

HB

191



COOK INLET
AQUACULTURE ASSOCIATION

HC 2, BOX 849
SOLDOTNA, AK 99869-8707
(807) 283-6781

March 11, 1992

House Special Committee on Fisher
State Capitol
Juneau, Alaska 99801

Dear Special Committee Member:

CIAA urges approval of HB 191 because we need to be able to utilize cost recovery revenues generated at the State owned facilities we operate in exactly the same fashion as cost recovery revenues generated at facilities we own and operate. We need to be able to spend fish sale revenues generated at State owned facilities to:

1) make improvements to the State owned facilities. In many instances the complete design was never constructed, vital parts were left out. In other instances, poor construction or poor maintenance has resulted in the need for major improvements. In still other instances new regulations (fuel handling and storage for example) require expensive improvements.

2) pay reasonable costs of operating the regional associations. It is not fair that any association overhead must be charged off against those facilities owned by associations. All facilities require administrative services which we call overhead; all facilities should pay a fair share.

3) take advantage of the flexibility and security offered by securing operating revenue through a "corporate cost recovery goal". We can use monies generated from facilities owned by associations to operate, maintain or improve State owned hatcheries. We should be able to use monies generated at a State owned facility to operate, maintain or improve another State owned facility or an association owned facility. It is not likely that every facility will generate exactly its individual cost recovery goal every year. Shortages at one facility must be made up by surpluses from other facilities; regardless of who actually owns a particular facility.

I would be happy to answer any questions.

Sincerely,

A handwritten signature in cursive script that reads "Thomas E. Mears".

Thomas E. Mears,
Executive Director

Southern Southeast Regional Aquaculture Association, Inc.

2721 Tongass Avenue
Ketchikan, Alaska 99901
Phone: (907) 225-9605
Fax: (907) 225-1348

House Special Committee Fisheries
RE: HB 191 "An act relating to cost recovery by
contractors who operate state-owned hatcheries"



The Southern Southeast Regional Aquaculture Association (SSRAA) recommends the approval of this act. SSRAA signed an agreement with the Department of Fish and Game on July 1, 1992 to operate the State Sockeye Salmon Hatchery at Beaver Falls for a twenty year period. A cost recovery program is being developed that will pay for the operations of this facility. However, our experience in operating salmon hatcheries over the past fifteen years has shown that return rates and prices are highly volatile, and there will be times when a single species will not cover the operating costs.

One of the strengths of SSRAA's program is the diversification of our species being reared and the multiple sites where these fish are released. SSRAA releases all salmon species, except for pink salmon, and release them at multiple sites. When the return of one species is low or the price is depressed, we can frequently make cost recovery goals on another species for which the return or price is higher and/or harvest at another site.

SSRAA also operates all of our programs from a pool of money derived from the salmon enhancement tax and cost recovery. This pool is budgeted among all projects. It is not practical in our case to make each project pay for itself. This is more efficient and less costly than running each as an independent entity.

The current limitation on SSRAA to operate the State Beaver Falls Hatchery is not consistent with our operations. There will be occasions when the sockeye returns will not provide sufficient funds to operate the hatchery and SSRAA will have to subsidize the state hatchery from our other cost recovery efforts. It is only fair that SSRAA should also be able to use funds from the Beaver Falls cost recovery to meet our other program needs.

If HB 191 is enacted, it will help stabilize our source of revenue and add to our diversification strength. It will help assure that our other salmon enhancement programs will not be jeopardized and it will help assure that SSRAA will be able to meet our debt service to the State Fisheries Enhancement Revolving Loan Fund (FERLF). The recent legislative audit report (08-4445-93) recommends approval of this bill and advises that the bill would also help secure the future of the FERLF for other operators who still need to borrow from the fund.

Sincerely,

Donald F. Amend
General Manager

LETTERS: SUPPORT



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112
Juneau, Alaska 99801
907/586-2820
Fax: 907/463-2545

March 16, 1993

The Honorable Carl Moses, Chair
and Committee Members
House Special Committee on Fisheries
The Capitol Building
Juneau, Alaska 99802-1182

RE: HB 191 - An Act relating to cost recovery by
contractors who operate state-owned hatcheries

Dear Chairman Moses and Committee Members:

The State of Alaska has more or less completed the process of transferring the operations of state-owned salmon hatcheries to regional aquaculture associations. Standard lease agreements with the State allow the regional associations to harvest a portion of the returning hatchery salmon to pay for the cost of producing those salmon. However, under current laws, the revenues received in the cost recovery harvest may only be used to pay for costs at the state-owned facility, and only for operating costs.

