

SB

266

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 266
 () Publish Date: _____
 Dept. Affected: DCED
 BRU: Investments (122)
 Component: Investments
 Component No. 383

Revision Date/Time (Note if correction): _____
 Title: Fishery Enhancement Loans
 Sponsor: Senator Stevens
 Requester: (S) Labor and Commerce

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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

CHANGE IN REVENUES (21615)	(1,714.9)	(1,632.7)	(1,543.0)	(1,443.8)	(1,334.3)	(1,213.2)
-----------------------------------	------------------	------------------	------------------	------------------	------------------	------------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 The reduction in revenues to the loan fund was based on an average portfolio interest rate of 9%, compared to a current rate of 6% that would be available under a refinancing program as provided for in SB 266. The impact also assumes that all loan payments would be made as scheduled. If loan payments are reduced because of payoffs or for other reasons the impact to the fund would be reduced.

Prepared by: Greg Winegar, Director Phone 465-2510
 Division: Investments Date/Time 2/8/02 10:11 AM
 Approved by: Deborah B. Sedwick, Commissioner Date 2/8/2002
 Agency: Department of Community & Economic Development

22-LS1216/T
Utermohle
2/19/02

CS FOR SENATE BILL NO. 266(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS STEVENS, Lincoln, Elton, Austerman, Taylor, Leman

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the commissioner of community and economic development to
2 refinance and extend the term of a fishery enhancement loan."

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

4 * Section 1. AS 16.10.510 is amended to read:

5 Sec. 16.10.510. Powers and duties of the commissioner. The commissioner
6 may

7 (1) make loans to permit holders, under AS 16.10.400 - 16.10.470,
8 including those holders issued permits before June 24, 1977, for the planning,
9 construction, and operation of hatchery facilities;

10 (2) make loans to qualified regional associations that have formed a
11 nonprofit corporation or a local nonprofit corporation approved by a qualified regional
12 association, for preconstruction activities necessary to obtain a permit;

13 (3) designate agents and delegate powers to them as necessary;

14 (4) adopt regulations necessary to carry out the provisions of

1 AS 16.10.500 - 16.10.560, including regulations to establish reasonable fees for
2 services provided;

3 (5) establish amortization plans for repayment of loans, not to exceed
4 30 years unless the commissioner has extended the term of the loan beyond 30
5 years under (11) of this section;

6 (6) establish the rate of interest for loans: not to exceed nine and one-
7 half percent a year;

8 (7) establish regional and local offices and advisory groups to carry
9 out, or assist in carrying out, the duties and authority of the commissioner;

10 (8) [REPEALED]

11 (9)] make grants for organizational and planning purposes to qualified
12 regional associations that have formed a nonprofit corporation, in amounts not
13 exceeding \$100,000 per region and up to an additional \$100,000 on a 50/50 cash
14 matching basis with the regional associations that have an authorized royalty
15 assessment under AS 16.10.540; the state portion of the matching share shall be
16 available when a final vote for assessments is made under AS 16.10.540; this
17 provision also applies to qualified regional associations that have formed a nonprofit
18 corporation before June 24, 1977;

19 (9) [(10)] make loans to qualified regional associations that have
20 formed a nonprofit corporation or to local nonprofit corporations approved by
21 qualified regional associations for planning and implementation of fisheries
22 enhancement and rehabilitation activities including, but not limited to, lake
23 fertilization and habitat improvement;

24 (10) refinance a debt obligation incurred by a borrower under this
25 section if the borrower otherwise qualifies for a loan under AS 16.10.500 -
26 16.10.560; the interest rate for a loan to refinance a debt obligation incurred
27 under this section may not exceed the interest rate that is in effect for new loans
28 under this section at the time that the loan commitment for the refinancing loan
29 is made; a loan made under this paragraph is not subject to AS 16.10.525;

30 (11) extend the term of a loan made under this section if the
31 commissioner finds that extension of the term of the loan would alleviate an

1
2
3
4
5

undue financial hardship on the borrower; the commissioner shall submit annually a report to the legislature summarizing the commissioner's decisions during the prior calendar year to approve or deny requests to extend loans under this paragraph and the reasons for the decisions;

(12) charge and collect the fees established under this section.

