

LEG. FINANCE - BILLS 1977 - 1978 886

SB 39



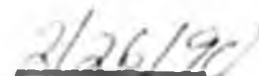
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Offered: 3/25/77
Referred: Finance

IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

CS FOR SENATE BILL NO. 39

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to fisheries enhancement, and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA

* Section 1. AS 16.10.375 is repealed and re-enacted to read:

Sec. 16.10.375. REGIONAL SALMON PLAN. The commissioner shall designate regions of the state for the purpose of salmon production and have developed a comprehensive salmon plan for each region, including provisions for both public and private nonprofit hatchery systems. Subject to plan approval by the commissioner, comprehensive salmon plans shall be developed by regional planning teams consisting of department personnel and representatives of the appropriate qualified regional associations formed under sec. 380 of this chapter.

* Sec. 2. AS 16.10.400(a) and (c) are amended to read:

(a) The commissioner or his designee may issue a permit, subject to the restrictions [HE CONSIDERS DESIRABLE OR THAT ARE] imposed by statute or regulation under secs. 400 - 470 of this chapter, to a nonprofit corporation organized under AS 10.20, after the permit application has been reviewed by the regional planning team, for the construction and operation of a salmon hatchery.

(c) A qualified regional association formed under sec. 380 of this chapter, if it has become a nonprofit corporation under AS 10.20, has a preference right to a permit if its proposed hatchery is provided for in the comprehensive plan for that region developed under sec. 375 of this chapter. Any other (A) local nonprofit hatchery corporation [ESTAB-

1 LISTED OR] approved by a qualified regional association has an identical
2 preference right.

3 * Sec. 3. AS 16.10.430(a) is amended to read:

4 (a) If a permit holder fails to comply with the conditions and
5 terms of the permit issued under secs. 400 - 470 of this chapter within
6 a reasonable period after notification of his noncompliance by the
7 department, his permit may be suspended or revoked, in the discretion of
8 the commissioner after the regional planning team for the area in which
9 the hatchery is located is notified and granted an opportunity to com-
10 ment upon the proposed suspension or revocation.

11 * Sec. 4. AS 16.10.450 is amended to read:

12 Sec. 16.10.450. SALE OF SALMON AND SALMON EGGS BY HATCHERY. A
13 hatchery operator who sells salmon returning from the natural waters of
14 the state, or sells salmon eggs to another hatchery operating under
15 secs. 400 - 470 of this chapter, after utilizing the funds for reason-
16 able operating costs, including debt retirement, [OR] expanding its
17 facilities, or for costs of operating the qualified regional association
18 for the area in which the hatchery is located, shall expend the remain-
19 ing funds on fisheries research, salmon rehabilitation projects, or
20 other fisheries activities of the qualified regional association. Fish
21 returning to [SOLD BY] hatcheries and sold for human consumption shall
22 be of comparable quality to fish harvested by commercial fisheries in
23 the area, and shall be sold at prices commensurate with the current
24 market.

25 * Sec. 5. AS 16.10.470 is repealed and re-enacted to read

26 Sec. 16.10.470. ANNUAL REPORT. A person who holds a permit for
27 the operation of a salmon hatchery under secs. 400 - 470 of this chapter
28 shall submit an annual report to the department and to the qualified
29 regional association of the area in which the hatchery is located to

1 include but not be limited to statistics on the number of eggs and fish
2 handled by the hatchery, whether for production or sale.

3 * Sec. 6. AS 16.10.500 is amended to read:

4 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
5 state, under secs. 500 - 550 of this chapter, to promote the enhancement
6 of the state's fisheries by means of grants for organizational and plan-
7 ning purposes to regional associations which have qualified under sec.
8 390 of this chapter, and by means of long-term, low interest loans for
9 hatchery planning, [AND] construction, and operation.

10 * Sec. 7. AS 16.10 is amended by adding a new section to read:

11 Sec. 16.10.505. FISHERIES ENHANCEMENT REVOLVING LOAN FUND. There
12 is created within the Department of Commerce and Economic Development a
13 revolving fund to be known as the fisheries enhancement revolving loan
14 fund. The fund shall be used to carry out the purposes of secs. 500 -
15 550 of this chapter and for no other purpose.

16 * Sec. 8. AS 16.10.510(1) and (2) are amended to read:

17 (1) make loans to permit holders, under secs. 400 - 470 of
18 this chapter, including those holders issued permits before the effec-
19 tive date of this Act, for the planning, [AND] construction, and opera-
20 tion of hatchery facilities;

21 (2) make loans to qualified regional associations which have
22 formed a nonprofit corporation or a local nonprofit corporation [ESTAB-
23 LISHED OR] approved by a qualified regional association, for pre-con-
24 struction activities necessary to obtain a permit [, PROVIDED THE
25 HATCHERY HAS RECEIVED PRELIMINARY PROJECT APPROVAL FROM THE COMMISSIONER
26 OF FISH & GAME].

27 * Sec. 9. AS 16.10.510(8) is repealed and re-enacted to read:

28 (8) no repayment of principal is required for an initial
29 period of six years, and no interest on the principal shall accrue dur-

1 ing that period.

2 * Sec. 10. AS 16.10.510 is amended by adding a new paragraph to read:

3 (9) make grants for organizational and planning purposes to
4 qualified regional associations which have formed a nonprofit corpora-
5 tion, in amounts not exceeding \$100,000 per region and up to an addi-
6 tional \$100,000 on a 50/50 cash matching basis with the regional associ-
7 ations which have an authorized assessment under sec. 530 or 540 of this
8 chapter. The state portion of the matching share shall be available
9 when a final vote for assessments is made under sec. 530 or 540 of this
10 chapter.

11 * Sec. 11. AS 16.10.520(a) is amended to read:

12 (a) A single fisheries enhancement loan may not exceed \$3,000,000
13 for a hatchery constructed under a permit granted to a qualified re-
14 gional association which has formed a nonprofit corporation, or to a
15 local nonprofit corporation [ESTABLISHED OR] approved by a qualified
16 regional association. A loan for any other nonprofit hatchery corpora-
17 tion project may not exceed \$300,000.

18 * Sec. 12. AS 16.10.530(a) is repealed and re-enacted to read:

19 (a) The commissioner of commerce and economic development, on
20 request of the qualified regional association for the area in which the
21 assessment is to be levied, shall establish areas in which an assessment
22 shall be levied on the sale of one or more species of salmon by persons
23 licensed under AS 16.05.540 - 16.05.600. A request by the qualified
24 regional association shall include a description of compliance with (e)
25 of this section. An assessment levied under this section shall be for
26 the purpose of providing revenue for the qualified regional association
27 for the area in which the assessment is made. The rate and conditions
28 of assessments shall be stated by the appropriate qualified regional
29 association in conjunction with the request to the commissioner of

1 commerce and economic development under this subsection.

2 * Sec. 13. AS 16.10.530(c) and (d) are amended to read:

3 (c) The commissioner and the appropriate qualified regional asso-
4 ciation must agree on a means of collection of the assessment [BEFORE A
5 LOAN IS MADE,] and the commissioner may, by regulation, require its
6 collection by buyers of the salmon upon the sale of which an assessment
7 is levied.

8 (d) The assessment shall terminate upon request of the qualified
9 regional corporation when all financial obligations relating to the
10 assessments have been met [THE PRINCIPAL AND INTEREST ON THE LOAN IS
11 PAID].

12 * Sec. 14. AS 16.10.530 is amended by adding new subsections to read:

13 (e) Before an assessment is made under this section, the qualified
14 regional association for the area in which the assessment is to be
15 levied shall hold an initial public meeting to explain and discuss the
16 necessity for the assessment and to explain the registration procedure
17 established under (f) of this section. Reasonable public notice of the
18 meeting shall be sent to all limited entry permit holders actively
19 participating in a fishery in the area, posted in at least three cen-
20 trally located public places in the area, and published in at least one
21 newspaper of general circulation at least one time a week for three
22 consecutive weeks in the area, if one exists. The notice shall briefly
23 state the amount of the assessment and a short general description of
24 the purposes for which the assessment money will be used. A ballot
25 shall be mailed to all limited entry permit holders actively participat-
26 ing in a fishery in the area at least 20 days before the initial public
27 meeting and contain a copy of the notice and ask the question whether an
28 assessment shall be imposed. At the public meeting the returned ballots
29 shall be counted by a special committee appointed by the regional

1 association for that purpose, and a vote by written ballot shall be
2 taken on the question from among the limited entry permit holders
3 present at the initial public meeting. After the vote is taken at the
4 initial meeting a second public meeting shall be held, upon the limited
5 notice of publication in a newspaper of general circulation, each day
6 for five consecutive days and the mailing of personal notice to all
7 limited entry permit holders who actively participate in a fishery in
8 the area at least 14 days before the second public meeting, to give
9 those who did not vote by written ballot at the initial public meeting
10 an opportunity to vote. These votes shall be counted with the votes
11 counted at the initial meeting. A majority vote for the assessment is
12 required from the combined total of the returned ballots and the votes
13 by ballot cast at both public meetings, before an assessment may be
14 imposed. No person may vote twice.

15 (f) The qualified regional association shall establish standard
16 registration procedures for voting on assessments under this section.

17 Sec. 15 AS 16.10 is amended by adding new sections to read:

18 Sec. 16.10.600. CREATION OF AUTHORITIES. (a) An association
19 qualified under sec. 380 of this chapter as a regional association is
20 given the authority to form a regional salmon enhancement authority.
21 There is created with respect to each of the associations qualified
22 under sec. 380 of this chapter a public body corporate and politic as a
23 political subdivision of the state to function in the operating areas of
24 the individual associations. Each authority may exercise all powers
25 conferred by secs. 600 - 690 of this chapter.

26 (b) A regional salmon enhancement authority may not transact
27 business or exercise powers granted to it until the governing body of
28 the association has, by resolution, declared there is a need for the
29 authority to function, given it the authority to function and appointed

1 persons to serve as the board of commissioners of the authority. The
2 number of members of the board of commissioners, their terms of office
3 and the filling of vacancies in office shall be determined by resolution
4 of the governing body of the association.

5 (c) The regional salmon enhancement authority has jurisdiction to
6 operate in all or part of the operating area of the individual associ-
7 ation as determined by resolution of the governing body of the associa-
8 tion.

9 Sec. 16.10.610. TAX EXEMPTION. (a) A salmon enhancement author-
10 ity is exempt from payment of taxes or assessments for a period of 20
11 years from the effective date of this Act on property owned by the
12 authority which is used for salmon enhancement purposes.

13 (b) All obligations issued under secs. 600 - 690 of this chapter
14 are issued by a body corporate and public which is a political sub-
15 division of the state and for an essential public and governmental
16 purpose, and the obligations, and the interest and income on and from
17 the obligations, and all fees, charges, funds, revenues, income and
18 other money pledged or available to pay or secure the payment of the
19 obligations or interest are exempt from taxation for a period of 20
20 years from the effective date of this Act, except for transfer, inheri-
21 tance and estate taxes.

22 (c) All obligations or liabilities of a regional salmon enhance-
23 ment authority remain its own and are not obligations or liabilities of
24 the state.

25 Sec. 16.10.620. POWERS OF THE AUTHORITY. A salmon enhancement
26 authority has the general power to

- 27 (1) adopt, alter and use a corporate seal,
- 28 (2) prescribe, adopt, amend and repeal bylaws,
- 29 (3) sue and be sued in its own name.

1 (4) appoint officers, agents and employees and vest them with
2 powers and duties and to fix, change and pay compensation for their
3 services as the authority may determine;

4 (5) borrow money, make and issue bonds, notes and other
5 evidences of indebtedness of the authority for any of its corporate
6 purposes and to secure payment of its bonds and of other obligations by
7 pledge of or lien on all or any of its assets, contracts, revenue and
8 income,

9 (6) make and issue bonds for the purpose of funding, refund-
10 ing, purchasing, paying or discharging any of the outstanding bonds or
11 obligations issued or assumed by it or bonds or obligations the princi-
12 pal or interest of which is payable in whole or in part from its revenue

13 (7) make and execute agreements, contracts and other instru-
14 ments necessary or convenient in the exercise of its powers and func-
15 tions, including contracts with any person, firm, corporation, govern-
16 ment agency or other entity.

17 (8) receive, administer and comply with the conditions and
18 requirements of an appropriation, gift, grant or donation of property or
19 money.

20 (9) invest or reinvest money or funds held by the authority
21 in obligations or other securities or investments in which banks or
22 trust companies in the state may legally invest funds held in reserves
23 or sinking funds or funds not required for immediate disbursement, and
24 in certificates of deposits or time deposits.

25 (10) acquire, hold, use, lease, sell or otherwise dispose of
26 property of any kind, real, personal or mixed or any interest in it,

27 (11) do all acts and things necessary, convenient or desirable
28 to carry out the powers granted or implied in secs. 600 - 690 of this
29 chapter.

1 (12) adopt, amend and repeal rules and regulations necessary
2 for the exercise and performance of its powers and duties.

3 Sec. 16.10.630. BONDS AND NOTES. (a) The authority, by board of
4 commissioners resolution, may issue bonds and bond anticipation notes in
5 order to provide funds to carry out and effectuate its purposes.

6 (b) The principal and interest on these bonds or notes is payable
7 from authority funds. Bond anticipation notes may be payable from the
8 proceeds of the sale of bonds or from the proceeds of sale of other bond
9 anticipation notes or, if bond or bond anticipation note proceeds are
10 not available, such notes may be paid from other funds or assets of the
11 authority. Bonds or notes may be additionally secured by a pledge of a
12 grant or contribution from the federal or state government, a corpora-
13 tion, association, institution or person, or a pledge of money, income,
14 or revenues of the authority from any source.

15 (c) Bonds or bond anticipation notes may be issued as provided by
16 board resolution, in one or more series and shall (1) be dated; (2) bear
17 interest at the prescribed rate per year or within the maximum rate; (3)
18 be in a certain denomination or form, either coupon or registered; (4)
19 carry the conversion or registration provisions; (5) have rank or
20 priority; (6) be executed in a certain manner and form, (7) be payable
21 from the sources in the medium of payment and place or places inside or
22 outside the state; (8) be subject to authentication by a trustee or
23 fiscal agent; and (9) be subject to terms of redemption, with or without
24 premium. Bond anticipation notes mature at a time determined by the
25 authority. Bonds mature at a time, not exceeding 50 years from the date
26 of their issuance, as determined by the authority. Before the prepara-
27 tion of definitive bonds or bond anticipation notes, the authority may
28 issue interim receipts or temporary bonds or bond anticipation notes,
29 with or without coupons, exchangeable for bonds or bond anticipation

1 notes when the definitive bonds or bond anticipation notes have been
2 executed and are available for delivery.

3 (d) Bond or bond anticipation notes may be sold in the manner, on
4 the terms, and at the price the authority determines.

5 (e) If an officer whose actual or facsimile signature appears on
6 any bonds or notes or coupons attached to them ceases to be an officer
7 before the delivery of the bond, note or coupon, his signature is valid
8 as if he had remained in office until delivery.

