

**HB**

**254**

<TARGET><BILL>HB 254</BILL><SUBJECT>HB  
254</SUBJECT><COMM>HRES29</COMM></TARGET>

# Alaska State Legislature

## Chair

Fisheries Committee

## Member

State Affairs Committee  
Health and Social Services Committee  
Transportation Committee  
Economic Development Committee



**REPRESENTATIVE LOUISE STUTES**

**District 32**

**Kodiak-Cordova-Yakutat**

**E-Mail:** Rep.Louise.Stutes@akleg.gov

## Session:

Alaska State Capitol, #416  
Juneau, AK 99801

Phone: (907) 465-2487  
Fax: (907) 465-4956  
Free: (800) 865-2487

## Interim:

305 Center Avenue, Suite 1  
Kodiak, AK 99615  
Phone: (907) 486-8872  
Fax: (907) 486-5264

## HB 254 Sponsor Statement

House Bill 254 extends the Big Game Commercial Service Board's (BGCSB) sunset date from June 30, 2016, to June 30, 2019.

The BGCSB provides a legislative command to assist in resource conservation and consumer protection. The Board develops professional and ethical standards, administers exams, makes final licensing decisions and takes civil action against persons who violate regulations.

The BGCSB is staffed by the Division of Corporations, Business and Professional Licensing. The BGCSB consists of two licensed Registered Guide-Outfitters, two licensed Transporters, two private landholders, two public members, and one member from the Board of Game. Board members are appointed by the Governor and confirmed by the Legislature.

The Board's regulated professions include Assistant Guide, Class-A Assistant Guide, Master Guide-Outfitter, Registered Guide-Outfitter, Retired Guide-Outfitter, and Transporter.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 254  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB254-DCCED-CBPL-03-17-16  
Title: EXTEND BIG GAME COMMERCIAL SERVICES BOARD  
Sponsor: STUTES  
Requester: (H) Resources

Department: Department of Commerce, Community and Economic Development  
Appropriation: Corporations, Business and Professional Licensing  
Allocation: Corporations, Business and Professional Licensing  
OMB Component Number: 2360

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel		19.9	19.9	19.9	19.9	19.9	19.9	19.9
Services		2.1	2.1	2.1	2.1	2.1	2.1	2.1
Commodities		0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>

**Fund Source (Operating Only)**

1156 Rcpt Svcs		22.3	22.3	22.3	22.3	22.3	22.3	22.3
<b>Total</b>	<b>0.0</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
---------------------------	--	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By:	Janey Hovenden, Director	Phone:	(907)465-2536
Division:	Corporations, Business and Professional Licensing	Date:	03/17/2016 06:15 PM
Approved By:	Catherine Reardon, Director	Date:	03/18/16
Agency:	Division of Administrative Services, DCCED		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. HB 254

### Analysis

HB254 implements Legislative Audit's recommendation to extend the Big Game Commercial Services Board through June 30, 2019.

Adoption of the bill will continue existing activities by the board and administration by the division. Failure to adopt the bill will result in a one-year wind-down of the board in FY2017, and the division will assume all licensing responsibility in FY2018.

If the bill passes the following expenses will be incurred:

Travel: \$19.9 (one staff and board members to attend four board meetings per year)

Services: \$0.7 (advertising of public notice of board meetings)

\$1.2 (room rental for board meetings)

\$0.2 (fees associated with booking board travel)

Commodities: \$0.3 (beverage service at board meetings)

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
legaudit@akleg.gov

September 14, 2015

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Big Game Commercial Services Board and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,  
AND ECONOMIC DEVELOPMENT  
BIG GAME COMMERCIAL SERVICES BOARD  
SUNSET REVIEW

August 26, 2015

Audit Control Number  
08-20093-15

The audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Per AS 08.03.010(c)(9), the Big Game Commercial Services Board is scheduled to terminate on June 30, 2016. We recommend the termination date be extended to June 30, 2019, under the condition that the board demonstrate the ability to address its deficit. The board believes proposed regulations that increase licensing fees and create new record processing fees will address its deficit by the end of FY 17. If the board fails to demonstrate the ability to address its operating deficit, we recommend it be considered for termination.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA  
Legislative Auditor

## ABBREVIATIONS

---

ACN	Audit Control Number
AS	Alaska Statute
board	Big Game Commercial Services Board
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
DCBPL	Division of Corporations, Business and Professional Licensing
DCCED or department	Department of Commerce, Community, and Economic Development
DFG	Department of Fish and Game
DLA	Division of Legislative Audit
FY	Fiscal Year
GMU	Game Management Unit

---

# CONTENTS

---

<b>Report Sections</b>	Organization and Function	1
	Report Conclusions	5
	Findings and Recommendations	7
	Analysis of Public Need	13
	Objectives, Scope, and Methodology	23
<b>Appendices</b>	Appendix A: Department of Commerce, Community, and Economic Development, Division of Corporations, Business and Professional Licensing, Big Game Commercial Services Board Fees Types, FY 06 through FY 16	27
<b>Agency Responses</b>	Department of Commerce, Community, and Economic Development	31
	Big Game Commercial Services Board	35
	Legislative Auditor's Additional Comments	37
<b>Exhibits</b>	Exhibit 1: Big Game Commercial Services Board Members as of June 30, 2015	1
	Exhibit 2: Big Game Commercial Services Board Schedule of Revenues and Expenditures, FY 12 through April 30, 2015	14
	Exhibit 3: Schedule of Guide-outfitters and Transporters Licenses Issued, FY 12 through April 30, 2015	18

(Intentionally left blank)

# ORGANIZATION AND FUNCTION

## Big Game Commercial Services Board (board)

Under AS 08.54.591, the Big Game Commercial Services Board (board) consists of nine members, which includes two public members, two currently licensed registered guide-outfitters, two licensed transporters, one member of the Board of Game, and two private landholders. Public members are prohibited from engaging in the guiding or transporting profession, or having a direct financial interest in the guiding or transporting profession. All members must be Alaskan residents.

The board is responsible for licensing and regulating activities of big game guides, guide-outfitters, and transporters. Guiding involves providing services, equipment, or facilities to a big game hunter in the field. Transporting, which can be provided both by a guide-outfitter or a separately licensed transporter, is the delivery of big game hunters, their equipment, or harvested animals to, from, or in the field.

Alaska Statute 08.54.600 defines the board's functions. This statute authorizes the board to:

1. Prepare and grade a qualification examination that requires registered guide-outfitter licensee applicants to demonstrate that they are qualified to provide guided and outfitted hunts, as well as possess specific knowledge of fishing, hunting, and guiding laws and regulations.

2. Prepare and grade a certification examination for each game management unit (GMU) in which the registered guide-outfitter intends to provide big game hunting services. The exam requires

guide-outfitters to demonstrate that they possess knowledge of the terrain, transportation problems, game, and other characteristics of the GMU.

### Exhibit 1

#### Big Game Commercial Services Board Members

(As of June 30, 2015)

Kelly Vrem  
*Chair and Licensed Registered Guide-Outfitter*

James (Tom) A. Atkins  
*Licensed Transporter*

David L. Brown  
*Board of Game Member*

James (David) D. Jones  
*Licensed Transporter*

Michele Metz  
*Private Landholder*

Gene Peltola Sr.  
*Public Member*

Karen Polley  
*Public Member*

Brenda A. Rebne  
*Private Landholder*

Henry D. Tiffany IV  
*Licensed Registered Guide-Outfitter*

---

3. Provide for the administration of registered guide-outfitter examinations at least twice each year. If requested at the time of application for the license, the board shall provide for administration of an oral examination for a registered guide-outfitter or GMU certification.

4. Authorize the issuance of registered guide-outfitter, master guide-outfitter, Class-A assistant guide, assistant guide, and transporter licenses. Prior to receiving a new or renewed license, applicants must certify that their right to obtain or exercise the privileges granted by a hunting, guiding, outfitting, or transportation services license is not revoked or suspended in Alaska, another state, or Canada.

5. Impose appropriate disciplinary sanctions on a licensee.

6. Regularly disseminate information regarding examinations and other qualifications for all classes of guide licenses to residents of the rural areas of the state.