SB 266

Debt Restructuring for Statewide Hatchery System

- Those effected are: Armstrong-Keta (**Port Alexander**); Burro Creek Farms (**Skagway**); Cook Inlet Aquaculture Association (**Kenai**); Douglas Island Pink & Chum (**DIPAC-Juneau**); Kake Nonprofit Fisheries Corp. (**KNFC-Kake**); **Port Graham Hatchery Corp.**; **Prince of Wales Hatchery Assoc.**; Prince William Sound Aquaculture Corp. (**PWSAC-Cordova**); Sheldon Jackson College (**Sitka**); Southern Southeast Regional Aquaculture Association (**SSRAA-Ketchikan**); and Valdez Fisheries Development Association (**VFDA-Valdez**). Northern Southeast Regional Aquaculture Association (**NSRAA-Sitka**) and Kodiak Regional Aquaculture Association (**KRAA-Kodiak**) have also indicated support even though they have no debt at this time.
- A majority of hatchery loans are currently at the maximum permissible rate of 9.5% interest. Alaska Statutes allow for interest rates of 1% over prime, not to exceed 9.5%. New loans, if received today, would be at 6%. Hatcheries would like to take advantage of the lower interests rates to bring down their debt service, just as other business and homeowners are currently doing throughout Alaska and the Lower 48.
- The nearly one billion dollars of salmon created by these state financed private nonprofit hatcheries, have been invaluable to the economy of the many coastal communities so dependent on salmon for their survival, as well as to urban Alaskans working within the industry.
- Currently, the Department of Community and Economic Development (DCED) is unable to refinance loans from the Fisheries Enhancement Revolving Loan Fund for the hatchery system. Similarly, prior to 1993, loans from the other fund, the Commercial Fisheries Revolving Loan Fund, could not be refinanced. Legislation allowing that change for fishermen was enacted, and the hatcheries are now asking for comparable changes for their industry.
- DCED acknowledges the proposed change would not jeopardize the health of the revolving loan fund, which has a current balance of approximately \$8 million.
- Lower payments would help to insure financial stability for the hatcheries and allow them to take less cost recovery fish to make their loan payments. This would result in more fish to commercial and sports fishermen.
- Currently, approximately 40% of Alaska's entire salmon harvest is enhanced fish. Salmon are also produced that are taken by resident and non-resident sports fishermen and utilized in the personal use fisheries.
- Alaska's salmon enhancement industry is not unlike a public utility. They are operated for the common good and are non-profit corporations. From that perspective, favorable financing rates would be a normal business practice.
- The Department has indicated their workload would be small, as very few applicants would be involved. So, current DCED employees can handle the changes brought about by this legislation.



Alaska State Legislature

Please enter into the record my testimony to the Senate Labor & Commerce
committee name

Committee on SB 266 Fishery Enhancement Loans, dated February 14, 2002
bill # / subject

I would like to go on record as being **OPPOSED** to SB 266, which allocates **PUBLIC** money "making grants for organizational and planning purposes to qualified regional associations that have formed a nonprofit corporation, in amounts not exceeding \$100,000 per region and up to an additional \$100,000 on a 50/50 cash matching basis with the regional associations that have an authorized royalty assessment under AS 16.10.540; the state portion of the matching share shall be available when a final vote for assessments is made under AS 16.10.540; this provision also applies to qualified regional associations that have formed a nonprofit corporation before June 24, 1977;"

This **PRIVATE** industry may need periodic financial assistance to meet **THEIR** needs, but this should **NOT** be done with **OUR** tax dollars. There are currently many Banks and various other lending institutions in Alaska available to finance any sound business plan. Which leads me to wonder, "Why is the State using tax dollars to compete with these private businesses".

In the past two weeks alone the Alaska Legislature has considered spending bills with a price tag of over one **BILLION** dollars, the majority of which provide funding for non-essential government services, or to special interest groups such as the fishing and tourism industries. This money would be much better utilized elsewhere, or better yet, put away for future funding of essential state services.

The proposed \$7.5 **BILLION** dollar budget amounts to our state government spending over \$12,000.00 for every man, woman, and child in Alaska. At this rate, spending for a family of six amounts to over \$72,000.00! For each working person, this level of spending amounts to over \$26,000 each. That's a lot of tax money folks! I want to know how many average working people, or small business owners will be able to afford living here once the pipeline goes dry?

