec. 38.05.856. TIDELAND AND LAND USE PERMITS FOR AQUATIC FARM-
15 ING. (a) The commissioner may issue a tideland or land use permit
16 for the establishment and operation of an aquatic farm and related
17 hatchery operations for not less than the appraised fair market rental
18 value of the site. The value shall be reappraised every five years.

19 (b) A permit under this section is valid for five years after
20 the date of issuance. The permit may not be transferred

21 (c) Before issuing or renewing a permit under this section, the
22 commissioner shall (1) provide a copy of the application to newspa-
23 pers, radio and television stations for public service announcement or
24 (2) provide paid notice of the application once each week for three
25 successive weeks in a newspaper or by radio. The notice required in
26 this subsection must be in more than one language if the commissioner
27 decides it is necessary. The notice must state that interested per-
28 sons may submit written and oral testimony concerning the issuance or
29 renewal to the commissioner within 30 days after the date of the

1 notice. The commissioner shall hold a hearing to take testimony.

2 (d) Before issuing or renewing a permit under this section, the
3 commissioner shall consider all relevant testimony submitted. Based
4 on the testimony or other good cause, the commissioner may deny the
5 application for issuance or renewal, but must provide the applicant
6 with written findings that explain the reason for the denial.

7 (e) Before issuing or renewing a permit under this section, the
8 commissioner shall require the permittee to post a performance bond or
9 provide other security to cover the costs to the department of restoring
10 the permitted site in the event the permittee abandons the site.

11 (f) The commissioner shall adopt regulations establishing criteria
12 for the approval or denial of permits under this section and for
13 limiting the number of sites for which permits may be issued in an
14 area in order to protect the environment and natural resources of the
15 area.

16 * Sec. 17. AS 16.05.340(a)(14) is repealed.

17 * Sec. 18. Except as provided in sec. 20 of this Act, the commissioner
18 of fish and game may not issue a permit under AS 16.40.100 or 16.40.120,
19 enacted by sec. 1 of this Act, until regulations have been adopted under
20 AS 16.40.160, enacted by sec. 1 of this Act.

21 * Sec. 19. Except as provided in sec. 20 of this Act, the commissioner
22 of natural resources may not enter into a lease under AS 38.05.083 or issue
23 a permit under AS 38.05.856, enacted by secs. 15 and 16 of this Act, until
24 the commissioner adopts regulations necessary for the implementation of
25 AS 38.05.083 and 38.05.856.

26 * Sec. 20. Notwithstanding any other provisions of law, a person who is
27 lawfully operating an aquatic farm or related hatchery in the state on the
28 effective date of this Act is entitled to continue lawful operations at the
29 existing site. The person may obtain an initial lease or permit for the

1 person's existing operations under AS 38.05.083 or 38.05.856, enacted by
2 secs. 15 and 16 of this Act, but as a condition of obtaining the lease or
3 permit the person must agree that during the term of the lease or permit
4 the person will not expand operations beyond the scope allowed under the
5 existing permit.

6 * Sec. 21. This Act takes effect immediately under AS 01.10.070(c).
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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to aquatic farming
Sponsor: Senate Resources
Requestor: Senate Resources

Agency Affected: Fish and Game
BRU: FRED
Components: FRED DIVISION MARICULTURE

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		145.3	180.3	241.4	242.3	242.3
TRAVEL		13.3	14.3	17.3	24.3	27.3
CONTRACTUAL		2.4	2.4	3.4	5.4	9.4
SUPPLIES		2.6	4.6	6.6	10.6	22.6
EQUIPMENT				1.0	2.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		163.6	201.6	269.7	284.6	306.6

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	1	2	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brian J. Allee, Director Phone: 465-4160
Division: FRED Date: March 9, 1988

Approved by Commissioner: [Signature] Date: March 9, 1988
Agency: Department of Fish and Game

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

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LEGISLATIVE FINANCE

page 1 of 5

DF+G
fiscal Note
original bill
same as for
CS(Res).