7. Adopt procedural and substantive regulations. Additionally, the board may adopt regulations that establish a code of ethics for professionals regulated by the board, establish requirements for the contents of written contracts for board-regulated services, and authorize the department to request a copy of a big game hunting services or transportation services contract entered into by a person licensed by the board.

8. Meet at least twice annually.

**Department of Commerce,  
Community, and  
Economic Development  
(department)**

Alaska Statute 08.01.065 mandates that the department adopt regulations to establish the amount and manner of payment for application, examination, license, registration, permit, and investigation fees, and all other fees as appropriate for the occupations covered by the statute.

The department's Division of Corporations, Business and Professional Licensing (DCBPL) provides administrative assistance to the board. This includes functions such as collecting fees; maintaining licensing files; receiving and issuing application forms; and publishing notices of examinations, meetings, and proposed regulations.

---

DCBPL's licensing examiners administer and grade the written portion of the registered guide-outfitter and GMU examinations, issue initial and renewal licenses for guides, guide-outfitters and transporters, review and enter the data contained in hunt records and transporter activity reports from guide-outfitter and transporter licensees, handle requests for information, issue and receive correspondence concerning licensees, refer complaints to DCBPL's investigation unit, and provide various board support activities.

Alaska Statute 08.01.087 empowers the department to conduct investigations under its own initiative or in response to a complaint. DCBPL provides investigative assistance to the board, and may:

1. Conduct an investigation if it appears a person is engaged in or is about to engage in a prohibited professional practice.
2. Issue an order directing the person to stop an act or practice.
3. Bring an action in superior court to enjoin the act.
4. Examine the books and records of an individual.
5. Issue subpoenas for the attendance of witnesses and records.

On behalf of the board, DCBPL investigators conduct investigations of complaints from guide-outfitter or transporter clients, the public, other guides, guide-outfitters, and transporters, licensing examiners, or other state or federal agencies. The investigator refers complaints which are potential criminal violations to an appropriate law enforcement agency.

(Intentionally left blank)

---

# REPORT CONCLUSIONS

---

In developing conclusions regarding whether the Big Game Commercial Services Board's (board) termination date should be extended, its operations were evaluated using the 11 sunset criteria set out in AS 44.66.050. Under the State's "sunset" law, these factors are to be used in assessing whether a board has demonstrated a public policy need for continuing operations.

Overall, the audit concludes the board has provided reasonable assurance that individuals licensed to guide and/or outfit hunts, as well as transport hunters to and from hunt locations, in Alaska are qualified to do so. Additionally, regulating and licensing qualified guides, guide-outfitters, and transporters benefited the public's safety and safeguarded the state's wildlife resources.

In accordance with AS 08.03.010(c)(9), the board is scheduled to terminate June 30, 2016. In recognition that the board reported an operating deficit of over \$1 million as of April 30, 2015, we recommend extending the board only three years to June 30, 2019, under the condition that the board demonstrate the ability to address its deficit during the legislative sunset review process. The board believes proposed regulations that increase licensing fees and create new record processing fees will address its deficit by the end of FY 17. If the board fails to demonstrate the ability to address its operating deficit, we recommend it be considered for termination.

The audit makes four recommendations to improve board operations. The recommendations include improving Division of Corporations, Business and Professional Licensing (DCBPL) support to the board, improving the timeliness of investigations, increasing licensing fees to address the operating deficit, and ensuring transporters are licensed in accordance with statutes. (See Recommendations 1 through 4.)

(Intentionally left blank)

---

## FINDINGS AND RECOMMENDATIONS

---

The prior sunset audit, *Department of Commerce, Community, and Economic Development, Big Game Commercial Services Board, Sunset Audit, September 13, 2011* (Audit Control No. 08-20071-11), included six recommendations to the Division of Corporations, Business and Professional Licensing (DCBPL) and/or the Big Game Commercial Services Board (board). The prior recommendation to develop procedures that provide efficient and effective support to the board's day-to-day operations has been partially resolved. The outstanding sections of this recommendation are reiterated as Recommendation 1.

The prior recommendation that the DCBPL director ensure staff adhere to investigative case management procedures is partially resolved. The unresolved aspects are reiterated in Recommendation 2.

The prior audit also recommended increasing licensing fees and/or reducing expenditures to mitigate the board's current and projected operating deficit. This recommendation was not addressed and is reiterated as Recommendation 3.

The prior audit recommendation for the board to consider modifying regulatory first aid requirements for registered and master guide-outfitters has not been implemented and is not reiterated as part of this audit. The board has included the need to address this finding as part of its annual goals, but has not addressed it due to competing priorities.

Finally, the prior audit recommendations related to database security, including physical custody of records, and electronic accumulation of hunt record and transporter activity report information have been resolved. A new database system was implemented to include adequate controls over database access.

One new recommendation, related to the transporter license renewal application, is presented as Recommendation 4.

---

**Recommendation 1:  
DCBPL’s director should ensure staff adhere to procedures designed to provide efficient and effective support to the board.**

**Prior Finding**

Seven processes and procedures that DCBPL staff were required to provide were not adequately performed. The specific issues identified were:

- Untimely public notice of exams;
- Public notices not properly issued for board meetings;
- Untimely preparation of board meeting minutes;
- Untimely issuance of board meeting packets;
- Stale dated licensing applications not processed as abandoned;
- Incomplete and untimely board annual reports; and
- Summary financial and incomplete investigative data not consistently provided.

Alaska Statute 44.62.175(a) requires that notices concerning planned activities be posted on the Online Public Notice System. Additionally, DCBPL policy mandates the following notice requirements:

*(1) Regularly scheduled in-person board meetings in one newspaper of general circulation no later than 10 days before the meeting; ... (3) Subcommittee meetings in one newspaper of general circulation no later than 5 days in advance; (4) Examinations; written or practical examinations which are administered through the Division in one newspaper of general circulation no later than 10 days before the examination application deadline. All notices will also be made available in the Alaska Online Public Notice System.*

Alaska Statute 08.01.070(7) specifies administrative duties of the board, which includes providing a “draft of the minutes of proceedings to the department within 20 days after the proceedings.”

---

### **Current Status of Prior Finding**

DCBPL staff developed procedures to improve the issuance of board meeting packets, processing licensing applications, preparing board reports, and communicating financial and investigative information to board members. However, the following deficiencies continued during the audit period:

1. Public notice not timely or not issued for exams. Three of eight public notices of examinations tested as part of this audit were not published on the Online Public Notice System. Two of the three were published in a newspaper of general circulation after the application deadline.<sup>1</sup> Failure to publish exam dates in a timely manner may prevent potential applicants from taking a scheduled exam.

2. Public notice was not properly issued for meetings. The board held eight regular board meetings and 21 teleconference meetings between July 2011 and April 2015. The audit tested three of eight regular meetings and six of 21 teleconferences. One teleconference meeting and three of three subcommittee meetings tested were not publicly noticed as required by statute or division policy. Failure to adequately publish meeting dates may prevent interested persons from attending or participating in board proceedings.

3. Untimely preparation of meeting minutes. Meeting minutes for three of nine board meetings tested as part of this audit were not drafted within 20 days after the scheduled meeting as required by statute. Failure to transmit minutes may prevent interested members of the public from learning about board activities in a timely manner.

DCBPL staff did not ensure meeting minutes were prepared timely and notices were appropriately published, in part, because of a staffing change including the reallocation of duties, and staff not adhering to policies and procedures.

We again recommend DCBPL's director ensure staff adhere to procedures designed to provide efficient and effective support to the board.

---

<sup>1</sup>Registered guide-outfitter and game management unit exams were publicly noticed on November 16, 2013, and the application deadline was August 1, 2013.

---

**Recommendation 2:  
DCBPL’s director should  
take steps to improve  
the timeliness of  
investigations.**

**Prior Finding**

Case deficiencies identified included: inaccurate case status classifications, lengthy periods of inactivity, cases incorrectly closed, and case files not available for review. The deficiencies were a result of investigative staff not following procedures, and the lack of an effective case monitoring system.

According to AS 08.01.050(a)(19), the Department of Commerce, Community, and Economic Development (department), is responsible for investigating and monitoring occupational licensing complaints. The lack of accurate timely information limits DCBPL’s and the board’s ability to effectively monitor the investigative process.

