

HB

20

Summary of Changes in CSHB20(FIN) From Original to Current Version

The original version of CSHB20(FIN) amended only subsection A in the Commercial Fisheries Loan Act, in order to allow borrowers who meet the existing eligibility criteria under subsection A to take out loans for energy efficiency upgrades.

In the House Fisheries Committee, a CS was adopted that further increases the level of loan coverage and eligibility. CSHB20(FSH) maintains the amendment to subsection A, and also amends subsection B, paragraph (i), to eliminate language prohibiting borrowers who have received loans under subsection A from receiving for loans under subsection B.

However, this prohibition is eliminated only if the purpose of the additional loan under subsection B is for energy efficiency improvements.

Taking into account the increasing prices for engines and other equipment, CSHB20(FSH) also raises the total allowable outstanding balance on loans to an individual fisher under both subsections A and B from \$300,000 to \$400,000.

Also, CSHB20(FSH) adds an immediate effective date.

Another change in CSHB20(FSH) made the legislation retroactive to September 1, 2008. This was because of concern over whether existing retroactivity regulations under the Loan Act would apply to energy upgrades made by applicants before the language was in statute.

(page 2 of 2/summary of changes)

The Division of Investments has since been assured by legal counsel that the retroactivity in regulation will apply. Therefore, an amendment to the bill was adopted in the House Finance Committee that deleted the retroactivity clause in CSHB20(FSH).

Prepared by the Office of Rep. Edgmon

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 20(FIN)
 (S) Publish Date: 2/12/10

Identifier (file name): HBCS20(FIN)-CED-INV-2-4-10 Dept. Affected: DCCED
 Title FISHERIES LOANS:ENERGY EFFICIENCY/AMOUNT RDU 122
 Component Investments
 Sponsor Rep.Edgmon
 Requester Senate Resources Committee Component Number 383

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services	72.3		72.3	74.6	76.7	79.2	84.2	
Travel	2.5		2.5	2.5	2.5	2.5	2.5	
Contractual	3.8		3.8	3.8	3.8	3.8	3.8	
Supplies	1.0		0.5	0.5	0.5	0.5	0.5	
Equipment	9.0		0.1	0.1	0.1	0.1	0.1	
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	88.6	0.0	79.2	81.5	83.6	86.1	91.1	

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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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							
1036 Commercial Fisheries RLF	88.6	0.0	79.2	81.5	83.6	86.1	91.1
TOTAL	88.6	0.0	79.2	81.5	83.6	86.1	91.1

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	1.0	0.0	1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation amends Section A (AS 16.10.310(a)(1)(A)) of the Commercial Fishing Revolving Loan Fund (CFRLF) program to provide low interest loans to qualified Alaskan harvesters who wish to upgrade their existing vessels and gear to improve energy efficiency.

The bill also amends AS 16.10.320(i) to allow Section A borrowers to apply for energy efficiency upgrade loans under Section B (AS 16.10.310(a)(1)(B)) and increases the outstanding balance loan limits to \$400,000.

The Department of Commerce, Community, & Economic Development (DCCED) anticipates that this will increase loan demand by approximately \$4.2 million in FY10, \$2.1 million in FY11 and \$1.6 million in years FY12 through FY15.
 (Continued on page two.)

Prepared by: Greg Winegar, Director
 Division Division of Investments, Dept of Commerce, Community, & Econ. Dev.
 Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Phone 465-2510
 Date/Time 2/4/10 12:00 AM
 Date 2/4/2010

FISCAL NOTE # 2

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB 20(FIN)

ANALYSIS CONTINUATION

The CFRLF has sufficient cash reserves to handle the increased loan demand. DCCED is requesting one additional Loan Officer position to process loan requests generated as a result of this legislation. This position will be funded out of the CFRLF.

There may be a very small but indeterminate change in revenues as a result of this legislation. Currently, cash in the CFRLF is managed by the Department of Revenue and is invested in short term instruments that are yielding minimal returns in this interest rate environment. These earnings are retained by the General Fund. Interest earnings generated by loans made as a result of this legislation would be retained by the CFRLF.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 20(FSH)
(H) Publish Date: 2/4/09

Identifier (file name): HB20-CED-Investments-02-02-09 Dept. Affected: Comm, Comm, and Econ Dev
Title: An Act relating to commercial fishing loans for energy efficiency upgrades RDU: 122
Component: Investments
Sponsor: Representative Edgmon
Requester: House Special Committee on Fisheries Component Number: 383

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required		Information				
	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services	74.0		74.0	74.0	74.0	74.0	74.0
Travel	2.5		2.5	2.5	2.5	2.5	2.5
Contractual	3.8		3.8	3.8	3.8	3.8	3.8
Supplies	1.0		0.5	0.5	0.5	0.5	0.5
Equipment	9.0		0.1	0.1	0.1	0.1	0.1
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	90.3	0.0	80.9	80.9	80.9	80.9	80.9

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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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							
1036 Commercial Fisheries RLF	90.3	0.0	80.9	80.9	80.9	80.9	80.9
TOTAL	90.3	0.0	80.9	80.9	80.9	80.9	80.9

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	1.0	0.0	1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

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

This legislation amends Section A (AS 16.10.310(a)(1)(A)) of the Commercial Fishing Revolving Loan Fund (CFRLF) program to provide low interest loans to qualified Alaskan harvesters who wish to upgrade their existing vessels and gear to improve energy efficiency.

The Department of Commerce, Community, & Economic Development (DCCED) anticipates that this will increase loan demand by approximately \$4.2 million in FY10, \$2.1 million in FY11 and \$1.6 million in years FY12 through FY15.

(Continued)

Prepared by: Patty LaPierre
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Approved by: Emil Notti, Commissioner
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Phone 465-2510
Date/Time 02/02/09 1:45pm
Date 2/2/2009

FISCAL NOTE #1

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSHB 20(FSH)

ANALYSIS CONTINUATION

The CFRLF has sufficient cash reserves to handle the increased loan demand. DCCED is requesting one additional Loan Officer position to process loan requests generated as a result of this legislation. This position will be funded out of the CFRLF.

