

**SB416**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: May 10, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/12/92

The FINANCE Committee considered:

CSSB 416(FIN) am

CS FOR SEN. BILL NO. 416 (FIN) am DEFER FISHERY ENHANCEMENT LOAN REPAYMENTS  
 "An Act authorizing the commissioner of commerce and economic development to defer certain principal and interest payments on loans made under the fishery enhancement loan program to accommodate transfer of operational responsibility for state-owned hatcheries."

- RECOMMENDATIONS: [ ] the same title  
 be replaced with HCS CSSB 416 (Fin) [ ] a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) SEN DEC 15-7-92  
DF+G

zero fiscal note \_\_\_\_\_

zero fiscal note(s) Senate DEC 15

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Mike Savare</u> <span style="float: right; font-size: small;">Mawasse</span>	<input checked="" type="checkbox"/>	<u>Eileen P. Maclean</u> <span style="float: right; font-size: small;">Maclean</span>		<input checked="" type="checkbox"/>	
<u>Tom Brown</u> <span style="float: right; font-size: small;">Brown</span>	<input checked="" type="checkbox"/>	<u>Tom Brown</u> <span style="float: right; font-size: small;">Brown</span>		<input checked="" type="checkbox"/>	
<del>_____</del>	<input checked="" type="checkbox"/>	<del>_____</del> <span style="float: right; font-size: small;">Koponen</span>			<input checked="" type="checkbox"/>
<del>_____</del>	<input checked="" type="checkbox"/>	<u>Ronald J. Larson</u> <span style="float: right; font-size: small;">Larson</span>		<input checked="" type="checkbox"/>	
<del>_____</del>	<input checked="" type="checkbox"/>	<u>Phillips</u> <span style="float: right; font-size: small;">Phillips</span>		<input checked="" type="checkbox"/>	
<del>_____</del>	<input checked="" type="checkbox"/>	<u>Sharp</u> <span style="float: right; font-size: small;">Sharp</span>		<input checked="" type="checkbox"/>	
<del>_____</del>	<input checked="" type="checkbox"/>	<u>Ulmer</u> <span style="float: right; font-size: small;">Ulmer</span>		<input checked="" type="checkbox"/>	

Mike Savare E P Maclean  
 CHAIRMAN'S SIGNATURE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

FISCAL NOTE

Bill No. 1  
Bill Version: SB 416  
(S) Publish Date: 4-14-92

Revision Date: 3/12/92  
Title: Defer Fishery Enhancement Loan  
Payments  
Sponsor: Senator Zharoff

Department Affected: Fish and Game  
BRU: FRED  
Component: FRED

Requestor: Senate Labor and Commerce  
Expenditures/Revenues: (Thousands of Dollars)

COMPONENT SERIAL NO. 

4	6	7
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OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	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	0.0	0.0	0.0	0.0	0.0	0.0

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

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current year impact

ANALYSIS: (Attach a separ

Changes in CSSD 410 (FIN) have no fiscal impact. This fiscal note is appropriate.

Prepared By: Geron Bruce

5/7/92  
date

KSD  
Compte Aide (initial)

Phone: 465-4100

Division: Commissioner's Office

Date: 3/12/92

Approved by Commissioner: Geron Bruce

Agency: Department of Fish and Game

Date: 3/19/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. OSC., & Impacted Agency(ies).

FISCAL NOTE

No. 5

Bill Version: CSSB 416(FIN)

(S) Publish Date: 5-7-92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan

BRU: Alaska Industrial Dev. & Export Auth.

Repayments

Component: \_\_\_\_\_

Sponsor: Zharoff, Jones

Requestor: Senate Finance

COMPONENT SERIAL NO. 

1	2	3	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND RESOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

Assuming request for deferment on Beaver Falls Hatchery would not be made until FY 94.

Prepared By: Bill Scott, Executive Director Phone: 561-8050

Division: Alaska Industrial Dev. & Export Auth. Date: 5/7/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 5-7-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DFR, Gov. Legis. Ofc., and Impacted Agency(ies).

