

**HB**

**26**

**Representative Carl E. Moses, House District 37**  
**(907) 465-4451 – Adam Berg, Staff**

**SPONSOR STATEMENT / SECTIONAL ANALYSIS**

**CSHB26 (FIN) – Short-Term Commercial Fishing Crewmember Licenses**

The economic health of certain communities in Western Alaska has been jeopardized by unprecedented low salmon returns and / or prices. It is in the best interest of the State of Alaska and these communities to maximize options available for commercial fishermen to earn a living. One option available is to allow the purchase of short-term commercial fishing crewmember licenses. This would allow visitors an affordable way to engage in a sort of extreme tourism adventure by actually participating in the fishery as a crewmember.

Currently, tourists can go out with a commercial boat but cannot have any form of active participation without buying a full year crewmember license.

The House Fisheries Committee changed the bill as follows: The committee added a clause that prohibits fishing with rod and reel from a commercial fishing vessel and changed the length of the short-term license to seven days.

The House Resources Committee changed the bill as follows: The committee added a clause that prohibits short-term license holders from being compensated.

The House Finance Committee changed the bill as follows: The committee deleted the "no compensation" clause added in House Resources.

**BILL SECTIONS 1-2:** Changes the term from a "crewmember fishing license" to an "annual crewmember fishing license". (Note: The reason for the term change applies to Bill Section 4.)

**BILL SECTION 3:** Allows residents and non-residents to purchase a seven-day commercial fishing crewmember license for \$30. Assures that short-term license holders are prohibited from using rod and reel while on a commercial vessel.

**BILL SECTION 4:** Assures that a short-term license holder is not considered a fisherman eligible for the Commercial Fishing Revolving Loan Fund.

**BILL SECTION 5:** Allows the Department of Fish & Game to add and collect an additional administrative fee of \$3 on licenses issued in 2005.

**BILL SECTION 6:** Makes the effective date July 1, 2005.



# UNITED FISHERMEN OF ALASKA

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

March 7, 2005

Representative Kevin Meyer, Co-Chair  
House Finance Committee  
Alaska State Legislature  
State Capitol (Mail Stop 3100)  
Juneau AK 99801-1182

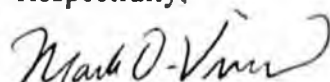
Dear Representative Meyer,

United Fishermen of Alaska (UFA) represents thirty-one Alaska commercial fishing groups and hundreds of individual fishermen, crew members and related businesses. Our board of directors recently met and discussed HB 26 regarding short term commercial fishing crew license. UFA believes that a short term crew license will provide greater flexibility in fishing operations, such as in cases of emergencies, fisheries of short duration or to fill in for departing crew at the end of season. The recent amendment that prohibits the short term members from being paid is an obstacle to the practical use of the idea behind the bill.

In its present form CSHB 26 will allow short term visitors an opportunity to experience commercial fishing in Alaska without pay, which is also of some potential benefit to marketing and public relations through greater awareness of our wild fisheries and unsurpassed fisheries management.

UFA continues to support HB 26 for a short term commercial fishing crew license.

Respectfully,

  
Mark D. Vinsel  
Executive Director

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Armstrong Keta • At-sea Processors Association  
Bristol Bay Reserve • Concerned Area "M" Fishermen • Cordova District Fishermen United • Douglas Island Pink and Chum  
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture 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  
Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Southeast Alaska Herring Seiners Marketing Association  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Catcher Boats • United Salmon Association • United Southeast Alaska Gillnetters • Valdez Fisheries Development Association  
Western Gulf of Alaska Fishermen

## Adam Berg

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**From:** Rep. Carl Moses  
**Sent:** Monday, March 14, 2005 6:23 AM  
**To:** Adam Berg  
**Subject:** FW: CLARIFICATION

-----Original Message-----

**From:** Jorgensen, Sue [mailto:SJorgensen@CGAlaska.USCG.mil]  
**Sent:** Friday, March 11, 2005 2:19 PM  
**To:** 'castlerock@gci.net'  
**Cc:** Rep. Carl Moses  
**Subject:** CLARIFICATION

Galen Brevik of the Juneau Charter Boat Operators Association asked for clarification of the Coast Guard rules governing carriage of individuals on board.

On a commercial fishing industry vessel:

if/when an individual is hired and receives wages for his work, that individual is a crewmember.

if/when an individual goes on board and pays for the opportunity to do so (assisting with fishing or just along for the ride), that individual is a passenger for hire.

If the vessel carries a paying passenger, even though the vessel continues to commercial fish, the operator must comply with not only the commercial fishing industry safety requirements (i.e. immersion suits for every person on board, visual distress signals, survival craft, EPIRB, etc) but all the passenger vessel safety requirements (i.e. licensed operator, random drug testing program, vessel documented for "Coastwise" as well as "Fishery", Type I personal flotation devices for every person on board, etc.).

Sue Jorgensen  
FV Safety Coordinator  
907-463-2810  
907-463-2820 (fax)  
800-478-7369 (in Alaska)

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 26(FSH)  
(H) Publish Date: 2/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
Title: Short-term Commercial Fishing RDU: Administration and Support  
Crewmember License Component: Administrative Services  
Sponsor: Representative Moses  
Requester: House Fisheries Committee Component No. 479

**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	1.7	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.7</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 (1024)</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.7	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
1024 Fish and Game Fund						
<b>TOTAL</b>	<b>1.7</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)

Assumptions:

- 100 new short-term licenses will be purchased.
- Per AS 23.35.060(a) Fishermen's Fund will receive 39% of the gross revenue. Fish and Game Fund will receive 61%.
- Given the mid-year effective date, the department must print 5,000 new licenses for distribution statewide. We estimate the printing costs for these new licenses to be a one-time cost of roughly \$1,700. In the following years, this new license option will be incorporated into our standard license, so there will be no additional cost for offering this option.

