

**HB**

**3000**

<TARGET><BILL>HB 300</BILL><SUBJECT>HB  
300</SUBJECT><COMM>HFSH29</COMM></TARGET>

STATE CAPITOL  
P.O. Box 110001  
Juneau, AK 99811-0001  
907-465-3500  
fax: 907-465-3532



550 West Seventh Avenue, Suite 1700  
Anchorage, AK 99501  
907-269-7450  
fax 907-269-7461  
[www.Gov.Alaska.Gov](http://www.Gov.Alaska.Gov)  
[Governor@Alaska.Gov](mailto:Governor@Alaska.Gov)

Governor Bill Walker  
STATE OF ALASKA

February 4, 2016

The Honorable Mike Chenault  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to management of enhanced stocks of fish; authorizing the operation of nonprofit shellfish hatcheries; and application fees for salmon and shellfish hatchery permits.

The bill would authorize the Commissioner of Fish and Game to permit the construction and operation of shellfish hatcheries by nonprofit corporations for the purpose of enhancing shellfish fisheries. The bill would also make several other related amendments to State law relating to shellfish hatcheries.

The Board of Fisheries is statutorily tasked to manage fish stocks in the state; fish stocks include invertebrate species, such as shellfish. Currently, under AS 16.40.100 - 16.40.199 the Commissioner may permit the construction and operation of shellfish hatcheries for the purpose of supplying shellfish to an aquatic farm, but may not permit the construction and operation of shellfish hatcheries for the purpose of enhancing shellfish fisheries. The bill is largely modeled after AS 16.10.375 - 16.10.480, which authorizes the Commissioner of Fish and Game to permit the construction and operation of salmon hatcheries for the purpose of enhancing salmon fisheries.

The bill would also make conforming amendments to the determination of authorized gear to allow use of legal gear to harvest shellfish, to allow donations of shellfish to a food bank, and to exempt from State corporate income tax income from a nonprofit corporation holding a permit to operate a shellfish hatchery for enhancement of shellfish stock.

In addition, the bill would update the application fee for a salmon hatchery permit.

Enhancement of the State's shellfish fisheries would benefit the state's economy by providing a method to increase the available harvest of shellfish for public use in an environmentally safe manner.

The Honorable Mike Chenault  
Transmittal Shellfish Hatcheries  
February 4, 2016  
Page 2

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Walker". The signature is written in a cursive, flowing style.

Bill Walker  
Governor

Enclosure



**Sectional Analysis, HB 300**  
**Version W**  
**Shellfish Stock Rehabilitation and Fishery Enhancement Projects**  
**March 23, 2016**

**Sec. 1**

Provides the Alaska Board of Fisheries authority to direct the department to manage production of enhanced shellfish stocks, beyond broodstock needs, for cost recovery harvest.

**Sec. 2**

Increases the permit application fee for new private nonprofit salmon hatcheries from \$100 to \$1,000.

**Sec. 3**

Adds a new Chapter 12 to Title 16, "Shellfish Stock Rehabilitation Efforts, Enhancement Projects, and Hatcheries. Provides direction to the commissioner on issuance of permits for private nonprofit shellfish stock rehabilitation and fishery enhancement projects and associated shellfish hatcheries and establishes a \$1,000 permit application fee. This section directs the commissioner to consult with technical experts in the relevant areas before permit issuance. This section provides for a hearing prior to issuance of a permit and describes certain permit terms including cost recovery fisheries, harvest, sale, and release of hatchery-produced shellfish, and selection of broodstock sources. This section describes reporting requirements and terms for modification or revocation of a permit.

**Sec. 4**

Provides the commissioner authority to issue special harvest area entry permits to holders of private nonprofit shellfish rehabilitation, enhancement or hatchery permits.

**Sec. 5**

Defines legal fishing gear for special harvest area entry permit holders.

**Sec. 6**

Exempts shellfish raised in a private nonprofit shellfish project from the farmed fish definition.

**Sec. 7 and 8**

Establish tax exemption for a nonprofit corporation holding a shellfish hatchery, rehabilitation, or enhancement permit.

**Sec. 9**

Exempts shellfish harvested under a special harvest area entry permit from certain taxes.

**Sec. 10**

Establishes an effective date of the fee for salmon hatchery permits described in sec. 2.

**Sec. 11**

Authorizes the department to adopt implementing regulations.

**Sec. 12**

Establishes an immediate effective date for sec. 12 pursuant to AS 01.10.070(c).

**Sec. 13**

Establishes an effective date for sec. 9 concomitant with sec. 2 effective date.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Fish and Game

OFFICE OF THE COMMISSIONER  
Headquarters Office

1255 West 8th Street  
P.O. Box 115526  
Juneau, Alaska 99811-5526  
Main: 907.465.4100  
Fax: 907.465.2332

**Sectional Analysis, HB 300**  
**Shellfish Enhancement Project**  
**February 5, 2016**

**Sec. 1**

Provides the Alaska Board of Fisheries authority to direct the department to manage production of enhanced shellfish stocks, beyond broodstock needs, for cost recovery harvest.

**Sec. 2**

Increases the permit application fee for new private nonprofit salmon hatcheries from \$100 to \$1,000.