SB 482

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 482
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: _____
Sponsor: _____
Requestor: _____

Agency Affected: Fish and Game
BRU: FRED
Components: FRED Pathology

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	28.0	62.0	106.0	106.0	106.0
TRAVEL		1.0	2.0	5.0	12.0	15.0
CONTRACTUAL		1.0	1.0	2.0	4.0	8.0
SUPPLIES			2.0	4.0	8.0	20.0
EQUIPMENT				1.0	2.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		30.0	67.0	118.0	132.0	154.0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	1	2	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Adds Clerk IV in FY 89
Adds Microbiologist II in FY 90
Adds Fish Pathologist II in FY 91

Prepared by: _____ Phone: 465-4160
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):
Legislative Finance
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Requestor
Office of Management and Budget
Impacted Agency(ies)

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MAR 11 1988 page 2 of 5

LEGISLATIVE FINANCE

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 482
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: _____
Sponsor: _____
Requestor: _____

Agency Affected: Fish and Game
BRU: FRED
Components: FRED Mariculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		61.6	51.6	61.4	69.6	69.6
TRAVEL		7.3	7.3	7.3	7.3	7.3
CONTRACTUAL		1.4	1.4	1.4	1.4	1.4
SUPPLIES		0.6	0.6	0.6	0.6	0.6
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		70.9	60.9	70.7	78.9	78.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Phone: 465-4160
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

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MAR 11 1988 page 3 of 5
LEGISLATIVE FINANCE

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 482
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: _____
Sponsor: _____
Requestor: _____

Agency Affected: Fish and Game
BRU: FRED
Components: PNP/FRED Permitting

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		55.7	66.7	74.0	66.7	66.7
TRAVEL		5.0	5.0	5.0	5.0	5.0
CONTRACTUAL SUPPLIES		2.0	2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		62.7	73.7	81.0	73.7	73.7

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Phone: 465-4160
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

DISCLAIMER
MAR 11 1988
LEGISLATIVE FINANCE
page 4 of 5

	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>
Previous		168	202	269	385	--
New Pathology		30	67	118	132	154
Permitting		62.7	73.7	81	73.7	73.7
Technical		<u>70.9</u>	<u>60.9</u>	<u>70.7</u>	<u>78.9</u>	<u>78.9</u>
TOTAL		163.6	201.6	269.7	284.6	306.6

During the legislative interim, the Alaska Department of Fish and Game (ADF&G) Commissioner's Office has chaired a multi-agency work group, including the Departments of Natural Resources, Environmental Conservation, Commerce and Economic Development, and the Division of Governmental Coordination of the Governor's Office. Through work group interaction, ADF&G has more clearly defined technical and permitting responsibilities mandated by proposed mariculture legislation and in relation to those of other agencies. The ADF&G fiscal note reflects the most realistic and accurate analysis of the costs of these responsibilities that is possible at this time.

Establishing the shellfish mariculture permitting system has allowed for assessment of needs for permitting personnel. A range I6 research analyst position would perform the professional review function for permits. A Clerk V would provide system support, including computerized tracking, routine review closeout, letters of acknowledgement, accepting fees, and processing permits.

In the fiscal note for the previous mariculture legislation (87-88), the role of technical services was not clear. Lacking a clear sense of what tasks would be involved, no funding was identified. After a year of experience in dealing with farms and farmers and in studying the situation in other states and provinces, it is clear that the following are necessary:

1. A biologist/administrator in Juneau to serve as program leader. This position will deal with the public, other agencies, answer requests, and develop the program.
2. A biologist, under the program leader's direction, to assure biological and environmental suitability of proposed projects, and confirm that the potential farmer will be capable of operating the farm in a way that will realize benefit to the state while protecting natural stocks.
3. Technician time so that our local area biologists can be freed up to deal with projects out of the local offices. Area biologists will be the prime contact with real and potential farmers.

The pathology laboratory will need to add staff to handle the paperwork associated with stock transfers, disease screening of stocks involved with shellfish, plant, and freshwater fish farming, and site inspections and delivery of fish health services to the farmers. The additional staff would include a Clerk IV, a Microbiologist, and a Pathologist. These positions must be added quickly because passage of this law will precipitate additional work immediately.