This bill, which is unanimously supported by the United Fishermen of Alaska, would allow the regional associations to use cost recovery revenues earned at state-owned hatcheries to pay for all costs that may be associated with producing salmon at those hatcheries. These include administrative, maintenance, and capital costs; program evaluation costs, such as tagging; and debt retirement of any loans associated with the state-owned facilities.

The bill would also allow the regional associations to use those revenues to pay for costs associated with any other projects or facilities operated by the regional association. This allows an association to pool all cost recovery and enhancement tax revenues for the most efficient and effective use in its program.

The State has transferred the operation of commercially important hatcheries to the regional associations under the presumption that resource users should pay for the programs which benefit them. In order to make these transfers financially feasible, the regional associations have, in many cases, made capital improvements to these facilities.

MEMBER ORGANIZATIONS

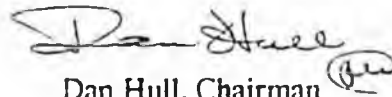
Alaska Crab Coalition • Alaska Longline Fisherman's Association • Alaska Trollers Association • Area K Seiners Association
Bering Sea Fisherman's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Seafood Producers Cooperative
Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association

The Honorable Carl Moses, Chair
and Committee Members
House Special Committee on Fisheries
March 16, 1993
Page Two

Now that the regional associations have the responsibility to operate these hatcheries, it is important that the State of Alaska also give them the opportunity to make them succeed, and not hobble them with unreasonable constraints. This bill will help to make the transfer program a success by removing one such constraint.

Thank you.

Sincerely,



Dan Hull, Chairman
Aquaculture Committee
United Fishermen of Alaska

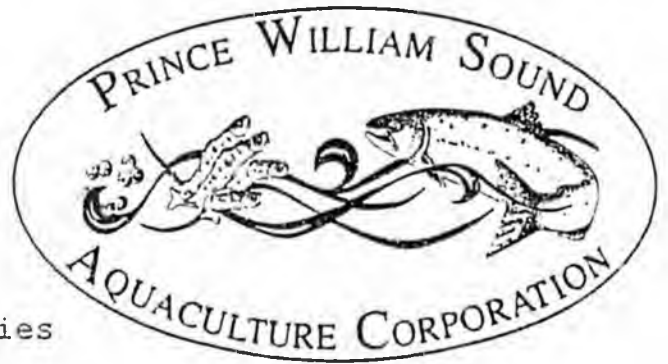


Jerry McCune, President
United Fishermen of Alaska

cc: UFA Board of Directors

FD:Legislation:HB191:HSComOnFish/3-19

March 9, 1993



Carl Moses, Chairman
House Special Committee on Fisheries
State Capitol Building
Juneau, Alaska 99801

Dear Mr. Chairman;

It is my understanding that House Bill 191, an act relating to cost recovery by contractors who operate state owned hatcheries, is scheduled to come before your committee.

This bill is very meaningful to my organization. We fund a state hatchery, located near Paxson on the Gulkana River. The state has asked us to accept full responsibility in FY-94 for the operation of that facility. There is no opportunity for cost recovery at the Gulkana Hatchery because the fish arrive there in spawning condition. Therefore, we must fund that facility with revenue earned at other hatcheries such as the Main Bay sockeye salmon hatchery in Prince William Sound.

The Main Bay Hatchery is owned by the state, but operated by the Prince William Sound Aquaculture Corporation. Current regulations prevent us from using Main Bay cost recovery revenue to fund another hatchery.

HB 191 will enable us to fund the Gulkana hatchery with Main Bay hatchery revenue, which is acceptable to gill net fishermen, since both hatcheries principally supply the gill net fishery plus the subsistence and dip net fisheries on the Copper River.

Thanks very much.

John McMullen
President

copy: Ray Gillespie

Alaska State Legislature



During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
327 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

Committees:
House Resources,
Chairman
Community &
Regional Affairs
Labor & Commerce

Representative William K. Williams

MEMORANDUM

TO: Senator Mike Miller, Chairman
Senate Resources Committee

FROM: Rep. Bill Williams *W.K.W.*

DATE: April 12, 1993

RE: Request for scheduling of HB 191 for Senate Resources
hearing **CONTRACTOR OPERATED ST. HATCHERIES**

I would like to request a hearing of HB 191 before the Senate Resources Committee. I am the prime sponsor of this measure, and co-sponsors include Representatives Olberg, Phillips, Grussendorf, G. Davis, and Navarre.