There may be a very small but indeterminate change in revenues as a result of this legislation. Currently, cash in the CFRLF is managed by the Department of Revenue and is invested in short term instruments that are yielding minimal returns in this interest rate environment. These earnings are retained by the General Fund. Interest earnings generated by loans made as a result of this legislation would be slightly higher in this interest rate environment and those earnings would be retained by the CFRLF.



Sponsor

Statement

CSHB20 (FIN): Fisheries Loans for Energy Efficiency

**SPONSOR'S INTENT
CSHB20 (FIN)**

CSHB20 (FIN) provides technical fixes to the Commercial Fishing Loan Act in order to make low-interest loans for energy efficiency upgrades available to a larger number of Alaska's commercial fishers.

Volatility in fuel costs continues to have a worrisome impact on our commercial fishing fleets, cutting into profits and threatening productivity.

In recent years, great advances have been made in diesel and outboard engine technologies. Fuel efficiency and performance have vastly improved.

There have also been substantial developments in alternatives to traditional diesel and gasoline generator sets, and modifications to vessel hulls—such as bulbous noses and fin stabilizers—can also significantly boost energy efficiency.

Commercial fishers across the state are eager to take advantage of these and other new technologies that significantly lower operating costs.

Passage of CSHB20 (FIN) will provide many Alaskan fishers the opportunity to make these improvements sooner. At the same time, it will foster innovation and stimulate the entrepreneurial spirit in one of Alaska's most important industries.



Sectional Analysis

CSHB20 (FIN): Fisheries Loans for Energy Efficiency

Section 1 amends subsection A, paragraph (ii) of the Commercial Fishing Loan Act to allow loans to upgrade existing vessels and gear for the purpose of improving energy efficiency. Under current statute, subsection A loans are only available for improving the quality of Alaska seafood products.

Section 2 of the bill amends paragraph (i) of subsection B of the Act in two ways:

First, it eliminates the current prohibition for a borrower who has ever had a loan out under subsection A from also becoming a borrower under subsection B, but only if the purpose of the additional subsection B loan is for an energy efficiency upgrade.

Second, it raises the total allowable balance outstanding on loans to an individual from both subsection A and subsection B from \$300,000 to \$400,000.

Section 3 sets an immediate effective date for the bill.



Preliminary Report

Fall 2008 Alaska Commercial Fishermen and Tender Fuel Survey

By -

The Marine Advisory Program's

Allison "Sunny" Rice, Agent, Petersburg

Torie Baker, Agent, Cordova

Glenn Haight, Fisheries Business Specialist, Juneau

November 2008



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The fuel survey and subsequent reports was led by Sunny Rice with contributions by Paula Cullenberg, Torie Baker, and Glenn Haight of the Alaska Sea Grant Marine Advisory Program; Carol Kaynor, Doug Schneider and Dave Partee of the Alaska Sea Grant Program; Greg Fisk with SeaFisk Consulting; and Mark Vinsel of United Fishermen of Alaska. The survey was a product of the Alaska Sea Grant Marine Advisory Program's fuel and energy committee, under the Alaska Fisheries Business Assistance Program (FishBiz).

Introduction

In fall 2008, the Alaska Sea Grant Marine Advisory Program (MAP), in partnership with the United Fishermen of Alaska, conducted a web-based survey of Alaska's commercial fishermen and tender operators. The survey asked respondents how increased fuel prices impacted their fishing businesses, what steps they took in response, and what further technical assistance would help them adapt to increasing costs. Following a strong response of 126 completed surveys, representing a broad cross-section of gear types and fishing locations in the state, MAP identified several technical issues that require further research and support.

Background

The Alaska seafood industry is the state's largest private sector employer and its main economic engine along Alaska's vast coastline. In the spring of 2008, the Alaska seafood industry braced for the highest fuel prices ever. Diesel-dependent seafood processors and commercial fishermen, sometimes operating in highly remote areas of the state, faced per gallon prices in excess of \$5 to \$6. Some areas reported prices in excess of \$7 per /gallon. In some cases, this increase represented a doubling of fuel costs.

The resulting huge production costs likely offset many of the gains the sector had made on improved seafood prices, and any future increases in fuel costs will continue to cast a pall over the fishing sector. This prospect, combined with growing consumer trends favoring food sources that use less fossil fuel to produce, serve as compelling reasons to reduce and/or eliminate fossil fuel use.

As first responders to the Alaska commercial fishing industry, MAP developed a detailed survey for the fleet to gather baseline information and determine initial impacts. This information serves to identify areas for further research, outline long-term alternative energy needs and prompt policy makers to address this crucial issue for coastal Alaska's main economic engine.

Summary Findings

This section summarizes significant survey findings listed throughout the report.

Changing Behaviors

- On average, fishermen attempted to lower their fuel costs through several changes in their fishing practices.
- The most common method of reducing fuel usage was less prospecting for fish.
- Other common methods include staying closer to home or staying out on the grounds longer.
- These top techniques for reducing fuel during fishing appear to indicate less overall effort.
- The most common fuel saving techniques in the fishing operations were throttling back and maintaining engine and fuel systems.
- The next most common fuel saving techniques were more careful planning of routes and timing, keeping the vessel bottom clean and propeller tuned, and monitoring vessel trim.
- Respondents indicating they owned a Bristol Bay gillnet permit were the least likely to change their operation to reduce fuel consumption.

Impact on Income

- Forty-three percent of the survey respondents projected fuel expenses between 10-20% of their total gross income. Expanding that range to 10 - 30% of total gross income expands the percentage of respondents to 70%.
- Almost 90% of the survey respondents indicated their fuel cost as a percentage of income increased "somewhat more" or "more than doubled" over the past five years.
- Eighty percent of the respondents with crew reported higher fuel costs negatively impacted income to crew members.
- Twenty-four percent of survey respondents received some form of fuel assistance from their processor.

Fisheries Management Impacts

- A majority of the respondents (64%) believe fisheries management decisions may affect their fuel costs. Conversely, only 40% believe fisheries managers should consider the impacts on fuel usage when managing fisheries.

Survey Limitations

- Underreporting of conditions for fishermen in the AYK region requires additional review. These regions sustain high fuel costs, and with gas powered engines, employ some of the more inefficient engines in the fishery.