**Current Status of Prior Finding**

The case deficiencies identified above have been addressed by DCBPL staff except for the periods of inactivity within investigations. Of the 25 investigative cases<sup>2</sup> evaluated as part of this audit, 17 had excessive amounts of time where the case was not reviewed or updated by investigative staff. Periods of inactivity ranged from four months to almost five years. According to the lead investigator, periods of inactivity were due to a lack of resources to address the large caseload. The audit also noted a lack of effective case monitoring.

We recommend DCBPL’s director take steps to improve the timeliness of investigations.

---

<sup>2</sup>The 25 investigative cases consist of 21 random and four judgmentally selected cases. Seventeen of the 21 investigative cases had periods of inactivity, or 81 percent error rate. There were no periods of inactivity on the four judgmentally selected cases.

---

**Recommendation 3:  
DCBPL’s director, in  
coordination with the  
board, should increase  
licensing fees to address  
the board’s operating  
deficit.**

**Prior Finding**

The board had an operating deficit of approximately \$374,000 as of June 30, 2011. Alaska Statute 08.01.065(c) requires the department to set occupational fees so that the amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. If licensing fees were not increased and/or expenditures were not reduced, a deficit was expected to remain and likely increase.

**Current Status of Prior Finding**

As of April 30, 2015, the board’s operating deficit was over \$1 million. The continuing and increasing deficit is due to various factors, including delayed increase in licensing fees, reduction in number of license renewals, and the reallocation of the division’s indirect costs effective in FY 12.

During 2011, the division revised its indirect cost allocation methodology to correct deficiencies noted in a special audit of DCBPL.<sup>3</sup> Based on the reallocation of indirect costs, the board’s deficit increased by \$236,000, resulting in a beginning FY 12 deficit of approximately \$610,000.

To address the deficit, during FY 12 DCBPL proposed an increase in the licensing fees for the registered and master guide-outfitters and transporters from \$450 to \$725 (61 percent) and from \$250 to \$420 (68 percent) for the assistant and Class-A assistant guides. However, based on public comment, the DCBPL withdrew the proposed licensing fee increase and no increases were implemented. During FY 14, licensing fees were increased by approximately 44 percent for guide-outfitters, guides, and transporters. The division also increased the application and examination fees and established a new retired guide license with an associated fee.

---

<sup>3</sup>Department of Commerce, Community, and Economic Development; Division of Corporations, Business and Professional Licensing, *Select Occupational Licensing and Enforcement Issues, June 29, 2011*, Audit Control Number 08-30063-11.

---

Although the licensing fees were increased, the fees collected were not sufficient to cover the board's operating costs and were insufficient to address the deficit. At the end of August 2015, DCBPL proposed regulations to increase licensing fees, and establish a guide use area registration fee and an administrative filing fee for hunt records and transporter activity reports. See Appendix A for a schedule of the board's fees from FY 06 through proposed FY 16 fees.

We again recommend that DCBPL, in conjunction with the board, increase licensing fees to address the board's operating deficit.

---

**Recommendation 4:  
DCBPL's director should  
ensure the transporter  
license renewal  
application form complies  
with statute.**

DCBPL staff failed to issue transporter licenses in accordance with statutes. Two of two transporter license renewal applications tested as part of this audit did not include an affidavit that all activity reports were submitted to the department. Transporter license renewal applications, both hard copy and online versions, did not include a section for the licensee to certify that all activity reports were submitted. As a result, DCBPL and the board have not effectively monitored transporter licensees.

Alaska Statute 08.54.660(c) states the department may not renew a transporter license unless the transporter has signed an affidavit that all activity reports during the term of the current license have been filed with the department.

We recommend DCBPL's director update the transporter license renewal application form to include an affidavit for submission of transporter activity reports to the department.

---

# ANALYSIS OF PUBLIC NEED

---

The following analysis of Big Game Commercial Services Board (board) activities relates to the public need factors defined in the “*sunset*” law, Alaska Statute 44.66.050. This analysis was not intended to be comprehensive, but addresses those areas we were able to cover within the scope of our review.

---

## Sunset Criteria No. 1

### **Determine the extent to which the board or commission has operated in the public interest.**

With the exception of transporter licenses, the board has operated in the public’s interest by licensing qualified individuals, modifying and adopting regulations to improve operations and industry practices, and holding meetings, as required by statute. During the audit period, the board adopted regulatory requirements for assistant guides that specify the timeframe to attain hunting, guiding, and practical experience at the time of licensure. The regulation also requires a written recommendation from a registered guide-outfitter who intends to employ the assistant guide that attests to the required experience of the assistant guide. This regulation enhances the safety of the public by ensuring guides have the necessary experience. The board also enhanced regulations over professional ethics standards for guides and transportation services.

From July 2011 through April 2015, the board held eight regular meetings and 21 teleconferences. This number exceeds the statutorily required two meetings a year. A review of board member applications and résumés showed all current board members met eligibility requirements prior to appointment.

## Sunset Criteria No. 2

**Determine the extent to which the operation of the board or commission has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.**

The board's operations have been impeded by a growing deficit caused by inadequate fee setting. Alaska Statute 08.01.065(c) requires "that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation." Exhibit 2 provides a schedule of board revenues and expenditures. This unaudited information was provided by Division of Corporations, Business and Professional Licensing (DCBPL) management for general information purposes. As shown in Exhibit 2, the board began FY 12

### Exhibit 2

State of Alaska Big Game Commercial Services Board Schedule of Revenues and Expenditures (FY 12 through April 30, 2015) (Unaudited)				
	FY 12	FY 13	FY 14	July 2014 through April 30, 2015
Revenue	\$607,464	\$127,935	\$791,489	\$197,455
Direct Expenses:				
Personal Services	326,188	298,505	255,997	250,711
Travel	37,059	18,401	22,239	17,474
Contractual	94,595	172,807	188,426	76,093
Supplies	739	926	653	846
Total Direct Expenses	458,581	490,639	467,315	345,124
Indirect Expenses	111,156	105,642	122,387	93,699
Total Expenses	569,737	596,281	589,702	438,823
Annual Surplus (Deficit)	37,727	(468,346)	201,787	(241,368)
Beginning Cumulative: Surplus (Deficit)	(610,648)	(572,921)	(1,041,267)	(839,480)
Ending Cumulative: Surplus (Deficit)	(\$572,921)	(\$1,041,267)	(\$839,480)	(\$1,080,848)

Source: DCBPL documents.

---

with a \$610,648 operating deficit, of which \$236,318 was due to the reallocation of the division's indirect costs.<sup>4</sup>

The board's revenue is derived from examination, license, and renewal fees. Renewals are conducted on a biennial basis with fees due during even-numbered fiscal years. DCBPL planned to increase the board license fees during FY 12; however, based on public comment, the division withdrew the proposed regulations and no fee increases were made. Comments from the public included a perception that the proposed 60 percent increase in license fees was excessive and there was a lack of justification to warrant the significant increase.

During FY 14, an increase in license fees was proposed and passed; however, the increase in revenues was not sufficient to cover operating costs. Consequently, the deficit continued to grow. According to DCBPL management and board members, the continuing deficit is partly due to increased costs associated with investigations and related legal proceedings, additional support staff to assist with the backlog of investigative cases, and legal fees for board regulation revisions.

In an effort to eliminate the deficit, DCBPL proposed changing regulations to increase the FY 16 license fees. The proposed regulations also include a new activity report filing fee and a guide use area registration fee to offset division administrative costs related to these activities. Appendix A provides a schedule of board fees from FY 06 through FY 16.

The public has until September 28, 2015, to submit comments on the proposed regulations. After the public comment period ends, the Department of Commerce, Community, and Economic Development (DCCED or department) will either adopt the proposed regulations without further notice or decide to take no action. DCBPL management expects that revenue from the new fees will address the deficit by the end of FY 17. (See Recommendation 3.)

---

<sup>4</sup>A special audit report, *Department of Commerce, Community, and Economic Development; Division of Corporations, Business and Professionals Licensing, Select Occupational Licensing and Enforcement Issues, June 29, 2011*, identified indirect cost allocation methodologies used by the division needed significant improvement. DCBPL improved the methodologies which resulted in a one-time adjustment.

