

**HB**

**1988**

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Mary Pagenkopf

Senate Rules Committee 5/8/97 1:10 pm

# Alaska State Legislature

## Committees:

Transportation, Chairman

Resources

Economic Development

Rules



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Representative William K. Williams

## SPONSOR STATEMENT

### HOUSE BILL 198

**"An Act relating to regional dive fishery development associations and to dive fishery management assessments; and providing for an effective date."**

Southeast Alaska dive fishermen have been attempting for the past decade to establish orderly, consistent and stable fisheries capable of providing dependable economic opportunity for themselves, their families and the communities of southeast. The urgency to create an economically viable fishery is highlighted by the recent closure of the regions largest employer and other related negative economic effects on the economy of southeast Alaska.

Substantial untapped dive fishery resources have been identified through diver and ADF&G underwater activities for over a decade. Many of the southeast communities have placed the development of the dive fishery as a priority item in economic development documents and locally developed legislative budget priorities. The dive fishery resources appear to be abundant and diverse throughout the region. The small sea cucumber and geoduck fisheries in southeast have a combined annual ex-vessel value of \$2.0-2.5 million dollars. In California, the urchin fishery has ranged in ex-vessel value from \$16 to \$39 million dollars from 1990-1996. Geoducks range in price from \$6/lb. live to \$3.50/lb. processed. Alaskan waters contain abundant amounts of these fishery resources plus many others not currently harvested. This legislation will encourage the identification and development of these resources. The potential for future jobs for harvesters, processors and support industries is considerable.

The commitment to work together is evidenced in the red sea urchin fishery. In 1996, the Alaska Department of Fish & Game (ADF&G), after a test fishery, was unable to open the red sea urchin fishery because of lack of funding. Based on positive results in the test fishery and a vision to diversify and develop their local economy, the Ketchikan Gateway Borough provided funding to ADF&G to conduct bioassessment surveys needed to open the fishery. The Borough continued in its involvement by facilitating and participating in a local task force comprised of Borough personnel, divers, processors and ADF&G. The resulting plan was for processors to "forward fund" the management costs of the fishery with agreements to recoup their funding through a \$.05/lb. assessment on divers. Thus, in January 1997, a red urchin fishery opened in districts 1 through 4 in the Ketchikan and Craig areas.

Sponsor Statement  
HB 198  
Page Two

This temporary fishery opening is based on a one time source of funding that will expire June 30, 1997. In order to continue this fishery, and to develop the other dive fishery resources, a stable source of funding is necessary.

The August 1996 red urchin management plan states: "Developing a long-term program to fund the costs of stock assessment, research and management remains an outstanding issue. If sufficient funds are not provided to the department each year, the fishery will not open." This is the dilemma divers face and House Bill 198 provides a creative and progressive vehicle to move towards a solution.

House Bill 198 does not mandate but allows the creation of regional dive fishery development associations for the purpose of developing dive fisheries and creates a working relationship between the divers and ADF&G to develop annual operating plans. The legislation is permissive and once a regional association is formed, divers can hold a ballot election of all interim-use permit holders to answer two questions: 1) shall we assess ourselves, and 2) at what rate shall we assess ourselves.

If approved by election, divers would be assessed, the state would collect, and the legislature may appropriate the assessment back to ADF&G. The appropriation will be based on the mutually developed annual operating budget and plan. ADF&G would then fund the specific purposes outlined in the legislation for the regional dive fishery development association and ADF&G.

All the appropriate checks and balances are in place and all parties are held accountable. In addition, all other fisheries business taxes are collected and deposited into the general fund.

House Bill 198 is a positive step forward by the private sector to support economic development and diversification without seeking a general fund appropriation. Time is of the essence. I would appreciate your support of this legislation for passage this session to keep the economic development for southeast moving forward.

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## SECTIONAL ANALYSIS

### CS for House Bill 198(FIN)

**“An Act relating to regional dive fishery development associations and to dive fishery management assessments; and providing for an effective date.”**

#### Section 1

##### **Sec.16.40.240. Regional dive fishery development associations.**

- Allows the creation of regional dive fishery development associations for the purpose of developing dive fisheries.
- Association becomes qualified if the commissioner of Fish & Game makes the following determinations:
  1. it is incorporated as a nonprofit corporation;
  2. represents commercial divers in the region; and
  3. the board has representation from each of the significant commercial dive areas in the region; a processor of dive fishery resources; and, a representative of the municipalities in the administrative area.

#### Section 2

##### **Sec.43.76.150. Dive fishery management assessment.**

- Allows the divers to first form an association. The association then holds an election to determine their rate of assessment from rates (1%, 3%, 5%, 7% of value) set forth in the bill.
- If the association forms, determines to assess themselves at a certain rate, then this portion of the bill provides for the collection of this assessment by the Department of Revenue.

**Sec. 43.76.160. Election to approve, amend, or terminate dive fishery management assessment.**

- This section mirrors other language currently in statute. It outlines the time line, what must appear on the ballot. The commissioner of Fish & Game certifies the results of the election.
- This section also provides the same procedure for amending or terminating an assessment by the regional dive association.

**Sec. 43.76.170. Amendment of dive fishery management assessment.**

- Allows the Department of Revenue to amend a dive fishery management assessment if:
  1. 25% of the number of persons who voted in the original election present a petition to the commissioner of Fish & Game;
  2. an election is held asking the question to amend;
  3. a majority votes to amend; and
  4. the regional association provides proper notice.

**Sec. 43.76.180. Termination of dive fishery management assessment.**

- Allows the Department of Revenue to terminate a dive fishery management assessment if:
  1. 25% of the number of persons who voted in the original election present a petition to the commissioner of Fish & Game;
  2. an election is held asking the question to terminate;
  3. a majority votes to terminate; and
  4. the regional association provides proper notice.

**Sec. 43.76.190. Collection of assessment. (Follows current method in statute.)**

- Requires assessment to be collected at point of sale.
- Requires quarterly remittal to Department of Revenue.
- Requires the maintenance of buyer records.
- Requires the "owner" of the fishery resources to remit the assessment and maintain records if they remove the fishery resource from the state.
- Assessment deposited into general fund.

**Sec. 43.76.200. Funding for qualified regional dive fishery development associations.**

- Provides for appropriation of revenue to ADF&G for funding of qualified regional dive fishery development associations.
- The assessment collected in a particular administrative area will be returned to that administrative area.
- Funds may be expended by regional association for costs of management, research, and planning for dive fisheries and for the administration of the association.
  
- Requires associations receiving funding to:
  1. to develop an annual operating plan with the cooperation of ADF&G;
  2. plan must describe activities for which funds will be spent including:
    - a. identification of species and areas for bioassessment surveys;
    - b. description of management and research activities to be performed by both the regional association and ADF&G.
- Funds appropriated to ADF&G for the regional association cannot be spent by either the association or ADF&G (except for administration costs of the association) unless both parties have approved the annual operating plan.
- Requires an annual financial report to be submitted by the association to ADF&G.

**Sec. 43.76.210. Definitions.**

Provides definitions for the legislation.

Section 3

The bill will become effective upon passage.