9 (f) In a resolution by the board of commissioners of the authority
10 authorizing or relating to the issuance of bonds or bond anticipation
11 notes, the authority may, with the holders of the bonds or bond antici-
12 pation notes,

13 (1) pledge to any payment or purpose all or any part of
14 revenues to which it is or will be entitled to and similarly pledge the
15 money derived from the revenues, and the proceeds of any bonds or notes;

16 (2) covenant against pledging all or any part of its re-
17 venues, or against permitting or suffering a lien on the revenues or its
18 property;

19 (3) covenant as to the use and disposition of any and all
20 payments of principal or interest received by the authority on mortgage
21 loans, construction loans or other investments held by the authority;

22 (4) covenant as to establishment of reserves or sinking funds
23 and the making of provision for and the regulation and disposition of
24 the reserves or sinking funds;

25 (5) covenant with respect to or against limitations on a
26 right to sell or otherwise dispose of property of any kind;

27 (6) covenant as to bonds and notes to be issued, and their
28 limitations, terms and conditions, and as to the custody, application
29 and disposition of the proceeds of the bonds and notes;

1 (7) covenant as to the issuance of additional bonds or notes,
2 or as to limitations on the issuance of additional bonds or notes and
3 the incurring of the other debts;

4 (8) covenant as to the payment of the principal of or inter-
5 est on the bonds or notes, as to the sources and methods of the payment,
6 as to the rank or priority of the bonds or notes with respect to a lien
7 or security, or as to the acceleration of the maturity of the bonds or
8 notes;

9 (9) provide for the replacement of lost, stolen, destroyed or
10 mutilated bonds or notes;

11 (10) covenant against extending the time for the payment of
12 bonds or notes or interest on the bonds or notes;

13 (11) covenant as to the redemption of bonds or notes and
14 privileges of their exchange for other bonds or notes of the authority;

15 (12) covenant to create or authorize the creation of special
16 funds of money to be held in pledge or otherwise for operation expenses,
17 payment or redemption of bonds or notes, reserves or other purposes, and
18 as to use and disposition of the money held in the funds;

19 (13) establish the procedure, if any, by which the terms of
20 any contract or covenant with or for the benefit of the holders of bonds
21 or notes may be amended or abrogated, the amount of bonds or notes the
22 holders of which must consent to amendment or abrogation, and the manner
23 in which the consent may be given;

24 (14) covenant as to the custody of any of its properties or
25 investments, their safekeeping and insurance, and the use and disposi-
26 tion of insurance money;

27 (15) covenant as to the time or manner of enforcement or
28 restraint from enforcement of any rights of the corporation arising by
29 reason of or with respect to nonpayment of principal or interest of any
30

1 mortgage loans or construction loans;

2 (16) provide for the rights and liabilities, powers and duties
3 arising upon the breach of a covenant, condition or obligation, and to
4 prescribe the events of default and the terms and conditions upon which
5 any or all of the bonds, notes or other obligations of the authority
6 become or may be declared due and payable before maturity and the terms
7 and conditions upon which such a declaration and its consequences may be
8 waived;

9 (17) vest in a trustee or trustees inside or outside the state
10 property, rights, powers and duties in trust as the authority may
11 determine, which may include any or all of the rights, powers and duties
12 of a trustee appointed by the holders of bonds or notes, and to limit or
13 abrogate the right of the holders of bonds or notes of the authority to
14 appoint a trustee under secs. 600 - 690 of this chapter or limit the
15 rights, powers and duties of the trustee;

16 (18) pay the costs or expenses incident to the enforcement of
17 the bonds or notes or of the provisions of the resolution or of a
18 covenant or agreement of the authority with the holders of its bonds or
19 notes;

20 (19) agree with a corporate trustee which may be a trust
21 company or bank having the powers of a trust company inside or outside
22 the state as to the pledging or assigning of revenues or funds to which
23 or in which the authority has any rights or interest; and further pro-
24 vide for other rights and remedies exercisable by the trustee as may be
25 proper for the protection of the holders of any bonds or notes of the
26 authority and not otherwise in violation of law and may provide for the
27 restriction of the rights of an individual holder of bonds or notes of
28 the authority;

29 (20) appoint and provide for the duties and obligations of a

1 paying agent or other fiduciary, by resolution, inside or outside the
2 state;

3 (21) limit the rights of the holders of bonds or notes to
4 enforce a pledge or covenant securing bonds or notes;

5 (22) make covenants other than expressly authorized in this
6 section, of like or different character, and to make covenants as may be
7 necessary or desirable, to better secure bonds or notes or which, in the
8 discretion of the authority, will tend to make bonds or notes more
9 marketable, notwithstanding the fact that the covenants are not enumer-
10 ated in this section.

11 Sec. 16.10.640. VALIDITY OF PLEDGE. The pledge of assets or
12 revenues of the authority to the payment of the principal or interest of
13 obligations of the authority is valid and binding from the time the
14 pledge is made and assets or revenues pledged are immediately subject to
15 the lien of the pledge without physical delivery or further action. The
16 lien of a pledge is valid and binding against all parties having claims
17 of any kind in tort, contract or otherwise against the authority,
18 irrespective of whether those parties have notice of the lien of the
19 pledge. Nothing prohibits the authority from selling assets subject to
20 a pledge, except that a sale may be restricted by the trust agreement or
21 resolution providing for the issuance of the obligations.

22 Sec. 16.10.650. REMEDIES. A holder of obligations or coupons
23 attached to them issued under the provisions of secs. 600 - 690 of this
24 chapter, and a trustee under a trust agreement or resolution authorizing
25 the issuance of the obligations, if not restricted by the trust agree-
26 ment or resolution, either at law or in equity, may enforce all rights
27 granted under the coupons or under the trust agreement or resolution, or
28 under any other contract executed by the authority under secs. 600 - 690
29 of this chapter, and may enforce and compel the performance of all

1 duties required by secs. 600 - 690 of this chapter or by the trust
2 agreement or resolution to be performed by the authority or by an offi-
3 cer of it.

4 Sec. 16.10.660. NEGOTIABLE INSTRUMENTS. All obligations and
5 interest coupons attached to the obligations are negotiable instruments
6 under the laws of this state, subject only to applicable registration
7 provisions.

8 Sec. 16.10.670. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
9 issued under the provisions of secs. 600 - 690 of this chapter are
10 securities in which all public officers and public bodies of the state
11 and its political subdivisions, all insurance companies, trust com-
12 panies, banking associations, investment companies, executors, adminis-
13 trators, trustees and other fiduciaries may properly and legally invest
14 funds, including capital in their control or belonging to them. These
15 obligations may be deposited with the state or municipal officer of an
16 agency or political subdivision of the state for any purpose for which
17 the deposit of bonds, notes or obligations of the state is authorized by
18 law.

19 Sec. 16.10.680. REFUNDING OBLIGATIONS. (a) The authority may
20 provide for the issuance of refunding obligations for the purpose of re-
21 funding obligations then outstanding which have been issued under the
22 provisions of secs. 600 - 690 of this chapter, including the payment of
23 redemption premium on them and interest accrued or to accrue to the date
24 of redemption of the obligations. The issuance of the obligations, the
25 maturities and other details of them, the rights of the holders of them,
26 and the rights, duties and obligations of the authority in respect of
27 them are governed by the provisions of secs. 600 - 690 of this chapter
28 which relate to the issuance of appropriate obligations.

29 (b) Refunding obligations may be sold or exchanged for outstanding

1 obligations issued under secs. 600 - 690 of this chapter. If sold, the
2 proceeds may be applied, in addition to other authorized purposes, to
3 the purchase, redemption or payment of the outstanding obligations.
4 Pending the application of the proceeds of any such refunding obli-
5 gations, with any other available funds, to the payment of the principal
6 (accrued interest and any redemption premium on the obligations being
7 refunded, and, if so provided or permitted in the resolution authorizing
8 the issuance of the refunding obligations or in the trust agreement
9 securing them, to the payment of any interest on the refunding obliga-
10 tions and any expenses in connection with the refunding), the proceeds
11 may be invested in direct obligations of, or obligations the principal
12 of and the interest on which are unconditionally guaranteed by, the
13 United States of America which mature or which will be subject to re-
14 demption, at the option of the holders of them, not later than the
15 respective dates when the proceeds, together with the interest accruing
16 on them, will be required for the purposes intended.

17 Sec. 16.10.690. CREDIT OF STATE NOT PLEDGED. Obligations issued
18 under the provisions of secs. 600 - 690 of this chapter do not consti-
19 tute a debt, liability or obligation of the state or of any other
20 political subdivision of the state or a pledge of the faith and credit
21 of the state or a political subdivision of the state but are payable
22 solely from the revenues or assets of the authority. Each obligation
23 issued under secs. 600 - 690 of this chapter shall contain on its face a
24 statement that the authority is not obligated to pay it nor the interest
25 on it except from the revenues or assets pledged for it and that neither
26 the faith and credit nor the taxing power of the state or of a political
27 subdivision of the state is pledged to the payment of the principal of
28 or interest on the obligation.

29 * Sec. 16. AS 16.10.400(d) and 16.10.530(b) are repealed.

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* Sec. 17. This Act takes effect immediately in accordance with AS 01.10.070(c).

Introduced: 1/13/77

IN THE SENATE

BY KERTTULA

SENATE BILL NO. 39

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act authorizing the creation of salmon enhancement authorities; and providing for an effective date."

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

Section 1. AS 16.10 is amended by adding new sections to read:

Sec. 16.10.460. CREATION OF AUTHORITIES. (a) An association qualified under sec. 375 of this chapter as a regional association is given the authority to form a regional salmon enhancement authority. There is created with respect to each of the associations qualified under sec. 375 of this chapter a public body corporate and politic as a political subdivision of the state to function in the operating areas of the individual associations. Each authority may exercise all powers conferred by this chapter.

(b) A regional salmon enhancement authority may not transact business or exercise powers granted to it until the governing body of the association has, by resolution, declared there is a need for the authority to function, given it the authority to function and appointed persons to serve as the board of commissioners of the authority. The number of members of the board of commissioners, their terms of office and the filling of vacancies in office shall be determined by resolution of the governing body of the association.

(c) The regional salmon enhancement authority has jurisdiction to operate in all or part of the operating area of the individual association as determined by resolution of the governing body of the association.

1 Sec. 16.10.490. TAX EXEMPTION. (a) A salmon enhancement author-
2 ity is exempt from payment of taxes or assessments for a period of 20
3 years from the effective date of this Act on property owned by the
4 authority which is used for salmon enhancement purposes.

5 (b) All obligations issued under this chapter are issued by a body
6 corporate and public which is a political subdivision of the state and
7 for an essential public and governmental purpose, and the obligations,
8 and the interest and income on and from the obligations, and all fees,
9 charges, funds, revenues, income and other money pledged or available to
10 pay or secure the payment of the obligations or interest are exempt from
11 taxation for a period of 20 years from the effective date of this Act,
12 except for transfer, inheritance and estate taxes.

13 (c) All obligations or liabilities of a regional salmon enhancement
14 authority remain its own and are not obligations or liabilities of the
15 state.

16 Sec. 16.10.500. POWERS OF THE AUTHORITY. A salmon enhancement
17 authority has the general power to

- 18 (1) adopt, alter and use a corporate seal;
- 19 (2) prescribe, adopt, amend and repeal bylaws;
- 20 (3) sue and be sued in its own name;
- 21 (4) appoint officers, agents and employees and vest them with
22 powers and duties and to fix, change and pay compensation for their
23 services as the authority may determine;
- 24 (5) borrow money, make and issue bonds, notes and other
25 evidences of indebtedness of the authority for any of its corporate
26 purposes and to secure payment of its bonds and of other obligations
27 by pledge of or lien on all or any of its assets, contracts, revenue and
28 income;
- 29 (6) make and issue bonds for the purpose of funding, refund-

ing, purchasing, paying or discharging any of the outstanding bonds or obligations issued or assumed by it or bonds or obligations the principal or interest of which is payable in whole or in part from its revenue;

(7) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of its powers and functions, including contracts with any person, firm, corporation, government agency or other entity;

(8) receive, administer and comply with the conditions and requirements of an appropriation, gift, grant or donation of property or money.

(9) invest or reinvest money or funds held by the authority in obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or funds not required for immediate disbursement, and in certificates of deposits or time deposits;

(10) acquire, hold, use, lease, sell or otherwise dispose of property of any kind, real, personal or mixed or any interest in it;

(11) do all acts and things necessary, convenient or desirable to carry out the powers granted or implied in this chapter;

(12) adopt, amend and repeal rules and regulations necessary for the exercise and performance of its powers and duties.

Sec. 16.10.510. BONDS AND NOTES. (a) The authority, by board resolution, may issue bonds and bond anticipation notes in order to provide funds to carry out and effectuate its purposes.

(b) The principal and interest on these bonds or notes is payable from authority funds. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, if bond or bond anticipation note proceeds are not available, such notes may be paid from othe. funds or assets of the

1 authority. Bonds or notes may be additionally secured by a pledge of a
2 grant or contribution from the federal or state government, a corpora-
3 tion, association, institution or person, or a pledge of money, income,
4 or revenues of the authority from any source.

5 (c) Bonds or bond anticipation notes may be issued as provided by
6 board resolution, in one or more series and shall (1) be dated; (2) bear
7 interest at the prescribed rate per year or within the maximum rate; (3)
8 be in a certain denomination or form, either coupon or registered; (4)
9 carry the conversion or registration provisions; (5) have rank or
10 priority; (6) be executed in a certain manner and form; (7) be payable
11 from the sources in the medium of payment and place or places inside or
12 outside the state; (8) be subject to authentication by a trustee or
13 fiscal agent; and (9) be subject to terms of redemption, with or without
14 premium. Bond anticipation notes mature at a time determined by the
15 authority. Bonds mature at a time, not exceeding 50 years from the date
16 of their issuance, as determined by the authority. Before the prepara-
17 tion of definitive bonds or bond anticipation notes, the authority may
18 issue interim receipts or temporary bonds or bond anticipation notes,
19 without or without coupons, exchangeable for bonds or bond anticipation
20 notes when the definitive bonds or bond anticipation notes have been
21 executed and are available for delivery.

22 (d) Bond or bond anticipation notes may be sold in the manner, on
23 the terms, and at the price the authority determines.

24 (e) If an officer whose actual or facsimile signature appears on
25 any bonds or notes or coupons attached to them ceases to be an officer
26 before the delivery of the bond, note or coupon, his signature is valid
27 as if he had remained in office until delivery.