(Continued on page 2)

Prepared by: Tom Lawson Phone: 465-5999  
Division: Administrative Services Date/Time: 2/11/05 3:19 PM  
Approved by: Acting Commissioner Wayne Regelin Date: 2/11/2005  
Agency: Department of Fish and Game

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 26(FSH)  
(H) Publish Date: 2/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor & Workforce Development  
Title: Short-Term Com Fishing Crewmember License RDU: Workers' Compensation  
Sponsor: Representative Moses Component: Fishermen's Fund  
Requester: House FSH Component Number: 343

**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 (1432)</b>	1.1	1.1	1.1	1.1	1.1	1.1
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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: None  
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)  
According to information provided by the Department of Fish and Game, it is anticipated 100 new licenses will be purchased. Under AS 23.35.060(a) the Fishermen's Fund will receive 39% of the revenue (\$1,053.00).  
  
The revenues to the Fund generated by the new licenses (\$30 for a seven day license) compare favorably to those from annual licenses (\$21.06) that expose the Fund to much longer periods of potential liability. However, licensees who are tourists or otherwise inexperienced in fisheries may be more likely to sustain an injury. \*Consequently, the ultimate impact on the Fund's claim payment outlays is indeterminate.

Prepared by: Paul F. Lisantio, Director Phone: 465-6059  
Division: Workers' Compensation Division Date/Time: 2/15/05 4:36 PM  
Approved by: Geog O'Claray, Commissioner Date: 2/15/2005  
Agency: Department of Labor and Workforce Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 26(FSH)  
 (H) Publish Date: 2/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
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Crewmember License Component: Administrative Services  
 Sponsor: Representative Moses  
 Requester: House Fisheries Committee Component No. 479

**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	1.7	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.7</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>TOTAL</b>	<b>1.7</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)

Assumptions:

- 100 new short-term licenses will be purchased.
- Per AS 23.35.060(a) Fishermen's Fund will receive 39% of the gross revenue. Fish and Game Fund will receive 61%.
- Given the mid-year effective date, the department must print 5,000 new licenses for distribution statewide. We estimate the printing costs for these new licenses to be a one-time cost of roughly \$1,700. In the following years, this new license option will be incorporated into our standard license, so there will be no additional cost for offering this option.

(Continued on page 2)

Prepared by: Tom Lawson Phone: 465-5999  
 Division: Administrative Services Date/Time: 2/11/05 3:19 PM  
 Approved by: Acting Commissioner Wayne Regelin Date: 2/11/2005  
 Agency: Department of Fish and Game

**FISCAL NOTE NO. 1**

**STATE OF ALASKA  
2005 LEGISLATIVE SESSION**

**BILL NO. CSHB 26(FSH)**

**ANALYSIS CONTINUATION**

This bill gives the department the ability to charge a \$3 administrative fee per license that would be imposed through regulation. If such a fee were imposed, printing costs would decrease by \$300 (\$3 fee x 100 new licenses sold).

Type of License Sold	Number of Licenses Sold	Amount	Total Gross Revenue	Vendor Commission	Total Commission	Total Net Revenue
Seven-day	100	\$30	\$3,000.00	10%	\$300.00	\$2,700.00
			\$3,000.00		\$300.00	\$2,700.00
<u>Break-out of Funds:</u>						
Fishermen's Fund			39%	\$1,170.00		
Fish & Game Fund			61%	\$1,530.00		
			Total			\$2,700.00

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 26(FSH)  
(H) Publish Date: 2/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor & Workforce Development  
Title: Short-Term Commercial Fishing Crewmember License RDU: Workers' Compensation  
Sponsor: Representative Moses Component: Fishermen's Fund  
Requester: House FSH Component Number: 343

**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 (1032)</b>	1.1	1.1	1.1	1.1	1.1	1.1
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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: None  
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)  
According to information provided by the Department of Fish and Game, it is anticipated 100 new licenses will be purchased. Under AS 23.35.060(a) the Fishermen's Fund will receive 39% of the revenue (\$1,053.00).  
The revenues to the Fund generated by the new licenses (\$30 for a seven day license) compare favorably to those from annual licenses (\$21.06) that expose the Fund to much longer periods of potential liability. However, licensees who are tourists or otherwise inexperienced in fisheries may be more likely to sustain an injury. Consequently, the ultimate impact on the Fund's claim payment outlays is indeterminate.

Prepared by: Paul F. Lisankie, Director Phone: 465-6059  
Division: Workers' Compensation Division Date/Time: 2/15/05 4:36 PM  
Approved by: Greg O'Clary, Commissioner Date: 2/15/2005  
Agency: Department of Labor and Workforce Development

CSHB 26 (FIN) - VOTE TOTAL  
APR 27

37-1

(WEYHRAUCH)

(Ref. Date)

Sen Res.  
May 4, 2005  
New

Dear Resource Committee Members,

I am writing concerning HB26 which recently passed from the House to the Senate. Although I speak only for myself I can assure you that these issues are closely followed among Juneau's charter operators. As a charter operator and sport fishing lodge owner in Juneau I would like to express these concerns about this bill:

1. Problem. It is one thing to say that federal laws for vessels for hire will apply to commercial fishing vessels that carry a "paying crew member" under HB26. It is quite another to enforce these laws. Coast Guard and other agencies have stated that it will be impossible for them to enforce these regulations unless they can identify which commercial fishing vessels are carrying passengers for hire and which are not.

Solution. Require that commercial fishing vessels carrying passengers for hire display a prominent sticker that clearly identifies them as such.

2. Problem. Should this bill pass I believe conflicts will arise between the current guided sport fishery and the new guided commercial fishery created by this bill. Typical sport fish clients that now hire sport charter vessels or visits sport lodges will have a new choice in selecting an Alaskan fishing vacation. They may pay to spend a week on a commercial fishing boat. This will allow a huge reservoir of existing nonresident sport anglers to choose to bypass sport regulations by booking with a commercial operator who may include the catch in the price of the vacation package.

Solution. Require that the catch may not be included in the price of the adventure and that fish tickets show the sale of fish caught during these for hire experiences. If the client wishes to keep some or all of the fish he must have accompanying documentation showing they were purchased by the "Dude" for market value of the fish.