GW/dg119290/050792b

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No. 4

FISCAL NOTE

Bill Version: CSSB416(FIN)

(S) Publish Date: 5-7-92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan

BRU: Investments

Repayments

Component: \_\_\_\_\_

Sponsor: Zharoff, Jones

Requestor: Senate Finance

COMPONENT SERIAL NO. 

0	3	8	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	0	480.0	0	38.0	0	0
TOTAL OPERATING	0	480.0	0	38.0	0	0

CAPITAL

FERLF 1070

REVENUE FUND RESOURCE:	0	[480.0]	0	[38.0]	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	480.0	0	38.0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	480.0	0	38.0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

Assuming request for deferment on Beaver Falls Hatchery would not be made until FY 94.

Prepared By: Martin J. Richard, Director Phone: 465-2510

Division: Investments Date: 5/7/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 5.7.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legls. Ofc., and Impacted Agency(ies).

Page 1 of 1

HOUSE CS FOR CS FOR SENATE BILL NO. 416 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS ZHAROFF, Jones

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the commissioner of commerce and economic development to defer  
2 certain principal and interest payments on loans made under the fishery enhancement loan  
3 program to accommodate transfer of operational responsibility for state-owned hatcheries."

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

5 \* Section 1. PURPOSE. It is the purpose of this Act to provide assistance to qualified regional  
6 aquaculture associations and their nonprofit corporations in order to accommodate a transfer of  
7 operational responsibility for hatcheries that are or have been operated by the state. Deferral of the  
8 principal and interest payments due on fisheries enhancement loans by these associations and  
9 corporations would provide these entities necessary operating capital without payment of direct state aid  
10 by appropriations of state money necessary to make those hatcheries self-sufficient.

11 \* Sec. 2. AS 16.10 is amended by adding a new section to read:

12           Sec. 16.10.527. DEFERRAL OF CERTAIN PAYMENTS ON LOANS. (a) In addition  
13           to deferral of repayment of principal under AS 16.10.525, the commissioner may defer repayment  
14           of principal on a loan made under AS 16.10.510 to a regional aquaculture association or a

1 nonprofit corporation owned by a regional aquaculture association if the loan qualifies under (c)  
2 of this section. The regional aquaculture association's or nonprofit corporation's repayment may  
3 be deferred under this section for a period of time determined by the commissioner that is  
4 sufficient to defray the costs of operation of a hatchery that are to be paid from money earned  
5 by the hatchery's fish cost recovery program. The deferment period may not exceed one year.

6 (b) Interest on the principal of a loan made under AS 16.10.510 does not accrue during  
7 the period of deferral approved by the commissioner under this section.

8 (c) The commissioner may defer repayment of a loan under this section if

9 (1) the association or corporation holding the loan has entered into a multi-year  
10 agreement with the state to assume the operational responsibility for and payment of the  
11 associated costs of operation of the hatchery;

12 (2) the subject of the agreement is a state-owned hatchery that had insufficient  
13 returning adult salmon to support a cost-recovery program while operated by the state;

14 (3) the association or corporation assumed operational responsibility for the  
15 hatchery after June 30, 1991; and

16 (4) in the judgment of the commissioner, deferral of repayment of the loan  
17 principal is reasonably necessary for the association or corporation to meet the loan repayment  
18 schedule and to pay all other debts of the association or corporation incurred in the ordinary  
19 course of the association's or corporation's business.