28 (f) In a resolution of the authority authorizing or relating to
29 the issuance of bonds or bond anticipation notes, the authority may,

1 with the holders of the bonds or bond anticipation notes,

2 (1) pledge to any payment or purpose all or any part of
3 revenues to which it is or will be entitled to and similarly pledge the
4 money derived from the revenues, and the proceeds of any bonds or notes;

5 (2) covenant against pledging all or any part of its revenues,
6 or against permitting or suffering a lien on the revenues or its pro-
7 perty;

8 (3) covenant as to the use and disposition of any and all
9 payments of principal or interest received by the authority on mortgage
10 loans, construction loans or other investments held by the authority;

11 (4) covenant as to establishment of reserves or sinking funds
12 and the making of provision for and the regulation and disposition of
13 the reserves or sinking funds;

14 (5) covenant with respect to or against limitations on a
15 right to sell or otherwise dispose of property of any kind;

16 (6) covenant as to bonds and notes to be issued, and their
17 limitations, terms and conditions, and as to the custody, application
18 and disposition of the proceeds of the bonds and notes;

19 (7) covenant as to the issuance of additional bonds or notes,
20 or as to limitations on the issuance of additional bonds or notes and
21 the incurring of the other debts;

22 (8) covenant as to the payment of the principal of or inter-
23 est on the bonds or notes, as to the sources and methods of the payment,
24 as to the rank or priority of the bonds or notes with respect to a lien
25 or security, or as to the acceleration of the maturity of the bonds or
26 notes;

27 (9) provide for the replacement of lost, stolen, destroyed or
28 mutilated bonds or notes;

29 (10) covenant against extending the time for the payment of

bonds or notes or interest on the bonds or notes;

(11) covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the authority;

(12) covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operation expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to use and disposition of the money held in the funds;

(13) establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;

(14) covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(15) covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment of principal or interest of any mortgage loans or construction loans;

(16) provide for the rights and liabilities, powers and duties arising upon the breach of a covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all of the bonds, notes or other obligations of the authority become or may be declared due and payable before maturity and the terms and conditions upon which such a declaration and its consequences may be waived;

(17) vest in a trustee or trustees inside or outside the state property, rights, powers and duties in trust as the authority may determine, which may include any or all of the rights, powers and duties

1 of a trustee appointed by the holders of bonds or notes, and to limit or
2 abrogate the right of the holders of bonds or notes of the authority to
3 appoint a trustee under this chapter or limit the rights, powers and
4 duties of the trustee;

5 (18) pay the costs or expenses incident to the enforcement of
6 the bonds or notes or of the provisions of the resolution or of a
7 covenant or agreement of the authority with the holders of its bonds or
8 notes;

9 (19) agree with a corporate trustee which may be a trust
10 company or bank having the powers of a trust company inside or outside
11 the state as to the pledging or assigning of revenues or funds to which
12 or in which the authority has any rights or interest, and further pro-
13 vide for other rights and remedies exercisable by the trustee as may be
14 proper for the protection of the holders of any bonds or notes of the
15 authority and not otherwise in violation of law and may provide for the
16 restriction of the rights of an individual holder of bonds or notes of
17 the authority;

18 (20) appoint and provide for the duties and obligations of a
19 paying agent or other fiduciary, by resolution, inside or outside the
20 state;

21 (21) limit the rights of the holders of bonds or notes to
22 enforce a pledge or covenant securing bonds or notes;

23 (22) make covenants other than expressly authorized in this
24 section, of like or different character, and to make covenants as may be
25 necessary or desirable, to better secure bonds or notes or which, in the
26 discretion of the authority, will tend to make bonds or notes more
27 marketable, notwithstanding the fact that the covenants are not enumer-
28 ated in this section.

29 Sec. 16.10.520. VALIDITY OF PLEDGE. The pledge of assets or

1 revenues of the authority to the payment of the principal or interest of
2 obligations of the authority is valid and binding from the time the
3 pledge is made and assets or revenues pledged are immediately subject to
4 the lien of the pledge without physical delivery or further action. The
5 lien of a pledge is valid and binding against all parties having claim
6 of any kind in tort, contract or otherwise against the authority,
7 irrespective of whether those parties have notice of the lien of the
8 pledge. Nothing prohibits the authority from selling assets subject to
9 a pledge, except that a sale may be restricted by the trust agreement or
10 resolution providing for the issuance of the obligations.

11 Sec. 16.10.530. REMEDIES. A holder of obligations or coupons
12 attached to them issued under the provisions of this chapter, and a
13 trustee under a trust agreement or resolution authorizing the issuance
14 of the obligations, if not restricted by the trust agreement or resolu-
15 tion, either at law or in equity, may enforce all rights granted under
16 the coupons or under the trust agreement or resolution, or under any
17 other contract executed by the authority under this chapter, and may
18 enforce and compel the performance of all duties required by this
19 chapter or by the trust agreement or resolution to be performed by the
20 authority or by an officer of it.

21 Sec. 16.10.540. NEGOTIABLE INSTRUMENTS. All obligations and
22 interest coupons attached to the obligations are negotiable instruments
23 under the laws of this state, subject only to applicable registration
24 provisions.

25 Sec. 16.10.550. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
26 issued under the provisions of this chapter are securities in which all
27 public officers and public bodies of the state and its political sub-
28 divisions, all insurance companies, trust companies, banking associa-
29 tions, investment companies, executors, administrators, trustees and
30

1 other fiduciaries may properly and legally invest funds, including
2 capital in their control or belonging to them. These obligations may be
3 deposited with the state or municipal officer of an agency or political
4 subdivision of the state for any purpose for which the deposit of bonds,
5 notes or obligations of the state is authorized by law.

6 Sec. 16.10.560. REFUNDING OBLIGATIONS. (a) The authority may pro-
7 vide for the issuance of refunding obligations for the purpose of re-
8 funding obligations then outstanding which have been issued under the
9 provisions of this chapter, including the payment of redemption premium
10 on them and interest accrued or to accrue to the date of redemption of
11 the obligations. The issuance of the obligations, the maturities and
12 other details of them, the rights of the holders of them, and the rights,
13 duties and obligations of the authority in respect of them are governed
14 by the provisions of this chapter which relate to the issuance of
15 appropriate obligations.

16 (b) Refunding obligations may be sold or exchanged for outstanding
17 obligations issued under this chapter. If sold, the proceeds may be
18 applied, in addition to other authorized purposes, to the purchase,
19 redemption or payment of the outstanding obligations. Pending the
20 application of the proceeds of any such refunding obligations, with any
21 other available funds, to the payment of the principal (accrued interest
22 and any redemption premium on the obligations being refunded, and, if so
23 provided or permitted in the resolution authorizing the issuance of the
24 refunding obligations or in the trust agreement securing them, to the
25 payment of any interest on the refunding obligations and any expenses in
26 connection with the refunding), the proceeds may be invested in direct
27 obligations of, or obligations the principal of and the interest on
28 which are unconditionally guaranteed by, the United States of America
29 which mature or which will be subject to redemption, at the option of

1 the holders of them, not later than the respective dates when the pro-
2 ceeds, together with the interest accruing on them, will be required for
3 the purposes intened.

4 Sec. 16.10.570. CREDIT OF STATE NOT PLEDGED. Obligations issued
5 under the provisions of secs. 510 - 560 of this chapter do not consti-
6 tute a debt, liability or obligation of the state or of any other
7 political subdivision of the state or a pledge of the faith and credit
8 of the state or a political subdivision of the state but are payable
9 solely from the revenues or assets of the authority. Each obligation
10 issued under this chapter shall contain on its face a statement that the
11 authority is not obligated to pay it nor the interest on it except from
12 the revenues or assets pledged for it and that neither the faith and
13 credit nor the taxing power of the state or of a political subdivision
14 of the state is pledged to the payment of the principal of or interest
15 on the obligation.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

Salmon Hatcheries — Panacea or Panic?

Jack M. Van Hying

Voters in the November 1976 election faced the largest bond package in the state's history — some \$238 million — and showed their fiscal caution by turning down several bond packages. One of the issues that passed was \$29.2 million for Fish and Game Department Management Facilities, the major part, \$21.3 million, designated for salmon hatcheries.

Like schools or highways, salmon hatcheries would appear to be relatively non-controversial. Almost everyone likes salmon — to catch for commercial, recreational or subsistence use; to eat canned, smoked, or fresh even to watch — and the public reasonably assumes that with more hatcheries there will be more salmon. However, there are differing points of view on this problem of how to get more salmon, and the costs and risks involved.

Why, in Alaska, with the world's greatest salmon rivers, do we need hatcheries? For the most part our major salmon producing environments are little changed from the past, in contrast to the other Pacific Coastal states where hatcheries were built to compensate for spawning grounds lost due to dam construction. But our salmon catches have dropped steadily until they are now only one-quarter of the 1930 peak years. Various answers have been proposed for this decline, but few fisheries scientists question that the basic cause was overfishing during the salmon rush of the 1920's and 30's. Why not then just manage the fisheries to increase escapement and let nature do the rest?

Unfortunately, obtaining the desired spawning escapement might well require, in some areas, all the returning fish, thus eliminating the fishery for several cycles. This would cause severe hardship, loss of jobs and markets. Further, in some instances, large numbers of spawners have not resulted in increased runs, suggesting that the most productive races or portions of runs may have been altered by the past fishery, or that some ecological factor has changed. Several severe winters in the early 1970's, for example, resulted in very poor survival in spite of good parent spawning escapements.

Fishermen recently have suffered through their poorest years in history and the pressure is on to do something. Man, being impatient, cannot wait for better management and nature to restore the runs and wants an action program — something positive — rather than further regulations which are negative. Fishermen, their elected representatives, and government officials look with intense interest at progress in salmon hatchery programs in the Pacific Northwest and Japan and propose that we do likewise in Alaska. Some enthusiasts are saying that what is needed to restore the runs to their former abundance is millions of dollars for salmon hatcheries.

The terms aquaculture, mariculture, ocean ranching, and farming the sea have thus become commonplace from bureaucratic offices to college campuses to the fishing villages. Unfortunately it is difficult to separate the dreams and proposals from the practical, real-world issues. The few successes are publicized, but rarely the failures, and the true complexities of large-scale operations are not adequately explained.

The current push for hatcheries relates to: (1) the success of British Columbia with spawning channels and experimental gravel incubators; (2) the success of conventional river salmon hatcheries in Oregon and Washington; (3) salt water rearing in pens in Puget Sound; and (4) the Japanese chin salmon hatchery program.

In 1971, interest by several legislators in the various salmon producing efforts conducted elsewhere caused the formation within the Alaska Department of Fish & Game of the

Division of Fisheries Rehabilitation, Enhancement and Development (FRED) largely to carry on the new experimental types of salmon production, such as gravel and other substrate incubators, and salt-water pen rearing. Prior to this time, the Department had expressed little interest in — even some opposition to — a salmon hatchery program. Not generally realized is that ADFG also has a Section of Hatcheries, composed of experienced fish culturists, which operates the "conventional" or "traditional" hatchery complexes near Anchorage (Fire Lake Hatchery and the Elmendorf and Richardson rearing ponds), the new Crystal Lake Hatchery near Petersburg, and the Kitoi facilities near Kodiak.

Back in 1974 another bond issue for fisheries enhancement passed. This resulted in hatching and rearing facilities being constructed or expanded on Crooked Creek, Polib' Cove, and Tutka Lagoon on the Kenai Peninsula; in salt-water pens near Sitka, and planning for facilities on Bristol Bay, Big Lake near Anchorage and elsewhere. Cooperative projects with the National Marine Fisheries Service were maintained at Anka Bay and Little Port Walter. The latter two have been successful pilot projects, but none have as yet been spectacularly successful in producing fish although experience was gained and major problems identified and in some cases solved.

Rehabilitation of the State's salmon runs has been an important part of Governor Hammond's platform and to this end he created the Alaska Fisheries Council to promulgate a program and spearhead a drive to restore the runs. The Governor and the Council first asked for a \$40 million bond issue for salmon rehabilitation, but this was reduced by the legislature to the present \$29.2 million. The ultimate aim is for a \$300-million State program, largely funded under Non-Renewable Resource Funds.

The proponents of the hatchery program note that Alaska used to produce a catch of 100 million salmon, but now we are down to 25 million and their goal is to produce the missing 75 million in some 15 or 20 years. While such an ambitious target is admirable, it might be well to take a more realistic, hard look at the prospects. Can we reasonably expect to artificially produce more adult Pacific salmon than all other groups in the world combined, and produce three times as many salmon artificially as naturally, in spite of the fact that a few years ago Alaska showed little or no interest in developing an artificial salmon propagation program? By contrast, Oregon and Washington have been in the fish hatchery business for 50 years, very intensively involved in research and development for the last 25 years, and still they encounter problems. State and federal fishery agencies operate scores of hatcheries with staff numbering in the hundreds including experts in fish diseases, nutrition, and other specialties. Likewise Japan has been in the salmon culture business for many years.

Alaska has few people experienced in developing and managing a major production hatchery program (as distinguished from an experimental program). We have few experienced fish culturists, two fish pathologists, and no fish nutritionists, yet we want to create almost overnight a massive successful hatchery program. The goal may well defy the laws of population dynamics and maximum sustainable yield, and the enormity of the task stretches the imagination when one considers that 75 million adult salmon in the catch would require some 7.5 billion fry released, using the present 1 percent average return for pink and chin salmon. Japan and the USSR, with major hatchery programs in effect for years, are each approaching one billion chin fry released per year. With an

"average" hatchery producing 20 million fry this would require some 370 hatcheries in Alaska.

Postulating returns from salmon fry that have not yet been hatched is a numbers game. No guarantees can be made for the uncertainties of nature. People aware of both the successes and failures in artificial propagation call them "paper fish" and one is reminded of the old saying: "Don't count your chickens before they hatch."

But enthusiastic or pessimistic predictions aside, can the state benefit from beginning a salmon hatchery program? The answer is a qualified yes.

One of the prime considerations is whether the State can successfully mount a major hatchery program with its personnel and other resources. The answer to this question has been alluded to earlier. The successful programs of the Lower 48 and Japan have been developed through a combination of trial and error and research and development. Fish culture is a mix of farming and fishing, an art and a science, with problems in diseases, nutrition, water quality and plumbing thrown in almost daily. The other states have been developing a corps to handle these problems over a period of decades -- hundreds of practical fish farmers supplemented with scientists to cover the technical aspects. In addition, many states have large, successful commercial fish farming operations. Alaska has few experienced personnel to operate production hatcheries successfully and little expertise in the technical aspects. Experts can be brought in but Alaskans show little inclination to accept the advice of outsiders. The FRED Division is composed largely of biologists who have been transferred from management positions within the Department. A competent shellfish biologist, for example, finds himself promoted to a position in the FRED Division to work on a salmon enhancement project, work which he may or may not be qualified for or even interested in. This has the added disadvantage of diluting the numbers of experienced management biologists at a time when they are sorely needed. A program of this magnitude will require a large staff from administrators to engineers at a time when the public feels that we should be holding the line on government employment. Another aspect of the FRED program so far is the concentration on new experimental incubators and aspects such as salt-water rearing, with generally poor results, and the general avoidance of successful conventional hatchery techniques.

Another question is, can we afford a large hatchery program? In these times of constantly increasing government spending, do we want to launch on still another major program? The \$24 million will build some hatcheries, but not operate them, and hatcheries cost money for labor, maintenance, and fish food. A chronic problem with Columbia River hatcheries, for example, is the annual cost of operation and maintenance, some million dollars per year largely coming out of state and federal taxes. The budget people frequently call for evaluations and have reduced expenditures, and thus operations and production.

Governor Hammond has pushed the concept of "life cycle costing", that is, the cost of a bond issue is actually much more than the figure shown on the ballot. Interest payments, operation costs and maintenance over the life of the project also should be included. The attitude is to be commended on this approach, but as yet no figures have been released on the life cycle cost of the hatcheries proposed under the bond issue. Certainly the life cycle cost would be double the original bond cost.

Proponents point out, however, that these are dollars that will be returned through contribution of hatchery produced fish to fishermen -- a return on the investment. The increased catches then producing more income to the fishermen and

cannery workers with multiplier effects into the general state economy. This is likely true; production hatcheries in the north-western states commonly show benefit:cost ratios better than 23 to 1 for coho and chinook salmon and similar ratios can be easily hypothesized from experimental data on pink and clump incubation facilities, although it is difficult to obtain realistic values for benefit:cost computations. Alaska as yet has no real production capability giving a return to tell whether these ratios can be extended to the north. Further, the benefit is to the fishing industry; the cost largely to the tax payer, (albeit in the future largely the oil industry) as relatively little of the benefit will end up as tax to offset the cost of the hatcheries. Hatcheries have thus been labelled as a subsidy to the fishing industry, particularly by the sportsmen's organizations who oppose the bond measure. And a form of subsidy they are, but the fishing industry is probably one of the least subsidized industries in America today, and if a modest subsidy is warranted, this would seem to be one of the least objectionable types. The opposition of the sportsmen seems a little short-sighted because, while the emphasis is on the commercial fishery, there will inevitably be a major spin-off to bolster sport catches from the considerable production of chinook and coho salmon envisioned.