These two issues are paramount among my concerns. I also feel that it is unwise of the State to allow tourists on board commercial fishing boats without requiring all the same standards of client safety and vessel operator responsibility required of sport charter vessels carrying passengers for hire such as:

- Establishment of operator fees to pay for implementation and enforcement of this new program.
- Current first aid card.
- Current drivers license or other ID.
- Operator and crew may not aid in violation of a crime.
- Proof of liability insurance.
- Proof of Alaska business license.
- Possess current commercial fishing permits and display USCG Operators License.

I believe that these regulations and others that were recently placed on sport charter vessels should be placed on all vessels engaged in passenger for hire activities in Alaskan waters. Public safety is a recognized responsibility of the State of Alaska. Commercial fishing is recognized as a particularly dangerous activity. Not to require the highest standard of safety and operator responsibility on commercial fishing businesses taking adventure tourists for hire aboard commercial fishing vessels would leave the State of Alaska remiss in its duty to provide for the public safety.

That said, I would be satisfied if points 1 and 2 were included in the final draft of this bill. I'm sure that down the road, after a few "Dudes" are killed or disabled while on these adventures, the other safety and operator responsibility issues will be addressed.

Sincerely,

Captain Rick Bierman, Owner  
Whale's Eye Lodge and Charter  
PO Box 210166  
Auke Bay, AK 99821  
723-2920

*Sen Res # 2005  
May 7  
New*

Summary of testimony by  
Captain Jack Cadigan USCG (Retired)  
3199 Pioneer Avenue  
Juneau, AK 99801  
321-3466

Background: Retired USCG Captain, Unlimited Merchant Mariner's license over 40 years, current Charter Boat Owner/Operator, member JCBOA (Juneau Charter Boat Owners Association), member USCG Auxiliary.

1. HB 26 is silent on any reference to compliance requirements with CFR 46 for any vessels operating under authority of this bill. Specifically, these vessels will be, at the very least, required to have on board a licensed OUVV license. (Operator of Uninspected Vessels – or “six-pack”)
2. I would submit that fishing vessels operating under the authority of this bill should also be specifically required to comply with all applicable state laws and regulations as set forth for those operating as fishing guides and fishing businesses.
3. Such requirements would assure passengers that the vessel is licensed properly under state and federal laws, that the skipper is appropriately licensed under state and federal law, that the vessel is adequately insured, and further that personnel aboard are trained in first aid and CPR, and subject to random drug testing.
4. The State of Alaska, to better protect visitors, enacted laws and regulations to assure, as best as they can, that visitors going out on boats for a fishing experience will be aboard vessels meeting certain federal and state standards over and above that of recreational craft and that they will be adequately protected by liability insurance in the event of an accident, and that the operator of the vessel is appropriately licensed and trained.
5. I would further submit the commercial fishing is inherently, and substantially, more dangerous than sportfishing on a charterboat, so these requirements are even more germane to that venue.
6. I would suggest that vessels so licensed for this activity be required to display an appropriate decal similar to, or identical to, that required of licensed charter vessels, thus identifying them as in compliance with all applicable laws and regulations.
7. Lastly, I assume through regulation, the ADF&G will address issues of whether these are sport or commercial fish allocations, and whether passengers will be allowed to keep any fish caught without having to purchase them via a fish ticket. (In which case how will the catch be identified and allocated?)
8. In summary I suggest a simple Senate Resources committee substitute directing that vessels operating under the authority of this legislation be required to comply with all applicable regulations under CFR 46, and to comply with all Alaska licensing requirements apropos to Sport Fishing Guides and Sport Fishing Business Licenses.

## Senate Resources

May 2, 2005

### HB 71 – Sectional, Bill & Fiscal Notes

- Talking Points – **WITHOUT** amendment on House Floor
- Bill Description **WITHOUT** amendment on House Floor
- CS HB 71(FIN) am: 9 pages
- FN #1: DNR: 12-8-04: 1 page
- FN #2: DOR: 1-11-05: 2 pages
- FN #3: DNR: 4-06-05: 1 page
- Letters of Opposition:
  - Alliance: May 2, 2005: 2 pages
  - AOGA: April 29, 2005: 3 pages
  - Resource Development Council: April 30, 2005: 2 pages

## Talking Points HB 71

This bill builds on the work we did in 2003 to make exploration in Alaska more internationally competitive.

That bill, SB 185 was focused on frontier exploration – trying to expand the boundaries and reach of North Slope development. It created a four year window for explorers to have up to 40% of the cost for finding oil or gas reimbursed by the State of Alaska.

This bill does several things

- (1) It clarifies the rules for North Slope exploration for 2006 and 2007, the last two years of the window.
- (2) It opens the window in the rest of the state even wider – encouraging exploration for the next five years. Among the areas that we hope will become active producing provinces because of this bill are the Alaska Peninsula (the original target of HB 71), the Copper River Basin, the Healy Basin, Red Dog area and the Nenana Basin.
- (3) **This bill incorporates several incentives appropriate for a mature, well explored basin like the Cook Inlet. Instead of 25 miles from an existing unit, well work need only be 10 miles distant to qualify. If an explorer wants to spend money looking for distinct exploration targets, even if they are closer than three miles to another well, under this bill those targets can qualify for a tax credit. And to make sure we haven't gone too far in changing those rules, the total amount of credits under these distinct rules in the Cook Inlet Basin is limited to 20 million dollars over the next five years.**
- (4) Finally, this bill looks at another area where we don't believe any incentives are needed – the Artic National Wildlife Refuge – and prohibits the state from spending any more money to “encourage” drilling there.

The administration supports this bill because it is a targeted use of tax incentives. In the short term we might get more money if had no credits. But the money we give up in the short term is in exchange for people plunking down exploration, drilling and seismic work dollars here in Alaska. And in the long term, if Alaska is as prospective as we think, the additional royalties, income taxes, property taxes and perhaps even production taxes more than make up for the credits.

## Bill Description HB 71 (FIN)

The House Finance CS for HB 71 extends the AS 43.55.025 (production tax) exploration credit program enacted in 2003 everywhere in Alaska south of the Brooks Range to July 1, 2010. It also provides a new set of rules for the exploration tax credit in the Cook Inlet Basin.