Survey Parameters

The fuel survey ran on Survey Monkey©, an online survey tool, from late September until mid October.

Results of this survey are unscientific. Respondents were self-selected members of the Alaska commercial fishing industry, referred to the survey website by radio or newspaper stories, fishing-related listserves, or by direct referral from MAP faculty or others. As the survey was conducted using a web-based survey-hosting site, respondents were limited to those with internet access. Neither names nor computer IP addresses were collected with responses and no attempt was made to verify that respondents had identified themselves accurately.

Respondents were asked 17 questions on topics ranging from energy saving techniques to fisheries management impacts and possible research areas. Appendix I provides the survey tool.

While we were pleased with the response rate (126 total responses) and the information provided, there are over 10,000 permit holders in the Alaska state fisheries alone. Furthermore, the number of respondents per gear type in some cases was very small.

Despite these limitations, we feel these results provide a relevant snapshot of the impacts of, and fishermen's responses to, increased fuel prices.

Survey Respondent Information

Make up of Survey Responders

126 Alaska commercial seafood harvesters and tender operators responded to the survey. Table 1 provides the gear type and, in some cases, the region of each responder.

124 survey respondents indicated participating in 199 separate fisheries. This indicates several fished in more than one fishery. Two skipped the question. Almost 50% of the responders were gillnetters.

Several areas in this report provide gear-specific results where notable differences occurred between gear types.

Answer Options	Response Count	Response %
Gillnetting - Bristol Bay	12	9.7%
Gillnetting - Arctic, Yukon, Kuskokwim (AYK)	2	1.6%
Gillnetting - other locations	46	37.1%
Setnetting	9	7.3%
Trolling	15	12.1%
Seining	24	19.4%
Longlining	37	29.8%
Trawling	14	11.3%
Diving	3	2.4%
Jigging	7	5.6%
Pot fishing	19	15.3%
Tendering	7	5.6%
Other	4	3.2%
Comments	11	
Total Responses	199	
Total Respondents	124	
Skipped questions	2	

Current fuel usage

A large majority, 78%, of the respondents had diesel engines. This result may overestimate the percentage of diesel vessels in the fleet because of the low number of AYK responses (only 2 out of 126). Small boat fishermen in the Arctic, Yukon, Kuskokwim (AYK) region tend to employ gas powered engines.

Changing Behaviors

Fishing Practices

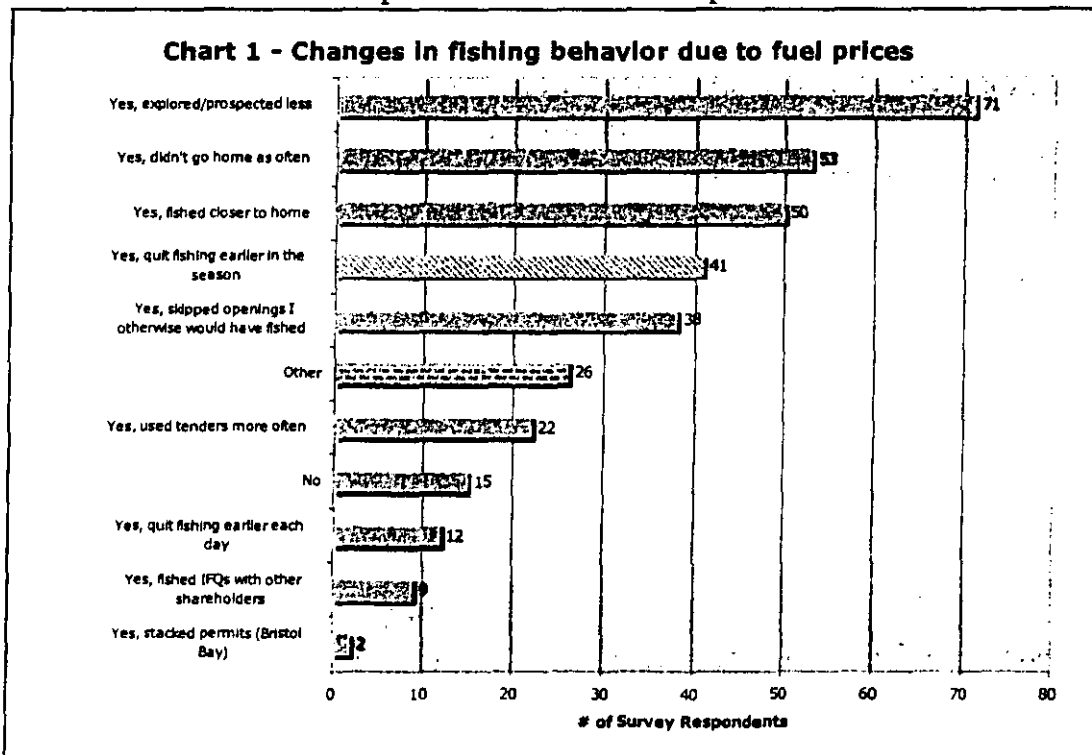
The high cost of fuel dramatically changed the fishing activity of the survey responders. While survey results revealed 15 individuals (12% of total respondents) that did not change the way they fished because of the increasing cost of fuel, the vast majority of the respondents did change the way they fished.

An examination of respondents indicating no change in fishing activity by gear type reveals over half were Bristol Bay gillnetters.

After removing these respondents, there were a total of 324 responses on types of changes made. This equates to an average of three changes per respondent. This indicates fishermen changed fishing practices in several ways to mitigate the high cost of fuel.

The most common response was that fishermen prospected less. This may have caused lower harvests as fishermen targeted areas known for large harvests, missing altogether areas that produced less fish historically.

Other top answers included, not going home as often and, conversely, fishing closer to home. The other top answer was fishermen quit earlier in the season.



Most responses would seem to indicate less total harvesting activity. Chart 1 provides a summary of changes in fishing practices.

Fuel Saving Techniques

The survey sought information on what fuel saving techniques fishermen employed in the operation and maintenance of their vessels. Over 70% of

respondents indicated that they "paid lots of attention" to maintaining their engine and fuel systems, and throttling back. Over 60% paid attention to planning their routes and timing.

