

SB416

SENATE FINANCE COMMITTEE REPORT

DATE: 4/14/92

FURTHER:

DATE TURNED INTO OFFICE: 5/7/92

The Finance Committee considered 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."

and recommends:

[X] replace with CS SD 416 (FINANCE)
or [] adopt previous CS
[] attaches amendment(s)

[X] same title
[] new title
[] technical title change (HB only)

[] adopts Letter of Intent

[] further referral to the

[] do pass

[] do not pass

[] no recommendation

[X] individual recommendations

NEW FISCAL NOTES: Dept/Date

[] zero fiscal notes

[X] fiscal notes DECD - INVESTMENTS
DECD - AIDEA

[] appropriation--no fiscal note

DO PASS:

[Signature]

1. [Signature] no rec

Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

[X] zero fiscal notes FISH PGME 3-12-92
FREN DIV.

[] fiscal notes

OTHER RECOMMENDATIONS:

[Signature] - no Rec
[Signature] - no Rec

[Signature] no Rec

Co-Chair: Signature/Recommendation

FISCAL NOTE

lo. 1
 Bill Version: SB 416
 (S) Publish Date: 4-14-92

STATE OF ALASKA
 1992 LEGISLATIVE SESSION

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 separate sheet)

Changes in CSSB 416 (FIN) have no fiscal impact. This fiscal note is appropriate.

5/7/92 date

KSA Comte Aide (initial)

Prepared By: Geron Bruce

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).

STATE OF ALASKA
LEGISLATIVE SESSION

FISCAL NOTE

No. 4

Bill Version: CSSB416(FIN)

(S) Publish Date: 5-7-92

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						
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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

Approved by Commissioner: Glenn A. Olds  Date: 5/7/92

Agency: Department of Commerce & Economic Development Date: 5.7.92

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

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GW/dg11928D-1/050792c

(Rev. 12/91)

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

FISCAL NOTE

No. 5

Bill Version: CSSB 416(FIN)

(S) Publish Date: 5-7-92

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan
Repayments

BRU: Alaska Industrial Dev. & Export Auth.

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/DBR, Gov. Legis. Ofc., and Impacted Agency(ies).

GW/dg11929D/050792b

Page 1 of 1

(Rev. 12/91)

CS FOR SENATE BILL NO. 416 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE 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 would materially assist the association or corporation to pay the costs of operation of
18 the hatchery that are to be paid from money earned by the hatchery's fish cost recovery program.

7-LS1991N
Chenoweth
5/4/92

5-7-92
Adopted
as amended
p. 2 line 5

CS FOR SENATE BILL NO. 416 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

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 five years.

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 would materially assist the association or corporation to pay the costs of operation of
18 the hatchery that are to be paid from money earned by the hatchery's fish cost recovery program.



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

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

DISTRICT N

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

MEMORANDUM

TO: Senator Pat Pourchot
Co-Chair
Senator Jay Kerttula
Co-Chair
Senate Finance Committee

FROM: Senator Fred F. Zharoff

DATE: April 25, 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."

I respectfully request that SB 416 be brought before the Senate Finance Committee for a hearing at the earliest possible opportunity.

In addition, a proposed CS has been prepared for SB 416 that would substantially lower the fiscal impact of the bill. I respectfully request the committee to adopt this CS for consideration. The CS is attached.

Thank you for your consideration of these requests.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. Proposed
CSSB 416 (FIN)

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan
Repayments

BRU: Investments

Sponsor: Zharoff, Jones

Component: _____

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	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
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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

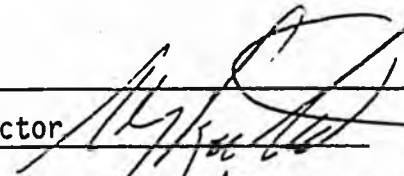
POSITIONS:

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: 4/23/92

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.

Revision Date: _____
 Title: Defer Fisheries Enhancement Loan
Repayments
 Sponsor: Zharoff, Jones
 Requestor: Senate Labor and Commerce

Department Affected: Commerce & Econ. Dev.
 BRU: Alaska Industrial Dev. & Export Auth.
 Component: _____

COMPONENT SERIAL NO.

1	2	3	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	146.9	0	0	0	0	0
TOTAL OPERATING	146.9	0	0	0	0	0

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

GENERAL FUND	146.9	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 for 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: 3/17/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 3.17.92

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

Page of

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan
Repayments

BRU: Investments

Component: _____

Sponsor: Zharoff, Jones

Requestor: Senate Labor and Commerce

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	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0
TOTAL OPERATING	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0

CAPITAL						
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REVENUE FUND RESOURCE: 1070	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0
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FERLF

FUNDING: (Thousands of Dollars)

GENERAL FUND	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0

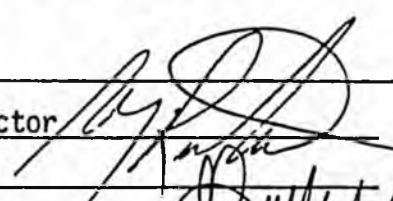
POSITIONS:

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: 2/27/92

Approved by Commissioner: Glenn A. Olds 

Agency: Department of Commerce & Economic Development Date: 2/17/92

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

FISCAL NOTE - SB 416

ANALYSIS:

To adequately reflect the fiscal impact of SB 416, it was necessary to develop the attached spreadsheets for each fiscal year affected. Below is an explanation of these spreadsheets:

Column 1 lists the state-owned hatcheries that are currently being operated by qualified regional aquaculture associations or ones that are projected to be transferred in the near future. The date of transfer or projected date of transfer is also noted and is important because section 2 of the bill says that repayment may be deferred for a period of time that is sufficient to defray costs of operation not to exceed five years from the date that the association assumes operating responsibility for the hatchery.

Columns 2 and 3 indicate the payments that are scheduled to be made by the affected associations, and column 4 displays payments that are projected not to be made in FY 93. These estimates in column 4 have been used in determining the cash flow projections of the Fisheries Enhancement Revolving Loan Fund and the resulting General Fund request to fund loan demand for FY 93.

Column 5 shows the total projected operating costs of the transferred facilities and must be compared to columns 1, 2 and 3 to arrive at the fiscal impact. In FY's 93-97, the payments that are scheduled to be made (columns 2 and 3) minus the anticipated deferments (column 4) is less than the projected operational costs of the transferred facilities.

Columns 7 and 8 break down the fiscal impact according to the investor that is affected. While most of the loans are owned by the Fisheries Enhancement Loan Fund, some are owned by Alaska Industrial Development and Export Authority (AIDEA). A separate fiscal note reflecting the impact on AIDEA's loans as shown in Column 7 has been prepared by AIDEA. The impact borne by the loan fund is shown in column 8 and on the attached fiscal note.

**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'93

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	1,237.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)				683.0			
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	901.0	0.0	0.0	0.0
KIT JI (7/1/88)				703.0			
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	351.5	0.0	997.0	351.5	0.0	351.5
HIDDEN FALLS (6/23/88)				997.0			
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,822.1	0.0	1,969.0	1969.0	146.9	1822.1
CANNERY CREEK (7/1/88)				926.0			
GULKANA (7/1/90)				338.0			
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	1,064.2	400.0	312.5	0.0	312.5
BEAVER FALLS (7/1/91)				400.0			
TOTALS	590.4	3,237.8	1,064.2	5,504.0	2,633.0	146.9	2,486.1

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'94

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	554.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,858.8	0.0	1,043.0	1043.0	0.0	1043.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)				338.0			
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	480.0	480.0	0.0	480.0
BEAVER FALLS (7/1/91)				480.0			
TOTALS	590.4	3,309.1	0.0	2,275.0	1,523.0	0.0	1,523.0

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'95

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	554.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)				*			
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)				*			
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)				*			
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,858.8	0.0	1,043.0	1043.0	0.0	1043.0
CANNERY CREEK (7/1/88)				*			
GULKANA (7/1/90)				338.0			
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	480.0	480.0	0.0	480.0
BEAVER FALLS (7/1/91)				480.0			
TOTALS	590.4	3,309.1	0.0	2,275.0	1,523.0	0.0	1,523.0

**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'96

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES.	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	38.0	0.0	554.0	38.0	0.0	38.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	2,070.3	0.0	705.0	705.0	0.0	705.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)							
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	529.2	529.2	0.0	529.2
BEAVER FALLS (7/1/91)				529.2			
TOTALS	590.4	3,558.6	0.0	1,986.2	1,272.2	0.0	1,272.2

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'97

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	38.0	0.0	554.0	38.0	0.0	38.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	2,070.3	0.0	0.0	0.0	0.0	0.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)							
MAIN BAY (7/1/91)							
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	0.0	0.0	0.0	0.0
BEAVER FALLS (7/1/91)							
TOTALS	590.4	3,558.6	0.0	752.0	38.0	0.0	38.0

**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'98

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
TRANSFERRED HATCHERIES							
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)							
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)							
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (8/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,858.8	0.0	*	0.0	0.0	0.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)							
MAIN BAY (7/1/91)							
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	0.0	0.0	0.0	0.0
BEAVER FALLS (7/1/91)							
TOTALS	590.4	3,309.1	0.0	0.0	0.0	0.0	0.0

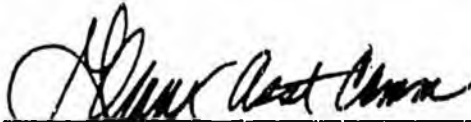
SB 416: "Defer Fisheries Enhancement Loan Repayments"

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 99615 (907) 486-5259

DURING SESSION:

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DISTRICT N

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

MEMORANDUM

TO: Senator Pat Pourchot
Co-Chair
Senator Jay Kerttula
Co-Chair
Senate Finance Committee

FROM: Senator Fred F. Zharoff

DATE: April 25, 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: SB 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 an agreement, or be prepared to enter into an 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 is \$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).