HB 191 pertains to how a contractor (usually a regional aquaculture association) may spend the cost recovery monies generated from a state-owned hatchery which the contractor operates under contract with the state. This bill is strongly supported by aquaculture associations, fishermen, and the Department of Fish and Game. The bill has a zero fiscal note and will in the long run help to save money for the state while maintaining hatchery production. This is because the increased flexibility proposed by the bill will help to make the take-over of operation of state facilities by contractors more feasible. Thus, it will help to accomplish the goal of weaning hatchery operations off of state funding.

HB 191 is a non-controversial bill. No one has voiced opposition to HB 191, and the bill passed the House unanimously. I would very much appreciate your consideration of scheduling it for a hearing soon.

Back-up information is attached to this request. If further information is needed, please contact my office at 465-3715. Thank you.

Alaska State Legislature



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State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

Committees:
House Resources,
Chairman

Community &
Regional Affairs

Labor & Commerce

Representative William K. Williams

SPONSOR STATEMENT

HB 191: RELATING TO COST RECOVERY BY CONTRACTORS
WHO OPERATE STATE-OWNED HATCHERIES

BY REP. BILL WILLIAMS

HB 191 pertains to how a contractor (usually a regional aquaculture association) may spend the cost recovery monies generated from a state-owned hatchery which the contractor operates under contract with the state. The bill has a zero fiscal note and will in the long run help to save money for the state while maintaining hatchery production because the increased flexibility proposed by the bill will help to make the take-over of operation of state facilities by contractors more feasible. Thus, it will help to accomplish the goal of weaning hatchery operations off of state funding.

HB 191 is a non-controversial piece of legislation. It is strongly supported by aquaculture associations, fishermen, and the Department of Fish and Game. No one has voiced opposition to HB 191, and the bill passed the House unanimously.

DEPARTMENT OF FISH AND GAME

POSITION PAPER

Bill No.: HB 191

Sponsor: Williams

Division: FRED

Bill Title: An act relating to cost recovery by contractors of state-owned hatcheries.


Background/Legislative Intent:

Passage of this bill would allow funds from cost recovery at a contracted state hatchery to be used for the same purposes that funds from cost recovery at ordinary PNP hatcheries may be used. Under current AS 16.10.480(d), contractors can only use funds generated from cost recovery at a contracted hatchery for operating that hatchery. If insufficient operating funds are generated at a contracted hatchery, the contractor may use funds from one of its own hatcheries to support the state-owned hatchery, but could not use funds from another contracted facility to support the first.

Analysis of Bill/Program Effects:

The current law unnecessarily restricts the flexibility of contractors to operate state-owned hatcheries and may result in the closure of productive state facilities that do not have immediate cost-recovery potential sufficient to support their operating costs. Under AS 16.10.450, PNP hatchery operators are able to utilize funds generated from harvests of salmon returning to their facilities for reasonable operating costs, including debt retirement, expansion of facilities, fisheries research or other salmon rehabilitation projects, or operating costs and fisheries-related activities of the regional aquaculture association. This bill would allow contractors of state-owned hatcheries to operate contracted hatcheries with the same flexibility they already have with their own hatcheries. It may also reduce the need for loans or additional state funding for some contracted hatcheries where cost recovery is not possible.

Signature:


Carl L. Rosier, Commissioner

3/14/93
Date

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 191

Revision Date: _____
 Title: An act relating to cost recovery by contractors who
operate state-owned hatcheries
 Sponsor: Williams
 Requestor: _____

Department Affected: Fish and Game
 BRU: FRED
 Component: FRED
 COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	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	\$0.0	\$0.0	\$0.0
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REVENUE FUND SOURCE:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	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 (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)

Passage of this bill would allow funds from cost recovery at a contracted state hatchery to be used for the same purposes that funds from cost recovery at ordinary PNP hatcheries may be used. Under current AS 16.10.480(d), contractors can only use funds generated from cost recovery at a contracted hatchery for operating that hatchery. If insufficient operating funds are generated at a contracted hatchery, the contractor may use funds from one of its own hatcheries to support the state-owned hatchery, but could not use funds from another contracted facility to support the first.

Prepared By: Steve McGee
 Division: FRED
 Approved by Commissioner: Carl Z. Rosier
 Agency: Department of Fish and Game

Phone: 465-4160
 Date: 3/10/93
 Date: 3/14/93

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