General maintenance of the vessel proved very important with fishermen. This included carefully cleaning their boat, maintaining the propeller, and monitoring vessel trim.

Table 2 summarizes all responses to Question 9, "How much attention do you pay to the following techniques for decreasing fuel consumption?"

Answer Options	Lots of attention	Some attention	Very little attention	Response Count
Throttling back	90	23	5	118
Maintaining engine and fuel systems	89	23	4	116
Planning your route and timing	78	25	11	114
Keeping bottom clean	61	39	10	110
Keeping propeller tuned	58	36	15	109
Monitoring vessel trim	54	31	25	110
Maintaining fuel consumption records	46	33	27	106
Adjusting autopilot to improve tracking	43	23	26	92
Reducing vessel weight	33	44	37	114
Cutting back on diesel genset use	28	20	29	77
Other	14	2	6	22
Comments				19
			Total answered	119
			Total skipped	7

Investment Into Fuel Saving Devices

The survey attempted to learn what kinds of investments fishermen were considering making into fuel saving equipment. Adding a new engine drew the most positive response, while adding a flow meter was a close second. Items like bulbous bows, aerofoil-shaped rudders and kort nozzles were not as highly considered.

Table 3 summarizes all responses to Question 10, "What new DEVICES have you used or considered using to decrease your fuel consumption?" Not counting the "Other" category, the answers are sorted by those that drew the most favorable responses (measured as the "Added this year", "Added prior year", or "Considering adding").

Table 3

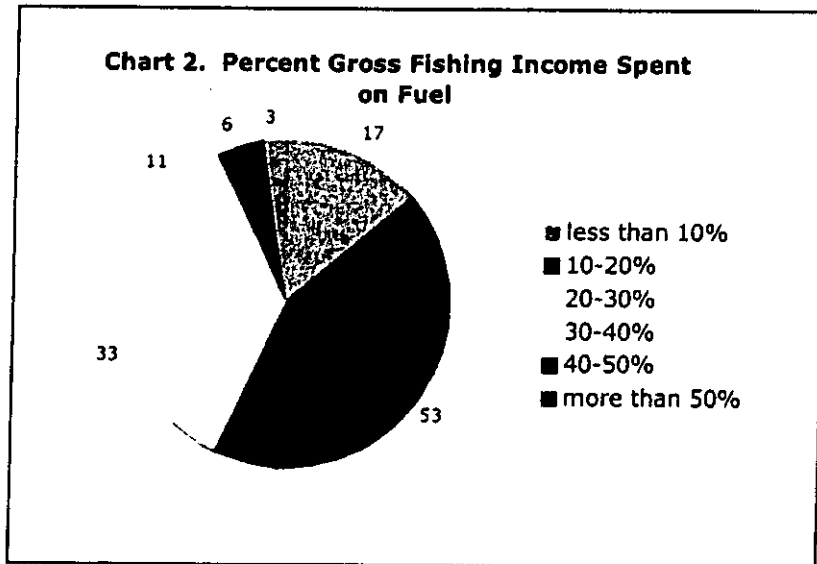
Answer Options	Added this year	Added prior to this year	Considering adding	Not interested	Response Count	Positive Response Count
New engine	12	21	42	19	94	75
Flow meter	3	17	44	22	86	64
Bulbous bow	2	5	22	44	73	29
Aerofoil-shaped rudder	0	8	17	44	69	25
Kort nozzle	0	5	15	48	68	20
Other	9	1	6	8	24	16
Comments					25	
				Total answered	109	
				Total skipped	17	

Income Impacts

Current Cost of Fuel

Survey respondents were asked what percentage of their income was spent on fuel. Forty-three percent of fishermen surveyed said they spent between 10 to 20% of their gross fishing income on fuel. Seventy percent (n=86) fell in the 10 to 30% range.

Chart 2 highlights the survey results for Question 4, "Over the past year, what percentage of your gross fishing income has been spent on fuel?"

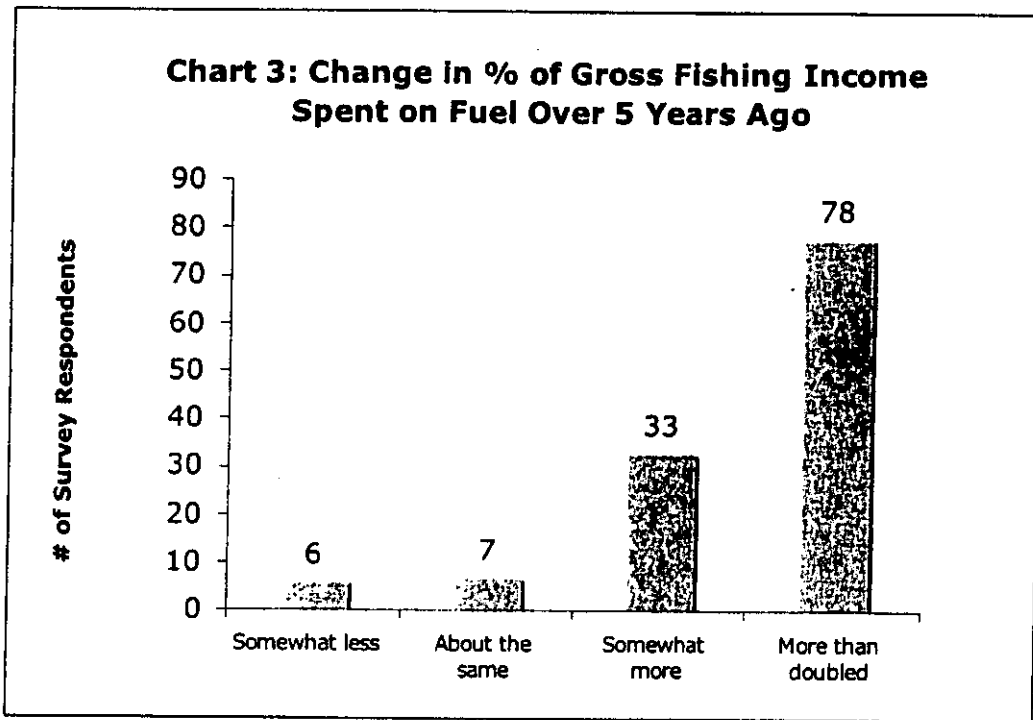


Increase in Fuel as a Production Cost

Respondents were then asked how much the cost of fuel increased as a percentage of income over the last five years. Sixty-three percent offered it more