Section 1 rewrites the statutory language to clear up confusion that has arisen over the original language. It makes clear that there are only four possible situations:

- (1) Well work more than three miles from an existing well, but not more than 25 miles from a unit that qualifies for a 20% credit,
- (2) Well work more than 25 miles from an existing unit but not more than 3 miles from an existing well that qualifies for a 20% credit,
- (3) Well work that is both 25 miles from an existing unit and 3 miles from an existing well that qualifies for a 40% credit, and
- (4) Seismic work that qualifies for a 40 % credit.

There is no way to combine these to get an 80% credit for any given dollar outlay.

Section 2 does two things. It extends the sunset of the existing credit from 2007 to 2010 for all work performed south of the Brooks Range. In the Cook Inlet, while also extending the sunset to 2010, section 2 also sets new rules, effective July 1 2005, more appropriate for a mature basin like the Cook Inlet.

Section 3 makes some changes to make the section one rewrites more precise, and for the Cook Inlet introduces the notion that if the commissioner of DNR certifies that the target is separate exploration target, the well work qualifies for the credits as though it were three miles from another well – even though it may be closer.

Section 5 also makes some changes to make the section one rewrites more precise, and for the Cook Inlet reduces the qualifying distance from an existing unit from 25 miles to 10 miles.

Section 5 changes a single phrase to make the section one rewrites more precise.

Section 6 clarifies the process whereby a Cook Inlet explorer can get the required certification from the commissioner of DNR to qualify for the credit with a separate exploration target. It also further limits the total of special Cook Inlet credit to 20 million dollars.

Section 7 sets forth several definitions pertinent to Cook Inlet.

Section 8 exempts work in the Arctic National Wildlife Refuge from qualifying for the credit.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
Bill Version: HB 71  
(H) Publish Date: 1/12/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
Title: Extending Exploration Credit against RDU: Resource Development  
Production Tax Component: Oil & Gas Development  
Sponsor: Rules  
Requester: Governor Component No: 439

**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>	<b>***</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)

This bill extends the sunset date on the oil and gas exploration credit against production tax (SB185, CH59, SLA03) only for the proposed Alaska Peninsula sale area. The proposed Alaska Peninsula sale is tentatively scheduled for fall of 2005. It is anticipated that leases would not be issued until spring 2006. It is likely that exploration expenditures on these leases would occur after the current July 1, 2007 deadline, in which case they would not be credited against future production taxes unless the current statute is amended.

\*\*\* An extension of the sunset deadline to the proposed sale area may encourage additional or higher competitive bids, although these additional revenues are impossible to predict or quantify.

Prepared by: Janet Baxter Phone 465-4730  
Division: Commissioner's Office Date/Time 12/8/2004  
Approved by: Tom Irwin Date 12/8/2004  
Agency: Natural Resources

1 (5) if the department is satisfied that the explorer's claimed  
 2 expenditures are qualified under this section, the department shall issue to the explorer  
 3 a production tax credit certificate for the amount of credit to be allowed against  
 4 production taxes due under this chapter; however, notwithstanding any other  
 5 provision of this section, the department may not issue to an explorer a  
 6 production tax credit certificate if the total of production tax credits submitted  
 7 for Cook Inlet production, based on exploration expenditures for work  
 8 performed during the period described in (b) of this section for that production,  
 9 that have been approved by the department exceeds \$20,000,000.

10 \* Sec. 9. AS 43.55.025(k) is amended to read:

11 (k) In this section,

12 (1) "Cook Inlet production" means oil or gas production from the  
 13 Cook Inlet sedimentary basin, as that term is defined by regulation adopted to  
 14 implement AS 38.05.180(f)(4);

15 (2) "Cook Inlet prospect" means a location within the Cook Inlet  
 16 sedimentary basin, as that term is defined by regulation adopted to implement  
 17 AS 38.05.180(f)(4);

18 (3) "explorer" means a person who, in exploring for new oil or gas  
 19 reserves, incurs expenditures.

20 \* Sec. 10. AS 43.55.025 is amended by adding a new subsection to read:

21 (l) The provisions of this section do not apply to the Arctic National Wildlife  
 22 Refuge.

23 \* Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 71  
 (H) Publish Date: 1/12/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Credit for Certain Exploration Expenses RDU Revenue Operations  
Against Oil & Gas Properties Production Taxes Component Tax Division  
 Sponsor Rules Committee  
 Requester Governor 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>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>	<b>See Analysis</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)

Currently the State plans to hold a Bristol Bay lease sale in October of 2005 assuming a favorable preliminary best interests finding. If bids are received and accepted at this lease sale, leases would be issued in spring 2006, with exploration of this region beginning that summer, FY 2007-FY2008. It is possible that 1 to 2 wells per year will be drilled on average over the period 2007 to 2009. Wells will be drilled from onshore facilities, but given the remoteness of the area and lack of infrastructure, we estimate that the wells could cost roughly \$15 million per well. We assume that on average these wells would qualify for a production tax credit equal to 30% of qualified costs, half qualifying for the 40% credit and half for the 20% credit. (continued on Pg 2)

Prepared by: Tom Boutin Phone \_\_\_\_\_  
 Division: Department of Revenue Date/Time 1/11/05 2:59 PM  
 Approved by: Tom Boutin Date 1/11/2005  
 Agency: Department of Revenue

**ANALYSIS CONTINUATION**

As a result the credit would be worth around \$7 million per year to the exploration firms from fiscal year 2008 through fiscal year 2010 (assuming a year lag between exploration expense and claiming of the credit). The adoption of this severance tax credit could yield revenue in two ways. First, the existence of an exploration credit over the period of likely exploration could prompt companies to participate in a lease sale when they otherwise would not. Currently, the State does not include any revenue from the lease sale in its revenue forecast. Such a lease sale could yield around \$10 million if bids were based on the possibility of finding a field containing a minimum economic field size of between 100 and 200 million barrels of oil. Such a field, if discovered and developed, would yield about \$50 million dollars a year in revenue (royalty, severance tax, and corporate income tax) over the first 10 years of production.



# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

April 30, 2005

Senator Thomas Wagoner, Chair  
Senate Resources Committee  
Alaska State Legislature  
State Capitol, Room 427  
Juneau, Alaska 99801-1182

Re: House Bill 71 — Oil and Gas Exploration Credit and Lease Terms

Dear Senator Wagoner:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I am writing to express our serious concern with House Bill 71 as amended on the House Floor Thursday, April 28.

RDC is a private, non-profit business association representing individuals and leading companies from each of Alaska's basic industries — oil and gas, mining, timber, tourism and fisheries. Also included in the organization's membership are Alaska Native regional and village corporations, local communities, organized labor and industry support firms. RDC's mission is to grow Alaska's economy through the responsible development of the state's natural resources.

RDC objects to House Bill 71 as it is currently drafted on a number of points. First, House Bill 71 underwent a radical transformation on the House Floor without the benefit of a single committee hearing. New language regarding standards for interpreting state oil and gas leases and unit agreements was added and the bill's title was changed without opportunity for the public to comment.

Furthermore, open debate on the House Floor regarding this substantial alteration was limited to less than 10 minutes. This aborted process did not allow for adequate public participation, nor did it give legislators a proper chance to study the new language's policy implications. An issue of this magnitude warrants a thorough, transparent analysis by both legislative bodies.

Second, RDC believes the bill's new language may change the terms of existing state oil and gas leases and unit agreements. It is not clear to RDC that the state is well served by the Legislature reinterpreting long-standing contractual arrangements. This situation is not conducive to the state successfully negotiating a contract to commercialize Alaska's North Slope natural gas. In fact, the bill may have a detrimental effect on the state's ongoing discussions with each of the parties that have filed applications under the Stranded Gas Development Act.

Founded 1975  
Executive Director  
Thaddeus J. Owens  
2004-2005 Executive Committee  
John Shively, President  
Mark Hanley, Sr. Vice President  
Rick Rogers, Vice President  
Thomas Maloney, Secretary  
Stephanie Madsen, Treasurer

Patty Bielawski  
Allen Bingham  
Marilyn Crockett  
Steve Denton  
Jeffrey Y. Foley  
Paul S. Glavinovich  
Teresa Imm  
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Ron McPheters  
Richard Owen  
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Robert B. Stiles  
Scott L. Thorson  
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John Whishead

Directors  
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Sharon Anderson  
John A. Barnes  
Mark Begich  
Jason Bergerson  
Bruce Bobelio  
Rhonda Boyles  
Frank M. Brown  
Al Burch  
Patrick Carter  
Richard Cattarach  
James L. Cloud  
Stephen M. Connolly  
Jeffrey J. Cook  
Bert Cottle

Robert Cox  
Paula Easley  
Carol Fraser  
Charles Greene  
John K. Handeland  
Rick Harris  
Larry Harig  
Joseph P. Henn  
Dan Hasey  
Anthony M. Izzo  
Bob Jacko  
David Jensen  
Charles W. Johnson  
Dianne M. Keller  
Frank V. Kelly  
Thomas C. Krzewinski  
Francis LaChapelle  
Jim Laito  
Thomas A. Lovae  
David L. Matthews  
William Harry McDonald  
William McLaughlin  
James Mery  
Jim Palmer

Charles A. Pearce, III  
William E. Pearce  
Debbie Reinwand  
Elizabeth Renach  
Thyee J. Shaub  
Lorna Shaw  
Keith M. Silver  
Joseph Sprague  
Jeanine St. John  
Lee Stoops  
John L. Sturgeon  
Jim Taro  
Greg Thon  
Eric P. Yould

Ex-Officio Members  
Senator Ted Stevens  
Senator Lisa Murkowski  
Congressman Don Young  
Governor Frank Murkowski

Third, the bill seems to make the state final arbiter on the question of whether a particular lease or unit can be developed profitably. Is this the appropriate role for the state to play in a market system? Is it realistic for the state to accurately determine rates of return, profit margins and estimated costs for a project with the size, scope and complexity of a natural gas pipeline? Rather than establishing regulatory predictability and stability, House Bill 71 creates a climate of uncertainty. In the likely event a lessee disagrees with the state's interpretation, one would expect a drawn-out, costly legal dispute to follow. Such a scenario does not bring Alaska closer to commercializing its natural gas resources.

Finally, beyond the bill's possible legal and commercial ramifications, RDC believes the new language sends a troubling message to current and future investors in Alaska -- particularly those companies looking to do business in Alaska's oil patch. RDC understands the Legislature's mandate with regard to Alaska's natural resources as spelled out in Article VIII of the State Constitution. However, we fear House Bill 71 may serve the opposite purpose. Rather than encouraging maximum use and maximum benefit, this bill sends a clear anti-free market message to Alaska's resource industries. It is likely to act as a disincentive to future investment.

RDC shares the Legislature's eagerness to see Alaska's gas delivered to market. Efforts to commercialize our North Slope natural gas resources must be given the utmost attention and deliberation. Unfortunately, House Bill 71 has not undergone the scrutiny it deserves. The policy, legal and commercial consequences of the bill do not appear to align with the state's goal of identifying and encouraging the best possible gas-commercialization project.

Thank you for considering our position on this important issue.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL  
for Alaska, Inc.



Tadd Owens  
Executive Director

cc: Senator Ralph Seekins, Vice Chair  
Senator Ben Stevens  
Senator Bert Stedman  
Senator Fred Dyson  
Senator Kim Elton  
Senator Gretchen Guess

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB026CS-DOLWD-FF-04-27-05  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
 Title: Short-Term Com Fishing Crewmember License RDU: Workers' Compensation  
 Component: Fishermen's Fund  
 Sponsor: Representative Moses  
 Requester: House Rules Component Number: 343

**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 (1032)</b>	1.2	1.2	1.2	1.2	1.2	1.2
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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: None

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)

According to information provided by the Department of Fish and Game, it is anticipated 100 new licenses will be purchased. Under AS 23.35.060(a) the Fishermen's Fund will receive 39% of the gross revenue (\$1,170.00).

