

**HB**

**218**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 218(FSH)  
(H) Publish Date: 4/18/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
Title Private Hatchery Cost Recovery Fisheries RDU Investments (122)  
Sponsor Thomas Component Investments  
Requester House Fisheries Component No. 383

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box ( ) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would allow private non-profit aquaculture associations to utilize a new method of conducting their cost recovery operations. Although the Alaska Division of Investments (division) provides financing to private non-profit aquaculture associations under the Fisheries Enhancement Revolving Loan Fund, the associations make all cost recovery decisions without input from the division. As a result this bill will have no fiscal impact on the division.

Prepared by: Greg Winegar, Director Phone 907.465.2510  
Division Investments Date/Time 4/14/05 7:08 PM  
Approved by: Edgar Blatchford, Commissioner Date 4/14/2005  
Agency Commerce, Community, and Economic Development

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 218(FSH)  
(H) Publish Date: 4/18/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
Title: An act relating to cost recovery RDU: Commercial Fisheries  
hatcheries for private non-profits Component: SE, Central, and Westward Regions  
Sponsor: Representative Bill Thomas Fish Management  
Requester: House Fisheries Committee Component No. 2167, 2168, 2170

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 00

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation is enabling legislation and creates no additional expenses for the Alaska Department of Fish and Game (ADF&G). The promulgation of the regulations required by this legislation is already covered by ADF&G's existing budget. A zero fiscal note assumes that ADF&G will not be conducting hold inspections and that the reporting of harvests and sales taken within the special harvest area will be accomplished through the existing fish ticket catch reporting system.

Prepared by: Doug Mecum, Director Phone: 465-6100  
Division: Division of Commercial Fisheries Date/Time: 4/14/05 4:11 PM  
Approved by: McKie Campbell, Commissioner Date: 4/14/2005  
Agency: Department of Fish and Game

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3  
Bill Version: CSHB 218(FSH)  
(H) Publish Date: 4/18/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
Title "An Act relating to cost recovery fisheries for RDU Alaska State Troopers  
private nonprofit hatchery facilities." Component AST Detachments  
Sponsor Representative Thomas  
Requester House Fisheries Component No. 2325

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

In part, Section 2 outlines that hatchery permit holders can harvest salmon for the facility in special harvest areas using agents, contractees, or employees of the permit holder or through common property fisheries. A person who violates a regulation adopted under this section is guilty of a class A misdemeanor.

Currently the Department of Public Safety (DPS) does not expend any resources enforcing cost recovery fisheries. DPS does enforce fisheries opened by Department of Fish and Game in special harvest areas, and terminal harvest areas on a limited basis. These efforts are dependent upon other ongoing enforcement needs and public safety emergencies.

Since the involvement for DPS has not been stipulated by this legislation, we have determined that there is no fiscal impact.

Prepared by: Lieutenant Todd Sharp Phone 907-465-3223  
Division: Alaska State Troopers Date/Time 4/14/05 1:22 PM  
Approved by: Commissioner William Tandeske Date 4/14/2005  
Agency: Department of Public Safety

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 4  
Bill Version: CSHB 218(RFS)  
(H) Publish Date: 4/25/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue 04  
Title: Private Hatchery Cost Recovery Fishe RDU: Tax and Treasury  
Component: Tax  
Sponsor: Rep. Thomas  
Requester: House Resources Component No.: 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	.	.	.	.	.	.

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	.	.	.	.	.	.
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**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)						
<b>TOTAL</b>	.	.	.	.	.	.

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See page 2

Prepared by: Chuck Harlamert Phone: 465-2320  
Division: Tax Division Date/Time: 4/18/05 4:12 PM  
Approved by: Tom Boutin, Deputy Commissioner Date: 4/18/2005  
Agency: Revenue

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSHB 218(RES)

**ANALYSIS CONTINUATION**

The bill authorizes hatchery permit holders to recover costs using an assessment against special common property fisheries in lieu of cost recovery harvests. Revenue is charged with setting the assessment rate, not to exceed 40%, in consultation with the Department of Fish and Game, the Department of Commerce, Community, and Economic Development, the hatchery permit holder, and commercial fishermen. Licensed fisheries businesses and participating commercial fishermen remit the assessment to the Department under regulations.