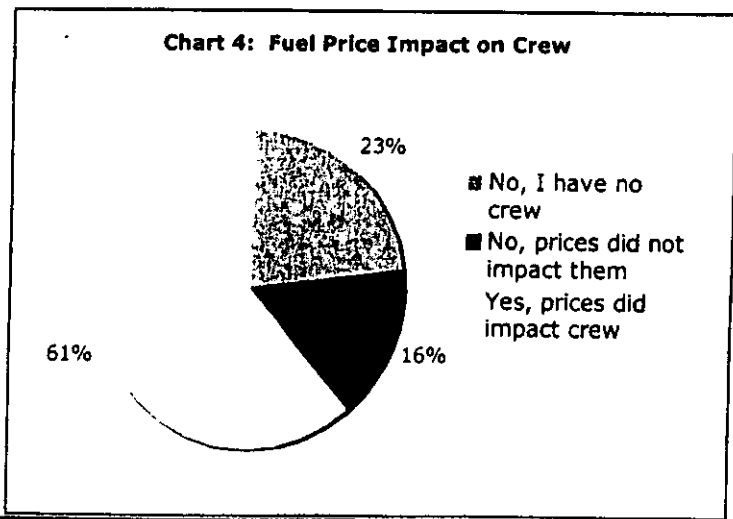
than doubled over that time. Very few indicated no real change at all. In total, 89.5% of the survey respondents indicated their fuel cost as a percentage of income increased at least "somewhat more". This is a disturbing trend considering that increased market prices in most salmon fisheries should have increased their income over that period of time.

In reviewing gear specific responses to this question, it appears this doubling of fuel costs occurred consistently across all fisheries. Chart 3.



Impacts to Crew Income

Permit holders were not the only ones impacted. A majority (61%) of respondents



said their crew also felt the pinch of high fuel prices. A large portion, 23%, offered they had no crew. Of the remaining respondents, 80% indicated the price of fuel impacted how much income the crew made.

When asked how crew were impacted, most said that crew shares were reduced because the cost of fuel was taken off the top before shares were calculated. In many cases, this was the first year permit holders considered fuel costs in the crew share calculation. Others indicated that they fished short-handed or didn't hire crew at all. Others said they quit fishing or laid crew off sooner.

Help from Processors

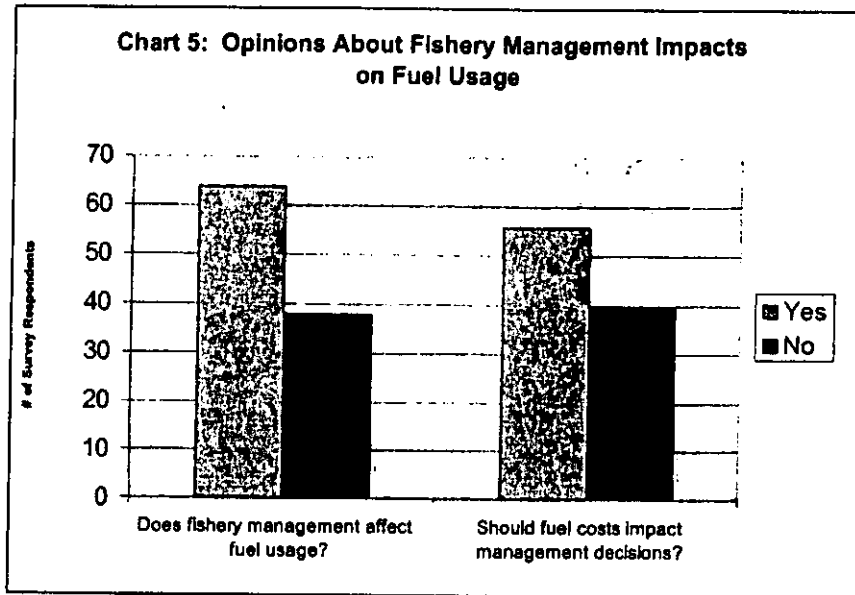
Finally, survey respondents were asked to detail whether they received fuel cost assistance from their processor. Comments provided under this question indicate that processors assisted primarily through selling fuel to them at a bulk fuel price or providing fuel bonuses. Twenty eight percent of fishermen said that their processors provided assistance with their fuel costs. Table 4 summarizes the answers.

Answer Options	Response Count	Response Percent
Yes	34	27.6%
No	89	72.4%
Comments	29	
Total answered	123	
Total skipped	3	

Fisheries Management Impacts

Finally, respondents were asked about fisheries management's impact on fuel consumption. While 64 respondents said that management did affect fuel consumption rates in their fisheries, only 40 felt that "fuel costs are a valid concern and should be integrated into the fishery management process," with 56 indicating that "management should be strictly biological."

When these responses are examined by gear group, however, only one gear group indicated a contrary opinion. 53% of trollers responding felt that fuel costs should be integrated into fishery management decisions, while 33% felt that management should be strictly biological.



Further Technical Assistance

As a final question, the survey asked respondents to identify how else the Marine Advisory Program could help adapt to rising fuel prices and if they had any particular questions or comments. The survey received a number of responses which may or may not fall within the purview of the Marine Advisory Program. In any event, they are informative for the general discussion.

Selected comments, including those of great frequency, are provided here.

- Clear technical advice from engine and fuel industry.
- Funding options for new engine or engine rebuilds.
- Promote energy independence for country and Alaska.
- Alternative assistance from processors.
- Develop harvesting privileges for dive fishery.
- Subsidies for food suppliers.
- Improved technology for alternative fuels and energy.
- Pre-season lectures/workshops on energy use.
- More coordination with the Alaska Department of Fish & Game.
- Research into green technologies adapted for the fishing industry.
- Fuel consumption comparisons between engines.
- Investment cost recoupment calculator for engine overhauls.