**Sec. 3**

Provides direction to the commissioner on issuance of permits for private nonprofit shellfish hatcheries and establishes a \$1,000 permit application fee. This section directs the commissioner to consult with technical experts in the relevant areas before permit issuance. This section provides for a hearing prior to issuance of a shellfish hatchery permit and describes certain hatchery permit terms including cost recovery fisheries, harvest, sale, and release of hatchery-produced shellfish, and selection of broodstock sources. This section describes reporting requirements and terms for modification or revocation of a permit.

**Sec. 4**

Provides the commissioner authority to issue special harvest area entry permits to holders of private nonprofit hatchery permits issued by the department.

**Sec. 5**

Defines legal fishing gear for special harvest area entry permit holders.

**Sec. 6**

Exempts fish raised in a private nonprofit shellfish hatchery from the farmed fish definition.

**Sec. 7**

Provides liability immunity to nonprofit shellfish hatchery operators who donate fish to a food bank.

**Sec. 8**

Establishes tax exemption to a nonprofit corporation holding a shellfish hatchery permit.

**Sec. 9**

Exempts shellfish harvested a special harvest area entry permit from certain taxes.

**Sec. 10**

Sets an effective date for new fee proposed in sec. 2 as the date this bill is effective.

**Sec. 11**

Authorizes the department to adopt implementing regulations.

**Sec. 12**

Establishes an immediate effective date for sec. 11 pursuant to AS 01.10.070(c).



## HOUSE BILL 300

### Explanation of Changes: Version W

1. The title is changed to reflect the following changes:  
*"An Act relating to management of stocks of shellfish; authorizing certain nonprofit organizations to engage in shellfish stock rehabilitation efforts, carry out shellfish enhancement projects, and operate shellfish hatcheries; relating to application fees for salmon hatchery permits; and providing for an effective date."*
2. Page 2, Lines 13-14, insert a new title for the new chapter 12: "Shellfish Stock Rehabilitation Efforts, Enhancement Projects, and Hatcheries."
3. Page 2, Lines 15-19, reflect language changes to include shellfish stock rehabilitation and enhancement projects in the section and removes the words "or a designee" (line 17).
4. Page 2, Lines 22-24, remove "hatchery permit" and replacing it with "a permit issued under this section." Also removes "a hatchery" and replaces it with "a facility."
5. Page 2, Lines 28-30, restructure the wording of the paragraph without substantive changes.
6. Page 3, Lines 6-10, restructure the wording of the paragraph. Add the terms proposed stock rehabilitation effort and enhancement project (line 7) to the paragraph. Add the words "the capacity of the facility" (line 9) to the paragraph.
7. Page 3, Lines 15-16, remove the words "a hatchery operator" and replaces them with "a permit issued under this chapter."
8. Page 3, Lines 17-20, restructure the wording of the paragraphs without substantive changes.
9. Page 3, Lines 21-22, add a new paragraph prohibiting a permit holder from procuring or placing genetically modified shellfish into the water of the state.
10. Page 3, Lines 23-31, restructure the wording of the paragraphs without substantive changes.
11. Page 4, Lines 1-3, restructure the wording of the paragraph. Removes the words "operators of other hatcheries," replacing them with "other permit holders."
12. Page 4, Lines 4-8, restructure the wording of the paragraphs without substantive changes.
13. Page 4, Lines 21-22, remove the word "hatchery," replacing it with "permit holder." Also replaces "AS 16.12.010-16.12.199" with "this chapter."
14. Page 4, Line 25, removes the words "hatchery operator," replacing it with "permit holder."

15. Page 4, Line 29, replaces the words "hatchery operators" with "permit holders."
16. Page 4, Line 31, replaces "AS 16.12.010-16.12.199" with "this chapter."
17. Page 5, Lines 4-5, replace "in the planning, construction, or operation of shellfish hatcheries" with "as to stock rehabilitation efforts, enhancement projects, or the planning, construction, and operation of facilities."
18. Page 5, Lines 7 and 8 replace "AS 16.12.010-16.12.199" with "this chapter."
19. Page 5, Lines 12-13, restructure the wording of the paragraph. Removes the words "and then, upon department approval, from other areas, as necessary."
20. Page 5, Line 15, replaces "shellfish hatchery operator" with "permit holder."
21. Page 5, Line 16, replaces "another hatchery operating under a permit issued under AS 16.12.010-16.12.199" with "another permit holder under this chapter."
22. Page 5, Line 18-19, restructure the wording of the paragraph without substantive changes.
23. Page 5, Lines 20-22, restructure the wording of the paragraph without substantive changes.
24. Page 5, Lines 23-24, replace "a hatchery permit holder may harvest shellfish for a facility" with "a permit holder may harvest shellfish for a stock rehabilitation effort, an enhancement project, or a hatchery."
25. Page 5, Lines 30-31 and Page 6, Lines 1-2 replace "a hatchery permit holder" with "a permit holder;" replaces "membership of the hatchery permit holder's board" with "permit holders board;" replaces "established for that facility through the common property fishery" with "established for stock rehabilitation, an enhancement project, or a hatchery through the common property fishery."
26. Page 6, Line 11, replaces "hatchery" with "permit holder."
27. Page 6, Line 13, replaces "hatchery" with "permit holder."
28. Page 7, Line 4, replaces "hatchery permit holder" with "permit holder."
29. Page 7, Line 8, replaces "shellfish hatchery" with "permit holder's stock rehabilitation effort, enhancement project, or hatchery."
30. Page 7, Lines 19-20, replace "hatchery permit holder who operates a facility" with "permit holder who is rehabilitating stock, carrying out an enhancement project, or operating a facility."
31. Page 7, Lines 30-31 and Page 8, Line 1, remove the definition of "facility" from subsection (g)."