In my opinion SB 266 is nothing more than another "give a way" program designed to further deplete the budget reserve account, and a prime example of non-essential government spending. No Alaskan citizen will seriously consider any new taxes until all public funds given to private businesses, individuals, and special interest groups have been completely eliminated. Our public money would be better spent funding present and future essential government services such as education, roads, public health & safety.

Please vote NO on SB 266.

Thank you.

Signed: Mike McBride

Testifier

Self

Representing (optional)

PO Box 6 Kenai, Alaska 99611-0006

Address

907 776 5444

Phone number

CITY OF CORDOVA



February 4, 2002

Senator Ben Stevens
State Capitol
Juneau, AK 99801-1182

RE: SB 266/Refinancing of hatchery loans

Dear Senator Stevens:

The City of Cordova would like to thank you for your support of the Alaskan fishing industry by the introduction of SB 266. As you know, Cordova is a community built around fishing, and we see SB 266 as a logical financial solution that will help strengthen the hatchery segment of our industry.

This legislation would allow our regional aquaculture association, the Prince William Sound Aquaculture Corporation (PWSAC), to refinance their current loans, lower their debt burden and decrease payment size. PWSAC is a major economic engine in our community of 2500 Alaskans. In 2000, Cordova resident permit holders harvested over \$8 million in hatchery produced salmon, which added an estimated economic output in our city of over \$9.8 million. Seventy people from our area work for the corporation, from office staff to remote site biologists, and they have a local annual payroll of more than \$2.6 million.

SB 266 will have a very positive impact on a large segment of our community, as well as on the other areas of the state that depend, as we do, on hatchery produced salmon for their livelihood. The best of luck with this legislation, and please let me know if the City of Cordova can assist you in any way.

Sincerely,

Mayor Margy Johnson
City of Cordova

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@ptialaska.net

February 9, 2002

Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol (MS 3101)
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3872

RE: SB 266 - An Act to Refinance Fishery Enhancement Loans

Dear Members,

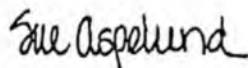
Cordova District Fishermen United represents the fishing fleets of Area E—Prince William Sound and the Copper River. CDFU fully supports SB 266, legislation to provide for hatchery debt restructuring.

The communities of Prince William Sound have benefited economically and socially from the hatchery production of the Valdez Fisheries Development Association and Prince William Sound Aquaculture Corporation. Both have provided important economic development opportunities for both sport and commercial fisheries in our region, as well as a valuable resource for subsistence and personal use harvesters. We are supportive of legislation which provides them the ability to take advantage of existing low interest rates—an opportunity enjoyed by most businesses and homeowners—especially given that present low ex-vessel values for salmon create the need to take a higher percentage of production as cost recovery in order to make loan payments. This legislation will allow a greater percentage of production to be available to subsistence, personal use, sport and commercial common property harvesters, as well as providing for a modicum of financial stability during this volatile time in the seafood industry.

Given that Alaska's salmon enhancement programs are non-profit and provide a valuable resource for the common good, we encourage your support for legislation that provides parity with the commercial fisheries' revolving loan fund (which was amended in 1993 to allow refinancing). Enhancement programs have provided direct dollars into the economies of many coastal Alaska communities, and require this statutory change in order to continue to provide the benefits described.

Thank you for your careful consideration of this important legislation.

Sincerely,



Sue Aspelund
Executive Director



Douglas Island Pink and Chum, Inc.

2697 Channel Dr. • Juneau, Alaska 99801

Telephone: (907) 463-5114 • Fax: (907) 463-3213

February 13, 2002

Senator Ben Stevens
Chair
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Stevens:

Re: SB 266 Fishery Enhancement Loans

On behalf of the DIPAC Board of Directors and the many supporters of the Douglas Island Pink & Chum hatcheries I would like to urge passage of SB 266.

The refinancing of existing high interest debt is definitely in the State's best interest and sound public policy. The enhancement program is unusual in that it is a public trust being run by private industry. This bill would enable hatcheries to take advantage of current low interest rates. Lowering the cost of debt service improves both the financial viability of the corporations and their ability to provide more fish to the common property users. The fact this can be done without financial impact to the State's General Fund definitely makes it a win-win situation.