- Low interest loan/tax relief for engine upgrades. (*Author's Note: Please check with the Alaska Division of Investments for their new program for energy efficiency improvements.*)
- Constant and current information for industry.
- Literature/project review to determine successful programs in other areas of the world.
- Lower other government costs like taxes and permit fees.
- Seek cooperation from Alaska fuel refineries to sell to Alaska producers, like truckers, farmers, fishermen, at a point a slight profit margin.
- Continue focus on other profit points like improving ex-vessel value of fish.
- Seek removal of fuel tax on fishing boats during the season. (*Author's Note: commercial fishing activity is exempt from paying federal fuel excise tax. Most fuel suppliers have fishermen fill out appropriate paperwork and handle the exemption. If you fuel at the regular gas station or aren't getting the exemption, keep track of your fuel costs and write it off on your income tax.*)
- More information on pyrometers - specs, efficiencies, etc.
- Workshops for outboard and boat engine maintenance.
- Weekly price reports on different port fuel charges.

And finally....

- "Give me the winning Power Ball #'s so I can keep fishing until the money is gone." (*Author's Note: It is good to see a sense of humor even as we deal with our most trying issues. Thanks to all who assisted with the survey. It does make a difference.*)

Appendix I – Survey Tool

The following is the survey tool used to develop the information for this report.

Q1. Did the price of fuel cause you to change how you fished this year (check all that apply)?

Answer Options

- Yes, stacked permits (Bristol Bay)
- Yes, fished IFQs with other shareholders
- Yes, quit fishing earlier each day
- No
- Yes, used tenders more often
- Other
- Yes, skipped openings I otherwise would have fished
- Yes, quit fishing earlier in the season
- Yes, fished closer to home
- Yes, didn't go home as often
- Yes, explored/prospected less
- Comments

Q2. Which types of commercial fishing operations do you run (check all that apply)?

Answer Options

- Gillnetting - Bristol Bay
- Gillnetting - AYK
- Gillnetting - other locations
- Setnetting
- Trolling
- Seining
- Longlining
- Trawling
- Diving
- Jigging
- Pot fishing
- Tendering
- Other
- Comments

Q3. Which type of engine do you run on your primary fishing vessel?

Answer Options

- Gas
- Diesel

Q4. Over the past year, what percentage of your gross fishing income has been spent on fuel?

Answer Options

- less than 10%
- 10-20%
- 20-30%
- 30-40%
- 40-50%
- more than 50%

Q5. How does this percentage compare to 5 years ago?

Answer Options

- Somewhat less
- About the same
- Somewhat more
- More than doubled
- Comments

Q6. Did your buyer or processor assist you with your fuel costs?

Answer Options

- Yes
- No
- Comments

Q7. Did increased fuel prices impact your crew?

Answer Options

- No, I have no crew
- No, prices did not impact them
- Yes, prices did impact crew
- Comments

Q8. How else have fuel prices impacted your fishing business this year?

Q9. How much attention do you pay to the following techniques for decreasing fuel consumption?

Answer Options

- Throttling back
- Reducing vessel weight
- Cutting back on diesel genset use
- Keeping bottom clean
- Keeping propeller tuned
- Maintaining engine and fuel systems
- Adjusting autopilot to improve tracking
- Monitoring vessel trim
- Planning your route and timing
- Maintaining fuel consumption records
- Other
- Comments

Q10. What new DEVICES have you used or considered using to decrease your fuel consumption?

Answer Options

- New engine
- Flow meter
- Bulbous bow
- Aerofoil-shaped rudder
- Kort nozzle
- Other
- Comments

Q11. If you have repowered or are planning to repower your vessel for greater fuel efficiency, what are your estimated costs?

Q12. Can you share any specific websites, periodicals or other sources that you use for information on fuel efficiency?

Q13. Do you feel that management decisions affect fuel consumption rates in your fishery (fisheries)?

Answer Options

- Yes
- No
- Comments

Q14. Should managers (Board of Fish, ADF&G, NPFMC, IPHC) take fuel cost issues into account when making management decisions?

Answer Options

- Yes, fuel costs are a valid concern and should be integrated into the fishery management process
- No, management should be strictly biological
- Don't know
- Other
- Comments

Q15. What kinds of management changes do you think could be made in your fisheries to reduce fuel consumption?

Q16. In addition to our fuel efficiency webpage, which you will be redirected to when you finish this survey, how else can the Marine Advisory Program help you adapt to rising fuel prices?

Q17. Comments or questions for the Alaska Sea Grant Marine Advisory Program or United Fishermen of Alaska?



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Alaska Division of Investments

Sarah Palin, Governor
Emil Notti, Commissioner
Greg Wingar, Director

February 24, 2009

The Honorable Anna Fairclough
State Capitol, Room 421
Juneau, AK 99801

Dear Representative Fairclough:

Re: House Bill 20

As you requested in the House Finance Committee hearing last week, there are three tables listed below containing financial and statistical information relating to the Commercial Fishing Revolving Loan Fund (CFRLF):

Table One:	
Monies transferred from the CFRLF to the General Fund to fund other government operations:	
FY07 Department of Fish & Game to fund Operating Budget	\$1,326,300.00
FY08 Department of Fish & Game to fund Operating Budget	\$1,326,300.00
FY09 Department of Fish & Game to fund Operating Budget (authorized)	\$1,326,300.00

Table Two:			
FY07 CFRLF GeFONSI earnings	\$2,054,419.72	FY07 Interest Rate:	5.51%
FY08 CFRLF GeFONSI earnings	\$2,348,491.02	FY08 Interest Rate:	5.85%
FY09 CFRLF GeFONSI earnings (as of 12/31/08)	\$1,331,665.63	FY09 Interest Rate:	2.68%

Table Three:	
FY09 Division of Investments staff positions dedicated to CFRLF funding:	38

Enacted in 1972, the CFRLF is a revolving loan fund. As a result, all interest earned on loans made from the fund revolve back into the fund for future loans and all administrative costs are paid out of the fund. In addition, a substantial amount of money has been appropriated out of the fund over the years to help pay for other government operations. In the last several years those funds have been used to off set General Fund expenditures for the Department of Fish and Game. Table One lists the transfers that took place during the last three fiscal years. Over the life of the program, over \$53 million was transferred out

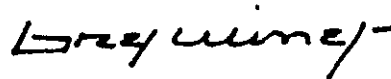
of the CFRLF for similar purposes.

