

HB

334

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 15, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/3/00

The FINANCE Committee considered:

HB 334

HOUSE BILL NO. 334

CHARGE FOR COMMUNITY DEVELOPMENT QUOTA

"An Act relating to the establishment of and accounting for an administrative cost charge for the state's role in the community development quota program and to the appropriation of receipts from the charge; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 334 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) FRG

fiscal note(s) DCED 2-2-00

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Yolo Mulder</i>	Mulder	X			
<i>Allen Austerman</i>	Austerman	X			
<i>Al Davis</i>	DAVIS			X	
<i>Ben Gussendorf</i>	Gussendorf			X	
<i>Hail Phillips</i>	Phillips	✓			
<i>Al Davis</i>	DAVIS	✓			
<i>W.K. Williams</i>	Williams	✓			

CHAIR'S SIGNATURE

Gene Therriault

FISCAL NOTE

Bill version: HB 334

(H) Publish Date: 2/2/00

STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected Community and Economic
 Title Administrative charge for the state's role in the CDQ BRU Community and Economic Development
 Component Community and Economic Development
 Sponsor Rules
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	250.0	250.0	250.0	250.0	250.0	250.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Statutory Designated P/R	250.0	250.0	250.0	250.0	250.0	250.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 250.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will switch the funding source for the Community Development Quota (CDQ) program from the general fund to statutory designated program receipts, through the implementation of a fee structure on the groups benefiting under the program. This fee structure is supported by the CDQ groups and the department as a method of making this successful and lucrative program self-supporting.

Prepared by: Jeffrey W. Bush Phone _____
 Division Commissioner's Office Date/Time 2/1/00 2:56 PM
 Approved by Commissioner [Signature] Date 2/1/00
 Agency _____

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSHB 334(FIN)

Revision Date/Time (Note if correction)		Dept. Affected	Fish and Game
Title	<u>CHARGE FOR COMMUNITY DEVELOPMENT</u>	BRU	Commercial Fisheries
	<u>QUOTA</u>	Component	Special Projects
Sponsor	<u>House Rules Committee</u>		
Requester	<u>House Finance Committee</u>	Component No.	<u>1943</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	60.0	60.0	60.0	60.0	60.0	60.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
Contractual	140.0	140.0	140.0	140.0	140.0	140.0
Supplies	48.0	48.0	48.0	48.0	48.0	48.0
Equipment						
Land & Structures						
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous						
TOTAL OPERATING	328.0	328.0	328.0	328.0	328.0	328.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1108 Stat/Des Program Receipts						
1037 GF/Mental Health						
Other (Non-GF Program Receipts)	328.0	328.0	328.0	328.0	328.0	328.0
TOTAL	328.0	328.0	328.0	328.0	328.0	328.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time					
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

This bill does not appropriate any funds. It specifies that dive fishery assessments, as authorized by Chapter 90, SLA 1997, are to be accounted for separately and specifies that the appropriation of the dive fishery assessments is not from the unrestricted general fund. Dive fishery assessments are a self-imposed tax in addition to the fisheries business tax. This tax was approved by the affected divers in 1999 and collections began that year. The department estimates that \$328.0 will be collected in FY 2000 for expenditures in the following year. The expenditure of the expected revenue generated by the dive fishery assessments is included in the governor's FY 2001 budget. The funding source for dive fishery assessments in the Governor's proposed FY 2001 budget is statutory designated program receipts. This bill will change that source designation to non-general fund program receipts since this is a self-assessed tax rather than a contractual agreement.

Prepared by: Robert D. Mecum
 Division: Division of Commercial Fisheries
 Approved by: Commissioner Frank Rue *Sean B...*
 Agency: Department of Fish and Game

Phone: 465-4210
 Date/Time: 4/6/00 4:32 PM
 Date: 04/06/2000

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CS for Senate Bill 281 (FIN) am

Page 1, Line 13 (b) was added on the Senate Floor by Sen. Green - **"all departments of state government shall be held accountable for their actions, including compliance with the recommendations of legislative audits as directed by the legislature."**

Page 2, line 12 - **"reach"** was added - **"track"** was deleted. Brings Commissioner's Office measure into conformity with all other comm offices.(ok by Dept. of Admin)

Page 6, line 17-24 - APOC - **"candidates"** was added -statute includes candidates as well as public officials.
Line 22 **"average"** was added
Line 23 **"candidates and "** added
Line 24 **"average"** added

Page 6, - line 29 - **"permits"** was added **"appeals"** was deleted - the Alaska Oil and Gas commission processes permits not appeals.(provided by the Dept.)