The many Alaskans benefiting from hatchery produced fish (approximately 40% of the catch) both in commercial and sport harvest, thank you for your support. Once again, I would like to thank you for your sponsorship of SB 266 and offer any assistance you or your office might need in the passage of this bill.

Respectfully,

A handwritten signature in cursive script that reads "Jon Carter".

Jon Carter
Director



prince william sound
**ECONOMIC
DEVELOPMENT
COUNCIL**

February 8, 2002

Sen. Ben Stevens
State Capitol
Juneau, AK 99686

Dear Senator Stevens:

On behalf of Prince William Sound Economic Development District, I would like to strongly encourage your support of Senate Bill 266. It is of vital importance for the economic stability of the fishing industry in our region.

Thank you for your support in this matter.

Sincerely,

Sue Cogswell
Executive Director

Community of Kake

City of Kake
Kake Nonprofit Fisheries Corporation

Honorable Senator Stevens
State Capital Building
Juneau, Alaska 99801

February 12, 2002

We fully support Senate Bill 266 as it acknowledges the changing economic realities that we are dealing with. Gunnuk Creek Hatchery is the cornerstone of our fisheries economy. Years ago our community understood that we needed to diversify our economic base, as logging would not support us indefinitely. We believed so strongly in the potential of Gunnuk Creek Hatchery that we leveraged our community building to collateralize our initial loans.

Gunnuk Creek Hatchery is biologically successful and operationally sound. We are just beginning to realize increased run sizes from the expansion of our facility although it will take some time yet to annually generate revenue sufficient to support our operating needs while servicing our debt at the same time. Senate Bill 266 will enable us to restructure our debt while we continue supporting the common property fisheries and our local economy as well.

Gunnuk Creek Hatchery is invaluable to our community and is a significant contributor to thirty percent of our local workforce. The entire fisheries economy has changed since the establishment of hatchery program. This senate bill will give us valuable relief from immediate and insurmountable obligations while at the same time allowing us to fully acknowledge our debt to the State of Alaska.

Many Private Non-Profit Hatcheries are similarly positioned. They are major contributors to the state's fishing economy and benefit Alaska's fishermen. The cost recovery demands and debt repayment schedules threaten their viability, yet they are important to the state's fishing industry. This legislation will give us time to address these realities.

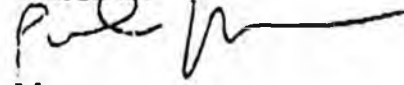
Thank you for sponsoring this legislation. You may certainly count on our support. Gunnuk Creek Hatchery is an excellent example of a hatchery that is a complete success, is a valuable asset to the State of Alaska and to a local community, but is buried in financial obligations that may be impossible to meet in the short term.

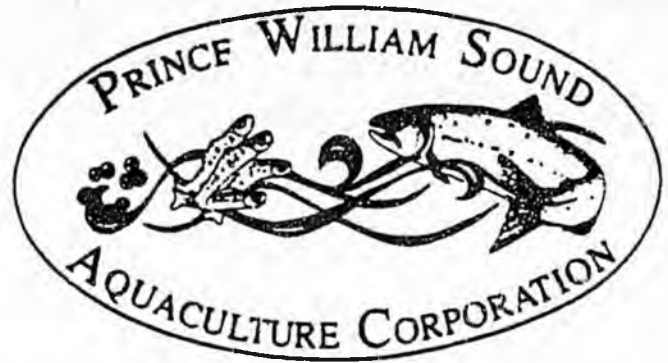
Sincerely,

Marvin Kadake


President
Kake Nonprofit Fisheries Corporation

Paul Reese


Mayor
City of Kake



February 11, 2002

Senator Ben Stevens
State Capitol
Juneau, AK 99801-1182

RE: SB 266 – Hatchery Debt Restructuring for Alaska's Nonprofit Hatcheries

Dear Senator Stevens:

The Board of Directors of the Prince William Sound Aquaculture Corporation (PWSAC) fully supports the enactment of SB 266, and conveys our genuine appreciation for your part in sponsoring this legislation.