3/10/88

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 482
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Regarding farming of aquatic plants and animals: prohibiting farming/finfish/saltwater, e.d. BRU: Division of Business Development
Sponsor: Senator Eliason Components: _____
Requester: Senate Resources Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Larry Mercurieff, Director Phone: 465-2017
Division: Division of Business Development Date: March 9, 1988
Approved by Commissioner: J. Anthony Smith, Commissioner Date: March 9, 1988
Agency: Department of Commerce and Economic Development

- Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
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- Office of Management and Budget
- Impacted Agency(ies)

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SB 482

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Aquatic Farming
Sponsor: Resource Committee
Requestor: Senator Eliason

Agency Affected: Natural Resources
BRU: Land and Water Management
Parks and Outdoor Recreation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	144.0	270.0	385.0	385.0	429.0
TRAVEL	-	8.0	10.0	12.0	12.0	13.0
CONTRACTUAL	-	8.0	10.0	12.0	12.0	13.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	161.0	292.0	412.0	412.0	459.0

CAPITAL	-	-	-	-	-	-
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REVENUE	-	45.0	110.0	165.0	185.0	175.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	161.0	292.0	412.0	412.0	459.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	161.0	292.0	412.0	412.0	459.0

POSITIONS:

FULL-TIME	-	2	3	6	6	7
PART-TIME	-	2	5	4	4	4
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paula Burgess Phone: 465-3400
Division: Land and Water Management Date: 3/7/88
Approved by Commissioner: [Signature] Date: 3/9/88
Agency: Natural Resources

Distribution (by preparer):

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

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Position Title		Natural Resource Officer II		No. of Positions	1	Range/Step	16	Barg. Unit	GGU
Time Status	Staff Months			Location		Election District			
Fulltime	12			Juneau					
Justification									
The adjudicator would process all permit and lease applications that were received by the Southeast Regional Office in Juneau. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This source of funds would also be used to hold the public hearing. The Southeast Regional Office is responsible for the entire panhandle.									
Type of Expenditure				Amount					
1		2		3					
Salary		33.0							
Benefits		11.0							
Premium Pay									
Other									
Total Personal Services				44.0					
Travel				2.0					
Contractual				2.0					
Commodities				1.0					
Equipment									
Other									
Total Cost				49.0					
Funding Source for Total Cost									
Federal Receipts		1002							
G. F. Match		1003							
General Fund		1004		49.0					
GF Program Receipts		1005							
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 2 of 8
 Revised Date

FY 89

Position Title		Natural Resource Officer II		No. of Positions	1	Range/Step	16	Barg. Unit	GGU
Time Status	Staff Months			Location	Anchorage		Election District		
Fulltime	12			Justification					
Type of Expenditure		Amount		<p>The adjudicator would process all permit and lease applications that were received by the Southcentral Regional Office in Anchorage. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This Regional Office includes all of Prince William Sound, the Kodiak Island area, and the Aleutian Chain. Applications might be expected in any of these areas. This individual and this source of funds would also be used to hold public hearings.</p>					
1	2	3							
Salary	33.0								
Benefits	11.0								
Premium Pay									
Other									
Total Personal Services		44.0							
Travel		2.0							
Contractual		2.0							
Commodities		1.0							
Equipment									
Other									
Total Cost		49.0							
Funding Source for Total Cost									
Federal Receipts	1002								
G. F. Match	1003								
General Fund	1004	49.0							
GF Program Receipts	1005								
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 3 of 8
 Revised Date 3/8/88

FY 89

Position Title Appraiser		No. of Positions 1	Range/Step 18	Barg. Unit GGU
Time Status Halftime	Staff Months 6	Location Juneau		Election District
Justification				
SB 482 requires appraisal of all sites to be permitted (leases already require appraisal). State certified appraisers are, at a minimum, Range 18 employees. All application sites would require site inspection as well as inspection of comparables in order to complete the appraisal report. This half-time individual in the Southeast Regional Office would complete all appraisals for the 25 to 30 estimated applications that are expected.				
Type of Expenditure		Amount		
1	2	3		
Salary	20.0			
Benefits	8.0			
Premium Pay				
Other				
Total Personal Services		28.0		
Travel		2.0		
Contractual		2.0		
Commodities				
Equipment				
Other				
Total Cost		32.0		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004		32.0		
GF Program Receipts 1005				
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 4 of 8
 Revised Date 3/8/88