---

### Sunset Criteria No. 3

**Determine the extent to which the board or commission has recommended statutory changes that are generally of benefit to the public interest.**

The board promoted changes to statutes and regulations as deemed necessary to benefit the public's interest in areas such as adding a retired guide license status and enhancing the hunting, guiding, and practical experience for guides.

---

### Sunset Criteria No. 4

**Determine the extent to which the board or commission has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.**

Alaska Statutes require the board publish its proposed regulation changes and meeting and examination dates, times, and locations on the State's Online Public Notice System. The board also publishes meeting and examination dates, and examination application deadlines, in a newspaper of general circulation.

The audit found that public notices were not posted to the online notification system for three of eight examinations reviewed as part of this audit, and two examination notices were posted after the application deadline had passed. Furthermore, notice for one of nine board meetings was published late, and three of three subcommittee meetings were not published on the online notification system or in the newspaper. (See Recommendation 1.)

The board has encouraged public participation during board meetings by designating a public comment period for regular board meetings. Interested persons offered comments at all three regular meetings reviewed as part of this audit.

---

## Sunset Criteria No. 5

**Determine the extent to which the board or commission has encouraged public participation in the making of its regulations and decisions.**

Notice of proposed regulation changes were posted on the State's Online Public Notice System and in a news publication as required by statute. Detailed instructions for submitting public comments were included in the postings. The board reviewed and considered public comment before adopting new regulations. The public was also given an opportunity to comment during regular board meetings held during the audit period.

---

## Sunset Criteria No. 6

**Determine the efficiency with which public inquiries or complaints regarding the activities of the board or commission filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.**

From FY 12 through April 2015, 716 board-related cases were either open or opened. As of April 30, 2015, 609 of 716 cases were closed, and 107 remained open. The audit reviewed 25 of the 716 cases and found that 17 of 25 cases had periods of inactivity that ranged from four months to almost five years. (See Recommendation 2.)

In an effort to reduce the number of complaints received and appeals processed, the investigative unit compiled an educational pamphlet to assist the guide-outfitters in understanding the board's laws and potential violations; the pamphlet was presented to the board in February 2015. Also, to ensure consistency in the board's disciplinary determinations, a disciplinary matrix was developed based on statutory and regulatory guidance and past precedence, and presented to the board in March 2015. The disciplinary matrix replaced the matrix that was developed and adopted in July 2012.

From FY 12 through March 31, 2015, no board-related complaints

were filed with the State's Office of the Ombudsman, the State Commission for Human Rights, or the Office of Victims' Rights.

**Sunset Criteria No. 7**

**Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.**

As of April 30, 2015, there were 1,532 licensed guides, guide-outfitters, and transporters.

Exhibit 3 shows the number of licenses issued during the audit period.<sup>5</sup>

**Exhibit 3**

<b>Schedule of Guide-outfitters and Transporters Licenses Issued</b> (FY 12 through April 30, 2015)					
New Licenses Issued (Excluding Renewals)	FY 12	FY 13	FY 14	July 2014 - April 2015	Totals through April 30, 2015
Master Guide-Outfitter	8	9	10	5	129
Registered Guide-Outfitter	16	9	14	13	399
Class-A Assistant Guide	12	9	7	8	103
Assistant Guide	59	103	98	75	742
Retired Guide	-	-	6	2	8
Transporter	16	11	22	16	151
<b>Totals</b>	<b>111</b>	<b>141</b>	<b>157</b>	<b>119</b>	<b>1,532</b>

Source: DCBPL documents.

This audit found licenses were issued in accordance with statutory and regulatory requirements with one exception. Evaluation of two of two transporter application renewals identified the

<sup>5</sup>The prior sunset audit reported 1,748 total licenses. With the exception of an increase in the number of master guide-outfitter licenses, the number of licenses for the registered guide-outfitters, Class-A assistant guides, assistant guides, and transporters decreased between 13 and 22 percent. The total as of April 30, 2015, represents an overall reduction of 13 percent in the total number of licenses.

---

application forms do not include a statutorily required affidavit which states that all activity reports due during the term of the current license have been filed with the department. (See Recommendation 4.)

New statutes were enacted during 2014 to allow for an unlicensed person to:

*Assist in providing the guide services of filed preparation of trophies, stalking, pursuing, tracking, killing, or attempting to kill big game, and using guiding or outfitting equipment, including spotting scopes and firearms, for the benefit of a hunter.*

According to a legislator's sponsor statement, the unlicensed classification was created to establish an apprenticeship program within the guide industry which compensates individuals who eventually will gain sufficient experience to become assistant guides.

---

### Sunset Criteria No. 8

**Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission to its own activities and the area of activity or interest.**

The audit found no evidence that the board failed to comply with state personnel practices, including affirmative action.

---

### Sunset Criteria No. 9

**Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.**

The audit found that DCBPL support to the board should be

---

improved to enable the board to better serve the public interest. Improvements are needed to address untimely investigations and inadequate public noticing. (See Recommendations 1 and 2.)

Additionally, the board has not addressed the prior sunset audit recommendation to resolve inconsistencies over first aid requirements between the four guide licensing types. Statutes require assistant and Class-A assistant guides to possess a current first aid card, while registered and master guide-outfitters are not subject to the same requirement. First aid certification for all license types is in the public's best interest and should be addressed by the board.

---

#### **Sunset Criteria No. 10**

**Determine the extent to which the board or commission has effectively attained its objectives and purposes and the efficiency with which the board or commission has operated.**

The board actively worked toward achieving its goals by improving the data entry and scanning of hunt records and transporter activity reports; working with the department to oversee the review of application and licensing of guide-outfitters, guides, and transporters; testing guide-outfitters; refining existing and developing new regulations for hunting and transporting services; refining investigations and disciplinary measures; and identifying new fee sources to increase revenues. However, the board did not meet its goal of improving the first aid and CPR training requirements.

---

#### **Sunset Criteria No. 11**

**Determine the extent to which the board or commission duplicates the activities of another governmental agency or the private sector.**

Information on the department's required hunt records is duplicated, in part, on the Department of Fish and Game (DFG) harvest tickets. The duplicative information is limited to hunter license number, name, address, registered guide-outfitter name if used, and specific

---

area/location of the hunt or game taken. The focus of the DFG harvest ticket is specific to the game type, location, and method of take. The board's hunt record is specific to the guide(s) contracting the hunt and all board licensed individuals involved with the hunt, dates in the field, client names, and transporter information.

According to DCCED, DFG, and Department of Public Safety staff, detailed information contained in the hunt records is used for licensing and investigative activities. This detailed information is not included on DFG harvest tickets, which are designed to collect information to manage game in various areas throughout the state.

(Intentionally left blank)

---

# OBJECTIVES, SCOPE, AND METHODOLOGY

---

In accordance with Title 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Big Game Commercial Services Board (board) to determine if there is a demonstrated public need for its continued existence.

As required by AS 44.66.050(a), the report shall be considered by the committee of reference during the legislative oversight process in determining if the board should be reestablished. Currently, AS 08.03.010(c)(9), the board will terminate on June 30, 2016, and will have one year from that date to conclude its administrative operations.

## Objectives

The four central audit objectives were:

1. Determine whether the board's termination date should be extended.
2. Determine whether the board is operating in the public's interest.
3. Determine whether the board has exercised appropriate regulatory oversight of licensed guide-outfitters, assistant guides, and transporters.
4. Evaluate the status of recommendations made in the prior sunset audit.

## Scope and Methodology

The assessment of the board's operations and performance was based on criteria set out in AS 44.66.050(c). Under the State's sunset law, these criteria are to be used in assessing whether an agency has demonstrated a public need for continuing operations.

The audit reviewed board operations and activities from July 2011 through April 2015. Financial data was presented for July 2011 through April 2015.

During the course of the audit, the following were reviewed and evaluated:

- Applicable statutes and regulations to identify board functions and responsibilities, determine whether statutory or regulatory changes

---

enhanced or impeded board activities, and help ascertain if the board operated in the public interest.

- Board meeting minutes and annual reports to gain an understanding of board proceedings and activities, goals and objectives, as well as the nature and extent of public input.
- Board member applications and résumés filed with the Office of the Governor's Boards and Commission to verify that members met statutory requirements.
- Various state and federal websites containing hunt information for potential duplication of board activities.
- The prior sunset audit report (audit control number 08-20071-11) to identify issues affecting the board and report on the status of prior audit recommendations.