The passage of SB 266 would benefit eleven private nonprofit hatcheries over a broad area of coastal communities. PWSAC was one of the first private nonprofit hatcheries to begin production after the enactment of the hatchery system in 1974, and has been among the leaders in this field.

PWSAC is one of the five "regional" private nonprofit hatcheries. This means that although it produces salmon for all user groups, the regional hatcheries are also supported financially by the commercial fishermen of our region (Area E) who voted in 1985 to voluntarily contribute 2% of their ex-vessel catch value to support PWSAC's operational costs.

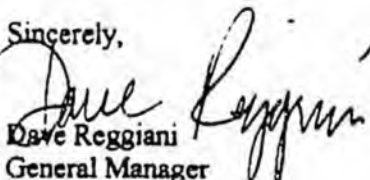
Our fisheries enhancement program benefits all the communities of Prince William Sound, and processing interests in Kenai, Cook Inlet and Kodiak as well. Our interior hatchery near Paxson, on the Gulkana River, brings sockeye salmon into an area heavily utilized by subsistence and personal use fisheries. Though the bulk of PWSAC's production benefits the commercial fisheries, a growing number of sport fishing interests come in from all over our state to fish salmon in Prince William Sound.

The Department of Community and Economic Development oversees the Fisheries Enhancement Revolving Loan fund from which PWSAC carries a number of long-term loans, mostly at the 9.5% rates, dating from the early 1980's. If SB 266 is adopted, it will allow PWSAC, and the other ten private nonprofit hatcheries, to refinance their loans at today's lower rates. This would bring our loan obligations into the current financing realm and more on a par with other Alaska businesses that are able to finance at rates in the 6% range.

For PWSAC, this would mean the "benefit" derived from lower interest rates would incur to all our constituents. Of course, the primary benefit would be to the commercial fisheries and processors, but by availing more enhanced salmon to the fleet to catch, benefits would impact the state's general funds and our economy in many positive ways.

Thank you once again for your steadfast support in sponsoring SB 266. Its passage would lower interest "income" to the Fisheries Enhancement Revolving Loan Fund, but it's widespread benefits to the communities and Alaska's people would return more to the state overall.

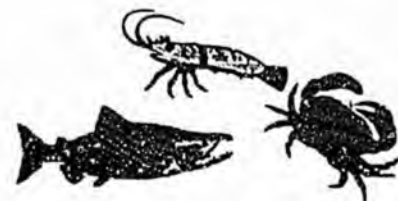
Sincerely,


Dave Reggiani
General Manager

PRINCE WILLIAM SOUND AQUACULTURE CORPORATION
Corporate Office • P. O. Box 1110, Cordova, AK 99574
Office: 907/424-7511 • Fax: 907/424-7514
Website: www.ctcak.net/~pwsac • Email: pwsac@ctcak.net

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

February 14, 2002

Senator Ben Stevens, Chair
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol, Room 103
Juneau, AK 99801-1182

Re: SB 266

Dear Senator Stevens,

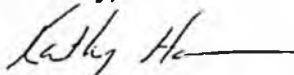
The Southeast Alaska Fishermen's Alliance supports SB 266, which will allow hatchery loans to be refinanced to take advantage of the lower interest rates that are available in today's economy. This makes good business sense by allowing the hatcheries to lower their cost of doing business and provide, in the long run, more fish for common property use in the commercial, sport, and personal use fisheries.

Hatcheries are facing some of the same difficulties as the salmon industry as a whole, with lower fish prices and competition with farmed salmon. Lowering the interest rate by as much as 3.5% in some cases will provide the hatcheries with a better chance of being able to repay their loans to the State of Alaska.

SB 266 will reduce the amount of cost recovery fishing that hatcheries must conduct in order to meet operating expenses. This will provide more hatchery fish to the common property fisheries, thus providing the State of Alaska with more fishery business tax revenue generated by commercial fishermen.

Again, thank you for sponsorship and support of SB 266, and for your consideration of our position.