5

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 416

Revision Date: 3/12/92

Department Affected: Fish and Game

Title: Defer Fishery Enhancement Loan

BRU: FRED

Payments

Component: FRED

Sponsor: Senator Zharoff

Requestor: Senate Labor and Commerce  
Expenditures/Revenues: (Thousands of Dollars)

COMPONENT SERIAL NO. 4 6 7

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	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	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars) \*

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Geron Bruce

Phone: 465-4100

Division: Commissioner's Office

Date: 3/12/92

Approved by Commissioner: *Geron Bruce*

Date: 3/19/92

Agency: Department of Fish and Game

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/D&R, Gov. Legis. OSC., & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. Proposed CSSB 416 (FIN)

1

Revision Date: \_\_\_\_\_  
Title: Defer Fisheries Enhancement Loan  
Repayments  
Sponsor: Zharoff, Jones  
Requestor: Senate Finance

Department Affected: Commerce & Econ. Dev.  
BRU: Alaska Industrial Dev. & Export Aut  
Component: \_\_\_\_\_

COMPONENT SERIAL NO.	1	2	3	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	312.5	0	0	0	0	0
TOTAL OPERATING	312.5	0	0	0	0	0

CAPITAL						
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REVENUE FUND RESOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	312.5	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

See Division of Investments, Department of Commerce and Economic Development, fiscal note analysis. AIDEA fisheries enhancement loans and receipts therefrom are pledged to the repayment of the DeLong Mountain Transportation Project Revenue Bonds.

Prepared By: Bill Scott, Executive Director Phone: 561-8050  
Division: Alaska Industrial Dev. & Export Auth. Date: 4/22/92  
Approved by Commissioner: Glenn A. Olds  
Agency: Department of Commerce & Economic Development Date: 4.21.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legls. Ofc., and Impacted Agency(ies).

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FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. Proposed CSSB 416 (FIN)

2

Revision Date: \_\_\_\_\_  
 Title: Defer Fisheries Enhancement Loan  
Repayments  
 Sponsor: Zharoff, Jones  
 Requestor: Senate Finance

Department Affected: Commerce & Econ. Dev.  
 BRU: Investments  
 Component: \_\_\_\_\_

COMPONENT SERIAL NO. 

0	3	8	4
---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	0	480.0	480.0	567.2	529.2	0
TOTAL OPERATING	0	480.0	480.0	567.2	529.2	0
CAPITAL						
FERLF 1070						
REVENUE FUND RESOURCE:	0	<480.0>	<480.0>	<567.2>	<529.2>	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	480.0	480.0	567.2	529.2	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	480.0	480.0	567.2	529.2	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Martin J. Richard, Director Phone: 465-2510  
 Division: Investments Date: 4/21/92  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce & Economic Development Date: 4.21.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., and Impacted Agency(ies).

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GW/dg11928D-1/042292b

(Rev. 12/91)

FISCAL NOTE - CSSB 416 (FIN)

ANALYSIS:

	<u>CIAA Tutka 7/1/92</u>	<u>SSRAA Beaver Falls 7/1/92</u>	<u>FUND TOTAL</u>
FY 93	---	*312.5	0
FY 94	---	480.0	480.0
FY 95	---	480.0	480.0
FY 96	38.0	529.2	567.2
FY 97	---	529.2	529.2
FY 98	---	---	---

\*This figure is included in the Alaska Industrial  
Development & Export Authority fiscal note.

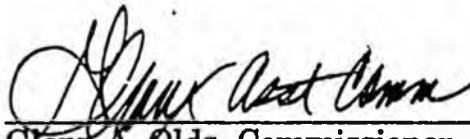
**SB 416: "Defer Fisheries Enhancement Loan Repayments"**

SB 416 makes changes to the fisheries enhancement loan program to provide financial assistance to regional aquaculture associations and their nonprofit corporations that are taking over hatcheries previously operated by the state. This financial assistance will be accomplished without direct appropriations to the Department of Fish and Game or the regional aquaculture associations by reducing the amount of interest charged to these associations on loans received under the fisheries enhancement loan program. SB 416 allows the department to approve a noninterest accrual and nonpayment period to defray the costs of operation of a state-owned hatchery that has been transferred to a qualified regional aquaculture association. This time period which would be determined by the commissioner could not exceed five years from the date that the association assumes operating responsibility for the hatchery and can only be approved if certain conditions are met.

Those conditions are:

1. the association or corporation holding the loan has entered into or is prepared to enter into an agreement with the state to take over the operation of a state-owned facility; and
2. deferral of repayment of the loan would materially assist the association or corporation to pay the operational costs of the hatchery.