To identify and evaluate the various issues relating to board activities, we conducted interviews with state and federal agency staff, board members, and other stakeholders. Specific issues of inquiry included board operations, duplication of efforts, and use of hunt record and transporter report information.

During the course of the audit, the following samples were selected:

- A random sample of 25 initial and renewal license applications was selected from 1,532 licenses that were active between July 2011 and April 2015. Applications were assessed for statutory and regulatory compliance. The sample size was based on a low inherent risk. The testing results were projected to the population.
- A sample of 25 of 731 investigative cases open or opened by Division of Corporations, Business and Professional Licensing between July 2011 and April 2015 was selected to assess the efficiency of the investigative process. The sample consisted of 21 random and four judgmentally selected investigative cases. The sample size was selected based on a low inherent risk. The test results of the random sample were projected to the population.
- The following samples were selected for activity between July 2011

---

and April 2015, and assessed for compliance with public noticing requirements. The sample sizes of 30 percent were considered necessary as results of testing were significant to evaluating board operations. The testing results were projected to the population.

- o A random sample of nine board meetings was selected from 29 meetings held.
- o A random sample of eight exam offerings was selected from a total of 28 exams held.
- o A judgmental sample of two proposed regulation registers from six registers issued.

Inquiries regarding any board-related complaints were made of the following organizations:

- Department of Commerce, Community, and Economic Development's Office of the Commissioner;
- Department of Administration's Division of Personnel and Labor Relations;
- Alaska State Commission for Human Rights;
- Office of the Governor's Boards and Commissions
- Office of the Ombudsman;
- Office of Victims' Rights; and
- United States Equal Employment Opportunity Commission.

(Intentionally left blank)

---

# APPENDICES

---

**Appendix A** provides a schedule of Big Game Commercial Services Board fee types from FY 06 through FY 14, and FY 16 proposed fees.

(Intentionally left blank)

# APPENDIX A

**Department of Commerce, Community, and Economic Development**  
**Division of Corporations, Business and Professional Licensing**  
**Big Game Commercial Services Board**  
**Fee Types**  
 (FY 06 through FY 16)

Fee Type	FY 06	FY 08	FY 10	FY 14*	FY 16 (Proposed)
Application Fee – All license types	\$50	\$50	\$100	\$200	\$200
Guide Exam or Retake	50	50	50	125	125
Game Management Unit Exam or Retake	50	50	200	390	400
Exam Prep Packet	25	25	25	100	100
<b>Master Guide-Outfitter License</b>					
Initial and Renewal - Resident	\$185	\$450	\$450	\$650	\$850
Initial and Renewal – Non Resident	370	900	900	1,300	1,700
<b>Registered Guide-Outfitter License</b>					
Initial and Renewal - Resident	\$185	\$450	\$450	\$650	\$850
Initial and Renewal – Non Resident	370	900	900	1,300	1,700
<b>Class-A Assistant Guide License</b>					
Initial and Renewal - Resident	\$75	\$250	\$250	\$360	\$410
Initial and Renewal – Non Resident	150	500	500	720	820
<b>Assistant Guide License</b>					
Initial and Renewal - Resident	\$75	\$250	\$250	\$360	\$410
Initial and Renewal – Non Resident	150	500	500	720	820
<b>Transporter License</b>					
Initial and Renewal - Resident	\$185	\$450	\$450	\$650	\$850
Initial and Renewal – Non Resident	370	900	900	1,300	1,700
<b>Retired License</b>					
Master Guide-Outfitters	NA	NA	NA	\$300	\$300
Registered Guide-Outfitters	NA	NA	NA	300	300
Class-A Assistant Guides	NA	NA	NA	175	175
Assistant Guides	NA	NA	NA	175	175
<b>Report Filing (per filed record/report)</b>					
Hunt Record	NA	NA	NA	\$50	\$50
Transporter Activity Report	NA	NA	NA	50	50
<b>Guide Use Area Registration</b>	NA	NA	NA	\$100	\$100

Source: DCBPL documents.

\*There were no fee increases between FY 10 and FY 14.

(Intentionally left blank)

# Agency Response from the Department of Commerce, Community, and Economic Development



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

## Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER

550 West Seventh Avenue, Suite 1535  
Anchorage, AK 99501  
Main: 907.269.8100  
Fax: 907.269.8125

November 10, 2015

Ms. Kris Curtis, CPA, CISA  
Legislative Auditor  
Alaska State Legislature  
Legislative Budget and Audit Committee  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

RECEIVED  
NOV 10 2015  
LEGISLATIVE AUDIT

RE: "Confidential" Preliminary Audit Report – A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), Big Game Commercial Services Board (board), August 26, 2015

Dear Ms. Curtis:

Thank you for the September 30, 2015, preliminary audit report regarding sunset audit findings and recommendations concerning the Big Game Commercial Services Board sunset audit. I appreciate your review and the opportunity to provide input in this process. In general, the department concurs with the report conclusion and recommendations; our comments are provided below.

#### Report Conclusion

DCCED agrees with the report conclusion and will continue to implement steps to address all recommendations.

#### Recommendation No. 1

DCCED concurs that additional training and oversight of licensing staff are needed to ensure meetings, exams, and minutes are properly noticed. In January 2015, the division's policies and procedures pertaining to board meeting management were updated to include additional guidance and checklists to ensure these standards are met. The public notice procedures were rewritten and the responsibilities consolidated to one position in 2014, streamlining the tasks involved and improving accountability.

That said, the subcommittee meetings referenced are held as part of the published agenda of properly noticed board meetings, so the division believes these meetings were compliant with AS 44.62.175 and its own policies and procedures. In fact, the board's web page specifically clarifies that "subcommittees generally meet during break-out sessions at regularly scheduled board meetings. Licensees and public are welcome to attend and participate in subcommittee meetings."

Recommendation No.2

DCCED concurs that the director of the Division of Corporations, Business and Professional Licensing (CBPL) should take steps to improve the timeliness of investigations.

The division has made several significant improvements to case management over the time frame of this audit:

In the fall of 2014, the Director and new Chief Investigator took immediate efforts to address the bottleneck of case review by restructuring the investigative unit to provide more effective supervision of both personnel and investigative actions:

- In December 2014, two PCNs were revised creating mid-level managers (Senior Investigators) in order to decrease the supervisor to subordinate ratio to 7:1.
- Each Senior Investigator supervises seven subordinate investigators creating the conditions for hands on and effective supervisory guidance.
- In addition the Chief Investigator now has the ability to focus on organizational goals and refine processes to speed the pace of investigative efforts.
- The case load for the Big Game Commercial Services Board Investigator is currently seventy (70) investigative actions and we feel this number is manageable.
  - Thirty-one (31) of those seventy matters (just under 50%) are in “Monitor” status.
    - Monitor status denotes an action in which the Division is unable to move forward due to action required by an outside agency. In most instances these matters are pending the resolution of a criminal matter being investigated or prosecuted by the Alaska Wildlife Troopers in cooperation with the Office of Special Prosecutions and Appeals and/or the Department of Law.

Since hired in September 2014, the Chief Investigator has implemented the following strategies to ensure cases are investigated and completed timely:

- The investigative unit has the goal of decreasing unexplained investigative gaps to no more than 60 days. This is a primary goal on each employee’s performance evaluation and is a measurable objective individually, as well as collectively.
- Additionally, the individual investigator assigned to support the Big Game Commercial Services program has established electronic review process with Reviewing Board Member(s) which allow him to contact them even during hunting season and while in the field.
  - This helps the Division to more quickly evaluate allegations and determine where violations are present, as well as triaging the most serious matters to the forefront of investigative pursuits.
  - This also serves to rapidly resolve complaints in which there is no violation of licensing law and allows more time and energy to be devoted to complex, egregious complaints impacting public or consumer safety.
- All supervisory personnel employ the use of a database management “tackler” tool, which reports actions with no investigative activity within thirty (30) calendar days, allowing for supervisory intervention prior to cases exceeding the unit’s goal for investigative activity.