Page 7, line 28 (Halford amend floor) -**protect shareholders in corporations-**
Measure was -" *protect shareholders in ANCSA corporations from false and misleading proxy solicitations*"

Page 9, line 2 - **"trade and"** was added to Div of International trade and Market Development mission statement.(provided by the Dept.)

Page 10, Line 2-3 - original measure (4) was deleted - new measure provided better reflects intent. New **"(4) the increase in student achievement and interest in math and science as a result of ASTF teacher grants"**. (provided by the Department and they say they can measure this).
(deleted measure)- [the number of direct grants made to science and math teachers]

Page 11, line 2-6 - the previous measures 1-3 were deleted. Replaced by new measures 1-3 which measure quality and management of AK Energy owned facilities.(provided by Department put forth by Senate subcommittee chair)

Page 23, line 16 - Missions and Measures for the entire Division of Subsistence were added to the Dept. of Fish and Game.(added by Sen. Torgerson worked out with the Dept of F&G)

Page 43, line 1-2 - Alaska Mental Health Trust Authority previous measure (1) and (2) deleted - new measures provided by the Trust (sponsored by Sen. Leman) (*deleted measures*) (1) *the % of customers who rate mental health services as "satisfactory" or better.* (2) *the number of customers on waiting lists for mental health services as compared to the total number of customers served.*

Page 43, line 26, "**operate and maintain**" were added to the department of transportation mission statement. (provided by DOT/PF - *consistent with statutes - AS 44.42.*)

Page 47, line 18-22 - The Highway Safety Planning Agency was moved from the Dept. of Public Safety the Dept. of Transportation and Public Facilities Per Executive Order 101 by the Governor.

Page 48, line 18 - University - New measures were written by Sen. Leman and ok'd by the Univ.



**Department of Community
and Economic Development**

Municipal & Regional Assistance Division

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-4750 • Fax: (907) 465-5085 • Text Telephone: (907) 465-5437

Email: mrاد@dced.state.ak.us • Website: www.dced.state.ak.us/mra/Home.htm

Sponsor Statement

HB 334 (C&RA Amended)

"An act relating to the establishment of and accounting for an administrative cost charge for the state's role in the Community Development Quota program and to the appropriation of receipts from the charge; and providing for an effective date."

In 1996, the Magnuson/Stevens Fisheries Conservation and Management Act authorized the Secretary of Commerce (Secretary) to collect and recover the costs associated with the management and enforcement of the CDQ program. The National Marine Fisheries Service, under the Secretary, has not taken any action yet on initiating a Community Development Quota (CDQ) fee program.

In view of an eventual CDQ fee program and in recognition of state budget reductions, the CDQ groups and the Department of Community & Economic Development (department) have decided to pursue a statutory fee program in advance of the implementation of a federal fee program.

HB 334 will switch the funding source for the CDQ program from the General Fund to Statutory Designated Program Receipts authority. The CDQ groups and the department support the fee as a method of making the CDQ program self-supporting. The total cost of state management is approximately \$250,000.

The proposed fee structure has two components. First, each group will pay a standard, flat amount that will total half the state's administrative costs. Second, each group will pay a variable share of the remaining administrative costs based upon the value of that group's fisheries quota allocation. The department would administer the cost charge.

The fee would be effective at the beginning of the new fiscal year, July 1, 2000. The House Community and Affairs Committee added a technical amendment to provide for an adjustment of the variable fee portion of the administrative cost charge.

Cc: Pat Pourchot, Governor's office

Alaska Department of Community and Economic Development

Municipal & Regional Assistance Division

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MEMORANDUM

February 22, 2000

TC: Rep. Norman Rokeberg, Chair
House Labor & Commerce Committee

FROM: Bryce Edgmon, CDQ Manager
Department of Community & Economic Development

RE: Sectional analysis of House Bill 334 (C&RA amended)

" An Act relating to the establishment of an accounting for an administrative cost charge for the state's role in the community development quota program and to the appropriation of receipts from the charge; and providing for an effective date."