Sincerely,


Kathy Hansen
Executive Director



Post Office Box 20761 • Juneau, Alaska 99802
Telephone: (907) 463-3830 • Fax: (907) 586-6020

Senator Ben Stevens, Chair
Senate Labor & Commerce Committee
Alaska State Legislature
State Capital Bldg. (MS3100)
Juneau, Alaska 99801-1182
FAX: (907)465-3872

February 13, 2002

Dear Senator Phillips:

Re: SB 266 – Fishery Enhancement Loans

The Territorial Sportsmen support passage of this bill allowing hatcheries to refinance their state loans at more favorable interest rates.

Fish produced by these enhancement programs are important to sportsmen across the State. Strengthening their financial position through refinancing not only improves their ability to survive and continue making fish for us all, but it also improves their ability to repay the State. This seems to be a win – win situation.

With nearly one third of the King and Coho Salmon caught during The Golden North Salmon Derby being produced by our local hatchery, we certainly support responsible opportunities to improve their viability.

If you have any questions concerning our position or if you need additional information, please contact me.

Sincerely,

Mal Linthwaite
President



UNITED FISHERMEN OF ALASKA

February 7, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Senator Ben Stevens
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Senator Stevens,

Re: SB 266 Fishery Enhancement Loans

United Fishermen of Alaska supports passage of this bill to allow hatcheries to refinance their state loans at current interest rates. Thanks for being the sponsor.

Allowing DCED to refinance these hatchery loans (from the old rate of 9.5% to approximately 6%) makes good business sense, as it allows hatcheries to decrease their operating costs, which in turn allows fishermen to catch more fish in the common property harvest. Hatcheries enhanced fish account for 40% of Alaska's commercial salmon harvest, and also benefit sport and personal use fisheries throughout the state. Allowing the hatcheries to reduce interest rates, just as other businesses are doing during these financially volatile times, will not jeopardize the health of the fund, and will still allow for additional loans to be made as needed for future requests.

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters

**VALDEZ FISHERIES
DEVELOPMENT ASSOCIATION INC.**

P.O. Box 125
Valdez, Alaska 99686
Phone 835-4874 Fax 835-4831



The Honorable Ben Stevens
Senate
Capital Office Building
Room 119
Juneau, Alaska 99801-1182

Dear Senator Stevens;

On behalf of Valdez Fisheries Development Association, I would like to thank you for your sponsorship of SB 266, the "The Refinancing of Fishery Enhancement Loans" The refinancing of hatchery loans is a much needed tool for the survival of the hatchery program in Alaska. Being able to take advantage of lower interest rates puts all of us on a more level playing field as we struggle to make ends meet each year. One of the biggest beneficiaries of this bill will be the commercial fisherman. The need for the hatcheries to take a large share of the returning adult salmon for cost recovery will be diminished and the commercial fisherman will be the beneficiary of more available fish.

The annual loan payments that Valdez Fisheries makes to the State of Alaska often exceed \$800,000, of which 50% or more is interest payments. Your bill will help the hatchery programs in the state meet our financial obligations and still be able to produce the much-needed salmon for the common property fisheries of this state. Many of the hatcheries in the state are economic catalysts for the local coastal communities they are located in. The hatcheries provide jobs and support the local communities through the generation of raw fish taxes and other taxes that support the functions of the local government. Tourism dollars are generated both through the fishing that is available but also through being a tourist attraction such as the DIPAC hatchery located in Juneau. I believe very strongly that the hatchery system has met the obligations that were formulated in the organizational beginning of this system and will continue to do so long into the future.

Once again, I would like to thank you for your sponsorship of SB 266 and offer the assistance of Valdez Fisheries Development Association in the successful passage of this bill. If you need any further information please call me at (907) 835-4874.

Respectfully

David C. Cobb
David C. Cobb

**DEDICATED TO THE UTILIZATION, CONSERVATION,
AND REHABILITATION OF ALASKA'S FISHERY RESOURCE
WITHIN THE 200-MILE LIMIT**



THE CITY OF WHITTIER

Gateway to the Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99593 • (907) 472-2327 • Fax (907) 472-2404

February 7, 2002

Senator Ben Stevens
State Capital
Juneau, Alaska 99801-1182

RE: SB 266-Refinancing of hatchery loans

Dear Senator Stevens:

The City of Whittier would like to voice its support for HB 368, your legislation that will allow hatcheries to refinance their state loans.