Proponents also note that we are in a sense in a race with other nations to get salmon fry out into the ocean feeding grounds, and then, if successful, perhaps a race for the world markets. Canada has decided that salmon enhancement is a good investment and has launched a \$300 million program for British Columbia, but with the first several years devoted to detailed planning. Washington State has announced a large expansion in salmon hatcheries and Japan and Russia are increasing production. It behooves Alaska to also begin laying some concrete plans for increasing recruitment of Alaskan fish to the Gulf of Alaska and Bering Sea, for there must be some limit to the capability of the North Pacific ocean to produce salmon. We may someday see the opposite of today's foreign fishing, where the countries of the Pacific rim will be vying for the rights to put out salmon fry to feed and grow in the ocean pastures and return to the coastal areas for harvest.

Biological aspects of salmon enhancement are also important. The Alaska Chapter of the American Fisheries Society recently discussed the various potentials and problems in depth. The fisheries scientists' perspective might be characterized as one of caution and guarded optimism; the speed of the salmon enhancement movement, the stampede mode, gives concern, not the movement itself. Of prime interest to many biologists are the genetic and management problems of transplanting and mixing hatchery and wild salmon populations. The basic principles in salmon management are the homing instinct and the stock concept. Each stream has its own stock or population that does not interbreed with other stocks. Through generations of natural selection each of the stocks adapts to its particular home stream environment, evolving the type best suited to that particular environment. If salmon of different stocks interbreed the adaptive gene combinations of each stock will be reduced resulting in a reduction in viability of the fish. Genetic variability is also reduced by crossing and selective breeding and salmon need all the variability and diversity they can get to survive in the wild. Agriculturists are now greatly concerned that they have bred out variability in farm crops, making uniform plants and animals vulnerable to disease epidemics and detrimental environmental changes.

Crossing and mixing of stocks can and does occur at hatcheries, transplants are made, and, through straying, wild salmon populations are "contaminated" with hatchery fish. For example, a hatchery may be built on a stream and the hatchery can build up to where 20,000,000 fry are released, resulting in a return of 200,000 adults. If 10 percent of them (20,000) stray

to a nearby stream with a natural run of 10,000 fish, they would interbreed and soon hatchery fish and hybrids would dominate the formerly natural population, possibly poorly adapted to that stream environment. Building a hatchery on a stream is generally the kiss of death for the wild fish in that stream, and it may also affect other streams. The Alaska Chapters of both the American Fisheries Society and American Institute of Fishery Research Biologists have formulated resolutions that propose that only native stocks be utilized for rehabilitation, that hatchery and wild stocks be isolated insofar as possible and that selective breeding of salmon be avoided, except for research purposes. As agriculturists are becoming alarmed over the shrinking gene pool of primitive native strains of plants, aquaculturists should also preserve native strains of salmon with their genetic diversity.

Another potential problem lies in the harvest of mixed wild and hatchery stocks as they migrate through the fishing grounds. Hatchery fish can withstand a higher rate of exploitation than the wild, naturally produced fish; if the hatchery fish are harvested at their maximum rate the wild stocks will be overfished. If fisheries are managed for optimum protection of the wild stocks, as they should be, huge surpluses of hatchery fish could appear at state hatcheries. This brings up the horrendous problem which has taken much of the luster off the hatchery programs in Washington and Oregon, but which has been largely ignored in Alaska. In those states the surplus hatchery salmon, often of poor quality, have been sold by the state at auction in competition with and at a lower price than fishermen receive, resulting in a great amount of ill will. Washington, for example, receives some half million dollars from the sale of surplus salmon which partially offsets the cost of the hatcheries, but it is a constant bone of contention between the state and the fishermen with the state entering into business — a form of socialism if you will. If the four major facilities proposed for Cook Inlet, Prince William Sound, Kodiak and Southeastern produce 240 million fry and fingerlings and if 1 percent survive back to the hatcheries, 2.4 million adult salmon will return. Far fewer than 100,000 will be needed for egg supply, leaving over two million surplus salmon for the state to dispose of. What will the state do with two million salmon? Sell them in competition with private enterprise, give them away, or let them go to waste? None of the alternatives may be very satisfactory. Some concern is also expressed over increased predation on wild stocks as predators are attracted to concentrations of hatchery fish, and increased disease problems under crowded hatchery conditions which may spread to wild stocks.

Another important consideration is the future role of private salmon hatcheries. The present bond issue did not address that issue. The plan originated in Oregon and the 1971 legislature passed an act stating that nonprofit corporations could obtain a permit and build a hatchery under strict regulation of the Department of Fish & Game, with other agencies such as the U.S. Forest Service also having major roles. The program was largely developed by and designed for commercial fishermen's groups, and most of the activity has been in that sector. The fishermen of the Columbia area have set the pattern in private hatcheries in forming the Prince William Sound Aquaculture Corporation, assessing themselves on their catches to get seed money, obtaining donations from various sources, plus state and federal funds. They converted an abandoned salmon cannery into a hatchery with an egg take in the fall of 1970 approaching 20 million. Other fishermen groups are beginning to organize in Kotzebue and Cook Inlet, and native organizations and several smaller groups are in various stages of hatchery planning, construction or operation.

Ideally, private hatcheries seem to have a number of advantages over public hatcheries. The cost will be borne by the

users, commercial fishermen for the most part, through the sale of surplus fish returning to the hatcheries and, initially, at least, an assessment on their catches. No general tax monies are contemplated, although a state loan program is in effect and it has been suggested that some sort of grant or subsidy may be necessary to get the hatcheries off the ground. No large bureaucracy is built up. The first operational private hatchery received a large federal grant in addition to a state loan, but it is unlikely that further federal grants will be available. Intuitively, one feels that private industry must be more efficient than government, but operating under a maze of various agency regulations may result in the regulated becoming as inefficient as the regulators. An important point is that fishermen themselves volunteer a great amount of labor and facilities, and other economies of operation exist that state hatcheries would not have. Private hatcheries will generally follow more cautious approaches since private and loan funds are involved. Government programs, on the other hand, are typically "crash" or "crisis" programs with millions of dollars to be spent in a certain time period or be lost, and some of it spent not too wisely.

On a theoretical basis, private hatcheries should be highly productive, efficient and self-supporting, but again one should not count one's fish before they return, and the program is still far too new to determine if in fact this will be true. It does seem logical to give the private hatchery concept the support needed and a chance to succeed before launching a major, expensive state program.

In summary, there is both good news and bad news in the salmon hatchery bond issue. The good points are: (1) the technical background and knowledge is available from the successful programs in Oregon, Washington, British Columbia and Japan which should be applicable and adaptable to Alaskan situations; (2) the relatively good returns to some Alaskan experimental, prototype hatcheries which theoretically can be extrapolated to larger production hatcheries; (3) hatcheries can contribute large numbers of fish to fisheries with favorable cost-benefit ratios as demonstrated in other areas; and (4) the need to increase recruitment of Alaskan salmon into the ocean feeding grounds. Negative considerations would be: (1) the questionable ability, or even desirability, of the state at the present time to operate a large, production hatchery program; (2) the unknowns, uncertainties and potential problems in the operation and expected returns to production hatcheries in Alaska; (3) the possible harmful effects on wild stocks due to genetic contamination, disease, and problems in managing mixed stocks; (4) the large state expense involved in hatchery construction and the continuing maintenance and operation costs; (5) the potential advantages of private hatcheries over a large state program.

The good points somewhat outweigh the disadvantages in my opinion, but as long as we have healthy and productive natural aquatic ecosystems, hatcheries should be regarded as supplementing, not replacing, wild salmon populations which have produced, and can again produce, large runs at minimal cost. Alaska can benefit from a well-planned, progressive, adaptable salmon hatchery program, but without proper programming the still important natural runs could be assaulted rather than enhanced. The potentials are enormous, but not to be overlooked are the difficulties and dangers. Hatcheries are not a panacea, and the public should not be panicked into believing they are.

J. J. Van Hyning, formerly Professor of Fisheries, University of Alaska, Fairbanks, is currently involved in private fish hatcheries for Prince William Sound.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS88 39
 Title relating to fisheries enhancement
 Requested by _____ Date 3/29/77

II. FISCAL DETAIL
 Agency Affected Commerce & Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ITC.	750.0	750.0	0	0	0	0
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	750.0	750.0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

NONE

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY77 - At this time it appears that five regions will be attempting to organize as soon as funding is available. These include Ketchikan, Sitka, Bristol Bay, and Cook Inlet. The question of whether Prince William Sound, which is already organized, will qualify for grant funds should be answered by legislation or letter of intent.

FY78 - It is expected that an additional five regions will organize.

IV. DATE 3/29/77 PREPARED BY Pete Johns
 AGENCY Division of Fisheries Loans
 PHONE 465-2510
 Original Legislative Finance
 cc: Budget and Management
 Prime Sponsor (Just Legislator Name)

33-001 (Rev. 10/76)

4/1/77
Should be 1000.00
to 5 regions
6.000 for
FY 77 - 6.000
to 5 regions
1000 would be
required for
Prince William
Sound if it is
allowed to qualify.
then per phone
conversation
over date w/ Pete
Johns
qudy

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 39
 Title An Act Relating to Fisheries Enhancement
 Requested by Judy Crondahl - Senate Finance Date 9-3-77

II. FISCAL DETAIL

Agency Affected Fish and Game
 Program Category Affected NRMEC
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify)	0	0	0	0	0	0

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The provisions of this bill can be absorbed by the department as part of its ongoing program of regional enhancement planning.

IV. DATE 11/2/77 PREPARED BY [Signature]
 AGENCY Fish & Game
 PHONE 465-4210
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

DRAFT PROPOSAL FOR LEGISLATIVE INTENT TO
CSHB 264 (Finance) and CSSB 39

by A.W. Hall

^{LEGISLATION}
This ~~bill~~ will substantially amend the existing
Salmon Hatchery Act which was created in 1974 as Article
9 of Chapter 10, Title 16, Alaska Statutes. It is therefore
^{APPROPRIATE}
~~important~~ that the legislature express its intent for this
legislation as it relates to the overall intent of the Act.
Such an expression need not be at variance with the original
intent. Rather ~~it~~ should constitute an extension of the
original philosophy stated in a more detailed and compre-
hensive manner. It is, in fact, almost an obligation of
the legislature to restate the intent of this act as amended
since the amendments constitute significant additions thereto.

The original intent of the Act as contained in Section
1, ch. 111, SLA 1974, states:

"It is the intent of this Act to authorize the private ownership of salmon hatcheries by qualified nonprofit corporations for the purpose of contributing, by artificial means, to the rehabilitation of the state's depleted and depressed salmon fishery. The program shall be operated without adversely affecting natural stocks of fish in the state and under a policy of management which allows reasonable segregation of returning hatchery-reared salmon from naturally occurring stocks."

It is apparent from the forgoing, that the basic intent of the act is "...to authorize the private ownership of salmon hatcheries by qualified nonprofit corporations...". This intent remains unchanged in its essential purpose,

but to be properly understood, requires additional ^{explanation} expansion
in regard to its implementation. The ~~TWO~~ ^{THREE} key creations
of this act as here^{by} amended are the Qualified Regional ASSOCIATIONS,
~~and~~ the Regional Planning Teams, ~~AND THE SALMON ENHANCEMENT~~
AUTHORITIES.

The Qualified Regional Associations by statutory
definition reflect the intent of the legislature that the
lead role in the private ownership of salmon hatcheries be
taken by organizations comprised of local user group
representatives. This intent is imbodyed by the definition
of the Regional Associations as contained in A.S. 16.10.380
(a) and (b). It is further expressed in A.S. 16.10.400 (c)
which gives a permit preference right to such corporations.

Consistent with the foregoing is the definition of
regional planning teams ^{AS} ~~to~~ ¹⁹⁶ include representatives of the
Department of Fish and Game and the Qualified Regional
Associations. These teams will provide the means by which
the second half of the original legislative intent can be
accomplished. This intent is more accurately described as a
concern that "...The program shall be operated without
adversely affecting natural stocks of fish in the state and
under a policy of management which allows reasonable
segregation of returning hatchery-reared salmon from
naturally occurring stocks." The planning team approach to
this concern will bring the greatest amount of talent to
bear on the problem and will allow for a flexible approach

that can tailor a program to suit the unique conditions of a specific region while allowing for the adaptability necessary to accommodate change. It represents an approach that integrates the many human concerns and biological variables into a comprehensive problem solving effort.

In addition to intending that the user groups should participate in paying for, and developing a salmon aquaculture program in Alaska, the legislature holds the conviction that there will be substantial savings to the State because of the efficiencies inherent in the operations of private industry.

The following comments constitute an expression of legislative intent in regard to specific sections of the bill, and should be interpreted in the context of the foregoing statement of general intent.

SECTION 1 AS 16.10.375

It is the intent of this section that the Department of Fish and Game involve the public in the development of comprehensive salmon plans by the creation of regional planning teams which shall consist of representatives of appropriate qualified regional associations, local Department personnel, regional department personnel, and other personnel as determined appropriate by the Commissioner. It is recognized by the Legislature that planning is a continuous process that should be cooperatively conducted on a local level, by persons

Draft Proposal

personally familiar with the area in question.

SECTION 2 AS 16.10.400 (a)

It is the intent of this section that the authority of the commissioner in regard to permit issuance be circumscribed by statutory and regulatory restrictions, and that the commissioner consult and cooperate with the Regional Planning Teams in the exercise of this authority.

This legislation contains as an integral part, amendments to Article 9, Chapter 10, Title 16, Alaska Statutes which is entitled Fisheries Enhancement Loan Program.

It is the intent of the legislature that this article create the means by which the purposes of the preceding article may be accomplished. As such, it represents an extension of that philosophy and should be interpreted in the context of all statements of legislative intent relating thereto.

The general intent of this article, as hereby amended, is to provide grants and long-term, low interest loans for hatchery planning, construction and operation. The justification for such public assistance derives from the constitutional obligations of the state and the quasi-public nature of the qualified regional associations. It is stated in Section 2, Article VIII of the Alaska Constitution that

Draft Proposal

"The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people."

^{THIS}
The constitutional obligation places the primary burden of salmon development on the State. Such a burden in financial terms could very well exceed 3000,000 million dollars, and in light of competing demands could constitute a serious funding problem. It is therefore the intent of the legislature that the user groups who will be the initial beneficiaries of the increased resource, assist the state in fulfilling its obligation. To this end, it has been deemed appropriate that the state assist these groups in developing their abilities by defining the composition of the desired organizations and by providing grants to assist in their creation.

Such grants are considered to be a desirable investment for the State as they are intended to insure the development of responsible organizations capable of prudently managing substantial sums of State funds in the planning, construction and operation of salmon hatcheries.

The following comments constitute an expression of legislative intent in regard to specific sections of the bill, and should be interpreted in the context of the foregoing statements of intent.

pg. 6

Draft Proposal

SECTION 6 AS. 16.10.500

It is the intent of the legislature that the "...organizational and planning purposes..." of the Regional associations be interpreted in the broadest sense.

SECTION 10 AS 16.10.510 (a)

It is the intent of the legislature that all existing and future Qualified Regional Associations be eligible for the organizational and planning grants, authorized by this sub section.

PRINCE WILLIAM SOUND AQUACULTURE CORPORATION

Position Paper on Salmon Aquaculture
Development in Alaska.

JANUARY 1976

INTRODUCTION

Following passage of the private nonprofit salmon hatchery act in 1974 and the subsequent incorporation of nonprofit aquaculture corporations, the subject of salmon aquaculture development in Alaska has acquired a new significance that calls for a careful examination and definition of the numerous issues involved. This significance was given added impetus with the appointment by Governor Hammond, in January of 1976, of an Alaska Fisheries Council whose goal is to stimulate and direct the actions necessary to restore the salmon fisheries to acceptable high levels of production in the shortest time possible.