Response to Preliminary Audit Report – A Sunset Review of the Department of Commerce,  
Community, and Economic Development (DCCED), Big Game Commercial Services Board  
November 10, 2015

Page 3

- Supervisory investigators review investigative actions of all team members on a quarterly basis to reenergize any stalled investigative action and to ensure that we are achieving unit goals of no unexplained investigative gaps of greater than sixty (60) calendar days.
- The Chief Investigator enacted Standard Operating Procedures for the monitoring of matters referred to the Department of Law for litigation, requiring investigators to monitor and document every 60 days the status of those actions. This will provide valuable insight into the reason behind some periods of inactivity.

Recommendation No. 3

DCCED concurs that the division director, in coordination with the board, should increase licensing fees to address the board's operating deficit. The program's deficit was known in 2011, and after a legislative inquiry into the division's proposed necessary fee increases for this program, the decision was reached to not pursue a fee increase at that time.

At every regular board meeting since 2011, division management has made a presentation on the program's financial situation and methods to resolve it. Staff reductions, an overhaul of the hunt records/transporter activity reports data base, and a more conservative approach to board meeting logistics have reduced licensing expenses.

By 2013, when the program was due to renew—thus engaging in its largest revenue-generating exercise—the division ensured that the board and licensees were aware of the growing deficit and need to increase fees. A modest yet assertive increase was applied in time for the 2013 renewal. Fees have again been increased for the 2015 renewal, and the director anticipates the program will retire its existing debt after the 2017 renewal.

Recommendation No. 4

DCCED concurs that the transporter license renewal application should be updated to comply with statute. It will be updated in time for the 2015 renewal season.

Again, thank you for the opportunity for the DCCED to provide input on this matter. We feel that the specificity of our response should translate to you our complete understanding of the findings and our absolute commitment to redress. Should you have any questions about the contents of this letter, please do not hesitate to contact me at 907-465-2500.

Regards,

  
for  
Chris Hladick  
Commissioner

cc: Janey Hovenden, Director, Division of Corporations, Business and Professional Licensing,  
DCCED  
Micaela Fowler, Legislative Liaison, DCCED

(Intentionally left blank)

# Agency Response from the Big Game Commercial Services Board

Received Fax : Nov 16 2015 13:08 Fax Station : SOA LEGISLATIVE AUDIT AND OFFICE p. 1

Nov 16 15 10 51a Kelly Vrem/Rough & Ready 907-745-8737 p 1

Kelly Vrem  
PO Box 54  
Sutton, Alaska 99674

Kris Curtis  
PO Box 113300  
Juneau, AK 99811

November 11, 2015

**Board Chair Response to LB&A findings.**

**Recommendation 1**  
The board notes this is primarily a staff and Department issue and has no comment.

**Recommendation 2**  
The board is aware of the back log and appreciates the efforts of the new chief Investigator and Board Investigator to process cases. The board and investigations are working to streamline the investigative process. The board has offered to increase the frequency of executive sessions to deal with adjudication of cases

**Recommendation 3**  
The budget issue has 2 components and its debt can be directly attributed to DCBPL. The board was under the assumption it was solvent until 2011. Then it was presented with the findings of an audit that showed a significant debt. The board and public were surprised and confused at the the new findings. Two subsequent audits were performed and each audit differed from the previous one. Each time the board and public were assured the results were accurate

The first component is how board was handed an "invoice" for it's operations cost for staff, and other direct and indirect costs. DCBPL is the one who estimates these costs. Our licensing fees cover these costs and the board has raised fees to cover these costs despite changing cost estimates. The board has minimal to no say in it's operational costs, it can only react to the "invoice"

The second component is the requirement that the board also cover it's investigative and legal costs. The DCBPL failed to anticipate these costs for several years and handed the board a large debt at reinstatement. The board prior to the new chief investigator had little to no say in which cases to pursue. Our legal costs can vary widely year to year and the board cannot budget for the legal costs. It is the chairmans belief that license fees cannot be expected to cover our investigative and legal costs. A separate fee dedicated to legal and investigative costs appears to be a workable solution. After 2 years of suggestions to that effect the new director quickly saw the merit of that idea. The new fees for records submissions will retire the debt in a timely manner.

**Recommendation 4**  
The board appreciates the finding and will address the issue.

**RECEIVED**  
NOV 16 2015  
State of Alaska  
Division of Legislative Audit

Nov 16 15 10 51a Kelly Vrem/Rough & Ready 907-745-8737 p 2

In conclusion the board is aware of our debt and will take action to eliminate it, DCBPL and legislative unfunded mandates and regulations are responsible for the debt. In the boards opinion DCBPL mishandled the presentation of the debt discovery to the board. Much valuable time was wasted by former staff in it's poor presentation of the causes of the debt. That issue is behind us and the board is now tasked with providing a rational explanation of the magnitude of the problem to our licensees and public.

Sunset Criteria

1. The board finds no issue and has no further comment.
2. The board wishes to restate the delay in raising fees was a direct result of the poor communication to the board of the notice of our deficit. The news of the substantial debt was a surprise and no explanation other than there was an audit was furnished. As noted in the sunset criteria a plan to eliminate the debt is being implemented.
3. The board finds no issue and has no further comment.
4. The board finds no issue and has no further comment.
5. The board finds no issue and has no further comment.
6. The board has been working with our investigations department to implement additional educational material to clarify some regulations and prevent inadvertent violations of a non criminal nature. Other methods of insuring regulation compliance are being researched to reduce investigations costs. The board is optimistic it can maintain compliance and reduce litigation by professional licensees over non-criminal offenses.
7. The board finds no issue and has no further comment.
8. The board finds no issue and has no further comment.
9. The board finds no issue and has no further comment.
10. The board will have a public notice of proposed regulations regarding first aid training for all classes of licensees at the December 2015 meeting. It is worth noting that there is probably a 90% first aid card compliance by contracting registered/master guides already. Currently there is no requirement for transporters to possess a current first aid card for licensure. This will be addressed in the proposed regulations as well.
11. There is a need for better access and accounting the level of guide and transporter activity in specific locations. Currently there is no method short of a hand count to determine numbers of clients or game harvest by guides and transporters.

The board appreciates the opportunity to comment. As the Chairman I am available to answer any further questions or offer any cooperation in our continued operation.

  
Kelly Vrem  
Chairman BGCSB

# Legislative Auditor's Additional Comments

## ALASKA STATE LEGISLATURE LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
legaudit@akleg.gov

November 18, 2015

Members of the Legislative Budget  
and Audit Committee:

We have reviewed the Department of Commerce, Community, and Economic Development (DCCED) and Big Game Commercial Services Board (BGCSB) responses to the audit report. Nothing contained in the responses causes us to revise or reconsider the report conclusions or recommendations. The DCCED commissioner disagrees that board subcommittees are subject to the same public notice requirements as regular or teleconference board meetings since subcommittee meetings are identified on the regular meeting agendas available on BGCSB's website. Alaska statutes require that public notice be issued using the online public notice system for all meetings of a governmental body. We reaffirm the conclusions and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA  
Legislative Auditor

(Intentionally left blank)

## Steve Handy

---

**From:** Rep. Louise Stutes  
**Sent:** Friday, February 12, 2016 9:21 AM  
**To:** Steve Handy  
**Subject:** FW: HB254 support

---

**From:** Loren Karro [mailto:lorenk@mtaonline.net]  
**Sent:** Thursday, February 11, 2016 8:10 PM  
**To:** Rep. Louise Stutes <Rep.Louise.Stutes@akleg.gov>  
**Cc:** thorstacey@gmail.com  
**Subject:** HB254 support

### ALASKA TROPHY ADVENTURES

**Loren J. Karro      Daniel G. Montgomery**

**Reg. Guide # 941      Master Guide # 173**

**P.O. Box 874492**

**Wasilla, AK 99687**

**(907) 373-4898**

February 11, 2016

Dear Representative Stutes;

We want to thank you for sponsoring HB254, in support of reauthorizing the Big Game Commercial Services Board (BGCSB).

We have lived in Alaska for 35 years, and during that time have resided in Auk Bay, Kotzebue and now the Mat Su Valley. We have been in the guiding industry for over 22 years, and since the re-inception of the BGCSB have been involved in many facets of it, for the betterment of our industry and of our impact on the state as a whole.