Our interpretation of the bill is that it does not authorize the Revenue to enforce an assessment. The department will not perform audits or otherwise pursue compliance with an assessment. The assessment is not subject to the administrative provisions of Title 43 including penalties, interest, assessments and limitations on assessments, or appeal rights and procedures. The department's authority is restricted to setting the assessment rate, receiving payments, and accounting.

**Cost Discussion**

Our costs are indeterminate because we cannot predict the number, if any, or complexity of common property cost recovery fisheries that will arise under the bill.

**Receipt & Accounting**

We are unable to predict the actual number of fisheries that can be handled using existing resources. We estimate that we can receive and account for 2-3 common property cost recovery fisheries using existing resources. It is possible, depending on the number of payors per fishery and the complexity and timing of accounting and distribution requirements, that we could receive and account for additional fisheries using existing resources.

**Rate Setting**

We are unable to predict the charging rates under the bill. The time and expense attributable to rate setting will be influenced by the knowledge, experience, contributions by the participants, the financial and operational status of the hatchery permit holder, and other factors specific to each fishery and hatchery permit holder. We expect to incur travel expenses with respect to hatcheries and interest groups who are testing the waters as well as for any cost recovery fisheries that actually take place. We are unable to anticipate the level of demand for services associated with rate setting activities, however, the successful establishment of a fishery under the program may not be possible without dedicated staffing.

**Revenue Discussion**

We are unable to predict the number of cost recovery fisheries that will arise under the bill or receipts associated with a fishery.

*adopted  
4-28-05*

24-LS0544\P  
Utermohle  
4/27/05

**CS FOR HOUSE BILL NO. 218( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE THOMAS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to cost recovery fisheries for private nonprofit hatchery facilities."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 **\* Section 1. AS 16.10 is amended by adding a new section to read:**

4 **Sec. 16.10.455. Cost recovery fisheries. (a) A hatchery permit holder may**  
5 **harvest salmon for a facility in**

6 **(1) a special harvest area through agents, contractees, or employees of**  
7 **the permit holder as provided under regulations of the Board of Fisheries; or**

8 **(2) a terminal harvest area through the common property fishery under**  
9 **this section.**

10 **(b) A hatchery permit holder may elect to harvest surplus salmon produced at**  
11 **a facility in a terminal harvest area established for that facility through the common**  
12 **property fishery. If the commissioner of fish and game determines that there are no**  
13 **allocative issues involved, and after reasonable consultation with the hatchery permit**  
14 **holder, affected commercial fishermen, and organizations of affected commercial**  
15 **fishermen, the commissioner may adopt regulations governing the harvest of surplus**

1 salmon in a terminal harvest area if the hatchery permit holder elects to harvest surplus  
2 salmon produced at a facility through the common property fishery. The regulations  
3 must specify the terms, conditions, and rules under which the common property  
4 fishery in the terminal harvest area shall be conducted, including requirements for hold  
5 inspections and reporting of harvests and sales of salmon taken in the terminal harvest  
6 area. The Board of Fisheries may adopt regulations, as the board considers  
7 appropriate, regarding a fisheries management plan governing operations under this  
8 subsection in a terminal harvest area, including allocation plans. Participation in the  
9 fishery must be open to all interim-use permit and entry permit holders who hold  
10 permits to operate a type of gear that may be used in the fishing district in which the  
11 terminal harvest area is located if that type of gear is authorized by regulation to be  
12 used in the terminal harvest area. An interim-use permit holder or an entry permit  
13 holder who takes salmon in a common property fishery in a terminal harvest area may  
14 sell the salmon to any fish buyer or processor who is licensed to do business in the  
15 state.

16 (c) As a condition of participation in a common property salmon fishery in a  
17 terminal harvest area under this section, a fisherman who participates in the fishery is  
18 subject to the payment of the assessment levied under (d) of this section. The  
19 assessment is levied on the value of salmon that the fisherman takes in the terminal  
20 harvest area and either sells to a buyer or exports from the state without being sold in  
21 the state. If the buyer of the salmon is licensed under AS 43.75, the buyer shall collect  
22 the assessment on salmon taken in a terminal harvest area at the time of purchase and  
23 remit the assessment to the Department of Revenue in accordance with regulations  
24 adopted by the Department of Revenue. If a fisherman does not sell salmon harvested  
25 in a terminal harvest area to a buyer licensed under AS 43.75 or if a fisherman does  
26 not sell salmon harvested in a terminal harvest area to a buyer before the salmon is  
27 exported from the state, the fisherman shall remit the amount of the assessment to the  
28 Department of Revenue in accordance with regulations adopted by the Department of  
29 Revenue.