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 dependant 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. CSSB 415 would provide the associations with necessary operating capital and a limited period of financial relief -- through deferral of principal and interest on fisheries enhancement loans -- in order to make the transferred hatcheries financially self-sufficient.

The proposed CS was drafted in order to reduce the financial cost to the state's fisheries enhancement loan program by being more specific about the purpose of the deferral and by limiting its applicability to state hatcheries transferred after June 30, 1991.

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. Fiscal note from the Department of Fish and Game.
5. Letter from Mr. Carl Rosier, Fish and Game commissioner, describing the current status of the state's hatcheries as of April 2, 1992.

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 3-2000
SITKA, ALASKA 99830-2000
PHONE: (907) 465-4100

SB 416

5

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

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Finally!

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.

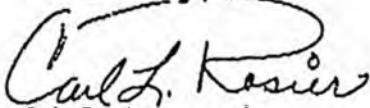
Of the remaining seven state hatcheries, three (Big Lake, Klawock, and Russell Creek) have been slated for closure in FY 93 given the magnitude of the department's proposed FY 93 budget reduction. At

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. Lolland
Jeff Koenings

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

Hatchery	Location	Species	Program * Intent	Comments	Operating Costs	FY92		Oper. Plan FY	Agenc	Percent ** Subsistence	Percent Sport	Percent Commercial			
						Funding Source									
Beaver Falls	Ketchikan	Sockeye	CF	Contracted to SSRAA with GF for FY92 operation.	\$294.8			92	SSRAA	***	0%	100%			
Big Lake	Big Lake	Sockeye	CF, PU	Major production of enhancement fish for Anchorage area. Sockeye shortfunded in FY93.	\$60.0	CIP		92	FRED	14%	1%	85%			
		Coho	SF, CF, PU		\$312.4	GF							5%	65%	30%
Cannery Creek	Whittier	Pink	CF	Operated by PWSAC				89	PWSAC			100%			
Clear	Clear	Arctic char	SF	Major sport fish production facility	\$22.9	GF		92	FRED		100%				
		Arctic grayling	SF	Vital to US/Can chum and chinook programs	\$313.6	DJ/WB							100%		
		Lake trout	SF		\$92.5	F&G							100%		
Crooked Creek	Soldotna	Sockeye	CF, PU	Sockeye contracted to CIAA	\$46.0	CIAA		92	FRED	3%	2%	95%			
		Coho	SF, PU	Contributes substantially to sport fish program through eggtrak	\$340.3	GF							5%	95%	
		Steelhead	SF		\$3.8	PGR								100%	
		Chinook	SF	for other facilities.										100%	
Crystal Lake	Peterstburg	Chinook CL rel.	US/C, SF, CF	Large US/Can capital investment including Harding River, Deep Cave, 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	OJ/WB								17%	83%
		Steelhead	SF											100%	
Deer Mountain	Ketchikan	Chinook	RES, SF, CF	Fisheries technology development	\$149.7	GF		92	FRED	***	40%	60%			
		Coho	SF, PU, CF	results supplied to other	\$141.5	ANAD							***	17%	83%
		Steelhead	SF	state and private programs. Prim	\$13.0	DJ/WB								100%	
		Rainbow	SF	tourist facility, over 250,000 annually. Major role in public education. Urban (SF) fisheries program being developed with Rainbow trout.										100%	

Salchery	Location	Species	Program Intent	Comments	Operating Costs	Funding Source	Operational FY	Plan Ager	Percent ** Subsistence	Percent Sport	Percent Commercial
Elmendorf	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%
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 eggtake 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%						
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%						
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%		93%
		Coho	CF, SUB		\$10.0	PgR(non-existent)			***	7%	
		Slethead	SF		\$18.0	DJ/WB			100%		
Main Bay	Whillier	Sockeye	CF	Operated by PWSAC			92	PWSAC		1%	99%
Pillar Creek	Kodiak	Sockeye	CF	Primarily operated with funds provided by KRAA. Some GF involved.	\$37.9	GF	92	FRED/KRAA	***		100%
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%	

Hatchery	Location	Species	Program Intent *	Comments	Operating Costs	Funding Source	Operational FY	Plat Aqen	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 (small)	US/C, CF		\$108.0	US/CAN			***		100%
		Chinook (Deep)	US/C, CF		\$94.1	W/B				6%	94%
		Chinook (juvenile)	SF							34%	66%
Traill Lakes	Moose Pass	Coho Sockeye	SF, CF CF	Operated by CIAA			89	CIAA	***	75%	25% 100%
Tutka	Homer	Pink	CF	Contracted to CIAA		CIP	92	CIAA	***	2%	98%
		Chum	CF						***		100%
		Sockeye	CF						***		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



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-8690 • (907) 561-8050 • FAX (907) 561-8998

Part of AIDEA Fiscal Note, SB 416:

AIDEA fisheries enhancement loans and receipts therefrom are pledged to the repayment of the DeLong Mountain Transportation Project Revenue Bonds.