The 2014 McDowell Report on the Economic Impacts of Guided Hunting in Alaska pointed out that in 2012, guided hunting accounted for a total of 2,210 jobs in Alaska, with a total labor income of over \$35 million. Guided hunting generated a total of \$78 million in economic activity in Alaska during that same year. What is most important is that much of these jobs and economic impacts are felt within the small, rural communities throughout our state. We spend part of every year in Port Heiden, where we conduct much of our

business. Besides having wonderful friends and relationships within the community, we hire local people to oversee our property, to provide food and baked goods for our clients, and to do various jobs as they come up. We buy as much of our food and supplies as possible at the local store. We buy thousands of dollars in gas and aviation gas locally, and worked with the City to be sure that av gas prices were set at an advantageous level for the local government. We showed them what our avoided costs were by buying local, and recommended that they charge this price when they were looking at a much lower rate. We have been asked to speak at the local school, and we give all of our excess food to local people.

We also operate out of the Meadow Lakes area and up along the Glenn Highway to near Glennallen. We utilize the local cafes and roadhouses along this route. We buy most of the food and supplies needed for this part of our business at local grocery stores and shops, choosing to shop first locally and then, as needed, within urban Alaska.

Maintaining a high level of professional standards is of the utmost importance to keep guided Alaskan hunts desirous amongst the hunting community worldwide. Alaskan guides are known as some of the most professional and most regulated guides in North America. If this was not so, much of our business would go to Canada or other states. The BGCSB sees to maintaining these standards in a variety of ways. The investigative arm checks into complaints and allegations of illegal or unethical activity and holds the guides accountable to a very high ethical standard. The Board has the power to suspend or revoke a professional guide's license. Unfortunately, when the BGCSB was temporarily sunsetted in the nineties, these investigative activities resulted in a very high and uncontrolled debt. Although no BGCSB had any part in these investigations and their costs, we have been left holding the bag for the accrued debt of over \$600,000. The BGCSB has taken steps to increase our licensing and testing costs to pay off the accrued debt as soon as possible.

Another route to maintaining a high professional standard is by making sure that anyone applying for a guide license is experienced, knowledgeable and holds the professional skills necessary to guide hunters and take care of the meat and the priceless trophies. To this end, the Board is constantly reevaluating the requirements to apply for an Assistant Guide or a Registered Guide license, as well as the testing necessary to become a guide once the other requirements are met. For the past few years Loren has chaired a committee that has almost finished rewriting the practical portions of the exam and is beginning on the written portion. We also manage the proctors for the practical portions of the exam, and am proud of the Registered Guides who give of their time and knowledge to administer the exams. We are all volunteers. Without a BGCSB, the Division of Occupational Licensing would not have a knowledgeable, experienced pool of people to be sure that the exams remain pertinent, thorough and up to the highest standards.

The guides who participate in the BGCSB meetings have the best of the guiding industry at heart. As such, we are respectful of our fellow guides as well as of local hunters, and are concerned with maintaining viable and healthy game populations. We work to weed out the "bad" amongst us and have input to keep regulations such that our industry is held to a high standard, while recognizing the individual differences amongst the wide variety of independent guide businesses. The members of the BGCSB are the key in keeping the professional standards of the Guide Industry. We have personally witnessed new board members from outside the industry, who may come to the Board without a favorable view of guides, embrace our industry as they learn of the economic benefits we bring and the high level of professional standards that we hold ourselves to.

If there were not a BGCSB, there would be no knowledgeable base to review the new licensees, to write and administer the exams, and to continually review the regulations to be sure they work with current laws and needs. There would not be a professional group to authorize and direct investigators to keep the standards high and nitpicking to a minimum.

We are proud to be a professional guides in Alaska, and Loren is working to obtain her Master Guide License. These titles mean something to us in that we are part of a highly professional industry, whose members are held to a higher standard than are the general public, and who make a positive impact within our region and state. We have great respect for our Board, and know without a doubt that if the BGCSB were to be sunsetted, the standards we have set would be at stake, and with that, the reputation of the guiding industry in Alaska would also be in peril.

Thank you for your sponsorship of HB254. We know many respected and dedicated guides in Kodiak, and know that they too work to keep our industry professional, accountable and ethical.

Sincerely,

Loren J Karro

Daniel G. Montgomery

Reg. Guide # 941

Master Guide # 173

# ALASKA

## PROFESSIONAL HUNTER ASSOCIATION, INC.

P.O. Box 240971 ~ Anchorage, AK 99524

Phone: (907)-929-0619 ~ (907)-868-1562

Email: [office@alaskaprohunter.org](mailto:office@alaskaprohunter.org) ~ [www.alaskaprohunter.org](http://www.alaskaprohunter.org)

February 12, 2016

Representative Louise Stutes  
State Capitol Room 416  
Juneau AK, 99801

**RE: HB254**

Dear Rep. Stutes,

The Alaska Professional Hunters Association (APHA) would like to thank you for sponsoring HB254 and lend our strong support to re-authorizing the Big Game Commercial Services Board (BGCSB). APHA is Alaska's only organization advocating for Alaska's historic hunting guide industry. Founded in 1971, APHA has approximately 135 professional members, representing more than 40% of Alaska's guide businesses. As a professional organization we advocate for high ethical and professional standards within our industry. APHA recognizes the Alaska's big game resources we rely on are held in the public trust and our access to those resources is a privilege that comes with stewardship responsibilities. The BGCSB is the central public institution that keeps our profession vital and our relationship with the general public sustainable and healthy in an ever changing, complex world.

APHA recognizes that the BGCSB is facing significant challenges with its current deficit. This challenge is partly due to the previous sunset of the BGCSB several years ago, and partly due to the complexities and differences in our program versus other professional licensing boards. As an association we have worked as closely as possible with the Division, the Board, and our members to get clear communication and understanding of the scope of the challenges facing our program and our industry. The APHA understands that licensees must pay for the cost of licensure and our board functions, therefore we have supported the two most recent rounds of fee increases. During the last two years, as the division, legislature, board and legislative budget and audit have held hearings and meetings on our deficit we have closely monitored the various findings and proposed solutions. While the discussions have been enlightening and helped us understand how we got to where we currently are, one theme has come across loud and clear; it is up to the licensees to pay the bill and move on. APHA members and leadership accept their responsibilities while at the same time insisting that having our board is essential for our future.

Alaska's guide industry is a net positive to the State coffers and contributes essential new dollars to the Alaskan economy, especially in rural Alaska. Alaska's active registered hunting guides are overwhelmingly Alaska residents (89%, McDowell 2014). Close to 50% of the total \$78 million total economic activity is directed to rural areas in Alaska. (McDowell 2014). These numbers and this relationship between Alaska ownership and Alaska's game resources are essential to keep in mind when considering re-authorizing the BGCSB. Without high licensing standards and the vocational/apprentice path to professional licensure that the BGCSB administers and oversees, this healthy economic relationship could be lost. We urge the legislature to keep in mind that while our board is running a deficit the Division of Wildlife (ADF&G) is a huge beneficiary of hunting license

# ALASKA

## PROFESSIONAL HUNTER ASSOCIATION, INC.

P.O. Box 240971 ~ Anchorage, AK 99524

Phone: (907)-929-0619 ~ (907)-868-1562

Email: [office@alaskaprohunter.org](mailto:office@alaskaprohunter.org) ~ [www.alaskaprohunter.org](http://www.alaskaprohunter.org)

and tag fees from our clients and that these revenue streams are matched by federal dollars 3 to 1. The BGCSB is running a deficit to the Division of Corporations and Professional Licensing but the industry that it serves helps provide close to 80% of the Division of Wildlife's budget. The direct and indirect benefits to the State, economy and general public far outweigh the deficit to the licensing program.

Big game is a cornerstone of Alaskan culture. Game is a source of subsistence and food security; while providing immeasurable enjoyment when viewed. Game is a major attraction for domestic and global travelers alike. Wildlife and Alaska are synonymous. Alaska's reputation and attractiveness as a global destination requires that we have world-class game management and responsible programs where commercial take of wildlife is allowed. Guiding hunters may be the oldest value added tour in Alaska but it is essential that the industry and profession continually update its standards to maintain its place in the future. Without the BGCSB it would be impossible for the industry to stay current and responsive to the general public and the industry.