30 (d) The Department of Revenue may, by regulation, annually set the rate of  
31 the assessment levied on salmon taken in a terminal harvest area in consultation with

1 the Department of Commerce, Community, and Economic Development, the hatchery  
2 permit holder, and representatives of affected commercial fishermen. The rate of the  
3 assessment shall provide sufficient revenue to cover debt service to the state,  
4 reasonable operating expenses, reasonable maintenance expenses, and development or  
5 maintenance of a reserve fund up to 100 percent of annual operating costs of the  
6 hatchery permit holder. In setting the rate of the assessment, the department shall  
7 consider the estimated return and harvest of salmon in the terminal harvest area, the  
8 projected price to be paid for salmon in the region, the amount of the existing reserve  
9 held by the hatchery permit holder, and the amount by which the assessment collected  
10 in previous years exceeded or fell short of the amount anticipated to be collected. The  
11 total rate of the assessment may not exceed 40 percent of the value of the salmon.

12 (e) The Department of Revenue shall deposit the assessments collected under  
13 this section in the general fund. The legislature may appropriate the funds collected  
14 under this section to the hatchery permit holder who operates a facility in the terminal  
15 harvest area in which the assessment was levied. A hatchery permit holder shall use  
16 funds appropriated under this subsection for the purposes set out under  
17 AS 16.10.450(a). The legislature may also appropriate funds collected under this  
18 section to the Department of Revenue for costs incurred by the department under this  
19 section.

20 (f) A person who violates a regulation adopted by the Department of Fish and  
21 Game or the Board of Fisheries under (b) of this section is guilty of a misdemeanor  
22 under AS 16.05.723. A person who violates a regulation adopted by the Department  
23 of Revenue under (c) of this section is guilty of a class A misdemeanor.

24 (g) In this section,

25 (1) "facility" means a hatchery or salmon rehabilitation project for  
26 which a permit is issued under AS 16.10.400 - 16.10.470;

27 (2) "terminal harvest area" means a harvest area established by the  
28 commissioner or the Board of Fisheries where salmon returning to a hatchery may be  
29 harvested by the common property fishery;

30 (3) "value" has the meaning given in AS 43.75.290.

31 \* Sec. 2. AS 43.76.035 is amended to read:

1                   Sec. 43.76.035. Exemption. (a) Except as provided under (b) of this  
2                   section, AS 43.76.001 - 43.76.040 do not apply to salmon harvested under a special  
3                   harvest area entry permit issued under AS 16.43.400.

4                   \* Sec. 3. AS 43.76.035 is amended by adding a new subsection to read:

5                   (b) Salmon harvested in a common property fishery conducted in a terminal  
6                   harvest area under AS 16.10.455 are subject to a salmon enhancement tax levied under  
7                   AS 43.76.001 - 43.76.040.



## REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: [Representative.Bill.Thomas@legis.state.ak.us](mailto:Representative.Bill.Thomas@legis.state.ak.us) webpage: [www.akrebublicans.org/thomas/](http://www.akrebublicans.org/thomas/)

State Capitol

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### Sponsor Statement HB 218

#### **“An Act relating to cost recovery fisheries for private nonprofit hatchery facilities”**

Salmon hatcheries in Alaska are successful examples of state assisted economic development programs. Over the years, hatcheries have provided great benefit to our commercial fishing industry and to other users of fish by enhancing the strength of salmon returns and by creating jobs in our communities. The commercial salmon industry has paid into this program through the Salmon Enhancement Tax since 1980.

HB 218 relates to the methods by which hatcheries generate revenue to cover their operating and capital expenses. These methods are referred to as “cost recovery.” Under current practices, hatcheries generally contract with processors to purchase part of the returning run of fish that are caught in areas known as Special Harvest Areas immediately in front of hatcheries or at remote release sites where enhanced runs of fish have been developed. Typically only a handful of commercial vessels actually participate in the harvest of these cost recovery fish.