FY 89

Position Title		Appraiser		No. of Positions	1	Range/Step	18	Barg. Unit	GGU
Time Status	Staff Months	Location		Election District					
Halftime	6	Anchorage							
Justification									
SB 482 requires appraisal of all sites to be permitted (leases already require appraisal). State certified appraisers are, at a minimum, Range 18 employees. All application sites would require site inspection as well as inspection of comparables in order to complete the appraisal report for issuance of a permit. This half-time individual in the South-central Regional Office would complete all appraisals for the 25 to 30 estimated applications that are expected in that region.									
Type of Expenditure		Amount							
1	2	3							
Salary	20.0								
Benefits	8.0								
Premium Pay									
Other									
Total Personal Services		28.0							
Travel		2.0							
Contractual		2.0							
Commodities									
Equipment									
Other									
Total Cost		32.0							
Funding Source for Total Cost									
Federal Receipts	1002								
G. F. Match	1003								
General Fund	1004	3.0							
GF Program Receipts	1005								
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 5 of 6
 Revised Date 3/8/88

FY 89

ANALYSIS
SB 482

The fiscal note for SB 482 is based on an estimate of the number of new applications for tideland leases and permits that we might expect to receive over the next five years. All state agencies have used the same base estimates for their fiscal notes. SB 482 does not allow farming of finfish, so we assume zero finfish applications. The estimates are an extrapolation of existing trends in shellfish applications, assuming continued progress in those industries, an assumption that progress will be made in the farming of scallops, and that some experimentation may begin in the farming of sea vegetables. The total number of new applications of all types we estimate to be:

1989	1990	1991	1992	1993
50	75	100	75	75

In addition to the processing of new applications, we must budget for monitoring the permits and leases that are granted. For this purpose, we are assuming an approximate 25 percent success rate of the new applications after the first two years. (For the first two years we assume that all of the applications require some form of monitoring.) Under these assumptions, we would expect to see some 55 "successful" mariculture farms at the end of five years. ("Success" is defined here as a farm that is actually growing something in the water. No assumption is made about marketing of the product.)

In order to process and monitor the permits and leases, the Division of Land and Water Management (DLWM) will need one adjudicator in the Southeast Region, and one adjudicator in the Southcentral Region in the first year. In the second year, DLWM will need one additional adjudicator to be located where the need is the greatest (depending upon which region receives most of the new applications). By the third year DLWM will need two adjudicators in each of the two regions. By the fifth year DLWM will need one additional adjudicator, again to be located where the need is the greatest. (For the purpose of preparing the fiscal note, one of the additional positions is assumed to be in the Southeast Region, and one in the Southcentral Region.)

SB 482 requires appraisal of all permit and lease sites (in order to charge fair market value for the sites), and a reappraisal of all sites every five years. In order to complete the appraisals, DLWM will need a half-time appraiser in each of the two regional offices in the first year. By 1991 DLWM will need a full-time appraiser for each office.

By the second year DLWM will need one half-time contract administrator to handle the accumulation of two years of lease contracts, and one half-time surveyor in each region to review survey plats. We do not anticipate the need for contract administrators and surveyors to increase beyond these levels during the five year period covered by the fiscal note.

In order to avoid land speculation, it would be desirable to inspect permit and lease sites once a year. Some inspections can be combined with other field investigations or with the appraisers' site visit, and some may be performed under cooperative agreements with other agencies. SB 482 also states that the Commissioner may hold a public hearing to take oral testimony. Given the controversial nature of many mariculture proposals, we can expect frequent requests for public hearings in nearby communities. A lean inspection program, plus the holding of public hearings, will cost the department \$8,000 for each adjudicator the first year (travel, contractual, and per diem). Each half-time appraiser will require an additional \$8,000 the first year to determine fair market value of the sites. (The cost of the appraiser could be reduced if evaluation statement were accepted in place of a full appraisal.)

The Division of Parks and Outdoor Recreation (DPOR) is responsible for adjudicating mariculture applications within park boundaries. DPOR anticipates receiving additional applications for mussel farming in Kachemak Bay over the next few years (11 permits have already been granted within the park on an experimental basis). By 1991 DPOR will need a seasonal position to process mariculture applications and to complete field inspections, as well as incidental marine supplies to operate the field equipment that currently exists.

Assuming the department receives fair market value for the number of permits and leases estimated above, some \$45,000 in revenue might be generated the first year. As the industries begin to flourish, and sites are reappraised, the return to the state would be expected to increase.