The revenues to the Fund generated by the new licenses (\$30 for a seven day license) compare favorably to those from annual licenses (\$21.06) that expose the Fund to much longer periods of potential liability. However, licensees who are tourists or otherwise inexperienced in fisheries may be more likely to sustain an injury. \*Consequently, the ultimate impact on the Fund's claim payment outlays is indeterminate.

Prepared by: Paul F. Lisankie, Director Phone: 465-6059  
 Division: Workers' Compensation Division Date/Time: 4/27/05 2:59 PM  
 Approved by: Greg O'Claray, Commissioner Date: 4/27/2005  
 Agency: Department of Labor and Workforce Development

## Senate Resources

May 4, 2005

### HB 26 Materials List

- Sponsor Statement/Sectional Analysis: 1 page
- CS HB 26(FIN): 5 pages
- #1 FN: ADF&G: 2/11/05: 2 pages
- #2 FN: DOL&WD: 2/15/05: 1 page
- FN: DOL&WD: 4/27/05: 1 page
- UFA Letter of Support: 3/7/05: 1 page
- Email re: USCG regulations on carriage of individuals on board: 1 page

**Representative Carl E. Moses, House District 37  
(907) 465-4451 – Adam Berg, Staff**

**SPONSOR STATEMENT / SECTIONAL ANALYSIS**

**CSHB26 (FIN) – Short-Term Commercial Fishing Crewmember Licenses**

The economic health of certain communities in Western Alaska has been jeopardized by unprecedented low salmon returns and / or prices. It is in the best interest of the State of Alaska and these communities to maximize options available for commercial fishermen to earn a living. One option available is to allow the purchase of short-term commercial fishing crewmember licenses. This would allow visitors an affordable way to engage in a sort of extreme tourism adventure by actually participating in the fishery as a crewmember.

Currently, tourists can go out with a commercial boat but cannot have any form of active participation without buying a full year crewmember license.

The House Fisheries Committee changed the bill as follows: The committee added a clause that prohibits fishing with rod and reel from a commercial fishing vessel and changed the length of the short-term license to seven days.

The House Resources Committee changed the bill as follows: The committee added a clause that prohibits short-term license holders from being compensated.

The House Finance Committee changed the bill as follows: The committee deleted the "no compensation" clause added in House Resources.

**BILL SECTIONS 1-2:** Changes the term from a "crewmember fishing license" to an "annual crewmember fishing license". (Note: The reason for the term change applies to Bill Section 4.)

**BILL SECTION 3:** Allows residents and non-residents to purchase a seven-day commercial fishing crewmember license for \$30. Assures that short-term license holders are prohibited from using rod and reel while on a commercial vessel.

**BILL SECTION 4:** Assures that a short-term license holder is not considered a fisherman eligible for the Commercial Fishing Revolving Loan Fund.

**BILL SECTION 5:** Allows the Department of Fish & Game to add and collect an additional administrative fee of \$3 on licenses issued in 2005.

**BILL SECTION 6:** Makes the effective date July 1, 2005.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 26(FSH)  
 (H) Publish Date: 2/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title Short-term Commercial Fishing RDU Administration and Support  
Crewmember License Component Administrative Services  
 Sponsor Representative Moses  
 Requester House Fisheries Committee Component No. 479

**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	1.7	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.7</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 (1024)</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.7	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
1024 Fish and Game Fund						
<b>TOTAL</b>	<b>1.7</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)

Assumptions:  
 1. 100 new short-term licenses will be purchased.  
 2. Per AS 23.35.060(a) Fishermen's Fund will receive 39% of the gross revenue. Fish and Game Fund will receive 61%.  
 3. Given the mid-year effective date, the department must print 5,000 new licenses for distribution statewide. We estimate the printing costs for these new licenses to be a one-time cost of roughly \$1,700. In the following years, this new license option will be incorporated into our standard license, so there will be no additional cost for offering this option.

(Continued on page 2)

Prepared by: Tom Lawson Phone 465-5999  
 Division: Administrative Services Date/Time 2/11/05 3:19 PM  
 Approved by: Acting Commissioner Wayne Regelin Date 2/11/2005  
 Agency: Department of Fish and Game

FISCAL NOTE NO. 1

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSHB 26(FSH)

ANALYSIS CONTINUATION

This bill gives the department the ability to charge a \$3 administrative fee per license that would be imposed through regulation. If such a fee were imposed, printing costs would decrease by \$300 (\$3 fee x 100 new licenses sold).

Type of License Sold	Number of Licenses Sold	Amount	Total Gross Revenue	Vendor Commission	Total Commission	Total Net Revenue
Seven-day	100	\$30	\$3,000.00	10%	\$300.00	\$2,700.00
			\$3,000.00		\$300.00	\$2,700.00
<u>Break-out of Funds:</u>						
			39%	\$1,170.00		
			61%	\$1,530.00		
			Total			\$2,700.00

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 26(FSH)  
 (H) Publish Date: 2/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor & Workforce Development  
 Title: Short-Term Com Fishing Crewmember License RDU: Workers' Compensation  
 Component: Fisherman's Fund  
 Sponsor: Representative Moses  
 Requester: House FSH Component Number: 343

**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>						
<b>CHANGE IN REVENUES (1032)</b>	1.1	1.1	1.1	1.1	1.1	1.1

**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: None  
 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)  
 According to information provided by the Department of Fish and Game, it is anticipated 100 new licenses will be purchased. Under AS 23.35.060(a) the Fishermen's Fund will receive 39% of the revenue (\$1,053.00).  
 The revenues to the Fund generated by the new licenses (\$30 for a seven day license) compare favorably to those from annual licenses (\$21.06) that expose the Fund to much longer periods of potential liability. However, licensees who are tourists or otherwise inexperienced in fisheries may be more likely to sustain an injury. \*Consequently, the ultimate impact on the Fund's claim payment outlays is indeterminate.