HB 218 provides language that would allow hatchery operators to choose to recover their costs through fisheries open to commercial fishermen, allowing the fleet to access more fish. Because each hatchery has a unique financial situation, this alternative type of cost recovery may not be applicable to all hatcheries. For this reason, HB 218 merely provides permissive language. It in no way will force a hatchery to change its current practices. However, the intent language in Section 1 of the bill states that the hatcheries should maximize the harvest of returning fish to fishermen and minimize the direct sale of salmon by the hatcheries themselves. This refers to the fact that hatcheries were created to enhance the productivity of salmon runs; productivity that should primarily benefit the users of the resource.

*Adopted  
4-27-05*

24-LS0544X  
Utermohle  
4/26/05

CS FOR HOUSE BILL NO. 218( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVE THOMAS

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to cost recovery fisheries for private nonprofit hatchery facilities."

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

3 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
4 to read:

5 FINDINGS. The Alaska State Legislature finds that Alaska private nonprofit salmon  
6 hatcheries should maximize the harvests of returning hatchery-produced salmon by  
7 commercial salmon fishing permit holders. The legislature also finds that private nonprofit  
8 hatcheries should minimize, to the greatest extent feasible, the direct sale of salmon returning  
9 to a hatchery.

10 \* Sec. 2. AS 16.10 is amended by adding a new section to read:

11 Sec. 16.10.455. Cost recovery fisheries. (a) A hatchery permit holder may  
12 harvest salmon for a facility in

13 (1) a special harvest area through agents, contractees, or employees of  
14 the permit holder as provided under regulations of the Board of Fisheries; or

15 (2) a terminal harvest area through the common property fishery under

1 this section.

2 (b) A hatchery permit holder may elect to harvest surplus salmon produced at  
3 a facility in a terminal harvest area established for that facility through the common  
4 property fishery. If the commissioner of fish and game determines that there are no  
5 allocative issues involved, and after reasonable consultation with the hatchery permit  
6 holder, affected commercial fishermen, and other interested or knowledgeable parties,  
7 the commissioner may adopt regulations governing the harvest of surplus salmon in a  
8 terminal harvest area if the hatchery permit holder elects to harvest surplus salmon  
9 produced at a facility through the common property fishery. The regulations must  
10 specify the terms, conditions, and rules under which the common property fishery in  
11 the terminal harvest area shall be conducted, including requirements for hold  
12 inspections and reporting of harvests and sales of salmon taken in the terminal harvest  
13 area. The Board of Fisheries may adopt regulations, as the board considers  
14 appropriate regarding a fisheries management plan governing operations under this  
15 subsection in a terminal harvest area, including allocation plans. Participation in the  
16 fishery must be open to all interim-use permit and entry permit holders who hold  
17 permits to operate a type of gear that may be used in the fishing district in which the  
18 terminal harvest area is located if that type of gear is authorized by regulation to be  
19 used in the terminal harvest area. An interim-use permit holder or an entry permit  
20 holder who takes salmon in a common property fishery in a terminal harvest area may  
21 sell the salmon to any fish buyer or processor who is licensed to do business in the  
22 state.

23 (c) As a condition of participation in a common property salmon fishery in a  
24 terminal harvest area under this section, a fisherman who participates in the fishery is  
25 subject to the payment of the assessment levied under (d) of this section. The  
26 assessment is levied on the value of salmon that the fisherman takes in the terminal  
27 harvest area and either sells to a buyer or exports from the state without being sold in  
28 the state. If the buyer of the salmon is licensed under AS 43.75, the buyer shall collect  
29 the assessment on salmon taken in a terminal harvest area at the time of purchase and  
30 remit the assessment to the Department of Revenue in accordance with regulations  
31 adopted by the Department of Revenue. If a fisherman does not sell salmon harvested

1 in a terminal harvest area to a buyer licensed under AS 43.75 or if a fisherman does  
2 not sell salmon harvested in a terminal harvest area to a buyer before the salmon are  
3 exported from the state, the fisherman shall remit the amount of the assessment to the  
4 Department of Revenue in accordance with regulations adopted by the Department of  
5 Revenue.