32. Page 8, Line 3, replaces the title "Inspection of hatchery" with "Inspection by the department."
33. Page 8, Lines 3-7, include the terms stock rehabilitation facility and enhancement project facility to be inspected along with hatcheries by the Department of Fish and Game.
34. Page 8, Lines 8-9, restructure the wording of the paragraph without substantive changes.
35. Page 8, Lines 10-19, reformat the paragraph to be enumerated.
36. Page 8, Line 19, removes the word "hatchery," inserts the words "by the permit holder."
37. Page 8, Lines 21-24, inserts definition of "enhancement project".
38. Page 8, Lines 25-26, insert a definition of "facility." NOTE: This definition is different than the one removed in change 31.
39. Page 8, Lines 27-31, insert a definition of "genetically modified shellfish."
40. Page 9, Line 4, the definition of "shellfish" is modified to remove the words "or that is authorized to be imported into the state under a permit issued by the commissioner."
41. Page 9, Lines 5-6, insert a definition of "stock rehabilitation."
42. Page 9, Lines 26-27, remove Section 7 related to foodbank donations.
43. Page 9, Lines 8-14, reformat Section 4(a) to constitute two new paragraphs. Replaces "AS 16.12.010-16.12.199 for shellfish," with "(2) nonprofit organizations holding a permit under AS 16.12 for a shellfish stock rehabilitation effort, a shellfish enhancement project, or a shellfish hatchery."
44. Page 10, Lines 11-22, insert a new Section 8 to comport with the repeal and reenactment language of sec. 2, ch.55, SLA 2013, related to Section 7 (Page 9, Lines 27-31 and Page 10, Lines 1-10).
45. Page 11, Line 2, removes the words "may proceed to."
46. Page 11, Lines 7-8, insert a new Section 13, instituting an effective date for the new Section 8 (Page 10, Lines 11-22).

29-GH2653\W  
Bullard  
3/21/16

**CS FOR HOUSE BILL NO. 300( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-NINTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to management of enhanced stocks of shellfish; authorizing certain**  
2 **nonprofit organizations to engage in shellfish stock rehabilitation efforts, carry out**  
3 **shellfish enhancement projects, and operate shellfish hatcheries; relating to application**  
4 **fees for salmon hatchery permits; and providing for an effective date."**

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

6 **\* Section 1.** AS 16.05.730(c) is amended to read:

7 (c) The board may consider the need of enhancement projects authorized  
8 under AS 16.10.400 and contractors who operate state-owned enhancement projects  
9 under AS 16.10.480 to harvest and sell fish produced by the enhancement project that  
10 are not needed for brood stock to obtain funds for the purposes allowed under  
11 AS 16.10.450 or 16.10.480(d). **The board may consider the need of enhancement**  
12 **projects authorized under AS 16.12.010 to harvest and sell shellfish that are not**  
13 **needed for brood stock to obtain funds for the purposes allowed under**  
14 **AS 16.12.080.** The board may exercise its authority under this title as it considers

1 necessary to direct the department to provide a reasonable harvest of fish, in addition  
2 to the fish needed for brood stock, to an enhancement project to obtain funds for the  
3 enhancement project if the harvest is consistent with sustained yield of wild fish  
4 stocks. The board may adopt a fishery management plan to provide fish to an  
5 enhancement project to obtain funds for the purposes allowed under AS 16.10.450,  
6 [OR] 16.10.480(d), or AS 16.12.080.

7 \* **Sec. 2.** AS 16.10.400(b) is amended to read:

8 (b) The application for a permit under this section shall be on a form  
9 prescribed by the department and be accompanied by an application fee of \$1,000  
10 [\$100]. The commissioner may waive the submission of an application for a permit to  
11 operate a hatchery under AS 16.10.480.

12 \* **Sec. 3.** AS 16 is amended by adding a new chapter to read:

13 **Chapter 12. Shellfish Stock Rehabilitation Efforts, Enhancement Projects, and**  
14 **Hatcheries.**

15 **Sec. 16.12.010. Permits for shellfish stock rehabilitation, enhancement**  
16 **projects, or hatcheries.** (a) Subject to the restrictions imposed by statute or regulation  
17 under this chapter, the commissioner may issue a permit to a nonprofit corporation  
18 organized under AS 10.20 for stock rehabilitation, an enhancement project, or the  
19 construction and operation of a shellfish hatchery.

20 (b) Each applicant for a permit under this section shall apply in a format  
21 prescribed by the department and pay an application fee of \$1,000.

22 (c) A permit issued under this section is nontransferable. If a permit holder  
23 sells or leases a facility for which a permit has been issued under this section, the new  
24 operator shall apply for a permit under this section.