As an aid to the council and for the information of the general public, the Prince William Sound Aquaculture Corporation, on the basis of experience gained in the forming of a regional organization, planning, financing and partial construction of a salmon hatchery offers the following position paper.

A PARTNERSHIP PROPOSAL FOR SALMON ENHANCEMENT

As a point of departure from which to launch this position paper, it is necessary to establish the value judgements that must necessarily precede a logical proposal. In this case, the relevant value judgements are inherent in the following constitutional and statutory quotations.

"Wherever occurring in their natural state, fish, wildlife and waters are reserved to the people for common use".

(Alaska Constitution Article VIII, Sec. 3)

"The Commissioner shall manage, protect, maintain, improve and extend the fish, game and aquatic plant resources of the State in the interest of the economy and general well-being of the State;..." (A.S.16.05.020(2)).

"The Division of Fisheries Rehabilitation, Enhancement, and Development shall encourage the investment by private enterprise in the technological development and economic utilization of the fisheries resources;..." (A.S.16.06.092(2)).

"It is the intent of this Act to authorize the private ownership of salmon hatcheries by qualified nonprofit corporations for the purpose of contributing, by artificial means, to the rehabilitation of the State's depleted and depressed salmon fishery." (Section I, Ch. III, SLA 1974).

It is an obvious and logical deduction from the foregoing, that because of the common property constraints on the management and use of the salmon resource, that the goals of the State and of qualified nonprofit corporations in a salmon rehabilitation program must be identical.

It is very significant that this same concept was alluded to by Commissioner James Brooks of the Alaska Department of Fish & Game at a salmon aquaculture conference in Cordova in January of this year. To quote from Commissioner Brook's speech which was entitled "A Partnership Proposal for Salmon Management":

"... With common goals, purposes and constituencies, state and private salmon enhancement efforts must develop in harmony

even to the point of joint enterprises where there is mutual benefit and agreement. These statements reflect the administration's policy, certainly another fundamental change from the traditional role of government in our fisheries, and I hope they contribute to a new era of progress and cooperation."

The Prince William Sound Aquaculture Corporation congratulates Commissioner Brooks, and in acknowledgement of the commonality of goals, purposes and constituencies between public and private salmon enhancement programs, accepts the Hammond Administration's partnership proposal for salmon management. Now, in the spirit of that proposal, we suggest that the important question to ask is how to do the job most economically and expeditiously. This question in turn raises the following questions:

1. Who should finance the planning, construction and operation of the hatcheries?
2. Who should be responsible for the planning and construction of the hatcheries?
3. Who should operate the hatcheries?

The remainder of this paper will deal with these questions, and in so doing will attempt to define a plan of action through which to achieve a true partnership in the rehabilitation of Alaska's salmon resource.

FINANCE

Because qualified nonprofit hatchery corporations are assisting the state by contributing toward the rehabilitation of a common

property resource, they are in effect, public service corporations. In this regard, they provide access to private sources of funding otherwise unavailable to the state, and thereby offer the state the opportunity for expediting the rehabilitation effort. It is only logical therefor that the state and the public service hatchery corporations should join together in a program to finance the planning and construction of salmon hatcheries.

We propose that a state loan program be enacted including a provision for performance grants. The performance grants would constitute a credit against the interest and principal of the loan based on a specified dollar amount per quantity of salmon fry actually produced with the total credit limit being the full amount of the debt. As a means of funding the performance grants, the proposed 40 million dollar bond issue should be modified to allocate a specified dollar amount for this purpose, and provisions should also be made to make monies from "The Renewable Resources Fund" available for this and other related purposes.

PLANNING AND CONSTRUCTION

Because of the staff and expertise presently existing with the A.D.F.&G., it is only logical that the state should play a primary role in the planning of salmon hatcheries. However, the planning process must include user group input in specific regard to site selections and species to be produced. As the public service hatchery corporations gain more experience and expertise they will, of course play a larger role in the planning process.

In regard to the question of who should construct the hatcheries,

we offer the following observations. Because of state law specifying bidding procedures for construction of publicly owned facilities, it may very well be more economical for private enterprise to construct the hatcheries. Particularly in the case of regional user group corporations, savings may be possible through the availability of donated services. This did in fact, occur in the construction of the Port San Juan hatchery by the Prince William Sound Aquaculture Corporation. However, until the public service hatchery corporations acquire the necessary experience and expertise, it is probable that the state, by contracting with private enterprise, can build more economically.

OPERATIONS

It is the position of the Prince William Sound Aquaculture Corporation that the operation and management of state owned salmon hatcheries should be contracted to qualified nonprofit hatchery corporations for the following reasons.

1. Private enterprise can do the job for less cost. The A.D.F.&G. estimates that the annual operating cost for a 50 million egg capacity pink and chum salmon incubation facility to be approximately \$300,000. The Prince William Sound Aquaculture Corporation estimates that it can accomplish the same job for about \$150,000.
2. Under management by private enterprise, the receipts from sales of surplus fish can be more easily applied to operating costs thereby avoiding a costly expense to the state.
3. Under management by regional, nonprofit user group corporations the marketing of surplus fish will be done by experienced persons in such a manner as to avoid adverse effects

on the existing economic structure. This has not been the case in Oregon and Washington where the marketing of fish from state owned hatcheries has caused the value of fish caught by commercial fishermen to drop precipitously.

4. Because the operations of a system of salmon hatcheries will not constitute a financial burden on the state, more state money will be available for research and management. Again, this is not the case in Washington where the cost of hatchery operations consumes so much money that little or nothing is left over for research and management.

The foregoing outlines the basic elements of a partnership for salmon enhancement as conceived by the Prince William Sound Aquaculture Corporation. The present bond issue and loan program proposals are inconsistent with this partnership concept because they define two separate sets of criteria and regulations, (one for the state and one for the nonprofit public service corporations) that serve to emphasize and increase the separation between the two efforts. This is obviously not the most economical and expeditious way to rehabilitate the salmon resource. Rather, we should pool our resources in a cooperative effort to apply the appropriate talent to the appropriate problem.

In addition to the foregoing reason, we feel that the loan program is unacceptable because it will impose too high a debt service on the financing. Why should a public service nonprofit hatchery corporation be charged a fee for helping the state? If the purpose of a state sponsored financial aid program for aquaculture development is to accomplish a significant infusion of capital in-

to hatchery construction, then the loan program as defined by the latest bill drafted by the Governor's Fisheries Council will defeat its' own purpose. We say this because our experience has taught us that the costs of administration, research and development, operations, and construction are such that they alone will tax the ability of a fledgling corporation to survive. In fact, without a brood stock that can produce an immediate return of significant size, the only means by which a hatchery corporation can pay its' debts during its' first years of operation is by a subsidy borne by supporters of the program.

CONCLUSION

We have refrained in this paper from dealing with specific details both in regard to our proposals and to our criticisms. We have done this in an intentional effort to emphasize the underlying assumptions and value judgements that must precede the formulation of a comprehensive salmon enhancement program. We feel very strongly that agreement must be reached on these value judgements prior to creation of specific programs, because the assumptions upon which a program is based will dictate the direction in which it proceeds. We definitely DO NOT want a program created that pulls in two different directions and that will eventually arrive at two different destinations. We definitely DO want a program created that will develop into a cooperative effort consistent with a pre-determined set of goals that will accomplish an objective beneficial to the general well-being of the state.

SYNOPSIS AND BACKGROUND INFORMATION

REGIONAL
Committee Substitute for SB 39 is a bill that amends the Private Non-profit Salmon Hatchery Act. It is based on the experience and needs of the Prince William Sound Aquaculture Corporation in Cordova and the Southern Southeast Aquaculture Corporation in Ketchikan.

The principle features of the Bill are as follows:

1. Creation of regional planning teams with the responsibility to develop regional salmon plans.
2. Creation of fisheries enhancement revolving loan fund.
3. Authorization for \$200,000 organizational grants; the second \$100,000 to require an equal dollar match.
4. Interest on a loan principle shall not accrue for the first six years.
5. Creation of salmon enhancement authorities as political sub-divisions of the state for the purpose of qualifying for federal grants.
6. Definition of conditions and requirements necessary to levy a mandatory assessment on commercial fishermen for the qualified regional associations.

With four exceptions, this bill is identical to Representative Gardiner's CSHB 264. The exceptions are:

1. Sec. 16.10.375, page 1, lines 12 and 13. The words "have developed" have replaced the words "shall develop" on line 12 of CSHB 264. The words "including provisions" have been inserted between "region" and "for". These changes were made to clarify the intent of this section that the regional salmon plan should be developed on a local level by local people, and that it should include consideration of all aspects ^{relat}ion to salmon management, rehabilitation and enhancement in the region.

2. Sec. 16.10.400(a), page 1, line 19. The words "or renew" were omitted. Because there is a section that provides for revocation of a permit it was felt that these words were unnecessary. Elimination of these words would retain the present language in the statute.
3. Sec. 16.10.505, page 3, beginning on line 11. FISHERIES ENHANCEMENT REVOLVING LOAN FUND. This is included in CSSB 39 because it facilitates the operations of the Department of Commerce and Economic Development ~~on~~ funding the program through the Department of Revenue.
WHICH IS PRESENTLY IN THE STATUTE
4. Sec. 16.10.520(b) This section ^{limits} State loans to 75% of total project cost. Under CSHB 264 it would be repealed. Under CSSB 39 it would be retained.

The bill represents the combined efforts of Representatives from the Aquaculture Corporations in Cordova and Ketchikan. It contains provisions that have been unanimously endorsed and recommended by the Governor's Fish Council, and it is backed by the United Fishermen of Alaska. Its intended scope of application includes all areas of Alaska that have a potential for and an interest in the construction and operation of salmon hatcheries by non-profit aquaculture corporations, "...for the purpose of contributing, by artificial means, to the rehabilitation of the State's depleted and depressed salmon fishery."

Introduced: 1/13/77

1 IN THE SENATE

BY KERTTULA

2 SENATE BILL NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the creation of salmon enhancement
7 authorities; and providing for an effective date."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10 Sec. 16.10.480. CREATION OF AUTHORITIES. (a) An association
11 qualified under sec. 375 of this chapter as a regional association is
12 given the authority to form a regional salmon enhancement authority.
13 There is created with respect to each of the associations qualified
14 under sec. 375 of this chapter a public body corporate and politic as a
15 political subdivision of the state to function in the operating areas of
16 the individual associations. Each authority may exercise all powers
17 conferred by this chapter.

18 (b) A regional salmon enhancement authority may not transact
19 business or exercise powers granted to it until the governing body of
20 the association has, by resolution, declared there is a need for the
21 authority to function, given it the authority to function and appointed
22 persons to serve as the board of commissioners of the authority. The
23 number of members of the board of commissioners, their terms of office
24 and the filling of vacancies in office shall be determined by resolution
25 of the governing body of the association.

26 (c) The regional salmon enhancement authority has jurisdiction to
27 operate in all or part of the operating area of the individual associa-
28 tion as determined by resolution of the governing body of the associa-
29 tion.

1 Sec. 16.10.490. TAX EXEMPTION. (a) A salmon enhancement author-
2 ity is exempt from payment of taxes or assessments for a period of 20
3 years from the effective date of this Act on property owned by the
4 authority which is used for salmon enhancement purposes.

5 (b) All obligations issued under this chapter are issued by a body
6 corporate and public which is a political subdivision of the state and
7 for an essential public and governmental purpose, and the obligations,
8 and the interest and income on and from the obligations, and all fees,
9 charges, funds, revenues, income and other money pledged or available to
10 pay or secure the payment of the obligations or interest are exempt from
11 taxation for a period of 20 years from the effective date of this Act,
12 except for transfer, inheritance and estate taxes.

13 (c) All obligations or liabilities of a regional salmon enhancement
14 authority remain its own and are not obligations or liabilities of the
15 state.

16 Sec. 16.10.500. POWERS OF THE AUTHORITY. A salmon enhancement
17 authority has the general power to

18 (1) adopt, alter and use a corporate seal;

19 (2) prescribe, adopt, amend and repeal bylaws;

20 (3) sue and be sued in its own name;

21 (4) appoint officers, agents and employees and vest them with
22 powers and duties and to fix, change and pay compensation for their
23 services as the authority may determine;

24 (5) borrow money, make and issue bonds, notes and other
25 evidences of indebtedness of the authority for any of its corporate
26 purposes and to secure payment of its bonds and of other obligations
27 by pledge of or lien on all or any of its assets, contracts, revenue and
28 income;

29 (6) make and issue bonds for the purpose of funding, refund-

1 ing, purchasing, paying or discharging any of the outstanding bonds or
2 obligations issued or assumed by it or bonds or obligations the princi-
3 pal or interest of which is payable in whole or in part from its revenue;

4 (7) make and execute agreements, contracts and other instru-
5 ments necessary or convenient in the exercise of its powers and func-
6 tions, including contracts with any person, firm, corporation, government
7 agency or other entity;

8 (8) receive, administer and comply with the conditions and
9 requirements of an appropriation, gift, grant or donation of property or
10 money;

11 (9) invest or reinvest money or funds held by the authority
12 in obligations or other securities or investments in which banks or
13 trust companies in the state may legally invest funds held in reserves
14 or sinking funds or funds not required for immediate disbursement, and
15 in certificates of deposits or time deposits;

16 (10) acquire, hold, use, lease, sell or otherwise dispose of
17 property of any kind, real, personal or mixed or any interest in it;

18 (11) do all acts and things necessary, convenient or desirable
19 to carry out the powers granted or implied in this chapter;

20 (12) adopt, amend and repeal rules and regulations necessary
21 for the exercise and performance of its powers and duties.

22 Sec. 16.10.510. BONDS AND NOTES. (a) The authority, by board
23 resolution, may issue bonds and bond anticipation notes in order to
24 provide funds to carry out and effectuate its purposes.

25 (b) The principal and interest on these bonds or notes is payable
26 from authority funds. Bond anticipation notes may be payable from the
27 proceeds of the sale of bonds or from the proceeds of sale of other bond
28 anticipation notes or, if bond or bond anticipation note proceeds are
29 not available, such notes may be paid from other funds or assets of the

1 authority. Bonds or notes may be additionally secured by a pledge of a
2 grant or contribution from the federal or state government, a corpora-
3 tion, association, institution or person, or a pledge of money, income,
4 or revenues of the authority from any source.

5 (c) Bonds or bond anticipation notes may be issued as provided by
6 board resolution, in one or more series and shall (1) be dated; (2) bear
7 interest at the prescribed rate per year or within the maximum rate; (3)
8 be in a certain denomination or form, either coupon or registered; (4)
9 carry the conversion or registration provisions; (5) have rank or
10 priority; (6) be executed in a certain manner and form; (7) be payable
11 from the sources in the medium of payment and place or places inside or
12 outside the state; (8) be subject to authentication by a trustee or
13 fiscal agent; and (9) be subject to terms of redemption, with or without
14 premium. Bond anticipation notes mature at a time determined by the
15 authority. Bonds mature at a time, not exceeding 50 years from the date
16 of their issuance, as determined by the authority. Before the prepara-
17 tion of definitive bonds or bond anticipation notes, the authority may
18 issue interim receipts or temporary bonds or bond anticipation notes,
19 without or without coupons, exchangeable for bonds or bond anticipation
20 notes when the definitive bonds or bond anticipation notes have been
21 executed and are available for delivery.

