

ALASKA LEGISLATURE

1015

HOUSE and SENATE FINANCE COMMITTEE FILES,

1993-1994

89

Back-up

# Alaska State Legislature

Interim:  
P.O. Box 2187  
Soldotna, AK 99669



Session:  
State Capitol  
Juneau, AK 99801  
(907) 465-2693

**Representative Gary L. Davis**

## SPONSOR STATEMENT

### SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 249(L&C)

**"An Act reestablishing the Board of Electrical Examiners and extending the termination date of the Board of Mechanical Examiners; relating to electrical and mechanical administrators."**

The purpose of SCSCSSS for House Bill 249(L&C) is to address a problem that I perceive as an "emergency". On August 31, 1993 all Electrical Administrators licenses in the State (approximately 600) will expire.

The bill reestablishes the Board of Electrical Examiners -- which sunsetted on June 30, 1992 -- which will enable those licenses about to expire to be renewed.

It will take legislative action to reinstate any of these licenses. The emergency nature of this situation will exist because there will be no electric administrators to insure the proper installation of electric systems throughout the State.

The inclusion of the Mechanical Examiner Board is simply a house cleaning measure. This inclusion will alleviate a similar fate of the licensed Mechanical Administrators since this licensing board would expire on June 30, 1993.

An Electrical Administrator is a master electrician charged with overseeing the proper installation of electrical work done by journeyman and apprentice electricians. They are certified and licensed by the State to provide protection and safety of the people and property in the state from the danger of improperly installed electrical wiring and equipment.

Without Electrical Administrators there is an increased and unnecessary risk of improperly installed electrical systems.

**BILL NO:** SCS CSSSHB 249(L&C)

**DATE:** April 29, 1993

**TITLE:** Electrical/Mechanical Tradespersons

**CONTACT:** Arbe Williams  
465-2700

Prior to the inception of the administrator program, the only qualification to be an electrical or mechanical contractor was to have the money to purchase the license. In an attempt to save time and money, some contractors will ask, or demand, that their employees take short cuts with the materials used and how they are installed. The result is an unacceptable risk to the public of life threatening substandard electrical and mechanical installations.

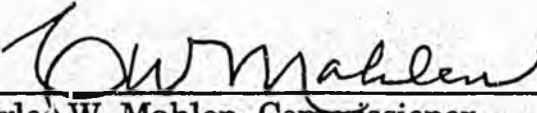
Currently, there are 616 licensed electrical administrators and 605 licensed mechanical administrators who are, by statute, responsible for the installation of electrical and mechanical systems to ensure that the systems are installed using the proper materials and procedures according to nationally accepted codes adopted by the state. The state cannot afford to replace these administrators and assure that the public is safe from the very real danger of improperly installed electrical wiring and equipment, improperly installed mechanical systems and the use of unacceptable materials in the installations.

The Electrical Examiners Board sunsetted June 30, 1992; the Mechanical Examiners Board is scheduled to sunset June 30 of this year. There was a perception that the boards limited the ability of the public to obtain a license and that the administrator, once licensed, could assign the license for a fee without taking any responsibility for the work performed under the license. The administrators were not serving their purpose.

SCS CSSSHB 249(L&C) proposes a temporary solution to the problems associated with the administrator licenses while maintaining the program for the protection of the public. For greater efficiency and effectiveness, the bill proposes to consolidate the licensing and enforcement functions of the administrators program by transferring the Board of Mechanical Examiners from the Department of Commerce & Economic Development and establishing the Board of Electrical Examiners in the Department of Labor.

The Department of Labor supports this legislation and urges passage this session.

APPROVED:

  
\_\_\_\_\_  
Charles W. Mahlen, Commissioner

**POSITION PAPER/Department of Labor**

# DEPARTMENT OF LABOR

## SECTIONAL ANALYSIS

### SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 249 (LABOR & COMMERCE)

"An Act reestablishing the Board of Electrical Examiners and extending the termination date of the Board of Mechanical Examiners; relating to electrical and mechanical administrators; and providing for an effective date."

#### Sections 1 & 2, 10, 13 through 19 and 21.

Establishes the Board of Mechanical Examiners and the Board of Electrical Examiners in the Department of Labor.

\*These amendments were made in response to support for consolidation of the licensing and enforcement of the administrator licenses in the Department of Labor.