Guiding hunters in Alaska's vast wilderness requires a diverse and impressive set of skills. Wilderness travel, first aid, meat handling, charging bears, raging river and flying are the associations that come to mind when one thinks about an "Alaskan hunting guide." APHA is working hard to maintain these positive associations and we need our BGCSB to continue this process. APHA is a seasoned organization that has advocated for Alaska's guide industry through many challenging and difficult times in Alaska's history. We respectfully offer our strong support for the Big Game Commercial Services Board as an institution that is essential for the future of our industry.

Sincerely,

Sam Rohrer  
President, APHA

**From:** [Rep. Louise Stutes](#)  
**To:** [Steve Handy](#)  
**Subject:** FW: On re-authorization of the Guide Board HB254,  
**Date:** Tuesday, February 16, 2016 8:26:50 AM

---

**From:** James P. Jacobson [mailto:[huntfish@ak.net](mailto:huntfish@ak.net)]  
**Sent:** Monday, February 15, 2016 11:34 AM  
**To:** Rep. Louise Stutes <[Rep.Louise.Stutes@akleg.gov](mailto:Rep.Louise.Stutes@akleg.gov)>  
**Subject:** On re-authorization of the Guide Board HB254,

2-15-16 Hi Louise,

As you know from our previous telephone conversation, I strongly favor re-authorization of the Guide Board.

I've been guiding in Alaska since 1967 & have employed and involved 5 generations of my family in the hunting business, dba Arctic Rivers Guide & Booking Service. Most of our activities have taken place in NW Arctic Alaska, north of Kotzebue, but I have also worked in the Kodiak & other areas of Alaska.

Best regards in this most difficult of years,  
Jake

**From:** Sam Rohrer [<mailto:sam@kodiakbearcamp.com>]  
**Sent:** Thursday, January 21, 2016 9:38 PM  
**To:** Rep. Louise Stutes <[Rep.Louise.Stutes@akleg.gov](mailto:Rep.Louise.Stutes@akleg.gov)>  
**Cc:** Sen. Gary Stevens <[Sen.Gary.Stevens@akleg.gov](mailto:Sen.Gary.Stevens@akleg.gov)>  
**Subject:** HB 254

Representative Stutes,

I wanted to drop you a quick note and thank you again for sponsoring both HB 254 and for getting it off to such a fast start this session!

The Big Game Commercial Services Board is extremely important to the long term viability of the Guiding Industry. Our Industry is important to not only Kodiak's economy, but to the State of Alaska as a whole. It contributes more than 70 million dollars each year to Alaska's economy, over half of which ends up in rural communities.

Thanks for taking this important issue on. As I said before, please feel free to call or email me with any questions or if I can be of any assistance. I look forward to getting to testify in support of your bill!

Thanks,

Sam Rohrer  
Rohrer Bear Camp  
P.O. Box 1388  
Kodiak, AK 99615  
(907) 486-4074 (hm)  
(907) 539-1828 (cell)  
[www.kodiakbearcamp.com](http://www.kodiakbearcamp.com)

**From:** "Steven H. Perrins II" <[guide88@hotmail.com](mailto:guide88@hotmail.com)>  
**Date:** January 26, 2016 at 9:33:35 AM AKST  
**To:** <[Rep.louise.stutes@akleg.gov](mailto:Rep.louise.stutes@akleg.gov)>  
**Subject:** HB254 BGCSB

Hi Rep Stutes,

I wanted to personally Thank you for sponsoring this bill. It is absolutely vital to the guiding industry and well-being of all Alaskan hunters for the Big Game Commercial Services Board to be active. The last time it was sunset it ended up costing the state of Alaska a lot of money (which our industry is now paying back L ) and resulted in a lot of poor regulation due to lack of knowledge and understanding. I completely understand the budget issues this year and the debt of this board looks bad so I urge you to understand the history of were that debt came from and see the huge rate increases that have been placed on us(Alaskan Guides) to pay that back. We are now on track with a pace of rapid pay off and financial sustainability of the board as long as the legislator does not sun set us again and cause these problems. I urge them to not be short sighted when facing these budget issues.

Please let me know if there is anything I can do to help make the passing of this bill a success. If you need co-sponsors I know a few Legislators that I could reach out to.

Thanks again and along with Rainy Pass Lodge our family owns Kodiak Safari's and I have been enjoying your very unique district since I was 8 years old. It's a very special place.

**Steve H. Perrins II**

Rainy Pass Lodge – Operations Manager  
[www.theperrinsrainypasslodge.com](http://www.theperrinsrainypasslodge.com)  
PO BOX 221267  
Anchorage, AK 99522-1267  
Lodge: (907) 770-6304  
Lodge: (907) 733-2714  
Cell: (907) 717-7556

God Bless

# Katmai Guide Service

JOE KLUTSCH, MASTER GUIDE

Dear Representative Stutes,

I am writing you from King Salmon, Alaska, where my Wife and I have lived for over 40 years. I have been guiding fishermen and hunters since 1974 as an Assistant Guide, and earned my Registered Guide license in 1979. These were dramatic years leading to the passage of ANILCA. Like all other people in the private sector, in the face of both Federal and State regulations, I have always advocated for proper regulatory standards that ensure conservation of Alaska's wildlife resources to the best extent possible.

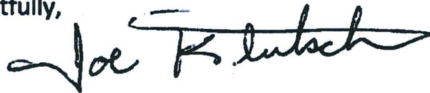
I have been involved with this process even before the passage of ANILCA and have a very good historical perspective on resource management in Alaska. I have served over 35 years on the Bristol Bay Naknek/Kvichak Advisory Committee and continue to learn a great deal about resource management. I cannot stress the importance of accountability and professional standards of conduct in the guiding profession. The Big Game Commercial Services Board is the primary vehicle to ensure we can accomplish these goals. This board is the one state entity that can address state wide guiding and transporter issues, aside from federal agencies who generally advocate agendas which do not fairly reflect the overall interests of the guiding profession and the State of Alaska as a whole.

You should also understand the role the guiding industry plays in contracting with airlines, air charter companies, hotels, restaurants and sporting good outlets in our state. This goes beyond the cash flow to major transport centers throughout the state but as importantly the rural villages where there are significant employment opportunities. In Kodiak and on the Alaska Peninsula, nearly all of the people who work with me are residents of the region. You should not underestimate the importance of our economic contribution.

Lastly, it is extremely important that we are able through a state board process to design proper regulations (not over regulation) and carry out regulatory enforcement designed to ensure professional standards of conduct and real conservation of our state's wildlife resources. The reauthorization of the Big Game Commercial Services Board will prevent the abrogation of state jurisdiction to a myriad of federal agencies that tend not to be informed or sensitive to state guiding issues beyond their parochial land "management" perspectives.

I urge you in all sincerity to reauthorize the Big Game Commercial Services Board, HB 254. Please contact me if you have any questions regarding my perspective on this legislation.

Respectfully,



Joe Klutsch

Master Guide 91

HUNTING      FISHING      WILDLIFE EDUCATION TRIPS  
P.O. BOX 313 • KING SALMON, ALASKA 99613 • (907) 246-3030 • FAX: (907) 246-3050



Alaska Chapter SCI  
PO Box 770511  
Eagle River, AK 99577  
(907) 980-9018



February 12, 2016

The Honorable Louise Stutes  
Alaska House of Representatives  
120 4<sup>th</sup> St. Rm. 416  
Juneau, AK 99801

Dear Representative Stutes:

Safari Club International, Alaska Chapter is a leading supporter of wildlife conservation and the hunting heritage here in Alaska and as a member club of the world's largest hunting organization, we are very supportive of your legislation, HB 254, to extend the sunset date for the Big Game Commercial Services Board. We believe it is imperative that the State of Alaska has a board committed to maintaining high professional standards within this industry.

Alaska's fish and wildlife are very important to our citizens and therefore must be managed and allocated through sound science conducted by professionals. Having the BGCSB to regulate the guiding industry is an important component of such a professional management system.

We appreciate your willingness to support this important, sustainable industry that has contributed so much to Alaska's history and economy through the introduction of HB 254. If we may be of any assistance in assuring the passage of this legislation, please don't hesitate to let me know.

Sincerely,

A handwritten signature in blue ink that reads 'Eddie Grasser'. The signature is fluid and cursive.

Eddie Grasser  
Governmental Affairs Chairman

**SCI's Top Gun Chapter**