22 (d) Bond or bond anticipation notes may be sold in the manner, on
23 the terms, and at the price the authority determines.

24 (e) If an officer whose actual or facsimile signature appears on
25 any bonds or notes or coupons attached to them ceases to be an officer
26 before the delivery of the bond, note or coupon, his signature is valid
27 as if he had remained in office until delivery.

28 (f) In a resolution of the authority authorizing or relating to
29 the issuance of bonds or bond anticipation notes, the authority may,

1 with the holders of the bonds or bond anticipation notes.

2 (1) pledge to any payment or purpose all or any part of
3 revenues to which it is or will be entitled to and similarly pledge the
4 money derived from the revenues, and the proceeds of any bonds or notes;

5 (2) covenant against pledging all or any part of its revenues,
6 or against permitting or suffering a lien on the revenues or its pro-
7 perty.

8 (3) covenant as to the use and disposition of any and all
9 payments of principal or interest received by the authority on mortgage
10 loans, construction loans or other investments held by the authority;

11 (4) covenant as to establishment of reserves or sinking funds
12 and the making of provision for and the regulation and disposition of
13 the reserves or sinking funds;

14 (5) covenant with respect to or against limitations on a
15 right to sell or otherwise dispose of property of any kind;

16 (6) covenant as to bonds and notes to be issued, and their
17 limitations, terms and conditions, and as to the custody, application
18 and disposition of the proceeds of the bonds and notes;

19 (7) covenant as to the issuance of additional bonds or notes,
20 or as to limitations on the issuance of additional bonds or notes and
21 the incurring of the other debts;

22 (8) covenant as to the payment of the principal of or inter-
23 est on the bonds or notes, as to the sources and methods of the payment,
24 as to the rank or priority of the bonds or notes with respect to a lien
25 or security, or as to the acceleration of the maturity of the bonds or
26 notes;

27 (9) provide for the replacement of lost, stolen, destroyed or
28 mutilated bonds or notes;

29 (10) covenant against extending the time for the payment of

1 bonds or notes or interest on the bonds or notes;

2 (11) covenant as to the redemption of bonds or notes and
3 privileges of their exchange for other bonds or notes of the authority;

4 (12) covenant to create or authorize the creation of special
5 funds of money to be held in pledge or otherwise for operation expenses,
6 payment or redemption of bonds or notes, reserves or other purposes, and
7 as to use and disposition of the money held in the funds;

8 (13) establish the procedure, if any, by which the terms of
9 any contract or covenant with or for the benefit of the holders of bonds
10 or notes may be amended or abrogated, the amount of bonds or notes the
11 holders of which must consent to amendment or abrogation, and the manner
12 in which the consent may be given;

13 (14) covenant as to the custody of any of its properties or
14 investments, their safekeeping and insurance, and the use and disposi-
15 tion of insurance money;

16 (15) covenant as to the time or manner of enforcement or
17 restraint from enforcement of any rights of the corporation arising by
18 reason of or with respect to nonpayment of principal or interest of any
19 mortgage loans or construction loans.

20 (16) provide for the rights and liabilities, powers and duties
21 arising upon the breach of a covenant, condition or obligation, and to
22 prescribe the events of default and the terms and conditions upon which
23 any or all of the bonds, notes or other obligations of the authority
24 become or may be declared due and payable before maturity and the terms
25 and conditions upon which such a declaration and its consequences may be
26 waived;

27 (17) vest in a trustee or trustees inside or outside the state
28 property, rights, powers and duties in trust as the authority may
29 determine, which may include any or all of the rights, powers and duties

1 of a trustee appointed by the holders of bonds or notes, and to limit or
2 abrogate the right of the holders of bonds or notes of the authority to
3 appoint a trustee under this chapter or limit the rights, powers and
4 duties of the trustee;

5 (18) pay the costs or expenses incident to the enforcement of
6 the bonds or notes or of the provisions of the resolution or of a
7 covenant or agreement of the authority with the holders of its bonds or
8 notes;

9 (19) agree with a corporate trustee which may be a trust
10 company or bank having the powers of a trust company inside or outside
11 the state as to the pledging or assigning of revenues or funds to which
12 or in which the authority has any rights or interest; and further pro-
13 vide for other rights and remedies exercisable by the trustee as may be
14 proper for the protection of the holders of any bonds or notes of the
15 authority and not otherwise in violation of law and may provide for the
16 restriction of the rights of an individual holder of bonds or notes of
17 the authority;

18 (20) appoint and provide for the duties and obligations of a
19 paying agent or other fiduciary, by resolution, inside or outside the
20 state;

21 (21) limit the rights of the holders of bonds or notes to
22 enforce a pledge or covenant securing bonds or notes;

23 (22) make covenants other than expressly authorized in this
24 section, of like or different character, and to make covenants as may be
25 necessary or desirable, to better secure bonds or notes or which, in the
26 discretion of the authority, will tend to make bonds or notes more
27 marketable, notwithstanding the fact that the covenants are not enumer-
28 ated in this section.

29 Sec. 16.10.520. VALIDITY OF PLEDGE. The pledge of assets or

1 revenues of the authority to the payment of the principal or interest of
2 obligations of the authority is valid and binding from the time the
3 pledge is made and assets or revenues pledged are immediately subject to
4 the lien of the pledge without physical delivery or further action. The
5 lien of a pledge is valid and binding against all parties having claims
6 of any kind in tort, contract or otherwise against the authority,
7 irrespective of whether those parties have notice of the lien of the
8 pledge. Nothing prohibits the authority from selling assets subject to
9 a pledge, except that a sale may be restricted by the trust agreement or
10 resolution providing for the issuance of the obligations.

11 Sec. 16.10.530. REMEDIES. A holder of obligations or coupons
12 attached to them issued under the provisions of this chapter, and a
13 trustee under a trust agreement or resolution authorizing the issuance
14 of the obligations, if not restricted by the trust agreement or resolu-
15 tion, either at law or in equity, may enforce all rights granted under
16 the coupons or under the trust agreement or resolution, or under any
17 other contract executed by the authority under this chapter, and may
18 enforce and compel the performance of all duties required by this
19 chapter or by the trust agreement or resolution to be performed by the
20 authority or by an officer of it.

21 Sec. 16.10.540. NEGOTIABLE INSTRUMENTS. All obligations and
22 interest coupons attached to the obligations are negotiable instruments
23 under the laws of this state, subject only to applicable registration
24 provisions.

25 Sec. 16.10.550. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
26 issued under the provisions of this chapter are securities in which al-
27 public officers and public bodies of the state and its political sub-
28 divisions, all insurance companies, trust companies, banking associa-
29 tions, investment companies, executors, administrators, trustees and
30

1 other fiduciaries may properly and legally invest funds, including
2 capital in their control or belonging to them. These obligations may be
3 deposited with the state or municipal officer of an agency or political
4 subdivision of the state for any purpose for which the deposit of bonds,
5 notes or obligations of the state is authorized by law.

6 Sec. 16.10.560. REFUNDING OBLIGATIONS. (a) The authority may pro-
7 vide for the issuance of refunding obligations for the purpose of re-
8 funding obligations then outstanding which have been issued under the
9 provisions of this chapter, including the payment of redemption premium
10 on them and interest accrued or to accrue to the date of redemption of
11 the obligations. The issuance of the obligations, the maturities and
12 other details of them, the rights of the holders of them, and the rights,
13 duties and obligations of the authority in respect of them are governed
14 by the provisions of this chapter which relate to the issuance of
15 appropriate obligations.

16 (b) Refunding obligations may be sold or exchanged for outstanding
17 obligations issued under this chapter. If sold, the proceeds may be
18 applied, in addition to other authorized purposes, to the purchase,
19 redemption or payment of the outstanding obligations. Pending the
20 application of the proceeds of any such refunding obligations, with any
21 other available funds, to the payment of the principal (accrued interest
22 and any redemption premium on the obligations being refunded, and, if so
23 provided or permitted in the resolution authorizing the issuance of the
24 refunding obligations or in the trust agreement securing them, to the
25 payment of any interest on the refunding obligations and any expenses in
26 connection with the refunding), the proceeds may be invested in direct
27 obligations of, or obligations the principal of and the interest on
28 which are unconditionally guaranteed by, the United States of America
29 which mature or which will be subject to redemption, at the option of

1 the holders of them, not later than the respective dates when the pro-
2 ceeds, together with the interest accruing on them, will be required for
3 the purposes intended.

4 Sec. 16.10.570. CREDIT OF STATE NOT PLEDGED. Obligations issued
5 under the provisions of secs. 510 - 560 of this chapter do not consti-
6 tute a debt, liability or obligation of the state or of any other
7 political subdivision of the state or a pledge of the faith and credit
8 of the state or a political subdivision of the state but are payable
9 solely from the revenues or assets of the authority. Each obligation
10 issued under this chapter shall contain on its face a statement that the
11 authority is not obligated to pay it nor the interest on it except from
12 the revenues or assets pledged for it and that neither the faith and
13 credit nor the taxing power of the state or of a political subdivision
14 of the state is pledged to the payment of the principal of or interest
15 on the obligation.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

COMMITTEE REPORT

SENATE

3/25/77

_____ Date

Mr. President:

The Committee on FINANCE has had SB 39
creation of salmon enhancement authorities
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- AM attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____
_____ recommends: _____
_____ recommends: _____

Chairman

COMMITTEE REPORT

SENATE

****Finance**

3/2/77

3-23-77 Date

Mr. President:

The Committee on STATE AFFAIRS has had SB 39
creation of salmon enhancement authorities
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for SB 39 *new title* and that
CS for SB 39 ~~to pass~~
- (and) recommends it be referred to the _____
committee *individual*
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>W. H. ...</u>	<u>Do Pass</u>	_____
<u>John ...</u>	<u>NO REC</u>	_____
<u>Ed ...</u>	<u>Do Pass</u>	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

[Signature]
Chairman

COMMITTEE REPORT

SENATE **State Affairs and Finance

1/17/77

3/2/77 3/3 Date

Mr. President:

The Committee on RESOURCES has had SB 39
creation of salmon enhancement authorities
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>John Buttrick</u>	<u>No Pass</u>	<u>2 Colletta No Rec</u>
<u>JOE MELAND</u>	<u>Do Pass</u>	<u>3 [Signature]</u>
<u>Maney [Signature]</u>	<u>Do Pass</u>	
<u>Filled</u>	<u>" "</u>	
<u>John Heber</u>	<u>NO REC</u>	

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

1. K. Poland
Chairman
Do Pass

Original sponsor: Kerttula

Offered: 3/25/77
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries enhancement; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 16.10.375 is repealed and re-enacted to read:

10 Sec. 16.10.375. REGIONAL SALMON PLAN. The commissioner shall
11 designate regions of the state for the purpose of salmon production and
12 have developed a comprehensive salmon plan for each region, including
13 provisions for both public and private nonprofit hatchery systems.
14 Subject to plan approval by the commissioner, comprehensive salmon plans
15 shall be developed by regional planning teams consisting of department
16 personnel and representatives of the appropriate qualified regional
17 associations formed under sec. 380 of this chapter.

18 * Sec. 2. AS 16.10.400(a) and (a) are amended to read:

19 (a) The commissioner or his designee may issue a permit, subject
20 to the restrictions [HE CONSIDERS DESIRABLE OR THAT ARE] imposed by
21 statute or regulation under secs. 400 - 470 of this chapter, to a non-
22 profit corporation organized under AS 10.20, after the permit appli-
23 cation has been reviewed by the regional planning team, for the con-
24 struction and operation of a salmon hatchery.

25 (e) A qualified regional association formed under sec. 380 of this
26 chapter, if it has become a nonprofit corporation under AS 10.20, has a
27 preference right to a permit if its proposed hatchery is provided for in
28 the comprehensive plan for that region developed under sec. 375 of this
29 chapter. Any other [A] local nonprofit hatchery corporation [ESTAB-

1 LISHED OR] approved by a qualified regional association has an identical
2 preference right.

3 * Sec. 3. AS 16.10.430(a) is amended to read:

4 (a) If a permit holder fails to comply with the conditions and
5 terms of the permit issued under secs. 400 - 470 of this chapter within
6 a reasonable period after notification of his noncompliance by the
7 department, his permit may be suspended or revoked, in the discretion of
8 the commissioner after the regional planning team for the area in which
9 the hatchery is located is notified and granted an opportunity to com-
10 ment upon the proposed suspension or revocation.

11 * Sec. 4. AS 16.10.450 is amended to read:

12 Sec. 16.10.450. SALE OF SALMON AND SALMON EGGS BY HATCHERY. A
13 hatchery operator who sells salmon returning from the natural waters of
14 the state, or sells salmon eggs to another hatchery operating under
15 secs. 400 - 470 of this chapter, after utilizing the funds for reason-
16 able operating costs, including debt retirement, [OR] expanding its
17 facilities, or for costs of operating the qualified regional association
18 for the area in which the hatchery is located, shall expend the remain-
19 ing funds on fisheries research, salmon rehabilitation projects, or
20 other fisheries activities of the qualified regional association. Fish
21 returning to [SOLD BY] hatcheries and sold for human consumption shall
22 be of comparable quality to fish harvested by commercial fisheries in
23 the area, and shall be sold at prices commensurate with the current
24 market.

25 * Sec. 5. AS 16.10.470 is repealed and re-enacted to read:

26 Sec. 16.10.470. ANNUAL REPORT. A person who holds a permit for
27 the operation of a salmon hatchery under secs. 400 - 470 of this chapter
28 shall submit an annual report to the department and to the qualified
29 regional association of the area in which the hatchery is located to

1 include but not be limited to statistics on the number of eggs and fish
2 handled by the hatchery, whether for production or sale.

3 * Sec. 6. AS 16.10.500 is amended to read:

4 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
5 state, under secs. 500 - 550 of this chapter, to promote the enhancement
6 of the state's fisheries by means of grants for organizational and plan-
7 ning purposes to regional associations which have qualified under sec.
8 380 of this chapter, and by means of long-term, low interest loans for
9 hatchery planning, [AND] construction, and operation.

10 * Sec. 7. AS 16.10 is amended by adding a new section to read:

11 Sec. 16.10.505. FISHERIES ENHANCEMENT REVOLVING LOAN FUND. There
12 is created within the Department of Commerce and Economic Development a
13 revolving fund to be known as the fisheries enhancement revolving loan
14 fund. The fund shall be used to carry out the purposes of secs. 500 -
15 550 of this chapter and for no other purpose.

16 * Sec. 8. AS 16.10.510(1) and (2) are amended to read:

17 (1) make loans to permit holders, under secs. 400 - 470 of
18 this chapter, including those holders issued permits before the effec-
19 tive date of this Act, for the planning, [AND] construction, and opera-
20 tion of hatchery facilities;

21 (2) make loans to qualified regional associations which have
22 formed a nonprofit corporation or a local nonprofit corporation [ESTAB-
23 LISHED OR] approved by a qualified regional association, for precon-
24 struction activities necessary to obtain a permit [, PROVIDED THE
25 HATCHERY HAS RECEIVED PRELIMINARY PROJECT APPROVAL FROM THE COMMISSIONER
26 OF FISH & GAME];

27 * Sec. 9. AS 16.10.510(8) is repealed and re-enacted to read:

28 (8) no repayment of principal is required for an initial
29 period of six years, and no interest on the principal shall accrue dur-

1 ing that period.

2 * Sec. 10. AS 16.10.510 is amended by adding a new paragraph to read:

3 (9) make grants for organizational and planning purposes to
4 qualified regional associations which have formed a nonprofit corpora-
5 tion, in amounts not exceeding \$100,000 per region and up to an addi-
6 tional \$100,000 on a 50/50 cash matching basis with the regional associ-
7 ations which have an authorized assessment under sec. 530 or 540 of this
8 chapter. The state portion of the matching share shall be available
9 when a final vote for assessments is made under sec. 530 or 540 of this
10 chapter.

