

HB

341

Alaska State Legislature

Co-Chair
House Finance Committee
Subcommittee Chair
Environmental Conservation
Courts



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Representative William K. Williams

Sponsor Statement for HB 341 Dive Fishery Management Assessment

“An Act relating to the dive fishery management assessment.”

House Bill 341 is a housekeeping measure requested by the Southeast Alaska Dive Fishery Association (SARDFA) to provide more flexibility in its operations.

SARDFA was formed in 1998, under AS 43.76.150-210. SARDFA works in partnership with the Alaska Department of Fish & Game and the Department of Environmental Conservation in developing its Annual Operating Plan. The Annual Operating Plan determines how the dive assessments, a self-imposed tax on the value of harvested dive resources, will be spent. The creation of SARDFA provided an innovative approach to the development of biologically and economically sustainable fishery resources. SARDFA partners industry, government, and local communities in successful fishery resource development.

The association has been extremely successful managing existing dive fisheries and at working to develop new fisheries in southeast Alaska using revenues collected from the self-imposed tax of its members. Under AS 43.76.150 and AS 43.76.160, association members elect to tax themselves by species at a rate of one percent, three percent, five percent or seven percent of the value of their landings in a particular dive fishery. HB 341 would give association members the option to elect to tax themselves at the two percent, four percent or six percent rates. The additional rates provide flexibility for the association members to determine what rate is necessary for a particular species. HB 341 does not alter any other portions of AS 43.76.150-210. The election and management process remains the same.

Contact: Tim Barry, Aide to Representative Bill Williams at (907) 465-3424

Coffman Cove

Hollis

SPONSOR STATEMENT

Ketchikan

Meyers Chuck

Saxman

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MEMORANDUM

January 29, 2004

SUBJECT: Sectional summary of HB 341; An Act relating to the dive fishery management assessment (Work Order No. 23-LS1280\A)

TO: Representative Bill Williarns
Attn: Tim Barry

FROM: George Utermohle *GU*
Legislative Counsel

You have requested a sectional summary of HB 341, an Act relating to the dive fishery management assessment.

As a preliminary matter, note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends AS 43.76.150 by adding three new subsections. Each new subsection authorizes the members of a regional dive fishery development association to approve the levy of a dive fishery management assessment at a different rate. Under current law a dive fishery management assessment may be levied at the rate of one, three, five, or seven percent of the value of specified dive fishery resources. The new subsections added to AS 43.76.150 would allow for the levy of an assessment at the rate of two, four, or six percent. If this bill is enacted, the members of a dive fishery development association could vote to levy an assessment of one, two, three, four, five, six, or seven percent on the value of dive fishery resources that they sell or remove from the state.

Sections 2 - 7 of the bill make technical amendments to AS 43.76.160(b), AS 43.76.160(c), AS 43.76.170, AS 43.76.180(a), AS 43.76.190(a), and AS 43.76.190(c), respectively, to conform to the new assessment rates and subsections added in AS 43.76.150, as amended by sec. 1 of the bill.

If I may be of further assistance, please advise.

GU:med
04-111.med

SECTIONAL ANALYSIS

Annual Operating Plan FY2001

Written by:

Alaska Department of Fish & Game

And

**Southeast Alaska Regional Dive
Fisheries Association**

Introduction

This Annual Operating Plan (AOP) is an agreement between the Alaska Department of Fish and Game (ADF&G) and the Southeast Alaska Regional Dive Fisheries Association (SARDFA) for the expenditure of dive fishery assessment funds for fiscal year 2001, beginning July 1, 2000, and ending June 30, 2001. The development of this plan is directed by Alaska Statute 43.76.200(b):

The Department of Fish and Game shall develop an annual operating plan with the cooperation of the regional dive fishery development association on or before a date specified by the Department of Fish and Game. The qualified regional dive fishery development association shall cooperate with the Department of Fish and Game in the development of the annual operating plan. The annual operating plan must describe the activities for which the funding will be expended, including identification of species and areas for which bioassessment surveys will be conducted, a description of management and research activities to be performed, planning for dive fisheries, and administrative activities of the association. Funds appropriated to the Department of Fish and Game for funding of qualified regional dive fishery development associations may not be disbursed by the department or expended by the association, except for administration of the association, unless the annual operating plan has been approved by the association and the Department of Fish and Game.

Available Funding

SARDFA members approved assessments of 7% of the landed value of red sea urchins, and 5% for sea cucumbers and geoducks, effective April 1, 1999. During the fiscal year beginning July 1st, 1999, and ending June 30th, 2000, \$71,489.96 was deposited into the State of Alaska's General Fund from landings in the sea urchin fishery. During that same period, \$136,715.90 was deposited from the sea cucumber fishery, and \$19,778.69 from the geoduck fishery. The total assessments available for fiscal year 2001 for the three dive fisheries is \$227,985.55.