Residents of Whittier have been benefiting from the salmon produced by the state hatchery system for many years. Since 1992, the Prince William Sound Aquaculture Corporation (PWSAC) has released 100,000 coho smolts annually near our community for the sportfishing enjoyment of the locals, as well as for our neighbors from Anchorage and other landlocked communities who travel to Whittier for boating and fishing opportunities.

Thank you for your support of the fishing community in Alaska by introduction of this legislation. Please let me know if the City of Whittier can help in any way with its passage.

Sincerely,

A handwritten signature in cursive script that reads "Ben Butler".

Ben Butler, Mayor
City of Whittier



**COOK INLET
AQUACULTURE ASSOCIATION**

40610 KALIFORNKY BEACH ROAD
KENAI, AK 99611
(907) 283-8761
FAX: (907) 283-9433
email: ciaa@ptlaska.net
February 20, 2002

The Honorable Ben Stevens
State Capitol
Juneau, AK 99801-1182

Re: Senate Bill 266 – Refinance and Extend the Term of a Fishery Enhancement Loan

Dear Senator Stevens:

The Cook Inlet Aquaculture Association (CIAA) supports passage of Senate Bill 266, which allows the State's Aquaculture Associations to refinance and extend the terms of fishery enhancement loans.

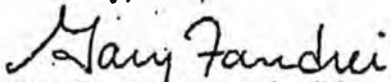
CIAA is a private nonprofit corporation whose purpose is salmon rehabilitation and enhancement in the Cook Inlet region. The Association operates Trail Lakes Hatchery and Tutka Bay Lagoon Hatchery, both State-owned facilities that provide fish to all users of the Cook Inlet salmon resource. Since CIAA began operating Trail Lakes and Tutka Bay Lagoon hatcheries, the Association has provided over 680,000,000 pink, 63,000,000 sockeye and 3,800,000 coho salmon fry and smolts for numerous rehabilitation and enhancement efforts from Big Lake to Homer to Seward.

CIAA currently has five fishery enhancement loans. The interest rate on each of these loans is the maximum permissible rate of 9.5%. Refinancing our operational loans, as other businesses are capable of doing, will allow the Association to take advantage of lower interest rates, reduce our debt service and provide more fish for all users of Cook Inlet's salmon resource.

As the price of salmon continues to decline and natural salmon returns continue to be lower than historical averages, *the effect of decreasing revenues challenges the Association's mission of "maximizing the value of self-perpetuating salmon stocks in Cook Inlet" for all user groups at a time when the Association should provide the greatest assistance to those that rely on this resource.*

Thank you for your help.

Sincerely,


Gary Fandrei, Executive Director

FAXed 2/20/02, original to follow

SALMON ENHANCEMENT TODAY MEANS BETTER SALMON FISHING TOMORROW



printed on recycled paper



THE CITY OF WHITTIER

Gateway to the Western Prince William Sound

P. O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

February 7, 2002

Senator Ben Stevens
State Capital
Juneau, Alaska 99801-1182

RE: SB 266-Refinancing of hatchery loans

Dear Senator Stevens:

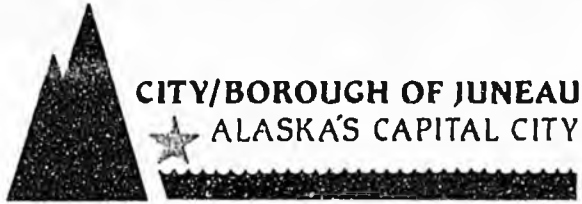
The City of Whittier would like to voice its support for HB 368, your legislation that will allow hatcheries to refinance their state loans.

Residents of Whittier have been benefiting from the salmon produced by the state hatchery system for many years. Since 1992, the Prince William Sound Aquaculture Corporation {PWSAC} has released 100,000 coho smolts annually near our community for the sportfishing enjoyment of the locals, as well as for our neighbors from Anchorage and other landlocked communities who travel to Whittier for boating and fishing opportunities.

Thank you for your support of the fishing community in Alaska by introduction of this legislation. Please let me know if the City of Whittier can help in any way with its passage.