6 (d) The Department of Revenue may, by regulation, annually set the rate of  
7 the assessment levied on salmon taken in a terminal harvest area in consultation with  
8 the Department of Commerce, Community, and Economic Development, the hatchery  
9 permit holder, and representatives of affected commercial fishermen. The rate of the  
10 assessment shall provide sufficient revenue to cover debt service to the state,  
11 reasonable operating expenses, reasonable maintenance expenses, and development or  
12 maintenance of a reserve fund up to 100 percent of annual operating costs of the  
13 hatchery permit holder. In setting the rate of the assessment the department shall  
14 consider the estimated return and harvest of salmon in the terminal harvest area, the  
15 projected price to be paid for salmon in the region, the amount of the existing reserve  
16 held by the hatchery permit holder, and the amount by which the assessment collected  
17 in previous years exceeded or fell short of the amount anticipated to be collected. The  
18 total rate of the assessment may not exceed 40 percent of the value of the salmon.

19 (e) The Department of Revenue shall deposit the assessments collected under  
20 this section in the general fund. The legislature may appropriate the funds collected  
21 under this section to the hatchery permit holder who operates a facility in the terminal  
22 harvest area in which the assessment was levied. A hatchery permit holder shall use  
23 funds appropriated under this subsection for the purposes set out under  
24 AS 16.10.450(a). The legislature may also appropriate funds collected under this  
25 section to the Department of Revenue for costs incurred by the department under this  
26 section.

27 (f) A person who violates a regulation adopted by the Department of Fish and  
28 Game or the Board of Fisheries under (b) of this section is guilty of a misdemeanor  
29 under AS 16.05.723. A person who violates a regulation adopted by the Department  
30 of Revenue under (c) of this section is guilty of a class A misdemeanor.

31 (g) In this section,

1 (1) "facility" means a hatchery or salmon rehabilitation project for  
2 which a permit is issued under AS 16.10.400 - 16.10.470;

3 (2) "terminal harvest area" means a harvest area established by the  
4 commissioner or the Board of Fisheries where salmon returning to a hatchery may be  
5 harvested by the common property fishery;

6 (3) "value" has the meaning given in AS 43.75.290.

7 \* Sec. 3. AS 43.76.035 is amended to read:

8 Sec. 43.76.035. Exemption. (a) Except as provided under (b) of this  
9 section, AS 43.76.001 - 43.76.040 do not apply to salmon harvested under a special  
10 harvest area entry permit issued under AS 16.43.400.

11 \* Sec. 4. AS 43.76.035 is amended by adding a new subsection to read:

12 (b) Salmon harvested in a common property fishery conducted in a terminal  
13 harvest area under AS 16.10.455 are subject to a salmon enhancement tax levied under  
14 AS 43.76.001 - 43.76.040.

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# UNITED FISHERMEN OF ALASKA

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(907) 463-2545 Fax  
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[www.ufa-fish.org](http://www.ufa-fish.org)

April 5, 2005

Representative Thomas, Co-Chair  
Representative LeDoux, Co-Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
State Capitol (Mail Stop 3100)  
Juneau, AK 99801-1182

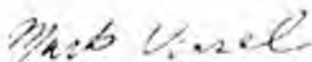
Dear Representative Thomas:

United Fishermen of Alaska (UFA) supports passage of House Bill 218 relating to potential reductions in hatchery cost recovery fisheries and resulting increases in common property fisheries to be accompanied by a voluntary assessment/landing tax collected by the Department of Revenue. The basis for UFA support is three-fold:

1. First and foremost, HB 218 is permissive. That is, the hatchery and its Board of Director must elect to harvest surplus salmon through the common property fishery. Similarly, commercial fishermen are under no obligation to participate in the common property fishery and pay the additional landing tax.
2. HB 218 does not in any meaningful manner disrupt hatchery finances or in any way impinge upon the hatchery's fiduciary duties. The additional landing tax will generate the same level of net revenue now generated by the cost recovery fishery. The tax rate will be adjusted annually to ensure that the tax reflects the reasonable financial needs of the hatchery.
3. HB 218 is a first step toward reducing the direct sale of salmon by hatcheries. UFA does not oppose hatchery sales and in fact has a number of member hatcheries, including NSRAA and PWSAC. However, UFA does maintain that whenever possible, commercial salmon fishermen must have maximum opportunity to harvest and sell salmon produced at hatcheries or in the wild.

If you have any further questions regarding UFA's support of HB 218, please do not hesitate to contact me.