During this past legislative session, the above available funds were appropriated by the Alaska State Legislature in the Operating Budget, HB312. The appropriation occurs in the language section of the Operating Budget, HB312:

Sec. 12. Dive Fishery Management Assessment. The dive fishery management assessment collected under AS 43.76.150 - 43.76.210 in fiscal year 2000 and deposited into the general fund under AS 43.76.190(d) is appropriated from the general fund to the Department of Fish and Game for disbursement under AS 43.76.200 in fiscal year 2001 of the amount collected in each administrative area to the qualified regional dive fishery development association operating within the administrative area in which the assessment was collected.

Budget Plan

In accordance with SARDFA policy, these assessment revenues will be allocated to expenses related to the specific fishery from which the assessments were generated. For example, the sea cucumber assessments will be used to pay for surveys, research, and other expenses related only to the sea cucumber fishery, and an equal percentage of the SARDFA administration, based on the Fluctuating Guideline Ratio. The sea urchin and geoduck fisheries will do the same.

The Fluctuating Guideline Ratio (FGR) is the term designated by the SARDFA Board of Directors to describe the systematic way in which the SARDFA Administration is to be paid by the dive fishery assessment. The FGR is the total SARDFA Administration costs as a percentage of the total dive fishery assessments. This percentage is then taken from each species' assessment and rounded to the nearest dollar to pay for the cost of the SARDFA administration. For this AOP, the FGR is 29.254%.

$$\begin{aligned} & \text{Fluctuating Guideline Ratio} \\ & (\text{Total SARDFA Administration costs} / \text{Total Assessments}) = \\ & (\$66,695 / \$227,984.55) = \\ & \quad \quad \quad 29.254\% \end{aligned}$$

The following budgets (Sea Cucumber, Sea Urchin, and Geoduck Assessment Budgets) outline how the dive assessments are to be used during the fiscal year 2001.

Sea Cucumber Assessment Budget

1) SARDFA Administration*	\$ 39,995.00
2) New Area Assessments by ADF&G (3 areas)	\$ 20,000.00
3) New Control Areas (3 areas)	\$ 20,000.00
4) Genetic, Growth, & Recruitment Studies	\$ 5,000.00
5) Reconnaissance Surveying	\$ 26,000.00
6) Reserve & Development Fund*	\$ 25,720.90
Total	\$136,715.90

In the Sea Cucumber Assessment Budget above, Line 1, SARDFA Administration, will be used by SARDFA as detailed in the Approved SARDFA Administration Budget. Line 2, New Area Assessments, will be used by ADF&G to survey and set quotas in three new areas; those areas will be agreed upon by SARDFA and ADF&G. Line 3, New Control Areas, will be used by ADF&G to begin research on three new areas that have never been harvested. Line 4, Genetic, Growth and Recruitment Studies, will be used by ADF&G to supplement federally funded research. Line 5, Reconnaissance Surveying, will be used by ADF&G to contract SARDFA members to pre-survey new areas in order to determine if the area has commercial quantities of sea cucumbers. Line 6, Reserve and Development Fund, will be used by SARDFA for projects that will help develop the sea cucumber fishery. For example, the Reserve and Development Fund could be used for

further Reconnaissance Surveying, beginning an enhancement project, marketing, or any project that may further develop the fishery and is agreed upon by the SARDFA Board of Directors.

Sea Urchin Assessment Budget

1) SARDFA Administration*	\$ 20,914.00
2) ADF&G Management	\$ 35,000.00
3) ADF&G Surveys to increase precision	\$ 15,575.96
Total	\$ 71,489.96

In the Sea Urchin Assessment Budget above, Line 1, SARDFA Administration, will be used by SARDFA as detailed in the Approved SARDFA Administration Budget. Line 2, ADF&G Management, will be used by ADF&G to fund the management of the fishery. In the past, this cost was paid by the processors, divers, and municipalities. Line 3, ADF&G Surveys to increase precision, will be used by ADF&G to conduct further surveys in some areas already open for harvest, which will increase the precision of the data and increase the quota.

Geoduck Assessment Budget

1) SARDFA Administration*	\$ 5,786.00
2) PSP & Water Testing*	\$ 13,992.69
Total	\$ 19,778.69

In the Geoduck Assessment Budget above, Line 1, SARDFA Administration, will be used by SARDFA as detailed in the Approved SARDFA Administration Budget. Line 2, PSP and Water Testing, will be used by SARDFA to pay the costs associated with water certification of new and old areas, sampling geoducks for PSP levels, administering the 7% assessment vote, and attorney fees regarding the Alaska Trademark Shellfish lawsuit against the State of Alaska.