25 (d) The commissioner shall consult with and solicit recommendations from  
26 federal and state agencies and technical experts in the relevant area regarding permit  
27 stipulations and issuance.

28 (e) The commissioner may not issue a permit under this section unless the  
29 commissioner determines that the action would result in substantial public benefits and  
30 would not jeopardize natural stocks.

31 **Sec. 16.12.020. Hearings before permit issuance.** (a) At least 30 days before

1 the issuance of a permit under AS 16.12.010, the department shall hold a public  
2 hearing in a central location in the vicinity of the proposed release.

3 (b) Notice of the hearing shall be published in a newspaper of general  
4 circulation once a week for three consecutive weeks, with completion of the notice at  
5 least five days before the hearing.

6 (c) The department shall conduct the hearing. The applicant shall present a  
7 plan for the proposed stock rehabilitation effort, enhancement project, or hatchery  
8 describing relevant facts that may be of interest to the department or to the public and  
9 the capacity of the facility. The department shall give interested members of the public  
10 an opportunity to be heard.

11 (d) The department shall record and consider objections and recommendations  
12 offered by the public at the hearing conducted under this section. The department shall  
13 respond in writing, not later than 30 days after the hearing is held, to a specific  
14 objection offered by a member of the public at the hearing.

15 **Sec. 16.12.030. Conditions of a permit.** The department shall require, in a  
16 permit issued under this chapter, that the permit holder

17 (1) procure shellfish from the department or a source approved by the  
18 department;

19 (2) place shellfish only in water of the state specifically designated in  
20 the permit;

21 (3) not procure or place genetically modified shellfish into the water of  
22 the state;

23 (4) not resell or transfer shellfish sold to a permit holder by the state or  
24 by another party approved by the department;

25 (5) not release shellfish before approval of the department, and, for  
26 purposes of pathological examination and approval, that the permit holder notify the  
27 department at least 15 days before the date of the proposed release of shellfish;

28 (6) destroy diseased shellfish in a specific manner and place designated  
29 by the department;

30 (7) harvest shellfish only at specific locations and under specific  
31 conditions as designated by the department;

1 (8) make surplus shellfish available for sale first to the department and  
2 then, after inspection and approval by the department, to other permit holders  
3 operating under this chapter;

4 (9) provide a copy of the sales transaction to the department if surplus  
5 shellfish are sold by a permit holder to another permit holder;

6 (10) release shellfish in an area where the shellfish will be available to  
7 traditional fisheries, subject to the provisions of this chapter and regulations adopted  
8 under this chapter.

9 **Sec. 16.12.040. Alteration, suspension, or revocation of permit.** (a) If a  
10 permit holder fails to comply with the conditions and terms of the permit issued under  
11 AS 16.12.010 within a reasonable period after notification by the department of  
12 noncompliance, the permit may be suspended or revoked, in the discretion of the  
13 commissioner.

14 (b) If the commissioner finds that the operation of the permitted activity is not  
15 in the best interests of the public, the commissioner may alter the conditions of the  
16 permit to mitigate the adverse effects of the operation or, if the adverse effects are  
17 irreversible and cannot be mitigated sufficiently, initiate a termination of the operation  
18 under the permit over a reasonable period under the circumstances, not to exceed four  
19 years. During the period that the operation is being terminated, the permit holder may  
20 harvest shellfish under the terms of the permit but may not release additional shellfish.

21 **Sec. 16.12.050. Regulations relating to released shellfish.** (a) Shellfish  
22 released into the natural water of the state by a permit holder under this chapter are  
23 available to the people for common use and are subject to regulation under applicable  
24 law in the same way as shellfish occurring in their natural state except when they are  
25 in a special location designated by the department for harvest by a permit holder.

26 (b) The Board of Fisheries may, after the issuance of a permit by the  
27 commissioner, amend by regulation adopted in accordance with AS 44.62  
28 (Administrative Procedure Act), the terms of the permit relating to the source of brood  
29 stock, the harvest of shellfish by permit holders, and the specific locations designated  
30 by the department for harvest. The Board of Fisheries may not adopt a regulation or  
31 take an action regarding the issuance or denial of a permit required in this chapter.

1           **Sec. 16.12.060. Department assistance and cooperation.** (a) Before and after  
2 permit issuance under AS 16.12.010, the department shall make reasonable efforts,  
3 within the limits of time and resources, to advise and assist applicants or permit  
4 holders, as appropriate, as to stock rehabilitation efforts, enhancement projects, or the  
5 planning, construction, and operation of facilities.

6           (b) Nothing in this section exempts an applicant or permit holder from  
7 compliance with this chapter or from compliance with the regulations or restrictions  
8 adopted under this chapter.

9           **Sec. 16.12.070. Brood stock sources.** (a) The department shall approve the  
10 source and number of shellfish taken for use as brood stock under AS 16.12.010 -  
11 16.12.199.

12           (b) Where feasible, a permit holder shall first take shellfish from stocks native  
13 to the area in which the shellfish will be released.