The department is neutral on this legislation. While the passage of SB 416 will result in fewer dollars returning to the loan fund over the next few years and may increase the department's general fund request for this program, there will be savings over the long term due to a reduction in the amount of general fund monies spent by the Department of Fish and Game to operate the facilities being transferred.

  
Glenn A. Olds, Commissioner

Date: 3.17.92



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99815 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

#### MEMORANDUM

TO: Representative Mike Navarre  
Co-Chair  
Representative Eileen MacLean  
Co-Chair  
House Finance Committee

FROM: Senator Fred F. Zharoff

DATE: May 9, 1992

RE: CS For Senate Bill No. 416 - "An Act authorizing the commissioner of commerce and economic development to defer certain principal and interest payments on loans made under the fishery enhancement loan program to accommodate transfer of operational responsibility for state-owned hatcheries."

BILL SUMMARY: CSSB 416 would allow the commissioner of commerce to defer repayment of principal and interest on fisheries enhancement loans in order to allow regional aquaculture associations enough time to establish cost recovery programs at former state-operated hatcheries. The deferral period may not exceed five years.

Four conditions must be met for the commissioner to authorize a deferral. First, the regional aquaculture association must have entered into a multi-year agreement to take over the operations of a state-owned hatchery. Second, the hatchery involved must have had insufficient salmon returns to support a cost-recovery program while it was operated by the state. Third, the state did not transfer management of the hatchery before June 30, 1991. And fourth, the commissioner must determine that the deferral would materially assist the association in paying the operational costs of the hatchery.

FISCAL IMPACT: The Department of Commerce and Economic Development's fiscal note reflects the interruption in payments to the fisheries enhancement revolving loan fund. The department estimates the amount deferred as \$480,000 for FY 94, \$480,000 for FY 95, \$567,200 for FY 96, \$529,200 for FY 97, and zero for FY 98. The Alaska Industrial and Development Authority's fiscal note is \$312,500 for FY 93. The Department of Fish and Game's fiscal note is zero.

PREVIOUS ACTION: The Senate Labor and Commerce Committee moved the bill on April 14 (1 DP, 4 NR). The Senate Finance Committee moved the bill on May 7 (1 DP, 5 NR). Passed the State Senate 18-1 on May 8. The House Resources Committee moved the bill on May 9.

BACKGROUND: The state's policy in recent years has been to encourage and facilitate the transfer of state-owned fish hatcheries to qualified regional aquaculture associations. While state hatcheries are entirely dependent on general fund appropriations for operating costs, regional aquaculture associations are allowed to conduct cost-recovery operations, where surplus fish returning to the hatcheries are harvested and sold to cover hatchery operating costs.

Due to natural salmon cycles, varying periods of time are required before the transferred hatcheries can establish viable cost-recovery programs. By allowing the deferral of principal and non accrual of interest, CSSB 416 would provide the associations with the operating capital necessary to make the transferred hatcheries financially self-sufficient.

The Beaver Falls Salmon Hatchery outside Ketchikan is the one hatchery that would be immediately affected by this bill. The Southern Southeast Regional Aquaculture is interested in turning Beaver Falls into a full production sockeye hatchery, if funds are available. The passage of CSSB 416 would allow SSRAA to proceed with a 20 year agreement to operate the hatchery.

ATTACHED BACKUP INFORMATION:

1. Fiscal note from the Alaska Industrial Development and Export Authority.
2. Fiscal note from the Department of Commerce and Economic Development.
3. Department of Commerce and Economic Development position paper on the original bill.
4. Projections on number of sockeye to be produced at Beaver Falls and their value to the fishery.
5. Fiscal note from the Department of Fish and Game.
6. Letter from Mr. Carl Rosier, Fish and Game commissioner, describing the current status of the state's hatcheries as of April 2, 1992.