Respectfully

  
Mark D. Vinsel  
Executive Director

**SUPPORT**

#### MEMBER ORGANIZATIONS

Alaska Crab Council • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Keta • At Sea Processors Association • Bristol Bay Reserve  
Concerned Area MF Fishermen • Cordova District Fishermen Union • Crab Rationalization and Buyback Group • Douglas Island Park and Chum • Fishing Vessel Owners Association • Groundfish Forum  
Kona Peninsula Fishermen's Association • Alaska Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association • North Pacific Scallop Cooperative  
Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation  
Punta Seiner Vessel Owners Association • Seafood Producers Cooperative • Southeast Alaska Herring Seiners Marketing Association • Southeast Alaska Regional Diver Fisheries Association  
Southern Southeast Regional Aquaculture Association • United Catcher Trusts • United Salmon Association • United Southeast Alaska Cannotters  
Waters Fisheries Development Association • Western Gulf of Alaska Fishermen

# VALDEZ FISHERIES DEVELOPMENT ASSOCIATION INC.

P.O. Box 125  
Valdez, Alaska 99586  
Phone 835-4874 Fax 835-4831



Madam Chairman and Committee

This revised CS for 11218 is by far worse than the previous effort, not better.

**Findings--**

**Sentence 1:**

Any hatchery organization run by and for the fishermen already has this as their credo. The word "by" should be replaced by "for".

**Sentence 2:**

"to the greatest extent feasible, the direct sale of salmon harvested in special harvest areas" This really gets to the bottom of the intent of this legislation. The hatcheries are getting a better price because they can negotiate for direct sales. This puts an upward pressure on price and the processing industry can't justify paying their fishermen less than the fish are truly worth.

Page 2 line 10

"The board" What Board is this? I expect it is the Board of Fish. The Board of Fish is a political board appointed by the Governor who seems to care more for the processor than the individual fisherman. The hatcheries will lose any control over their cost recoveries and be subject to an appropriation that the legislature may honor. The sentence relating to the Board of Fish should be eliminated because the board already has allocative abilities. This sentence puts the hatchery operator in another political arena and introduces a huge financial risk.

Page 3 line 15

We believe that this is the poison pill for this legislation. The legislature may or may not appropriate the money to each individual hatchery. This means that each hatchery would have to travel to Juneau each year to beg for their appropriation. The hatchery would lose any control it has on its revenue stream and could not project anything for the following year or into the future. Valdez Fisheries Development Association would have to change our fiscal year from May 31 to coincide with the state fiscal year in order to be in an appropriation cycle. This would occur right in the middle of our cost recovery and require us to harvest 1/2 of our cost recovery in one year and 1/2 our cost recovery in the following year. This would require that we borrow 18 months of operating expenses from the state, if available, to insure that we had sufficient funds to operate each year subject to legislative appropriations.

**THIS BILL MUST HAVE A FISCAL NOTE ATTACHED THAT SHOWS THE FINANCIAL IMPACT ON THE INDIVIDUAL HATCHERIES AND THE STATE OF ALASKA, DEPARTMENT OF REVENUE.**

I think this bill is a red herring to get the hatcheries out of the fish sales business, which can only impact the commercial fishermen negatively. If you change two words in this piece of legislation: Page 1 line 11 may to shall; and Page 1 line 15 may to shall then the hatchery system will cease to function and the State of Alaska can come and get the keys to all the PNP hatcheries and the 60 million worth of debt they carry.

Sincerely

*Jason C. Wells*  
Jason Wells  
Executive Director

Post-it* Fax Note	7671	Date	# of pages
To	(11) Rossmore	From	Valdez LIO
Co./Dept		Co	
Phone #		Phone #	835-2111
Fax #	465-3810	Fax #	

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

April 20, 2005

TESTIMONY FOR HOUSE RESOURCES ON HB 218

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY ON HOUSE BILL 218.

MY NAME IS JIM BACON. I LIVE IN KETCHIKAN ALASKA. I OWN THE FV WAVEDANCER. I HAVE PARTICIPATED IN THE SOUTHEAST ALASKA SALMON FISHERY FOR THE LAST 30 YEARS. I SUPPORT HB 218 AND BELIEVE IT PROVIDE'S AN EXCELLANT TOOL FOR THE AQUACULTURE ASSOCIATIONS TO USE, SHOULD THEY CHOOSE TO. I SERVED ON THE BOARD OF DIRECTORS OF THE SOUTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION FOR SEVERAL YEARS IN THE 80'S AND APPRECIATE THE POINT THAT THE BILL LEAVES THE FINAL DECISION IN THE HANDS OF THE BOARD OF DIRECTORS OF THE ASSOCIATIONS. I RESPECTFULLY URGE THE COMMITTEE TO PASS HB 218.