Section One:

Creates a new subparagraph (X) to 37.05.146 adding the "CDQ administrative cost charge" to the list of program receipts that exist in statute. Other examples of program receipts include International Airport Fund, Fish and Game fund, Alaska Children's Trust, Highway Working Capital Fund, etc.

Section Two:

AS 44.33 is amended to give the Department of Community and Economic Development the authority to determine and assess the annual administrative cost fee to the CDQ groups. It provides the department the authority to provide regulations in accordance with this section.

(b) The department must determine the administrative costs no later than June 30 before the start of the applicable fiscal year. Upon being notified, a CDQ group has 45 days to pay the department their share of the administrative cost charge.

(c) The total cost of the administrative cost charge cannot exceed \$400,000. This "ceiling" is higher than the cost of currently managing the program, which is approximately \$250,000.

The rationale is that future legislation will not be needed if a higher amount of program receipt authority is deemed necessary. The CDQ groups agreed to this provision with the understanding that any upward adjustment in the administrative cost charge would involve a mutual decision-making process with the state.

This section also addresses any adjustments to the administrative cost charge from "carryover funds" and reappropriations.

(d) The administrative cost charge is broken down into two categories; a pro rata share, which is by definition the standard portion, and represents 50% of the total administrative cost charge.

The second category is the variable portion, which is assessed through a formula to the CDQ groups. The formula comes from royalties derived by multiplying the remaining 50% administrative cost charge by the ratio of the value of quota allocated to each group to the total value of the CDQ quota for the applicable year.

Variable portion = One half of administrative cost charge * the ratio of value of CDQ group's quota relative to the value of all CDQ quota (for the applicable year).

(e) The department may adjust the variable fee for a fiscal year for the CDQ groups if an inequitable result occurs. This will the department and the groups to use different specie's in relation to fluctuating harvest returns and prices. The aggregate amount assessed to the CDQ groups must be enough to compensate the state for the management costs in (c).

(f) The department will collect and enforce the fee, which will be deposited in the Community Development Quota Program Account in the state treasury.

(g) The Department of Administration shall identify the amount of the appropriation that lapses into the general fund each year. The legislature may appropriate an amount equal to operating costs of the CDQ program for the next fiscal year.

(h) Technical section.

Section Three:

Applicability section, which authorizes the administrative cost charge to begin on or after July 1, 2000.

Section Four:

Authorizes the Department of Community and Economic Development to adopt necessary regulations.

Section Five:

Grants the department the authority to adopt regulations.

Section Six:

Effective date -- This act takes effect June 30, 2000.

TONY KNOWLES
GOVERNOR

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 1, 2000

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Porter:

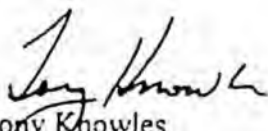
The community development quota (CDQ) program has created jobs and expanded economic opportunity in western Alaska. It is essential to this region of the state that we ensure the continuance of this federal fisheries resource program. This bill I transmit today meets that challenge by partnering with the CDQ participants to cover the state's administrative cost of the program.

Under this bill, community development groups that participate in the CDQ program will pay assessment fees to the state. The proposed fee structure has two components. First, each group will pay a standard, flat amount that will total half the state's administrative costs. Second, each group will pay a variable share of the remaining administrative costs based upon the value of that group's fisheries quota allocation.

The Department of Community and Economic Development would administer the cost charge, which is added to the statutory list of program receipts subject to separate accounting procedures.

Participants of the CDQ program recognize their future success hinges on the ability of the state to continue to administer the program. To that end, the groups proposed the funding plan forwarded in this bill and are ready to give it their full support. To protect this vital program and improve the efficiency and operation of the state's role in it, I urge your prompt and favorable action on this measure.