To: Carl Olds	From: P. Amend
Co:	SSRAA, Inc.
Fax # 463-3043	Fax # (907) 225-1848
# of Pages 2	Phone # (907) 225-9808

SECTION 9  
BENEFIT ANALYSIS

RECOVERY VALUE AND VALUE TO THE FISHERY

\* Revised 4

This program is based on these estimates of recovery value and value to the fishery.

1. "Zero" Smolts

Fry to SW Pens	6,500,000		5,200,000
"Zero" Smolts Released (95%)	6,200,000		5,000,000
Ocean Survival to Adults (6%)	370,000	(84%)	400,000
Available to Common Property Fishery (80%)	220,000		240,000
Value to the CPF @ \$8/fish	\$1,320,000	\$ 7.30	\$ 1,752,000
Available to Cost Recovery Harvest (40%)	150,000		160,000
Recovery Value (CRV) @ \$6/fish	\$900,000		\$ 760,000

2. Fry Rearing Program

These fry are assumed to be used in the FRP program. The values would depend on the program. For our purposes, we will assume the use of half of the available 10 million fry.

Fry Released in Lakes	5,000,000		6,000,000
Smolts Produced (20%)	1,000,000		1,200,000
Ocean Survival to Adults (12%)	120,000		144,000
Available to Common Property Fishery (80%)	72,000		86,400
Value to CPF @ \$6/fish	\$432,000	\$ 7.30	620,000
Available for Wildstock Enhancement (40%)	48,000		57,000

3. Summary

Total Eggs Required (56 incubators)	14,000,000		14,000,000
Adult Survival	490,000		544,000
Available to Common Property Fishery	292,000		326,400
Available for Cost Recovery Harvest	150,000		160,000
Available for Wildstock Enhancement	48,000		57,000
Recovery Value Cost Recovery Harvest	\$900,000		\$ 960,000
Value to Common Property Fishery	\$1,752,000		\$ 2,382,000

Note that all of the recovery value (on CRH) is based on the "zero" program.

OPERATING COST

As indicated in the prior section, the operation costs are estimated to be \$670,000 per year. This is less than the recovery value through Cost Recovery Harvest by 25%.

# STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 3-2000  
GENERAL DELIVERY 99503-2000  
PHONE: (907) 465-4100

6

SB 416

April 2, 1992

The Honorable Drue Pearce  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

\*\*\*\*\*  
F A X T R A N S M I T T A L M E M O \*\*\*\*\*

TO: Ray Gillespie

DEPT: \_\_\_\_\_ FAX #: \_\_\_\_\_

FROM: Johnny Holland PHONE: \_\_\_\_\_

CO: \_\_\_\_\_ FAX #: \_\_\_\_\_

Post-it brand fax transmittal memo 7671

Finally!

NO. OF PAGES
5

Dear Senator Pearce:

During the March 18 Senate Subcommittee on Commerce and Labor hearing, Dr. J. S. Holland, Assistant Director of the department's Fisheries Rehabilitation, Enhancement and Development (FRED) Division, responded to questions posed by committee members. The committee requested clarification of the funding status of the state's hatcheries. Also, at one point, Dr. Holland mentioned the FRED Division's public hatchery strategic plan, three copies of which are enclosed.

Of the 20 state-owned hatcheries, nine are currently operated and/or funded by the private sector. Of those contracted hatcheries, Beaver Falls has no long-term contract commitment by the private sector and faces closure in FY 93. Negotiations are ongoing for the Southern Southeast Regional Aquaculture Association (SSRAA) to operate Beaver Falls. A long-term contractual commitment by SSRAA to operate Beaver Falls is dependent on both a hatchery upgrade CIP request (currently on the Governor's CIP list) and on deferment of fishery enhancement loans.

Three of the remaining 11 hatcheries (Clear, Elmendorf, and Ft. Richardson) are sport fish production facilities and, as such, are primarily funded by Sport Fish Restoration Act federal aid funds with matching funds provided from the fish and game fund or general fund. Following development of the enclosed public hatchery strategic plan, the FRED Division learned that Anadromous Fish Conservation Act federal aid funds will no longer be available. This leaves the Deer Mountain Hatchery with only half of the necessary funds needed to operate it in FY 93. The division is seeking additional funding sources for Deer Mountain, but if this funding does not come through, the facility will face closure in FY 93.