11 * Sec. 11. AS 16.10.520(a) is amended to read:

12 (a) A single fisheries enhancement loan may not exceed \$3,000,000
13 for a hatchery constructed under a permit granted to a qualified re-
14 gional association which has formed a nonprofit corporation, or to a
15 local nonprofit corporation [ESTABLISHED OR] approved by a qualified
16 regional association. A loan for any other nonprofit hatchery corpora-
17 tion project may not exceed \$300,000.

18 * Sec. 12. AS 16.10.530(a) is repealed and re-enacted to read:

19 (a) The commissioner of commerce and economic development, on
20 request of the qualified regional association for the area in which the
21 assessment is to be levied, shall establish areas in which an assessment
22 shall be levied on the sale of one or more species of salmon by persons
23 licensed under AS 16.05.540 - 16.05.600. A request by the qualified
24 regional association shall include a description of compliance with (e)
25 of this section. An assessment levied under this section shall be for
26 the purpose of providing revenue for the qualified regional association
27 for the area in which the assessment is made. The rate and conditions
28 of assessments shall be stated by the appropriate qualified regional
29 association in conjunction with the request to the commissioner of

1 commerce and economic development under this subsection.

2 * Sec. 13. AS 16.10.530(c) and (d) are amended to read:

3 (c) The commissioner and the appropriate qualified regional asso-
4 ciation must agree on a means of collection of the assessment [BEFORE A
5 LOAN IS MADE,] and the commissioner may, by regulation, require its
6 collection by buyers of the salmon upon the sale of which an assessment
7 is levied.

8 (d) The assessment shall terminate upon request of the qualified
9 regional corporation when all financial obligations relating to the
10 assessments have been met [THE PRINCIPAL AND INTEREST ON THE LOAN IS
11 PAID].

12 * Sec. 14. AS 16.10.530 is amended by adding new subsections to read:

13 (e) Before an assessment is made under this section, the qualified
14 regional association for the area in which the assessment is to be
15 levied shall hold an initial public meeting to explain and discuss the
16 necessity for the assessment and to explain the registration procedure
17 established under (f) of this section. Reasonable public notice of the
18 meeting shall be sent to all limited entry permit holders actively
19 participating in a fishery in the area, posted in at least three cen-
20 trally located public places in the area, and published in at least one
21 newspaper of general circulation at least one time a week for three
22 consecutive weeks in the area, if one exists. The notice shall briefly
23 state the amount of the assessment and a short general description of
24 the purposes for which the assessment money will be used. A ballot
25 shall be mailed to all limited entry permit holders actively participat-
26 ing in a fishery in the area at least 20 days before the initial public
27 meeting and contain a copy of the notice and ask the question whether an
28 assessment shall be imposed. At the public meeting the returned ballots
29 shall be counted by a special committee appointed by the regional

1 association for that purpose, and a vote by written ballot shall be
2 taken on the question from among the limited entry permit holders
3 present at the initial public meeting. After the vote is taken at the
4 initial meeting a second public meeting shall be held, upon the limited
5 notice of publication in a newspaper of general circulation, each day
6 for five consecutive days and the mailing of personal notice to all
7 limited entry permit holders who actively participate in a fishery in
8 the area at least 14 days before the second public meeting, to give
9 those who did not vote by written ballot at the initial public meeting
10 an opportunity to vote. These votes shall be counted with the votes
11 counted at the initial meeting. A majority vote for the assessment is
12 required from the combined total of the returned ballots and the votes
13 by ballot cast at both public meetings, before an assessment may be
14 imposed. No person may vote twice.

15 (f) The qualified regional association shall establish standard
16 registration procedures for voting on assessments under this section.

17 * Sec. 15. AS 16.10 is amended by adding new sections to read:

18 Sec. 16.10.600. CREATION OF AUTHORITIES. (a) An association
19 qualified under sec. 380 of this chapter as a regional association is
20 given the authority to form a regional salmon enhancement authority.
21 There is created with respect to each of the associations qualified
22 under sec. 380 of this chapter a public body corporate and politic as a
23 political subdivision of the state to function in the operating areas of
24 the individual associations. Each authority may exercise all powers
25 conferred by secs. 600 - 690 of this chapter.

26 (b) A regional salmon enhancement authority may not transact
27 business or exercise powers granted to it until the governing body of
28 the association has, by resolution, declared there is a need for the
29 authority to function, given it the authority to function and appointed

1 persons to serve as the board of commissioners of the authority. The
2 number of members of the board of commissioners, their terms of office
3 and the filling of vacancies in office shall be determined by resolution
4 of the governing body of the association.

5 (c) The regional salmon enhancement authority has jurisdiction to
6 operate in all or part of the operating area of the individual associ-
7 ation as determined by resolution of the governing body of the associa-
8 tion.

9 Sec. 16.10.610. TAX EXEMPTION. (a) A salmon enhancement author-
10 ity is exempt from payment of taxes or assessments for a period of 20
11 years from the effective date of this Act on property owned by the
12 authority which is used for salmon enhancement purposes.

13 (b) All obligations issued under secs. 600 - 690 of this chapter
14 are issued by a body corporate and public which is a political sub-
15 division of the state and for an essential public and governmental
16 purpose, and the obligations, and the interest and income on and from
17 the obligations, and all fees, charges, funds, revenues, income and
18 other money pledged or available to pay or secure the payment of the
19 obligations or interest are exempt from taxation for a period of 20
20 years from the effective date of this Act, except for transfer, inheri-
21 tance and estate taxes.

22 (c) All obligations or liabilities of a regional salmon enhance-
23 ment authority remain its own and are not obligations or liabilities of
24 the state.

25 Sec. 16.10.620. POWERS OF THE AUTHORITY. A salmon enhancement
26 authority has the general power to

- 27 (1) adopt, alter and use a corporate seal;
28 (2) prescribe, adopt, amend and repeal bylaws;
29 (3) sue and be sued in its own name;

1 (4) appoint officers, agents and employees and vest them with
2 powers and duties and to fix, change and pay compensation for their
3 services as the authority may determine;

4 (5) borrow money, make and issue bonds, notes and other
5 evidences of indebtedness of the authority for any of its corporate
6 purposes and to secure payment of its bonds and of other obligations by
7 pledge of or lien on all or any of its assets, contracts, revenue and
8 income;

9 (6) make and issue bonds for the purpose of funding, refund-
10 ing, purchasing, paying or discharging any of the outstanding bonds or
11 obligations issued or assumed by it or bonds or obligations the princi-
12 pal or interest of which is payable in whole or in part from its revenue

13 (7) make and execute agreements, contracts and other instru-
14 ments necessary or convenient in the exercise of its powers and func-
15 tions, including contracts with any person, firm, corporation, govern-
16 ment agency or other entity;

17 (8) receive, administer and comply with the conditions and
18 requirements of an appropriation, gift, grant or donation of property or
19 money;

20 (9) invest or reinvest money or funds held by the authority
21 in obligations or other securities or investments in which banks or
22 trust companies in the state may legally invest funds held in reserves
23 or sinking funds or funds not required for immediate disbursement, and
24 in certificates of deposits or time deposits;

25 (10) acquire, hold, use, lease, sell or otherwise dispose of
26 property of any kind, real, personal or mixed or any interest in it;

27 (11) do all acts and things necessary, convenient or desirable
28 to carry out the powers granted or implied in secs. 600 - 690 of this
29 chapter;

1 (12) adopt, amend and repeal rules and regulations necessary
2 for the exercise and performance of its powers and duties.

3 Sec. 16.10.630. BONDS AND NOTES. (a) The authority, by board of
4 commissioners resolution, may issue bonds and bond anticipation notes in
5 order to provide funds to carry out and effectuate its purposes.

6 (b) The principal and interest on these bonds or notes is payable
7 from authority funds. Bond anticipation notes may be payable from the
8 proceeds of the sale of bonds or from the proceeds of sale of other bond
9 anticipation notes or, if bond or bond anticipation note proceeds are
10 not available, such notes may be paid from other funds or assets of the
11 authority. Bonds or notes may be additionally secured by a pledge of a
12 grant or contribution from the federal or state government, a corpora-
13 tion, association, institution or person, or a pledge of money, income,
14 or revenues of the authority from any source.

15 (c) Bonds or bond anticipation notes may be issued as provided by
16 board resolution, in one or more series and shall (1) be dated; (2) bear
17 interest at the prescribed rate per year or within the maximum rate; (3)
18 be in a certain denomination or form, either coupon or registered; (4)
19 carry the conversion or registration provisions; (5) have rank or
20 priority; (6) be executed in a certain manner and form; (7) be payable
21 from the sources in the medium of payment and place or places inside or
22 outside the state; (8) be subject to authentication by a trustee or
23 fiscal agent; and (9) be subject to terms of redemption, with or without
24 premium. Bond anticipation notes mature at a time determined by the
25 authority. Bonds mature at a time, not exceeding 50 years from the date
26 of their issuance, as determined by the authority. Before the prepara-
27 tion of definitive bonds or bond anticipation notes, the authority may
28 issue interim receipts or temporary bonds or bond anticipation notes,
29 with or without coupons, exchangeable for bonds or bond anticipation

1 notes when the definitive bonds or bond anticipation notes have been
2 executed and are available for delivery.

3 (d) Bond or bond anticipation notes may be sold in the manner, on
4 the terms, and at the price the authority determines.

5 (e) If an officer whose actual or facsimile signature appears on
6 any bonds or notes or coupons attached to them ceases to be an officer
7 before the delivery of the bond, note or coupon, his signature is valid
8 as if he had remained in office until delivery.

9 (f) In a resolution by the board of commissioners of the authority
10 authorizing or relating to the issuance of bonds or bond anticipation
11 notes, the authority may, with the holders of the bonds or bond antici-
12 pation notes,

13 (1) pledge to any payment or purpose all or any part of
14 revenues to which it is or will be entitled to and similarly pledge the
15 money derived from the revenues, and the proceeds of any bonds or notes;

16 (2) covenant against pledging all or any part of its re-
17 venues, or against permitting or suffering a lien on the revenues or its
18 property;

19 (3) covenant as to the use and disposition of any and all
20 payments of principal or interest received by the authority on mortgage
21 loans, construction loans or other investments held by the authority;

22 (4) covenant as to establishment of reserves or sinking funds
23 and the making of provision for and the regulation and disposition of
24 the reserves or sinking funds;

25 (5) covenant with respect to or against limitations on a
26 right to sell or otherwise dispose of property of any kind;

27 (6) covenant as to bonds and notes to be issued, and their
28 limitations, terms and conditions, and as to the custody, application
29 and disposition of the proceeds of the bonds and notes;

1 (7) covenant as to the issuance of additional bonds or notes,
2 or as to limitations on the issuance of additional bonds or notes and
3 the incurring of the other debts;

4 (8) covenant as to the payment of the principal of or inter-
5 est on the bonds or notes, as to the sources and methods of the payment,
6 as to the rank or priority of the bonds or notes with respect to a lien
7 or security, or as to the acceleration of the maturity of the bonds or
8 notes;

9 (9) provide for the replacement of lost, stolen, destroyed or
10 mutilated bonds or notes;

11 (10) covenant against extending the time for the payment of
12 bonds or notes or interest on the bonds or notes;

13 (11) covenant as to the redemption of bonds or notes and
14 privileges of their exchange for other bonds or notes of the authority;

15 (12) covenant to create or authorize the creation of special
16 funds of money to be held in pledge or otherwise for operation expenses,
17 payment or redemption of bonds or notes, reserves or other purposes, and
18 as to use and disposition of the money held in the funds;

19 (13) establish the procedure, if any, by which the terms of
20 any contract or covenant with or for the benefit of the holders of bonds
21 or notes may be amended or abrogated, the amount of bonds or notes the
22 holders of which must consent to amendment or abrogation, and the manner
23 in which the consent may be given;

24 (14) covenant as to the custody of any of its properties or
25 investments, their safekeeping and insurance, and the use and disposi-
26 tion of insurance money;

27 (15) covenant as to the time or manner of enforcement or
28 restraint from enforcement of any rights of the corporation arising by
29 reason of or with respect to nonpayment of principal or interest of any

1 paying agent or other fiduciary, by resolution, inside or outside the
2 state;

3 (21) limit the rights of the holders of bonds or notes to
4 enforce a pledge or covenant securing bonds or notes;

5 (22) make covenants other than expressly authorized in this
6 section, of like or different character, and to make covenants as may be
7 necessary or desirable, to better secure bonds or notes or which, in the
8 discretion of the authority, will tend to make bonds or notes more
9 marketable, notwithstanding the fact that the covenants are not enumer-
10 ated in this section.

11 Sec. 16.10.640. VALIDITY OF PLEDGE. The pledge of assets or
12 revenues of the authority to the payment of the principal or interest of
13 obligations of the authority is valid and binding from the time the
14 pledge is made and assets or revenues pledged are immediately subject to
15 the lien of the pledge without physical delivery or further action. The
16 lien of a pledge is valid and binding against all parties having claims
17 of any kind in tort, contract or otherwise against the authority,
18 irrespective of whether those parties have notice of the lien of the
19 pledge. Nothing prohibits the authority from selling assets subject to
20 a pledge, except that a sale may be restricted by the trust agreement or
21 resolution providing for the issuance of the obligations.

22 Sec. 16.10.650. REMEDIES. A holder of obligations or coupons
23 attached to them issued under the provisions of secs. 600 - 690 of this
24 chapter, and a trustee under a trust agreement or resolution authorizing
25 the issuance of the obligations, if not restricted by the trust agree-
26 ment or resolution, either at law or in equity, may enforce all rights
27 granted under the coupons or under the trust agreement or resolution, or
28 under any other contract executed by the authority under secs. 600 - 690
29 of this chapter, and may enforce and compel the performance of all

1 duties required by secs. 600 - 690 of this chapter or by the trust
2 agreement or resolution to be performed by the authority or by an offi-
3 cer of it.

4 Sec. 16.10.660. NEGOTIABLE INSTRUMENTS. All obligations and
5 interest coupons attached to the obligations are negotiable instruments
6 under the laws of this state, subject only to applicable registration
7 provisions.

8 Sec. 16.10.670. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
9 issued under the provisions of secs. 600 - 690 of this chapter are
10 securities in which all public officers and public bodies of the state
11 and its political subdivisions, all insurance companies, trust com-
12 panies, banking associations, investment companies, executors, adminis-
13 trators, trustees and other fiduciaries may properly and legally invest
14 funds, including capital in their control or belonging to them. These
15 obligations may be deposited with the state or municipal officer of an
16 agency or political subdivision of the state for any purpose for which
17 the deposit of bonds, notes or obligations of the state is authorized by
18 law.

19 Sec. 16.10.680. REFUNDING OBLIGATIONS. (a) The authority may
20 provide for the issuance of refunding obligations for the purpose of re-
21 funding obligations then outstanding which have been issued under the
22 provisions of secs. 600 - 690 of this chapter, including the payment of
23 redemption premium on them and interest accrued or to accrue to the date
24 of redemption of the obligations. The issuance of the obligations, the
25 maturities and other details of them, the rights of the holders of them,
26 and the rights, duties and obligations of the authority in respect of
27 them are governed by the provisions of secs. 600 - 690 of this chapter
28 which relate to the issuance of appropriate obligations.