Prepared by: Paul F. Lisankle, Director Phone: 465-6059  
 Division: Workers' Compensation Division Date/Time: 2/15/05 4:36 PM  
 Approved by: Greg O'Claray, Commissioner Date: 2/15/2005  
 Agency: Department of Labor and Workforce Development



# UNITED FISHERMEN OF ALASKA

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

March 7, 2005

Representative Kevin Meyer, Co-Chair  
House Finance Committee  
Alaska State Legislature  
State Capitol (Mail Stop 3100)  
Juneau AK 99801-1182

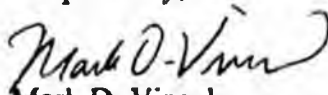
Dear Representative Meyer,

United Fishermen of Alaska (UFA) represents thirty-one Alaska commercial fishing groups and hundreds of individual fishermen, crew members and related businesses. Our board of directors recently met and discussed HB 26 regarding short term commercial fishing crew license. UFA believes that a short term crew license will provide greater flexibility in fishing operations, such as in cases of emergencies, fisheries of short duration or to fill in for departing crew at the end of season. The recent amendment that prohibits the short term members from being paid is an obstacle to the practical use of the idea behind the bill.

In its present form CSHB 26 will allow short term visitors an opportunity to experience commercial fishing in Alaska without pay, which is also of some potential benefit to marketing and public relations through greater awareness of our wild fisheries and unsurpassed fisheries management.

UFA continues to support HB 26 for a short term commercial fishing crew license.

Respectfully,

  
Mark D. Vinsel  
Executive Director

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Armstrong Keta • At-sea Processors Association  
Bristol Bay Reserve • Concerned Area "M" Fishermen • Cordova District Fishermen United • Douglas Island Pink and Chum  
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture 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  
Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Southeast Alaska Herring Seiners Marketing Association  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Catcher Boats • United Salmon Association United Southeast Alaska Gillnetters • Valdez Fisheries Development Association  
Western Gulf of Alaska Fishermen

Adam Berg

---

From: Rep. Carl Moses  
Sent: Monday, March 14, 2005 8:23 AM  
To: Adam Berg  
Subject: FW: CLARIFICATION

-----Original Message-----

From: Jorgensen, Sue [mailto:SJorgensen@CGAlaska.USCG.mil]  
Sent: Friday, March 11, 2005 2:19 PM  
To: 'castlerock@gci.net'  
Cc: Rep. Carl Moses  
Subject: CLARIFICATION

Allen Brevik of the Juneau Charter Boat Operators Association asked for clarification of the Coast Guard rules governing carriage of individuals on board.

On a commercial fishing industry vessel:

If/when an individual is hired and receives wages for his work, that individual is a crewmember.

If/when an individual goes on board and pays for the opportunity to do so (assisting with fishing or just along for the ride), that individual is a passenger for hire.

If the vessel carries a paying passenger, even though the vessel continues to commercial fish, the operator must comply with not only the commercial fishing industry safety requirements (i.e. immersion suits for every person on board, visual distress signals, survival craft, EPIRB, etc) but all the passenger vessel safety requirements (i.e. licensed operator, random drug testing program, vessel documented for "Coastwise" as well as "Fishery", Type I personal flotation devices for every person on board, etc.).

Sue Jorgensen  
V Safety Coordinator  
07-463-2810  
07-463-2820 (fax)  
00-478-7369 (in Alaska)

**Senate Resources Committee**

**May 4, 2005**

**RE: HB 26**

The attached fiscal note was received today from DOL&WD.

It reflects minor changes to adjust to the current version of the bill.

This bill has an additional referral to Finance.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB026CS-DOLWD-FF-05-04-05  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Short-Term Com Fishing Crewmember License

Department: Labor and Workforce Development  
 RDU: Workers' Compensation  
 Component: Fishermen's Fund

Sponsor: Representative Moses  
 Requester: Senate Resources

Component Number: 343

**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>						
<b>CHANGE IN REVENUES (1032)</b>	1.2	1.2	1.2	1.2	1.2	1.2

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

Estimate of any current year (FY2005) cc None  
 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)*  
 According to information provided by the Department of Fish and Game, it is anticipated 100 new licenses will be purchased. Under AS 23.35.060(a) the Fishermen's Fund will receive 39% of the gross revenue (\$1,170.00).  
  
 The revenues to the Fund generated by the new licenses (\$30 for a seven day license) compare favorably to those from annual licenses (\$21.06) that expose the Fund to much longer periods of potential liability. However, licensees who are tourists or otherwise inexperienced in fisheries may be more likely to sustain an injury. Consequently, the ultimate impact on the Fund's claim payment outlays is indeterminate.

Prepared by: Paul F. Lisankie, Director Phone: 465-6059  
 Division: Workers' Compensation Division Date/Time: 5/4/05 7:40 AM  
 Approved by: Greg O'Claray, Commissioner Date: 5/4/2005  
 Agency: Department of Labor and Workforce Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSHB 37(FIN)  
 (H) Publish Date: 5/8/2005

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DNR  
 Title: Public Access to fishing Streams RDU Resource Development  
 Component Title Acquisition & Defense  
 Sponsor Gara  
 Requester House Finance Committee Component No. 2459

**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)

Prepared by: House Finance Committee Phone 465-4945  
 Division: \_\_\_\_\_ Date/Time \_\_\_\_\_  
 Approved by: Rep. Meyer, Co-Chair Date 5/8/2005  
 Agency: Rep. Chenault, Co-Chair

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 37(FSH)  
 (H) Publish Date: 4/18/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
 Title: Public Access to Fishing Streams RDU: Resource Development  
 Component: Title Acquisition & Defense  
 Sponsor: Rep. Gara  
 Requester: (H) FSH Component No: 2459

**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	40.2	40.2	40.2	40.2	40.2	40.2
Travel	2.0	2.0	2.0	2.0	2.0	2.0
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</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	45.2	45.2	45.2	45.2	45.2	45.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>

Estimate of any current year (FY2005) cost: 00

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

**POSITIONS**

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

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

This bill requires DNR, working with the Alaska Department of Fish and Game (ADF&G), to identify private lands that the state should acquire to provide public access to and along popular fishing streams, and then directs DNR to pursue acquisition through purchase of easements, land exchanges, and or fee simple purchase

Section 2 of the bill requires ADF&G to identify undeveloped land along popular fishing streams for possible acquisition. The bill identifies three areas where this process will look at first, but envisions an ongoing, statewide process. ADF&G then submits the list of parcels to DNR to acquire the land. This fiscal note does not include the actual cost to negotiate and appraise individual acquisitions, and does not include funding to pay the purchase price for acquisitions.