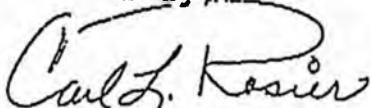
Of the remaining seven state hatcheries, three (Big Lake, Klawock, and Russell Creek) have been slated for closure in FY 93 given the magnitude of the department's proposed FY 93 budget reduction. At

April 2, 1992

this time, there are no private sector salmon producers that have expressed an interest in contracting the operations of any of these facilities, as cost-recovery options are severely limited. The four remaining hatcheries (Crystal Lake, Snettisham, Crooked Creek, and Sikusuilaq Springs) each have unique properties; i.e., major impact on international fisheries treaties, research status, major impact on sport fish production, etc., that require they remain open.

I hope this information is useful when considering Senate Bill 416.

Sincerely,



Carl L. Rosier  
Commissioner

Enclosures

cc: Geron Bruce  
J. S. Holland  
Jeff Koenings

Alaska Department of Fish and Game—FRED Division  
Public Hatchery Strategic Plan

Hatchery	Location	Species	Program Intent	Comments	FY92		Oper. Plan FY	Agenc	Percent ** Subsistence	Percent Sport	Percent Commercial
					Operating Costs	Funding Source					
Beaver Falls	Ketchikan	Sockeye	CF	Contracted to SSRAA with GF for FY92 operation.	\$294.8	GF	92	SSRAA	***	0%	100%
Big Lake	Big Lake	Sockeye	CF, PU	Major production of enhancement fi for Anchorage area. Sockeye shortfunded in FY93.	\$60.0	CIP	92	FRED	14%	1%	85%
		Coho	SF, CF, PU		\$312.4	GF			5%		
Cannery Creek	Whittier	Pink	CF	Operated by PWSAC			89	PWSAC			100%
Clear	Clear	Arctic char	SF	Major sport fish production facility Vital to US/Can chum and chinook programs	\$22.9	GF	92	FRED		100%	
		Arctic grayling	SF		\$313.6	DJ/WB			100%		
		Lake trout	SF		\$92.5	F&G			100%		
Crooked Creek	Soldotna	Sockeye	CF, PU	Sockeye contracted to CIAA. Contributes substantially to sport fish program through egg tak for other facilities.	\$46.0	CIAA	92	FRED	3%	2%	95%
		Coho	SF, PU		\$340.3	GF		CIAA	5%	95%	
		Steelhead	SF		\$3.8	PGR			100%		
		Chinook	SF					100%			
Crystal Lake	Pelersburg	Chinook CL rel.	US/C, SF, CF	Large US/Can capital investment including Harding River, Deep Cove, and Farragut River. Provides 5-7 million chinook eggs in addition to its own needs primary stream rehab work from unique isolation modules.	\$602.6	GF	92	FRED		44%	56%
		Chinook remote	US/C, CF		\$15.0	PgR				1%	99%
		Coho	SF, PU, CF		\$12.8	DJ/WB			***	17%	83%
		Steelhead	SF						100%		
Deer Mountain	Ketchikan	Chinook	RES, SF, CF	Fisheries technology development results supplied to other state and private programs. Prim tourist facility, over 250,000 annually. Major role in public education. Urban (SF) fisheries program being developed with Rainbow trout.	\$149.7	GF	92	FRED	***	40%	60%
		Coho	SF, PU, CF		\$141.5	ANAD			***	17%	83%
		Steelhead	SF		\$13.0	DJ/WB				100%	
		Rainbow	SF						100%		