14           **Sec. 16.12.080. Sale of shellfish; use of proceeds; quality and price.** (a) A  
15 permit holder that sells shellfish harvested from the natural water of the state, or sells  
16 shellfish to another permit holder under this chapter, shall use the funds only for  
17 reasonable operating costs, including debt retirement, expanding its facilities, shellfish  
18 rehabilitation projects, shellfish research, or to assist in meeting the department's costs  
19 of managing the affected fisheries for the area in which the shellfish release is located.

20           (b) A permit holder shall ensure that shellfish harvested and sold for human  
21 consumption are of comparable quality to shellfish harvested by commercial fisheries  
22 in the area and are sold at prices commensurate with the current market.

23           **Sec. 16.12.090. Cost recovery fisheries.** (a) A permit holder may harvest  
24 shellfish for a stock rehabilitation effort, an enhancement project, or a hatchery in

25           (1) a special harvest area through agents or employees of or persons  
26 under contract with the permit holder as provided under a permit from the department  
27 or regulations of the Board of Fisheries; or

28           (2) a special harvest area through the common property fishery under  
29 this section.

30           (b) A permit holder may, by a majority vote of the membership of the permit  
31 holder's board, elect to harvest shellfish in a special harvest area established for stock

1 rehabilitation, an enhancement project, or a hatchery through the common property  
2 fishery. At the request of the permit holder and if the commissioner determines that  
3 there are no allocative issues involved, and after reasonable consultation with affected  
4 commercial fishermen, the commissioner may adopt regulations governing the harvest  
5 of shellfish in a special harvest area through a common property fishery. The  
6 regulations must specify the terms, conditions, and rules under which the common  
7 property fishery in the special harvest area shall be conducted, including requirements  
8 for holding inspections and reporting of harvests and sales of shellfish taken in the  
9 special harvest area. Following adoption of regulations by the department, before  
10 January 15 of each year, the permit holder's board of directors, by a majority vote of  
11 the board's membership, may determine whether the permit holder will operate under  
12 the regulations adopted under this subsection during the current calendar year and  
13 shall notify the department if the permit holder intends to operate under the regulations  
14 adopted under this subsection. The Board of Fisheries may adopt regulations under  
15 AS 16.05.251 regarding a fisheries management plan governing operations under this  
16 subsection in a special harvest area, including allocation plans. Participation in the  
17 fishery must be open to all interim-use permit and entry permit holders who hold  
18 permits to operate a type of gear that may be used in the fishing district in which the  
19 special harvest area is located if that type of gear is authorized by regulation to be used  
20 in the special harvest area. An interim-use permit holder or an entry permit holder who  
21 takes shellfish in a common property fishery in a special harvest area may sell the  
22 shellfish to a fish buyer or processor who is licensed to do business in the state.

23 (c) As a condition of participation in a common property shellfish fishery in a  
24 special harvest area under this section, a fisherman who participates in the fishery is  
25 subject to the payment of the assessment levied under (d) of this section on the  
26 projected value of the shellfish or on the pounds of shellfish harvested. The  
27 assessment is levied on the shellfish that the fisherman takes in the special harvest area  
28 and sells to a licensed buyer. The buyer of the shellfish must be licensed under  
29 AS 43.75, and the buyer shall collect the assessment on shellfish taken in a special  
30 harvest area at the time of purchase and remit the assessment to the Department of  
31 Revenue in accordance with regulations adopted by the Department of Revenue.

1 (d) The Department of Revenue may, by regulation, annually, by March 1 of  
2 each year, set the assessment levied on shellfish taken in a special harvest area in  
3 consultation with the Department of Commerce, Community, and Economic  
4 Development, the permit holder, and representatives of affected commercial  
5 fishermen. The assessment shall provide sufficient revenue to cover debt service,  
6 reasonable operating expenses, reasonable maintenance expenses, and development or  
7 maintenance of a reserve fund up to 100 percent of annual operating costs of the  
8 permit holder's stock rehabilitation effort, enhancement project, or hatchery. In setting  
9 the assessment, the department shall consider the estimated harvest of shellfish in the  
10 special harvest area, the projected price to be paid for shellfish in the region, the  
11 amount of the existing reserve held by the permit holder, and the amount by which the  
12 assessment collected in previous years exceeded or fell short of the amount anticipated  
13 to be collected. The assessment may not exceed 50 percent of the value of the  
14 shellfish. The department may levy the assessment as a percentage of the projected  
15 value of the shellfish harvested in the special harvest area or as a flat rate on each  
16 pound of shellfish harvested in the area, to the nearest whole cent.

17 (e) The Department of Revenue shall deposit the assessments collected under  
18 this section in the general fund. The legislature may appropriate the funds collected  
19 under this section to the permit holder who is rehabilitating stock, carrying out an  
20 enhancement project, or operating a facility in the special harvest area in which the  
21 assessment was levied. A permit holder shall use funds appropriated under this  
22 subsection for the purposes set out under AS 16.12.080(a). The legislature may also  
23 appropriate funds collected under this section to the Department of Revenue for costs  
24 incurred by the department under this section.

25 (f) A person who violates a regulation adopted under (b) of this section is  
26 guilty of a violation under AS 16.05.722 or a misdemeanor under AS 16.05.723. A  
27 person who violates a regulation adopted by the Department of Revenue under (c) of  
28 this section is guilty of a class A misdemeanor.