29 (b) Refunding obligations may be sold or exchanged for outstanding

1 obligations issued under secs. 600 - 690 of this chapter. If sold, the
2 proceeds may be applied, in addition to other authorized purposes, to
3 the purchase, redemption or payment of the outstanding obligations.
4 Pending the application of the proceeds of any such refunding obli-
5 gations, with any other available funds, to the payment of the principal
6 (accrued interest and any redemption premium on the obligations being
7 refunded, and, if so provided or permitted in the resolution authorizing
8 the issuance of the refunding obligations or in the trust agreement
9 securing them, to the payment of any interest on the refunding obliga-
10 tions and any expenses in connection with the refunding), the proceeds
11 may be invested in direct obligations of, or obligations the principal
12 of and the interest on which are unconditionally guaranteed by, the
13 United States of America which mature or which will be subject to re-
14 demption, at the option of the holders of them, not later than the
15 respective dates when the proceeds, together with the interest accruing
16 on them, will be required for the purposes intended.

17 Sec. 16.10.690. CREDIT OF STATE NOT PLEDGED. Obligations issued
18 under the provisions of secs. 600 - 690 of this chapter do not consti-
19 tute a debt, liability or obligation of the state or of any other
20 political subdivision of the state or a pledge of the faith and credit
21 of the state or a political subdivision of the state but are payable
22 solely from the revenues or assets of the authority. Each obligation
23 issued under secs. 600 - 690 of this chapter shall contain on its face a
24 statement that the authority is not obligated to pay it nor the interest
25 on it except from the revenues or assets pledged for it and that neither
26 the faith and credit nor the taxing power of the state or of a political
27 subdivision of the state is pledged to the payment of the principal of
28 or interest on the obligation.

22 * Sec. 16. AS 16.10.400(d) and 16.10.530(b) are repealed.

1 * Sec. 17. This Act takes effect immediately in accordance with AS 01.10.
2 070(c).
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Introduced: 1/13/77
Referred: Resources and State
Affairs and Finance

1 IN THE SENATE

BY KERTTULA

2 SENATE BILL NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the creation of salmon enhancement
7 authorities; and providing for an effective date."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10 Sec. 16.10.480. CREATION OF AUTHORITIES. (a) An association
11 qualified under sec. 375 of this chapter as a regional association is
12 given the authority to form a regional salmon enhancement authority.
13 There is created with respect to each of the associations qualified
14 under sec. 375 of this chapter a public body corporate and politic as a
15 political subdivision of the state to function in the operating areas of
16 the individual associations. Each authority may exercise all powers
17 conferred by this chapter.

18 (b) A regional salmon enhancement authority may not transact
19 business or exercise powers granted to it until the governing body of
20 the association has, by resolution, declared there is a need for the
21 authority to function, given it the authority to function and appointed
22 persons to serve as the board of commissioners of the authority. The
23 number of members of the board of commissioners, their terms of office
24 and the filling of vacancies in office shall be determined by resolution
25 of the governing body of the association.

26 (c) The regional salmon enhancement authority has jurisdiction to
27 operate in all or part of the operating area of the individual associa-
28 tion as determined by resolution of the governing body of the associa-
29 tion.

1 Sec. 16.10.490. TAX EXEMPTION. (a) A salmon enhancement author-
2 ity is exempt from payment of taxes or assessments for a period of 20
3 years from the effective date of this Act on property owned by the
4 authority which is used for salmon enhancement purposes.

5 (b) All obligations issued under this chapter are issued by a body
6 corporate and public which is a political subdivision of the state and
7 for an essential public and governmental purpose, and the obligations,
8 and the interest and income on and from the obligations, and all fees,
9 charges, funds, revenues, income and other money pledged or available to
10 pay or secure the payment of the obligations or interest are exempt from
11 taxation for a period of 20 years from the effective date of this Act,
12 except for transfer, inheritance and estate taxes.

13 (c) All obligations or liabilities of a regional salmon enhancement
14 authority remain its own and are not obligations or liabilities of the
15 state.

16 Sec. 16.10.500. POWERS OF THE AUTHORITY. A salmon enhancement
17 authority has the general power to

- 18 (1) adopt, alter and use a corporate seal;
- 19 (2) prescribe, adopt, amend and repeal bylaws;
- 20 (3) sue and be sued in its own name;
- 21 (4) appoint officers, agents and employees and vest them with
22 powers and duties and to fix, change and pay compensation for their
23 services as the authority may determine;
- 24 (5) borrow money, make and issue bonds, notes and other
25 evidences of indebtedness of the authority for any of its corporate
26 purposes and to secure payment of its bonds and of other obligations
27 by pledge of or lien on all or any of its assets, contracts, revenue and
28 income;
- 29 (6) make and issue bonds for the purpose of funding, refund-

1 ing, purchasing, paying or discharging any of the outstanding bonds or
2 obligations issued or assumed by it or bonds or obligations the princi-
3 pal or interest of which is payable in whole or in part from its revenue;

4 (7) make and execute agreements, contracts and other instru-
5 ments necessary or convenient in the exercise of its powers and func-
6 tions, including contracts with any person, firm, corporation, government
7 agency or other entity;

8 (8) receive, administer and comply with the conditions and
9 requirements of an appropriation, gift, grant or donation of property or
10 money;

11 (9) invest or reinvest money or funds held by the authority
12 in obligations or other securities or investments in which banks or
13 trust companies in the state may legally invest funds held in reserves
14 or sinking funds or funds not required for immediate disbursement, and
15 in certificates of deposits or time deposits;

16 (10) acquire, hold, use, lease, sell or otherwise dispose of
17 property of any kind, real, personal or mixed or any interest in it;

18 (11) do all acts and things necessary, convenient or desirable
19 to carry out the powers granted or implied in this chapter;

20 (12) adopt, amend and repeal rules and regulations necessary
21 for the exercise and performance of its powers and duties.

22 Sec. 16.10.510. BONDS AND NOTES. (a) The authority, by board
23 resolution, may issue bonds and bond anticipation notes in order to
24 provide funds to carry out and effectuate its purposes.

25 (b) The principal and interest on these bonds or notes is payable
26 from authority funds. Bond anticipation notes may be payable from the
27 proceeds of the sale of bonds or from the proceeds of sale of other bond
28 anticipation notes or, if bond or bond anticipation note proceeds are
29 not available, such notes may be paid from other funds or assets of the

1 authority. Bonds or notes may be additionally secured by a pledge of a
2 grant or contribution from the federal or state government, a corpora-
3 tion, association, institution or person, or a pledge of money, income,
4 or revenues of the authority from any source.

5 (c) Bonds or bond anticipation notes may be issued as provided by
6 board resolution, in one or more series and shall (1) be dated; (2) bear
7 interest at the prescribed rate per year or within the maximum rate; (3)
8 be in a certain denomination or form, either coupon or registered; (4)
9 carry the conversion or registration provisions; (5) have rank or
10 priority; (6) be executed in a certain manner and form; (7) be payable
11 from the sources in the medium of payment and place or places inside or
12 outside the state; (8) be subject to authentication by a trustee or
13 fiscal agent; and (9) be subject to terms of redemption, with or without
14 premium. Bond anticipation notes mature at a time determined by the
15 authority. Bonds mature at a time, not exceeding 50 years from the date
16 of their issuance, as determined by the authority. Before the prepara-
17 tion of definitive bonds or bond anticipation notes, the authority may
18 issue interim receipts or temporary bonds or bond anticipation notes,
19 without or without coupons, exchangeable for bonds or bond anticipation
20 notes when the definitive bonds or bond anticipation notes have been
21 executed and are available for delivery.

22 (d) Bond or bond anticipation notes may be sold in the manner, on
23 the terms, and at the price the authority determines.

24 (e) If an officer whose actual or facsimile signature appears on
25 any bonds or notes or coupons attached to them ceases to be an officer
26 before the delivery of the bond, note or coupon, his signature is valid
27 as if he had remained in office until delivery.

28 (f) In a resolution of the authority authorizing or relating to
29 the issuance of bonds or bond anticipation notes, the authority may,

1 with the holders of the bonds or bond anticipation notes,

2 (1) pledge to any payment or purpose all or any part of
3 revenues to which it is or will be entitled to and similarly pledge the
4 money derived from the revenues, and the proceeds of any bonds or notes;

5 (2) covenant against pledging all or any part of its revenues,
6 or against permitting or suffering a lien on the revenues or its pro-
7 perty;

8 (3) covenant as to the use and disposition of any and all
9 payments of principal or interest received by the authority on mortgage
10 loans, construction loans or other investments held by the authority;

11 (4) covenant as to establishment of reserves or sinking funds
12 and the making of provision for and the regulation and disposition of
13 the reserves or sinking funds;

14 (5) covenant with respect to or against limitations on a
15 right to sell or otherwise dispose of property of any kind;

16 (6) covenant as to bonds and notes to be issued, and their
17 limitations, terms and conditions, and as to the custody, application
18 and disposition of the proceeds of the bonds and notes;

19 (7) covenant as to the issuance of additional bonds or notes,
20 or as to limitations on the issuance of additional bonds or notes and
21 the incurring of the other debts;

22 (8) covenant as to the payment of the principal of or inter-
23 est on the bonds or notes, as to the sources and methods of the payment,
24 as to the rank or priority of the bonds or notes with respect to a lien
25 or security, or as to the acceleration of the maturity of the bonds or
26 notes;

27 (9) provide for the replacement of lost, stolen, destroyed or
28 mutilated bonds or notes;

29 (10) covenant against extending the time for the payment of

1 bonds or notes or interest on the bonds or notes;

2 (11) covenant as to the redemption of bonds or notes and
3 privileges of their exchange for other bonds or notes of the authority;

4 (12) covenant to create or authorize the creation of special
5 funds of money to be held in pledge or otherwise for operation expenses,
6 payment or redemption of bonds or notes, reserves or other purposes, and
7 as to use and disposition of the money held in the funds;

8 (13) establish the procedure, if any, by which the terms of
9 any contract or covenant with or for the benefit of the holders of bonds
10 or notes may be amended or abrogated, the amount of bonds or notes the
11 holders of which must consent to amendment or abrogation, and the manner
12 in which the consent may be given;

13 (14) covenant as to the custody of any of its properties or
14 investments, their safekeeping and insurance, and the use and disposi-
15 tion of insurance money;

16 (15) covenant as to the time or manner of enforcement or
17 restraint from enforcement of any rights of the corporation arising by
18 reason of or with respect to nonpayment of principal or interest of any
19 mortgage loans or construction loans;

20 (16) provide for the rights and liabilities, powers and duties
21 arising upon the breach of a covenant, condition or obligation, and to
22 prescribe the events of default and the terms and conditions upon which
23 any or all of the bonds, notes or other obligations of the authority
24 become or may be declared due and payable before maturity and the terms
25 and conditions upon which such a declaration and its consequences may be
26 waived;

27 (17) vest in a trustee or trustees inside or outside the state
28 property, rights, powers and duties in trust as the authority may
29 determine, which may include any or all of the rights, powers and duties

1 of a trustee appointed by the holders of bonds or notes, and to limit or
2 abrogate the right of the holders of bonds or notes of the authority to
3 appoint a trustee under this chapter or limit the rights, powers and
4 duties of the trustee;

5 (18) pay the costs or expenses incident to the enforcement of
6 the bonds or notes or of the provisions of the resolution or of a
7 covenant or agreement of the authority with the holders of its bonds or
8 notes;

9 (19) agree with a corporate trustee which may be a trust
10 company or bank having the powers of a trust company inside or outside
11 the state as to the pledging or assigning of revenues or funds to which
12 or in which the authority has any rights or interest; and further pro-
13 vide for other rights and remedies exercisable by the trustee as may be
14 proper for the protection of the holders of any bonds or notes of the
15 authority and not otherwise in violation of law and may provide for the
16 restriction of the rights of an individual holder of bonds or notes of
17 the authority;

18 (20) appoint and provide for the duties and obligations of a
19 paying agent or other fiduciary, by resolution, inside or outside the
20 state,

21 (21) limit the rights of the holders of bonds or notes to
22 enforce a pledge or covenant securing bonds or notes;

23 (22) make covenants other than expressly authorized in this
24 section, of like or different character, and to make covenants as may be
25 necessary or desirable, to better secure bonds or notes or which, in the
26 discretion of the authority, will tend to make bonds or notes more
27 marketable, notwithstanding the fact that the covenants are not enumer-
28 ated in this section.

29 Sec. 16.10.520. VALIDITY OF PLEDGE. The pledge of assets or

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1 revenues of the authority to the payment of the principal or interest of
2 obligations of the authority is valid and binding from the time the
3 pledge is made and assets or revenues pledged are immediately subject to
4 the lien of the pledge without physical delivery or further action. The
5 lien of a pledge is valid and binding against all parties having claims
6 of any kind in tort, contract or otherwise against the authority,
7 irrespective of whether those parties have notice of the lien of the
8 pledge. Nothing prohibits the authority from selling assets subject to
9 a pledge, except that a sale may be restricted by the trust agreement or
10 resolution providing for the issuance of the obligations.

11 Sec. 16.10.530. REMEDIES. A holder of obligations or coupons
12 attached to them issued under the provisions of this chapter, and a
13 trustee under a trust agreement or resolution authorizing the issuance
14 of the obligations, if not restricted by the trust agreement or resolu-
15 tion, either at law or in equity, may enforce all rights granted under
16 the coupons or under the trust agreement or resolution, or under any
17 other contract executed by the authority under this chapter, and may
18 enforce and compel the performance of all duties required by this
19 chapter or by the trust agreement or resolution to be performed by the
20 authority or by an officer of it.

21 Sec. 16.10.540. NEGOTIABLE INSTRUMENTS. All obligations and
22 interest coupons attached to the obligations are negotiable instruments
23 under the laws of this state, subject only to applicable registration
24 provisions.

25 Sec. 16.10.550. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
26 issued under the provisions of this chapter are securities in which all
27 public officers and public bodies of the state and its political sub-
28 divisions, all insurance companies, trust companies, banking associa-
29 tions, investment companies, executors, administrators, trustees and

1 other fiduciaries may properly and legally invest funds, including
2 capital in their control or belonging to them. These obligations may be
3 deposited with the state or municipal officer of an agency or political
4 subdivision of the state for any purpose for which the deposit of bonds,
5 notes or obligations of the state is authorized by law.

6 Sec. 16.10.560. REFUNDING OBLIGATIONS. (a) The authority may pro-
7 vide for the issuance of refunding obligations for the purpose of re-
8 funding obligations then outstanding which have been issued under the
9 provisions of this chapter, including the payment of redemption premium
10 on them and interest accrued or to accrue to the date of redemption of
11 the obligations. The issuance of the obligations, the maturities and
12 other details of them, the rights of the holders of them, and the rights,
13 duties and obligations of the authority in respect of them are governed
14 by the provisions of this chapter which relate to the issuance of
15 appropriate obligations.

16 (b) Refunding obligations may be sold or exchanged for outstanding
17 obligations issued under this chapter. If sold, the proceeds may be
18 applied, in addition to other authorized purposes, to the purchase,
19 redemption or payment of the outstanding obligations. Pending the
20 application of the proceeds of any such refunding obligations, with any
21 other available funds, to the payment of the principal (accrued interest
22 and any redemption premium on the obligations being refunded, and, if so
23 provided or permitted in the resolution authorizing the issuance of the
24 refunding obligations or in the trust agreement securing them, to the
25 payment of any interest on the refunding obligations and any expenses in
26 connection with the refunding), the proceeds may be invested in direct
27 obligations of, or obligations the principal of and the interest on
28 which are unconditionally guaranteed by, the United States of America
29 which mature or which will be subject to redemption, at the option of