Hatchery	Location	Species	Program Intent	Comments	Operating Costs	Funding Source	Operational FY	Plan Assn	Percent Subsistence	Percent Sport	Percent Commercial
Sikusuilag	Kotzebue	Chum	CF, SUB	Developmental facility for fisheries technology. Potential for subsistence harvest. To be contracted in 1999.	\$390.8	GF	99	Reg. Asso	20%		80%
Snellisham	Juneau	Sockeye CIF	US/C, CF, RE	Tremendous involvement in US/Can projects, transboundary river sock enhancement plus SE Baranof chino Applied technology development for sockeye smolt. Major sport fish production in Juneau recreation project.	\$612.8	GF	92	FRED	***		100%
		Sockeye (smolt)	US/C, CF		\$108.0	US/CAN			***		100%
		Chinook (Deep)	US/C, CF		\$94.1	W/B				6%	94%
		Chinook (juvenile)	SF							34%	66%
Trail Lakes	Moose Pass	Coho Sockeye	SF, CF CF	Operated by CIAA			89	CIAA	***	75%	25% 100%
Tufka	Homer	Pink Chum Sockeye	CF CF CF	Contracted to CIAA		CIP	92	CIAA	*** ***	2%	98% 100% 100%

\* - Legend- subsistence (SUB), sport fish(SF), commercial fish(CF), research (RES), US/Canada (US/C)

\*\* - Includes personal use

\*\*\* - Thought to contribute to subsistence but as yet unquantified

\*\*\*\* - SSRAA - Southern Southeast Regional Aquaculture Association

PWSAC - Prince William Sound Aquaculture Corporation

CIAA - Cook Inlet Aquaculture Association

NSRAA - Northern Southeast Regional Aquaculture Association

REG. ASSOC. - as yet unknown aquaculture association.

Pg.R. - program receipts

hatchery	Location	Species	Program Intent	Comments	Operating Costs	Funding Source	Operational FY	Operational Pta Agen	Percent ** Subsistence	Percent Sport	Percent Commercial
Zemendorf	Anchorage	Chinook	SF	Major sport fish production facility	\$112.8	F&G	92	FRED	1%	90%	9%
		Coho	SF	High visibility tourist attraction	\$385.2	DJ/WB			3%	87%	10%
					\$67.7	GF					
Ft Richardson	Anchorage	Chinook	SF	Major sport fish production facility	\$143.9	GF	92	FRED		88%	13%
		Coho	SF		\$596.0	DJ/WB			90%	10%	
		Rainbow	SF, RES		\$181.6	F&G			100%		
Gulkana	Glennallen	Sockeye Chinook	CF, SUB CF, SF, SUB	The most cost effective sockeye facility in the world. 35 million sockeye salmon egglake annually. FY92 contract for one year, potential long term contract.	\$41.2	GF	92	FRED/ PWSAC	8% 20%	2% 30%	90% 50%
Hidden Falls	Sitka	Chinook	CF	\$2.5 million chinook expansion with US/Can funds. Operated by NSRAA.			89	NSRAA			100%
		Chum	CF		100%						
2 Kitai Bay	Kodiak	Pink	CF	Operated by state with funds provided by KRAA.			92	FRED/KRAA			100%
		Chum	CF		100%						
		Coho	SF, CF		50%	50%					
		Sockeye	CF		100%						
3 Klawock	Klawock	Sockeye	SUB	BIA funds to address local projects. GF used in projects to rehabilitate POW in post-logging years.	\$424.3	GF	92	FRED	100%		
		Coho	CF, SUB		\$10.0	PgR(non-existent)			***	7%	93%
		Steelhead	SF		\$18.0	DJ/WB			100%		
'4 Main Bay	Whillier	Sockeye	CF	Operated by PWSAC			92	PWSAC		1%	99%
'5 Pillar Creek	Kodiak	Sockeye	CF	Primarily operated with funds provi KRAA. Some GF involved.	\$37.9	GF	92	FRED/KRA	***		100%
'6 Russell Creek	Cold Bay	Chum	CF	FY92 PgR from Aleutian's East Borough. Fisheries developmental facility to be contracted in FY99	\$420.0	GF	99	Reg. Assoc.			100%
		Pink	CF		\$52.8	PgR				1%	99%
		Coho	SF, CF							50%	50%