Prepared by: Bob Loeffler, Director Phone: 269-8625  
 Division: Mining, Land & Water Date/Time: 3/18/2005  
 Approved by: Tom Irwin, Commissioner Date: 3/18/2005  
 Agency: Natural Resources

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSHB 37(FIN)  
 (H) Publish Date: 5/8/2005

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DNR  
 Title: Public Access to fishing Streams RDU: Resource Development  
 Component: Title Acquisition & Defense  
 Sponsor: Gara  
 Requester: House Finance Committee Component No.: 2459

**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)

Prepared by: House Finance Committee Phone 465-4945  
 Division: \_\_\_\_\_ Date/Time: \_\_\_\_\_  
 Approved by: Rep. Meyer, Co-Chair Date 5/8/2005  
 Agency: Rep. Chenault, Co-Chair

## FISCAL NOTE #2

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSHB 37(FSH)

### ANALYSIS CONTINUATION

This fiscal note assumes that ADF&G will provide DNR with a list of parcels, maps of the parcels, names and addresses of property owners, and other information about the parcels. ADF&G will submit a separate fiscal note for these costs.

Section 3 of the bill directs DNR to acquire the lands identified by ADF&G. This fiscal note only includes DNR's costs to conduct initial land title work, field inspections of parcels to be acquired, and preliminary discussions with the owners of parcels that the state desires to acquire.

After these preliminary discussions, DNR would then request appropriations from the legislature to fund work on each parcel or group of parcels, including costs for negotiation, appraisals, surveys, complete land title reviews, and purchase of the land. If the specific acquisitions are not funded, DNR would not be able to pursue the acquisitions further.

DNR's initial costs that are included in this Fiscal Note are:

#### PERSONAL SERVICES COST - \$40.2

Natural Resource Specialist (NRS) III and Land Appraiser II (range 18s) - total: 2 months @ \$6.0/month = \$12.0 - to discuss acquisitions with property owners and estimate costs associated with individual parcel acquisitions.

Natural Resource Specialist (NRS) I (range 14) - 6 months @ \$4.7/month = \$28.2 - to conduct initial land title, preliminary valuation, and other research for all parcels.

TRAVEL, CONTRACTUAL, SUPPLIES - total \$5.0 - includes travel to sites (initial areas are all road accessible), research of municipal title records, office supplies, etc.

#### LONG TERM COSTS ASSOCIATED WITH ACTUAL ACQUISITIONS - Not included in Fiscal Note.

This fiscal note does not include the cost associated with negotiating the land purchase or exchanges, land appraisals, preparing and recording title documents, any necessary survey costs, and other related costs. DNR's experience with recent land acquisitions indicates that one NRS III position can negotiate and coordinate about four acquisitions per year. Some support staff time is also needed for document preparation, record keeping, additional title research, etc. Based on this, the estimated cost for each purchase is \$40.0 (\$25.0 for personal services and \$15.0 for contractual services including appraisal and environmental audit). Land exchanges are significantly more labor intensive, based on recent experience the cost for land exchanges is \$50.0 to \$100.0 per parcel.

Actual acquisition costs will vary by area and size of parcels. DNR estimates that parcels that provide access to Montana and Willow Creeks along the Parks Highway will cost about \$7,500 per acre for 5-10 acre parcels (\$37.5 - \$75.0 per parcel). Recent ADF&G purchases of parcels for access along the Anchor River and Deep Creek on the Kenai Peninsula were higher, averaging about \$100.0 per parcel.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 37(FSH)  
 (H) Publish Date: 4/18/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
 Title: Public Access to Fishing Streams RDU: Resource Development  
 Component: Title Acquisition & Defense  
 Sponsor: Rep. Gara  
 Requester: (H) FSH Component No.: 2459

**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	40.2	40.2	40.2	40.2	40.2	40.2
Travel	2.0	2.0	2.0	2.0	2.0	2.0
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</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	45.2	45.2	45.2	45.2	45.2	45.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>

Estimate of any current year (FY2005) cost: 00

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

**POSITIONS**

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

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

This bill requires DNR, working with the Alaska Department of Fish and Game (ADF&G), to identify private lands that the state should acquire to provide public access to and along popular fishing streams, and then directs DNR to pursue acquisition through purchase of easements, land exchanges, and or fee simple purchase.

Section 2 of the bill requires ADF&G to identify undeveloped land along popular fishing streams for possible acquisition. The bill identifies three areas where this process will look at first, but envisions an ongoing, statewide process. ADF&G then submits the list of parcels to DNR to acquire the land. This fiscal note does not include the actual cost to negotiate and appraise individual acquisitions, and does not include funding to pay the purchase price for acquisitions.

Prepared by: Bob Loeffler, Director Phone: 269-8625  
 Division: Mining, Land & Water Date/Time: 3/18/2005  
 Approved by: Tom Irwin, Commissioner Date: 3/18/2005  
 Agency: Natural Resources

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 37(FSH)  
 (H) Publish Date: 4/18/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: An act relating to public access RDU: Sport Fisheries  
to fishing streams Component: Sport Fisheries  
 Sponsor: Representative Gara  
 Requester: House Special Committee on Fisheries Component No.: 464

**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)

This bill requires the Alaska Department of Fish and Game (ADF&G) to annually compile a list of land along fishing waterways where access to the waterways is impeded by private land ownership. In compiling this list, ADF&G is required to take public input and consider a number of conditions outlined in this bill. Once completed, ADF&G will submit this list to the Commissioner of the Department of Natural Resources for consideration. ADF&G is able to comply with the provisions in this legislation without additional funding and/or staff.

Prepared by: Sarah Gilbertson  
 Division: Legislative Liaison  
 Approved by: Acting Commissioner Wayne Regelin  
 Agency: Alaska Department of Fish & Game

Phone 465-6137  
 Date/Time 1/28/05 8:35 a.m.  
 Date 1/28/2005