29 (g) In this section,

30 (1) "special harvest area" means an area designated by the  
31 commissioner or the Board of Fisheries where shellfish may be harvested by permit

1 holders under this chapter and by the common property fishery;

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

3 **Sec. 16.12.100. Inspection by the department.** (a) A permit holder shall  
4 allow the department to inspect the permit holder's stock rehabilitation facility,  
5 enhancement project facility, or hatchery at any time the stock rehabilitation facility,  
6 enhancement project facility, or hatchery is in operation. The department shall conduct  
7 the inspection in a reasonable manner.

8 (b) The department shall bear the cost of an inspection performed under this  
9 section.

10 **Sec. 16.12.110. Annual report.** A person who holds a permit under this  
11 chapter shall submit an annual report not later than December 15 to the department.  
12 The report must be made on a form prescribed by the department and contain  
13 information pertaining to

14 (1) species;

15 (2) brood stock source;

16 (3) number, age, gender, and size of spawners;

17 (4) number of eggs collected and juveniles produced; and

18 (5) the number, age, gender, and size of harvested shellfish attributable  
19 to releases by the permit holder.

20 **Sec. 16.12.199. Definitions.** In this chapter,

21 (1) "enhancement project" means a project to augment the yield and  
22 harvest of shellfish above naturally occurring levels; enhancement projects include  
23 projects implementing artificial or semi-artificial shellfish production systems or  
24 projects to increase the area of productive natural shellfish habitat;

25 (2) "facility" means a hatchery or other facility for a stock  
26 rehabilitation effort or fishery enhancement project;

27 (3) "genetically modified shellfish" means shellfish whose genetic  
28 structure has been altered at the molecular level by recombinant DNA and RNA  
29 techniques, cell fusion, gene deletion or doubling, introduction of exogenous genetic  
30 material, alteration of the position of a gene, or other similar procedure using artificial  
31 processes;

1 (4) "hatchery" means a facility for the artificial propagation of stock,  
2 including rearing of shellfish and release of shellfish into the natural water of the state;

3 (5) "shellfish" means a species of crustacean, mollusk, or other  
4 invertebrate, in any stage of its life cycle, that is indigenous to state water;

5 (6) "stock rehabilitation" means efforts to restore a shellfish stock to its  
6 natural levels of productivity.

7 \* **Sec. 4.** AS 16.43.400(a) is amended to read:

8 (a) In addition to entry permits, interim-use permits, and educational permits,  
9 the commission may issue special harvest area entry permits to

10 (1) holders of private, nonprofit hatchery permits issued by the  
11 Department of Fish and Game under AS 16.10.400 - 16.10.475 **for salmon; or**

12 (2) **nonprofit organizations holding a permit under AS 16.12 for a**  
13 **shellfish stock rehabilitation effort, a shellfish enhancement project, or a shellfish**  
14 **hatchery.**

15 \* **Sec. 5.** AS 16.43.430 is amended to read:

16 **Sec. 16.43.430. Authorized gear.** For the purposes of harvesting salmon or  
17 shellfish, a special harvest area entry permit holder may employ any fishing gear  
18 designated as legal gear in the applicable special harvest area by the Board of  
19 Fisheries.

20 \* **Sec. 6.** AS 17.20.049(b)(1) is amended to read:

21 (1) "farmed fish" means fish that is propagated, farmed, or cultivated  
22 in a facility that grows, farms, or cultivates the fish in captivity or under positive  
23 control but that is not a salmon hatchery that is owned by the state or that holds a  
24 salmon hatchery permit under AS 16.10.400 or a shellfish hatchery that is  
25 permitted under AS 16.12.010; in this paragraph, "positive control" has the meaning  
26 given in AS 16.40.199;

27 \* **Sec. 7.** AS 43.20.012(a) is amended to read:

28 (a) The tax imposed by this chapter does not

29 (1) apply to an individual;

30 (2) apply to a fiduciary;

31 (3) for a tax year beginning after December 31, 2012, apply to an

1 Alaska corporation that is a qualified small business and that meets the active business  
2 requirement in 26 U.S.C. 1202(e) as that subsection read on January 1, 2012; [OR]

3 (4) for a tax year beginning after June 30, 2007, apply to the income  
4 received by a regional association qualified under AS 16.10.380 or nonprofit  
5 corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or  
6 salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455;  
7 or

8 (5) apply to income received by a nonprofit corporation holding a  
9 permit under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from  
10 a cost recovery fishery under AS 16.12.090.

11 \* **Sec. 8.** AS 43.20.012(a), as repealed and reenacted by sec. 2, ch. 55, SLA 2013, is  
12 amended to read

13 (a) The tax imposed by this chapter does not apply to

14 (1) an individual;

15 (2) a fiduciary; [OR]

16 (3) the income received by a regional association qualified under  
17 AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400  
18 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery  
19 fishery under AS 16.10.455; or

20 (4) the income received by a nonprofit corporation holding a  
21 permit under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from  
22 a cost recovery fishery under AS 16.12.090.

23 \* **Sec. 9.** AS 43.76.390 is amended to read:

24 **Sec. 43.76.390. Exemption.** AS 43.76.350 - 43.76.399 do not apply to salmon  
25 or shellfish harvested under a special harvest area entry permit issued under  
26 AS 16.43.400.