CFRLF cash is managed by the Department of Revenue and is typically invested in a pool of funds referred to as the GeFONSI (General Fund and Other Non-segregated Investments). These earnings are retained by the General Fund. Table Two lists the CFRLF GeFONSI earnings and the rate of return for the last three fiscal years.

Table Three lists the number of Alaska Division of Investment's positions that are paid out of the CFRLF.

Please let me know if you have any questions or need additional information.

Cordially,



Greg Winegar, Director
Alaska Division of Investments

cc: Representative Bill Stoltze, Finance Committee Co-Chair
Representative Mike Hawker, Finance Committee Co-Chair
Representative Bryce Edgmon
Amanda Ryder, Director - DCCED
Tyson Fick, Legislative Liaison - DCCED



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 3, 2009

Representative Bryce Edgmon, Chairman
House Fisheries Committee
Alaska State Legislature
State Capitol, Room 416
Juneau, AK 99801

RE: HB20-Fisheries Loans for Energy Efficiency

Dear Representative Edgmon:

On behalf of the Resource Development Council for Alaska, Inc., (RDC), I am writing in support of HB20-Fisheries Loans for Energy Efficiency.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Throughout the last several years, Alaskans have been struggling with high energy costs. Fuel costs and usage have escalated as fisherman are required to go further out for catch due to impacts from endangered species listings, critical habitat designations, marine protected areas, and fish movement. Opportunities to improve energy efficiency through state loans are important not only for the pocket books of the fisherman who harvest over half of this nation's total catch, but also for the environment—increased efficiency will likely lead to lower costs and ultimately decreased carbon emissions.

We encourage the committee to vote in favor of this bill. Thank you for your consideration.

Sincerely,

Jason W. Brune
Executive Director

Founded 1975
Executive Director
Jason W. Brune

2008-2009 Executive Committee

Rick Rogers, President
Wendy Lindskoog, Sr. Vice President
Phil Cochrane, Vice President
Stephanie Madsen, Secretary
Tom Maloney, Treasurer
John T. Shively, Past President
Patty Bielawski
Allen Bingham
Marilyn Crockett
Steve Denton
Eric Fjelstad
Jeff Foley
Stan Foo
Paul S. Glavinovich
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Len Horst
Teresa Imm
Eric Isaacson
Tom Lovas
Ethan Schutt
Scott Thorson
Cam Toohey
Directors
Greg Baker
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John Binkley
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Ella Ede
Mark Eliason
Joe Everhart
Carol Fraser
Becky Gay
Charles J. Greene
Scott Flabberstad
Mark Hanley
Karl Hanneman
Rick P. Harris
Tom Henderson
Becky Hultberg
Bill Jeffress
Mike Jungreis
Diane Keller
Frank V. Kelty
Kip Knudson
Thomas G. Krzewinski
John MacKinnon
David L. Matthews
Karen Matthias
Mary McDowell
Ron McPheters
James Mery
Denise Michels
Lance Miller
Jim Palmer
Tom Panamaroff
Lisa Parker
Judy Patrick
Debbie Reinwand
Elizabeth Renach
Ralph Samuels
Keith Sanders
Lorna Shaw
Kenneth Sheffield
Keith N. Silver
Tiel Smith
Robert Shles
Jeanne St. John
John L. Sturgeon
Jim Taro
John Williams
John Zager

Ex-Officio Members
Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young
Governor Sarah Palin

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907/276-0700 Fax: 907/276-3887 Email: Resources@akrdc.org Website: www.akrdc.org

PSPA
PACIFIC SEAFOOD PROCESSORS ASSOCIATION
Est. 1914

February 1, 2009

Rep. Bryce Edgmon, Chairman
House Fisheries Committee
Alaska Legislature
State Capitol
Juneau, AK 99801

RE: Support for HB 20 – Commercial Fishing Loans for Energy Efficiency Upgrades

Dear Chairman Edgmon:

Pacific Seafood Processors Association (PSPA) is a trade association of seafood processing companies with operations in many locations throughout coastal Alaska, including Ketchikan, Sitka, Kodiak, Unalaska/Dutch Harbor, Valdez, Dillingham, Naknek, Pederson Point, Togiak, Port Moller, and King Cove.

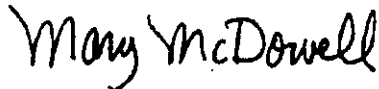
PSPA's member companies themselves, the communities in which they operate, and the fishermen to whom our member companies provide markets, are all struggling with high energy costs. The profitability and economic viability of Alaska's processors and harvesters alike, depend on the ability to increase energy efficiency and contain energy costs.

In expanding the provisions of the state's commercial fishing loan program to allow fishermen to obtain loans to increase the energy efficiency of their vessels, HB 20 does not *directly* affect or benefit seafood processors. However, a healthy, viable, energy efficient harvesting sector is important to the overall success of the entire industry. Thus, HB 20, in helping Alaska's fishing fleet move toward energy efficiency, will benefit fishermen, seafood processors and other fisheries-dependent businesses, Alaska communities, and the overall economy and revenues of the state.

PSPA appreciates your sponsorship of HB20 and your prompt scheduling of the bill for a hearing in the House Fisheries Committee.

We encourage legislators to support the bill and move it quickly through the legislative process.

Sincerely,



Mary McDowell,
Vice President

222 Seward Street, Suite 200
Juneau, AK 99801
Phone (907) 586-6366
Fax (907) 586-4618
www.pspafish.net



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
www.ufa-fish.org

February 2, 2009

Representative Bryce Edgmon, Chairman
House Special Committee on Fisheries
State Capitol, Mail Stop 3100
Juneau AK 99801
Fax 907-465-3445

RE: Support for HB 20 for Energy Improvement Loans

UFA appreciates the Division of Investments prompt initiation of a program for commercial fishing vessel engine retrofit loans in Fall of 2008 to address the impact of high fuel prices on Alaska's fishing communities. We recognize that establishing these loans in the Section B program was the way to get this done as soon as possible. However, Alaska statutes prohibit any current borrowers under Section A programs access to these loans. UFA supports statutory changes to allow fishermen who currently have Section A loans to obtain loans to improve their energy efficiency. UFA also supports broadening the program to include financing for other energy improvements.