Sincerely,

Ben Butler, Mayor
City of Whittier



CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

OFFICE OF THE MAYOR

Telephone: (907) 586-5240; Facsimile: (907) 586-5385
Sally_Smith@ci.juneau.ak.us

February 15, 2002

The Honorable Ben Stevens
Alaska State Senator
Alaska State Capitol
Juneau, AK 99801-1182


Dear Senator Stevens:

The City and Borough of Juneau supports SB 266 and appreciates that you have introduced it. With passage, your bill will strengthen an important economic and educational segment of our community-- that of our fish hatchery and salmon enhancement programs.

Not only do these programs benefit commercial and sport fishing, they also benefit tourism and education. The Ladd Macaulay Visitor's Center, the home of DIPAC, annually hosts 125,000 guests who come to learn about an important part of Alaska's economy. Research partnerships with various agencies and the University of Alaska's School of Fisheries attracts grant monies while providing educational opportunities. DIPAC also provides facilities and staff for educational opportunities in Juneau's public and private school system by hosting field trips to the Macaulay Hatchery and by providing advisors for high school science projects.

Improving the financial stability of the hatcheries across the state by taking advantage of today's low interest environment is good for business and good for the communities who benefits from these facilities.

Sincerely,


Sally Smith
Mayor

cc: Kate Tesar

February 21, 2002

Senate Resources Committee
State Capitol - MS 3101
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3872

RE: SB 266 - Fisheries Enhancement Loan Refinance

Dear Members,

I live at 6.5 mile of the Copper River Highway in Cordova. I was born and raised in Cordova and grew up on a family fishing operation in Prince William Sound. I am now raising my own family, and my wife and two sons help to make our commercial fishing operation a success. Having been involved with the fishing industry for over 30 years, I recognize that without our fish hatcheries we would not be able to compete on the world market with only the 2 to 5 million wild stock returns as during the pre-hatchery years.

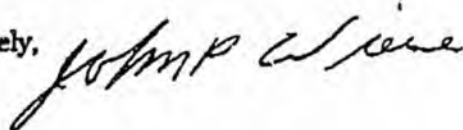
The whole commercial salmon industry in Alaska needs help and there are no quick fixes. Being able to refinance our hatchery debt at lower interest rates would be a big step in revitalizing our industry. Having lower loan payments, the hatcheries would be able to take less fish for cost recovery, therefore putting more money into the hands of fishermen who can then make boat and permit payments, hire crew, and sell fish to the processors in their communities. By refinancing, you will allow dollars to touch a larger base of people who do rely on the fisheries and whom you represent for the State of Alaska.

If the hatcheries are not refinanced at a lower interest rate the fishing industry's problems will only compound—they will not just go away. DCED acknowledges that reducing the interest rate from 9.5% to 6% will not jeopardize its financial stability, for it now gives new loans at 6%.

Refinancing also affects subsistence, personal use, sport and commercial sport users. Good examples of non-commercial user benefits are in the Copper River upriver sockeye fisheries and in the Port of Valdez sport utilization of pink and silver salmon.

I urge you to support SB 266 on refinancing our fishery enhancement loans and help make Alaska a better place to live.

Sincerely,



John Paul Wiese
P.O. Box 1031
Cordova, AK 99574

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

February 14, 2002

Senator Ben Stevens, Chair
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol, Room 103
Juneau, AK 99801-1182

Re: SB 266

Dear Senator Stevens,

The Southeast Alaska Fishermen's Alliance supports SB 266, which will allow hatchery loans to be refinanced to take advantage of the lower interest rates that are available in today's economy. This makes good business sense by allowing the hatcheries to lower their cost of doing business and provide, in the long run, more fish for common property use in the commercial, sport, and personal use fisheries.

Hatcheries are facing some of the same difficulties as the salmon industry as a whole, with lower fish prices and competition with farmed salmon. Lowering the interest rate by as much as 3.5% in some cases will provide the hatcheries with a better chance of being able to repay their loans to the State of Alaska.

SB 266 will reduce the amount of cost recovery fishing that hatcheries must conduct in order to meet operating expenses. This will provide more hatchery fish to the common property fisheries, thus providing the State of Alaska with more fishery business tax revenue generated by commercial fishermen.

Again, thank you for sponsorship and support of SB 266, and for your consideration of our position.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Hansen".

Kathy Hansen
Executive Director