27 \* **Sec. 10.** The uncoded law of the State of Alaska is amended by adding a new section to  
28 read:

29 **APPLICABILITY.** AS 16.10.400(b), as amended by sec. 2 of this Act, applies to  
30 salmon hatchery permits applied for on or after the effective date of sec. 2 of this Act.

31 \* **Sec. 11.** The uncoded law of the State of Alaska is amended by adding a new section to

1 read:

2           TRANSITION: REGULATIONS. The Department of Fish and Game may adopt  
3 regulations necessary to implement this Act. The regulations take effect under AS 44.62  
4 (Administrative Procedure Act), but not before the effective date of the law implemented by  
5 the regulation.

6       \* **Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

7       \* **Sec. 13.** Section 8 of this Act takes effect on the effective date of sec. 2, ch. 55, SLA  
8 2013.

# FISCAL NOTE

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

Bill Version HB 300  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) SHELLFISH FISHERY ENHANCEMENT Dept. Affected Department of Fish and Game  
Title \_\_\_\_\_ Appropriation Commercial Fisheries  
Sponsor \_\_\_\_\_ Allocation Statewide Fisheries Management  
Requester Rules by Request of the Governor OMB Component Number 2171  
Governor

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

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

	FY17 Appropriation Requested	Included in Governor's FY17 Request	Out-Year Cost Estimates				
			FY18	FY19	FY20	FY21	FY22
<b>OPERATING EXPENDITURES</b>	<b>FY17</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1178	temp code (UGF)						
		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS							
Full-time							
Part-time							
Temporary							

<b>CHANGE IN REVENUES</b>				<b>3.0</b>	<b>2.0</b>	<b>1.0</b>	<b>1.0</b>
---------------------------	--	--	--	------------	------------	------------	------------

Estimated SUPPLEMENTAL (FY16) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY17) costs \_\_\_\_\_ (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? Yes  
If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2017 Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Not applicable, initial version.

Prepared by Forrest R. Bowers, Deputy Director  
Division Commercial Fisheries  
Approved by Kevin Brooks, Deputy Commissioner  
Agency Department of Fish and Game

Phone 907-465-6139  
Date/Time 2/5/16 2:56 PM  
Date 2/5/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. HB 300

**Analysis**

The Commercial Fisheries Division intends to utilize existing staff under the Aquaculture Section to administer the program proposed in this legislation. The Private Nonprofit Hatchery Permit Coordinator is the primary person responsible for evaluating these permit applications. The Department of Fish and Game genetics, pathology, and management staff also contribute to the permit application review process. Permit application review generally takes six months to one year to complete. The permit fee is established in AS 16.012.010(c) at \$1,000. This fee would also apply to applications for new salmon private nonprofit hatcheries. That fee is currently \$100. The division anticipates that there will be two to three applicants per year for the first two years and then decline to an estimated one permit per year.

Support HB 300  
PO Box 232 Petersburg, AK 99833

**Petersburg Vessel Owner's Association**  
(907) 772-9323 email: pvoa@gci.net

March 23, 2016

Representative Stutes  
Chair, House Fisheries Committee

Alaska State Legislature  
State Capitol  
Juneau, AK 99811-1182  
Email: [Rep.Louise.Stutes@akleg.gov](mailto:Rep.Louise.Stutes@akleg.gov)

**RE: Support HB 300-An Act relating to management of enhanced stocks of fish;  
authorizing the operation of nonprofit shellfish hatcheries...**

Dear Chair Stutes and Committee Members,

Petersburg Vessel Owner's Association (PVOA) is composed of almost 100 members participating in a wide variety of species and gear type fisheries. An additional thirty businesses supportive to our industry are members. PVOA members fish throughout Alaska from Southeast to the Bering Sea. Targeted species include salmon, herring, halibut, sablefish, cod, crab, shrimp, pollock, tuna, geoduck, and sea cucumber.

**Petersburg Vessel Owner's Association is in support of an opportunity for nonprofit organizations to enhance shellfish stocks.**

Our organization followed some of the progress of the shellfish enhancement activities of the Alaska King Crab Research, Rehabilitation and Biology (AKCRRAB) program. It has come to our attention that the program has out lived it's developmental permitting and that this bill would allow them to continue their work.

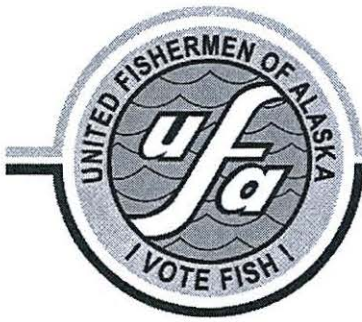
However, we question the term "hatchery," since they are seeking permitting for shellfish enhancement projects not in the form of the traditional sense of a hatchery. We believe the term may confuse the public.

PVOA supports the increase in permitting fee from \$100 to \$1,000. We heard how expensive and time consuming it is for the Alaska Department of Fish and Game to process enhancement permitting and the increase seems appropriate. Thank you for considering our comments.