POSITION SUMMARY

Fiscal Year '89

Two (2) - Natural Resource Officers II (Range 16)
Two (2) - Half-time Appraisers (Range 18)

Fiscal Year '90

Three (3) - Natural Resource Officers II (Range 16)
Two (2) - Half-time Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)

Fiscal Year '91

Four (4) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '92

Four (4) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '93

Five (5) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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

March 9, 1988

The Honorable Jack Coghill, Chair
Senate Resource Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject: Senate Bill 482, an act relating to the farming of aquatic plants and aquatic animals, and prohibiting the aquatic farming of finfish in saltwater.

Position: The Department of Natural Resources' comments address the technical provisions of this bill, pursuant to the policies outlined in the Governor's position paper issued in March, 1988.

Background: As outlined in a position paper last March, it has been the Governor's policy to promote responsible growth in the shellfish industry. The Governor's Mariculture Task Force has been working for nearly a year to coordinate the permitting of shellfish applications. The agencies involved have prepared a tri-agency application form to simplify the confusing application process, the Department of Fish and Game has developed a new permit for shellfish, and the Department of Natural Resources has been working on a plan to address the cumulative impacts of the mariculture industry and on the tideland permit process.

For the most part, the directives of SB 482 do not appear to conflict with the work completed by the task force; however, the department recommends several changes in order for the efforts to be consistent:

(1) Up to three year rather than five year tideland permits. At the recommendation of the Governor's Mariculture Task Force, the Department of Fish and Game is in the final stages of preparing a three-year Shellfish Permit. The three-year term is used by the Corps of Engineers in permitting tideland activities. The Department of Natural Resources has been planning to use the three-year term as well in granting tideland permits for shellfish. (For a project that is experimental, a one or two year permit may be desirable.) If our permit terms could match, confusion to the applicant would be reduced, and agency permit coordination would be simplified.

(2) A valuation statement should be sufficient to determine the fair market value of a permit. The department supports the change requiring not less than fair market value to be charged for permits. Appraisals are expensive, however, so we have devised a short cut. An appraiser (or an appraiser's apprentice) completes a valuation statement. It is similar to a full appraisal, but not as thorough. If the applicant does not feel the rental determined in this manner is fair, then he/she can hire a certified appraiser and the department will accept the new number. A full appraisal will be required prior to granting a lease, as now required by statute.

(3) The notice requirements should be integrated into the process that the department is adopting to address cumulative impacts. The notice described in the bill will be cumbersome for the applicant, and will not always produce the desired result: that the people affected have the opportunity to comment on the project. While the specifics of the system have not yet been defined, the department is proposing a means of addressing cumulative impacts of the mariculture industry that entail opening districts for application, holding an agency meeting to screen out unreasonable applications, and then holding a hearing (within the affected area if funding is available) to obtain public comment.

(4) The addition of policy direction to guide the agencies in promulgating regulations and adjudicating permits. The bill clearly states that finfish farming in saltwater is not legal, and it regulates the farming of shellfish and sea vegetables, but it is unclear what the state's policy is toward shellfish and vegetables. It has been the Governor's policy to encourage the establishment and responsible growth of these industries in the state. Is that the legislative intent as well?

Recommendations: The department recommends the following specific changes in the bill:

(1) Section 16 (Sec. 38.05.856 (b)). A permit under this section should be valid for up to three years.

(2) Section 16 (Sec. 38.05.856 (a)). The value of a permit should be assessed prior to issuance or renewal. A valuation statement is acceptable for determining fair market value of a permit.

Senator Coghill

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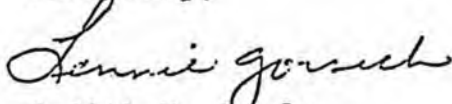
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(3) Section 16 (Sec. 38.05.856 (c)). Before issuing or renewing a permit under this section, at a minimum, notice must be given as specified in AS 38.05.945. Written testimony may be submitted for 30 days after the notice, and the commissioner may hold a hearing in the affected area if necessary.

(4) Section 1. A statement should be added to make it clear that the policy of the state is to encourage the establishment and responsible growth of the shellfish and sea vegetable farming industries.

If I may provide additional information, do not hesitate to contact me.

Sincerely,



for Judith M. Brady
Commissioner

cc: Members of the Committee
Bill Sponsors
Rod Swope
Bob Evans

bcc: Division Directors