The funds to be transferred to SARDFA from ADF&G are marked with asterisks above. They include the amounts listed for SARDFA Administration for all three species (\$39,995 + \$20,914 + \$5,786 = \$66,695), the Sea Cucumber Reserve & Development Fund (\$25,720.90), and the Geoduck PSP & Water Testing (\$13,992.69). The total to be received by SARDFA from ADF&G is \$106,408.59.

Approved SARDFFA Administration Budget

The Approved SARDFFA Administration Budget below outlines the administrative activities for which SARDFFA will be using the assessments.

<u>Office Expenses Subtotal</u>		<u>\$4,325</u>
Postage	\$240	
Long Distance Charges	\$1,200	
Misc. Office Supplies	\$360	
Filing Fee	\$25	
Legislative Newsletter	\$300	
Web Site Construction & Maintenance	\$2,200	
<u>Conference Expenses Subtotal</u>		<u>\$9,600</u>
Travel	\$6,000	
Teleconference	\$3,600	
<u>Accountant/Lawyer Expenses Subtotal</u>		<u>\$7,200</u>
Annual Directors' Election	\$1,500	
Annual Reports	\$500	
Biennial Report	\$500	
Quarterly Financial Reports	\$1000	
Lawyer Consultation	\$3,700	
<u>Salary, Rents, Memberships Subtotal</u>		<u>\$40,600</u>
Executive Directors' Salary	\$35,000	
Office Rents	\$5,000	
AK Fisheries Dev. Foundation Membership	\$300	
Southeast Conference Membership	\$300	
<u>Outstanding FY2000 Administration</u>		<u>\$4,970</u>
<u>Grand Total SARDFFA Admin. Budget</u>		<u>\$66,695</u>

Strategy to Deal with Future Stock Assessment Needs

If ADF&G and SARDFa continue to be successful in reaching their goal of developing the dive fisheries in the future, a potential problem can be foreseen in supplying enough stock assessment hours to meet the need of the fisheries. ADF&G and SARDFa will work on a strategy in the next fiscal year to deal with this potential problem.

Timeline

ADF&G will transfer the total amount to SARDFa on or before July 31st, 2000.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



Mission Statement: To develop, expand, and enhance new and existing dive fisheries in Southeast Alaska.

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www.sardfa.org

Legislative Priorities for SARDFA 2004

- HB 341
- 1) **Amending SARDFA Legislation:** SARDFA would like the ability to assess ourselves at 2, 4, or 6% (in addition to the options of 1, 3, 5, or 7%). Also, SARDFA would like to give DOR the authority to disclose tax receipts by species to SARDFA for purposes of allocating revenues to our respective programs.
 - 2) **Re-Appropriating Past Dive Assessments:** SARDFA was notified by ADF&G that \$188,000 of dive assessments have been collected in the general fund but not appropriated. These funds were not accounted for in any Annual Operating Plans (AOPs). ADF&G does not have expenditure authority to legally access these funds. ADF&G and SARDFA are looking for appropriation of these funds for use under the FY05 AOP, or another suitable way to access the funds.
 - 3) **Uniform Geoduck Standards:** SARDFA is still in pursuit of implementing uniform geoduck standards within DEC. We have made a significant step in the right direction this season. However, Alaska is still not able to compete with other geoduck suppliers in Washington and British Columbia on equal footing.
 - 4) **Support Funding for Commercial Fisheries:** SARDFA supports no more cuts to Commercial Fisheries funding. SARDFA was established to bring more funding to increase management activities in our fisheries in an effort to create more quota and economic activity. Further cuts, at this point, will undermine our efforts to "put our money where our mouth is" by directly resulting in reductions of quota. This will only continue a downward spiral for the local economy; this is NOT resource development.
 - 5) **Improved Seafood Transportation:** Transportation in SE continues to be a bottleneck for the seafood industry and SARDFA supports efforts to increase transportation efficiency and opportunities.
 - 6) **Pilot Projects for Geoduck and Sea Cucumber Enhancement:** SARDFA is in the beginning stages of the creation of a pilot project to enhance, or re-seed, geoduck and sea cucumber in specific areas.

Members of:
Southeast Conference
United Fishermen of Alaska
Pacific Coast Shellfish Growers' Assoc.
Interstate Shellfish Sanitation Conference

LETTERS OF SUPPORT

HB341

House Special Committee on Fisheries

Hearing Wednesday, February 4th, 2004

Witness List:

Tim Barry, Aide to Representative Williams (Bill Sponsor)

Julie Decker, Executive Director, Southeast Alaska Regional Dive Fisheries Association (SARDFA) - (907) 874-3110

X Pat Cassin, Commercial Diver and SARDFA member, Ketchikan -
(907) 225-0809

Chuck Harlamert, Department of Revenue Tax Division (in person) - He'll be available to answer questions, if people have them

CLAY BERENEK : COMMERCIAL DIVER : (907) 723-7554