Respectfully,



Megan O'Neil  
Executive Director



# UNITED FISHERMEN OF ALASKA

**Mailing Address:** PO Box 20229, Juneau AK 99802-0229  
**Physical Address:** 410 Calhoun Ave Ste 101, Juneau AK 99801  
**Phone:** (907)586-2820 **Fax:** (907) 463-2545  
**Email:** ufa@ufa-fish.org **Website:** www.ufa-fish.org

March 22, 2016

Representative Louise Stutes, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

**Re: Support for HB 300 regarding shellfish enhancement**

Dear Representative Stutes and Committee Members,

United Fishermen of Alaska is the statewide commercial fishing trade association, representing 34 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters.

Although we include eight salmon aquaculture associations that will each be subject to the increase of their fee on new hatchery facilities to \$1000, we support HB 300 because of the broader need to help develop shellfish aquaculture beyond only producing broodstock. Another UFA member group represents shellfish dive fisheries and is actively working with the Alutiiq Pride Shellfish Hatchery to spawn sea cucumbers as a part of ongoing research into production of juveniles to support enhancement of wild sea cucumber populations.

UFA strongly supports Alaska's salmon enhancement programs that are carefully regulated to provide salmon for common property harvest by subsistence, sport and commercial fisheries without detriment to wild stocks. We believe the state can carefully develop opportunities for additional enhancement of shellfish, and passage of HB 300 will help in this effort.

Thank you for your consideration.

Jerry McCune  
President

Mark Vinsel  
Executive Administrator

MEMBER ORGANIZATIONS

Alaska Bering Sea Crabbers • Alaska Independent Fishermen's Marketing Association  
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 • Cape Barnabas Inc.  
Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United • Douglas Island Pink and Chum  
Freezer Longline Coalition • Golden King Crab Coalition • 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 • Southeast Alaska Herring Conservation Alliance • Southeast Alaska Fisherman's Alliance  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • United Southeast Alaska Gillnetters • Valdez Fisheries Development Association

March 24, 2016

Representative Louise Stutes, Chair  
House Fisheries Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

**Re: Support for HB 300**

Dear Representative Stutes and Committee members:

The Steering Committee of the Alaska King Crab Research, Rehabilitation and Biology (AKCRRAB) program would like to express appreciation and support for House Bill 300, version W.

The AKCRRAB program is a coalition of university, federal and stakeholder groups, formed in 2006 with the goals of adding to the scientific understanding of crab life history and ecology, as well as the eventual rehabilitation of depressed king crab stocks in Alaska. AKCRRAB is developing scientifically sound strategies for hatching, rearing and outplanting king crab in Alaska, in order to help restore populations to self-sustainable levels.

In phase one, from 2006 to 2011, AKCRRAB researchers made significant accomplishments in developing and improving methods of hatchery rearing of larval and juvenile king crab from wild-caught broodstock, to the point where large-scale production is feasible. Parallel field and laboratory studies of crab ecology and population genetics were also conducted during this time.

In the second and current phase, hatchery studies have been complemented by studies essential to understanding optimal release strategies, appropriate habitat, and potential impact on existing ecosystems. This research is providing the science necessary for informing the responsible release of hatchery-reared animals. Increased knowledge will allow scientists and managers to assess the feasibility of ecologically sound rehabilitation of depressed stocks, with potentially substantial benefits to Alaska.

In the third and final phase, AKCRRAB intends to evolve from the current, research-oriented coalition, to a formal entity focused on transitioning

hatchery techniques and outplanting technologies to communities and industry as part of statewide efforts to help rehabilitate depleted king crab stocks. As phase three develops, the program will require support and guidance from the State of Alaska, as the transition from feasibility to implementation will need to be guided with a new regulatory structure.

House Bill 300, as aligned with the recent Senate Resources Committee Substitute for Senate Bill 172, is a response to the need for new regulations for shellfish culture. The AKCRRAB Steering Committee is pleased that the Administration and the Legislature are addressing this need. In a preliminary review of the proposed legislation, the original version of Senate Bill 172, we identified several areas of concern for AKCRRAB program participants. We were pleased that our concerns, and those of others, were addressed in the Committee Substitute.

We intend to participate fully in further discussions and hearings on this important legislation. The AKCRRAB Steering Committee stands ready to interact with Committee members and staff as needed. Please let us know how we can be of help.

Best regards,

The image shows two handwritten signatures in black ink. The signature on the left is 'Ginny L. Eckert' and the signature on the right is 'Heather McCarty'. Both are written in a cursive, flowing style.

Dr. Ginny Eckert, School of Fisheries and Ocean Sciences, UAF, Juneau Division  
Heather McCarty, Central Bering Sea Fishermen's Association  
AKCRRAB Steering Committee Co-chairs

Steering Committee members: Jeff Hetrick, Alutiq Pride Hatchery, Seward; Jeff Stephan, United Fishermen's Marketing Association, Kodiak; Dr. Bob Foy, NMFS, Alaska Fisheries Science Center, Kodiak; Chris Mierzejek, Aleutian Pribilof Islands Community Development Association, Anchorage; Gale Vick, Fairbanks; Ruth Christiansen, Alaska Bering Sea Crabbers; Lauren Divine, Tribal Government of St. Paul.