April 19, 2005

Representative Ramras, Co-Chair  
House Resources Committee  
Alaska State Legislature  
Juneau, AK 99801

Dear Representative Ramras:

I am a seine fisherman with permits and experience in multiple areas of Alaska's salmon fisheries. I support HB 218.

I believe 218 presents Alaska's "stake holder owned hatchery associations" a valuable tool to free fishermen from the constraints of hatchery associations micro managing cost recovery efforts and provides them profitable options to perform the same functions while meeting the cost recovery needs of the hatchery. This arrangement could work out well for hatcheries in Southeast Alaska.

Thank you for your consideration in this matter.



Sincerely, Scott McAllister.



April 19, 2005

Representative Ramras, Co-Chair  
 Representative Samuels, Co-Chair  
 House Resources Committee  
 Alaska State Legislature  
 Juneau, AK 99801

Dear Representative Ramras:

We are a group of commercial fishermen asking you to support passage of HB218.

Thank you for taking the time for an issue that is so important to our business. HB218 will allow us to work with a hatchery association to accomplish the following:

1. Improve harvest quality in hatchery special harvest areas.
2. Improve market timing and predictability of harvesting and processing timing.
3. Allowing the commercial hatchery "users" (commercial fishermen) to work with the hatchery to help determine the method of paying their "user fee".
4. A sense of "fairness" in leveling the playing field so that fishermen can take advantage of the predictable volumes and inexpensive cost structures that have benefited the hatcheries under the "old" cost recovery system.

We do not ask that hatcheries be forced to do something they do not wish to do. That is why HB218 has permissive language, so the hatchery has the ability to enter into an arrangement to replace "cost recovery" in a willing and eager fashion. Or not at all.

We're writing today on behalf of the salmon purse seine fishermen of Southeast Alaska. Since 1968, SEAS (Southeast Alaska Seiners Association) has represented the 416 permit holders and approximately 260 vessels and 1000 crew who purse seine for salmon in Southeast. Thank you again for your time and consideration of this important legislation and we ask for swift passage through your committee.

Respectfully yours,

Dan Castle, President, SEAS

Bob Thorenson, Executive Director, SEAS

PO Box 23081, Juneau, AK 99802 ☎ 907-463-5030 ☎ Fax: 907-463-5083

Representative Ramras, Co-chair  
House Resource Committee  
Alaska State Legislature  
Juneau, AK 99801

Mr. Chairman and members of the House Resource committee,  
My name is Bill Connor from Petersburg Alaska. I would urge you to pass the HB-218 today; this bill will help us to capitalize on opportunities that we have to recognize as changes come to our fisheries. This bill will enable the hatcheries to receive their cost recovery and allow for a much higher quality product to be put out to market by allowing fish to be harvested in a timely manner, and not in a manner of wait and see if there is enough for a common property harvest.

Thank you for your time.  
Bill Connor  
Box 1124  
Petersburg AK. 99833  
907-772-9211

April 20, 2005

Jay Ramras  
Co-Chair House Committee

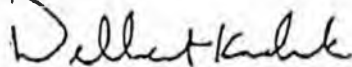
Dear Mr. Jay Ramras:

The Kake's Seiner's Association is in full support of House Bill 218, and thanks for offering us the opportunity to share our opinion.

Sincerely,



Henrich Kadake  
President



Delbert Kadake  
Seiner

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**From:** Jim Zuanich [loraxinc1@hotmail.com]  
**Sent:** Monday, April 25, 2005 8:24 PM  
**To:** Rep. Jay Ramras  
**Subject:** hb218

Representative Ramras: I am a southeast seiner. Have been for most of last 40 years. I'm a SEAS board member and was Hidden Falls cost recovery volenteerm coordinator the last three years. Like practically the entire fleet, I support hb218. 218 does not force any changes down anyone's throat.

It simply allows hatcheries, subject to board approval, more options to finance operati9ns than currently exist. I couldn't tell you why hatcdhery staff is afraid of it. Jim Zuanich

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