#### Section 3.

Extends the Board of Mechanical Examiners two years to June 30, 1994.

\*This amendment was made in order to provide that the problems associated with the licensing and performance of electrical and mechanical administrators is addressed next year.

#### Section 4.

Reestablishes the Board of Electrical Examiners with a sunset date of June 30, 1994.

\*This amendment was made in order to provide that the problems associated with the licensing and performance of electrical and mechanical administrators is addressed next year.

#### Section 5.

Establishes the membership of the Board of Electrical Examiners, replacing an electrical administrator with a professional engineer and providing for geographical distribution of the membership.

#### Section 6.

Provides for the terms of the members of the Board of Electrical Examiners.

#### Section 7.

Restates the law that requires that a person may not act as an electrical administrator without a license unless excluded by other provisions of the law.

Section 8.

Extends the period by two years under which an electrical administrator license can be lapsed and the holder is not required to take an examination.

\*This amendment was made by the Chair of the House State Affairs Committee to accommodate those electrical administrators whose licenses lapsed in August of 1991 and who have not had a mechanism to renew the license within the two year period.

Section 9.

Provides that a violation of the provisions of AS 08.40.010-08.40.200 constitutes a violation subject to a maximum fine of \$300 for an individual upon conviction.

Section 11.

Changes the membership of the Board of Mechanical Examiners, replacing a mechanical administrator with a professional engineer and deleting specific residency requirements.

Section 12.

Restates the law that requires that a person may not act as a mechanical administrator without a license unless excluded by other provisions of the law.

Section 20.

Provides that a violation of the provisions of AS 08.40.210-08.40.490 constitutes a violation subject to a maximum fine of \$300 for an individual upon conviction.

Section 22.

Allows the bill to address more than one board.

Section 23.

Provides for a transition for electrical administrator licenses; extends the membership of the Board of Mechanical Examiners until the Governor appoints a new board; and provides for the transition of the functions of the boards from the Department of Commerce & Economic Development to the Department of Labor.

Section 24.

Provides for an immediate effective date.

\*This amendment was made in order to allow electrical administrators to renew their licenses as soon as possible.

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Number 2  
Bill Version: CSSSHB 249 (STA)  
(H) Publish Date: 4/20/93

Revision Date: \_\_\_\_\_  
Title: An Act reestablishing the Board of Electrical Examiners and extending the termination date of the Board of Mechanical Examiners  
Sponsor: Representative G. Davis  
Requestor: House Labor & Commerce

Department Affected: Commerce and Economic Development  
BRU: Occupational Licensing  
Component: Operations  
COMPONENT SERIAL NO. 1844

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	51.4	51.4	51.4	51.4	51.4	51.4
TRAVEL	12.6	12.6	12.6	12.6	12.6	12.6
CONTRACTUAL	12.0	12.0	12.0	12.0	12.0	12.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	77.0	77.0	77.0	77.0	77.0	77.0

CAPITAL						
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REVENUE FUND SOURCE:	77.0	77.0	77.0	77.0	77.0	77.0
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FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	77.0	77.0	77.0	77.0	77.0	77.0
1006 GF/MHTIA						
OTHER						
TOTAL	77.0	77.0	77.0	77.0	77.0	77.0

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	(1)	(1)	(1)	(1)	(1)	(1)
TEMPORARY						

Estimate of current year (FY 93) impact: None

ANALYSIS: (Attach a separate page if necessary.)  
SEE ATTACHED

*\*1 and #2  
not applicable  
to SCB*

Prepared by: Karl Luck, Director  
Division: Occupational Licensing

Phone: 465-2538  
Date: 4/20/93

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

Date: 4/20/93

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# FISCAL NOTE

No. 1  
 Bill / Revision: SSHB 249  
 (H) Publish Date: 3/31/93

STATE OF ALASKA  
 1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Electrical/Mechanical Tradespersons  
 Sponsor: Representative G. Davis  
 Requestor: House Labor & Commerce

Department Affected: Labor  
 BRU: Labor Standards & Safety  
 Component: Mechanical Inspection  
 COMPONENT SERIAL NO. 346