HB 20 accomplishes both of these objectives. We ask you and committee members for your support to provide long term financing for improvements to reduce the energy usage in commercial fishing.

United Fishermen of Alaska is the largest statewide commercial fishing trade association, representing 37 commercial fishing organizations participating in fisheries throughout the state and its offshore waters.

Sincerely,

Mark Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Independent Tendermen's Association • Alaska Longline Fishermen's Association
Alaska Scallop Association • Alaska Trollers Association • Alaska Whitefish Trawlers Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Bristol Bay Regional Seafood Development Association • Cape Barnabas Inc. • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Crab Group of Independent Harvesters • Douglas Island Pink and Chum
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Sitka Herring Association
Southeast Alaska Fisherman's Alliance • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association
Southern Southeast Regional Aquaculture Association • United Catcher Boats • United Cook Inlet Drift Association • United Salmon Association
United Southeast Alaska Gillnetters • Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen



Alaska Conservation Alliance

Uniting for Alaska's Future

February 2, 2009

House Special Committee on Fisheries, Finance
State House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Edgmon, Buch and Austerman,

On behalf of the 40 conservation groups and the 38,000 Alaskans that are represented by the Alaska Conservation Alliance, I am pleased to acknowledge our strong support for HB20 to establish Energy Efficiency loans for commercial fishermen. Alaska's fisheries and fishermen play a vital role in the state's long-term sustainable economy. Alaska's main, non-hydrocarbon export is its seafood. Three billion pounds of fish are harvested from Bristol Bay waters each year and Alaska's Salmon fishery alone added nearly a half billion dollars to the state's economy last year.

With the volatility of fuel prices and with industry predictions of a return to \$110 barrel of oil in the near future, Alaska's fishermen need to find ways to conserve, recycle and limit the energy used in their operations. Recently Japan dedicated \$700 million to improve the efficiency of their fishing fleet. To compete, both in seafood price and in technological innovation, Alaska needs the kind of dedication and funding provided by this bill. Loans to maximize engine and hull efficiencies reduce the amount of high-priced diesel used during the season and result in a higher standard of living for our fishermen, less expensive and more competitive seafood products and less climate-damaging emissions. By giving the loans fishermen need to increase the efficiency of their operation this bill is decreasing the use of unpredictably priced foreign fuel, reducing toxic and greenhouse gas emissions, assuring the competitiveness of Alaska's fishing industry and improving the lives of Alaska's fishermen.

Energy efficiency in all its forms is a high priority for Alaska's conservation community. I strongly encourage the Alaska Legislature to pass HB 20. Thank you for your time and consideration.

Sincerely,

Kate Troll
Executive Director

CC: House Special Committee on Fisheries and House Finance Committee Members

Fritz Johnson
P.O. Box Box 1129
Dillingham, AK 99576
842-2674
osprey@nushtel.net

Representative Bryce Edgmon
State Capitol, Room 424
Juneau, AK 99801-1182

2 February 2009


RE: HB 20

Dear Rep. Edgmon,

I'd like to thank you and the other sponsors of HB 20 for this important legislation. This bill couldn't be more timely to assist Alaska's fishermen and fishing communities. Broadening the eligibility for low interest state loans for fishermen and women to repower their vessels with more efficient engines is the right thing to do for the environment and the right thing to do for Alaska's fishermen. Many have deferred the maintenance and improvements needed to remain competitive precisely because fish prices have been low and fuel prices high. While HB 20 effects a modest change in the Division of Investments requirements, it can make a big difference to Alaska harvesters working hard to keep their operations in the black.

I appreciate your work on this bill and urge adoption of this legislation.

Thank you, sincerely,


Fritz Johnson
F/V Jazz
Dillingham

Commercial Fishing Loan Fund Summary

Loan Program Goal and Objectives

To provide long-term, low interest loans to promote the development of predominantly resident fisheries, and continued maintenance of commercial fishing vessels and gear for the purpose of improving the quality of Alaska seafood products.

Provides Loans For:

- Section A—up to \$300,000 for the purchase of Entry Permits or for existing Vessel or Gear upgrades for improving seafood quality.
- Section B—up to \$100,000 for the purchase of Entry Permits, Vessel and Gear Upgrades, Vessel and Gear purchases, and Vessel Construction—with differing eligibility criteria, the most significant being that the applicant must not be able to obtain financing from a bank.
- Section C—the purchase of Quota Shares—with eligibility requirements similar to Section B applicants.
- Section D—to satisfy past due federal Tax Obligations.
- Section E—for the purchase of Quota Shares by a Community Quota Entity (CQE).
- Section F—for existing Tender Vessel and Gear upgrades

General Requirements

- Alaska resident for the past 2 years.
- Child support payments must not be past due.

Definition of Resident

- Living in Alaska with the intent to remain indefinitely
- Primary and permanent home in Alaska
- Present in Alaska except for brief intervals (generally less than 90 days) except for military service, education or good cause.

(Page 2 of 2)

Program Requirements

- Purchases - Loans are available for limited entry permits, quota shares, vessels, or gear purchased less than 12 months prior to the date your application is received.
- Refinancing - Vessels or gear loans made by other lenders more than one year prior to receipt of your application are eligible for financing.
- Collateral - The item being financed (limited entry permit, vessel, etc.) will be the collateral for the loan and, and generally, a priority lien must be obtained.

Terms and Conditions

- Interest rate is 2% above the prime rate, not to exceed 10.5%.
- Interest rate for Energy Efficiency and Product Quality Improvement loans is 2% below the prime rate, not to exceed 10.5%. However, a minimum 3% interest rate "floor" exists for all loans.
- Interest rate will be fixed at the time of loan approval.
- Maximum loan term is 15 years.
- Borrower is responsible to pay all direct costs incurred in processing an application including surveys, inspections, appraisals, title insurance, etc.

Prepared by the Office of Representative Edgmon with excerpts from the Division of Investments.