Sincerely,


Tony Knowles
Governor



Aleutian Pribilof Island Community Development Association

□ 234 Gold St. • Juneau, Alaska 99901 • (907) 586-0161 • 1-888-9APICDA • Fax (907) 586-0155
□ Unalaska Office: P.O. Box 208 • Unalaska, Alaska 99685 • (907) 581-5940 • Fax (907) 581-5953

February 10, 2000

The Honorable John Harris, Co-Chair
The Honorable Carl Morgan, Co-Chair
Community & Regional Affairs Committee
Alaska House of Representatives
Juneau, Alaska


Re: HB 334

Dear Representatives Harris and Morgan:

The Aleutian Pribilof Island Community Development Association (APICDA) is one of six community development quota (CDQ) organizations in Alaska. APICDA supports HB 334. We have worked hard with the state and the other CDQ groups to fashion a fee system that is fair to all six CDQ groups and meeting the fiscal needs of the state. We believe HB 334 is a good bill and worthy of adoption.

If you have any questions, please don't hesitate to contact me.

Sincerely,



Larry Carter
CEO

cc: APICDA Board of Directors

Bristol Bay Economic Development Corporation

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842-4370 • Fax (907) 842-4336 • 1-800-478-4370

114 S. Franklin, Suite 202 • Juneau, Alaska 99801 • (907) 463-5054 • Fax (907) 463-5036 • E-mail bbedc@plalaska.net



February 14, 2000

The Honorable Carl Morgan, Co-Chair
The Honorable John Harris, Co-Chair
House of Representatives, Community & Regional Affairs Committee
State Capitol
Juneau, Alaska 99801-1182

RE: House Bill 334

Dear Co-Chairs Morgan and Harris,

Bristol Bay Economic Development Corporation (BBEDC) is one of the six Community Development Quota (CDQ) groups formed under the Western Alaska Community Development Quota Program. BBEDC represents 5,607 residents in the 17 member communities located in Southwest Alaska.

BBEDC would like to comment on House Bill 334; "An Act relating to the establishment of and accounting for an administrative cost charge for the state's role in the community development quota program and to the appropriation of receipts from the charge; and providing for and effective date."

In conjunction with the other CDQ groups and the State of Alaska CDQ Team, BBEDC contributed to the development of the CDQ fee proposal before you today. BBEDC would like to express our support for House Bill 334 and urge the committee to implement the Bill as written.

Respectfully,

H. Robin Samuelsen, Jr.,
Chairman of the Board, BBEDC

FOR



Coastal Villages Region Fund

711 H Street, Suite 200 • Anchorage, Alaska 99501 • Phone 907-278-5151 • Fax 907-278-5150

February 10, 2000

The Honorable Brian Porter
Speaker of the House
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Porter:

The Coastal Villages Region Fund supports HOUSE BILL NO. 334 relating to the establishment of and accounting for an administrative cost charge for the state's role in the community development quota (CDQ) program and to the appropriation of receipts from the charge to cover the state's administrative cost of the program. The Coastal Villages Region Fund is a CDQ group that represents twenty villages in the Kuskokwim River region of western Alaska.

The CDQ program has created jobs and expanded economic opportunity in the Coastal Villages region. It is essential that we ensure the continuance of this federal fisheries resource program. I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Edgar Hoelscher". The signature is fluid and cursive.

Edgar Hoelscher, Vice President
Board of Directors

Cc: Fred Phillip, President
Senator Lyman F. Hoffman
Senator Al Adams
Representative Mary Kapsner
Representative Richard Foster
Governor Tony Knowles



Yukon Delta Fisheries Development Association

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February 14, 2000

COPY

The Honorable Carl Morgan
Alaska State Legislature
State Capitol, Room 409
Juneau, AK 99801-1182

Dear Representative Morgan:

Yukon Delta Fisheries Development Association, a Community Development Quota organization representing the communities of Alakanuk, Emmonak, Grayling, Kotlik, Mountain Village and Sheldon Point, fully supports the passage of HB 334, "An Act relating to the establishment of and accounting for an administrative cost charge for the state's role in the community development quota program".

Our organization wholeheartedly endorses the oversight provided to the CDQ program by the State of Alaska. We feel it is our responsibility to reimburse the State of Alaska for our share of the administrative costs involved in providing oversight for this Federal Community Development Quota Program.

Respectfully yours,

Ragnar O. Alstrom
Executive Director