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	100.8	100.8	100.8	100.8	100.8	100.8
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	39.6	29.0	29.0	29.0	29.0	29.0
SUPPLIES	7.6	7.6	7.6	7.6	7.6	7.6
EQUIPMENT	7.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>165.0</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>

CAPITAL						
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REVENUE FUND SOURCE:	165.0 PR #1005	165.0 PR #1005	165.0 PR #1005	165.0 PR #1005	165.0 PR #1005	165.0 PR #1005
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	165.0	147.4	147.4	147.4	147.4	147.4
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>165.0</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>

**POSITIONS:**

FULL-TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

(see attached)

Prepared by: Donald G. Study, CSP, Director Phone: 465-6003  
 Division: Labor Standards & Safety Date: 3/29/93

Approved by Commissioner: Charles W. Mahler  
 Agency: Department of Labor Date: 3/29/93

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FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Number 2  
Bill Version: CSSSHB 249 (STA)  
(H) Publish Date: 4/20/93

Revision Date: \_\_\_\_\_  
Title: An Act reestablishing the Board of Electrical Examiners and extending the termination date of the Board of Mechanical Examiners  
Sponsor: Representative G. Davis  
Requestor: House Labor & Commerce

Department Affected: Commerce and Economic Development  
BRU: Occupational Licensing  
Component: Operations  
COMPONENT SERIAL NO. 1844

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	51.4	51.4	51.4	51.4	51.4	51.4
TRAVEL	12.6	12.6	12.6	12.6	12.6	12.6
CONTRACTUAL	12.0	12.0	12.0	12.0	12.0	12.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	77.0	77.0	77.0	77.0	77.0	77.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:	77.0	77.0	77.0	77.0	77.0	77.0
----------------------	------	------	------	------	------	------

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	77.0	77.0	77.0	77.0	77.0	77.0
1006 GF/MHTIA						
OTHER						
TOTAL	77.0	77.0	77.0	77.0	77.0	77.0

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	(1)	(1)	(1)	(1)	(1)	(1)
TEMPORARY						

Estimate of current year (FY 93) impact: None

ANALYSIS: (Attach a separate page if necessary.)  
SEE ATTACHED

*#1 and #2  
not applicable  
to SCB*

Prepared by: Karl Luck, Director  
Division: Occupational Licensing

Phone: 465-2538  
Date: 4/20/93

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

Date: 4/20/93

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FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. <sup>10.2</sup> CSSSHB 249 (STA)

page 2

ANALYSIS: (continued)

CS for Sponsor Substitute for HB 249 recreates the Board of Electrical Examiners which was sunset in 1991. The following cost increases are for Electrical Administrators (EA) licenses and regulation projects associated with the change to statute, plus division cost for administration of board. A licensing examiner position (PCN 2076) is reclassified from part-time to full-time position since previous EA licensing examiner position was reassigned to cover four additional licensing functions assigned in SLA 92 with no position increase. Mechanical Administrator (MA) licensing function is currently budgeted for in FY 94; no additional funds are required. All funds are program receipts from electrical administrator fees. No general funds are required.

Personal Services

PCN Loan 2076 reclassified part-time - full-time	\$19.4
Administrative costs	<u>32.0</u>

Subtotal	\$51.4
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Travel

(Board) 4 meetings @ \$2.8 per	11.2
Out-of-state to professional (national) meeting	<u>1.4</u>

Subtotal	12.6
----------	------

Contractual Services

Exams - 4 per year @ \$2.5 ea.	10.0
Printing	1.5
Mail	<u>.5</u>

Subtotal	12.0
----------	------

Supplies

Subtotal	1.0
	<u>1.0</u>

<b>TOTAL</b>	<b><u>\$77.0</u></b>
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Revenue 616 licensees @ \$250 ea. divided by 2 (biennial period)	77.0
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# FISCAL NOTE

No. 1  
 Bill Number: SSHB 249  
 (H) Publish Date: 3/31/93

**STATE OF ALASKA  
 1993 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_  
 Title: Electrical/Mechanical Tradespersons  
 Sponsor: Representative G. Davis  
 Requestor: House Labor & Commerce

Department Affected: Labor  
 BRU: Labor Standards & Safety  
 Component: Mechanical Inspection  
 COMPONENT SERIAL NO. 346

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	100.8	100.8	100.8	100.8	100.8	100.8
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	39.6	29.0	29.0	29.0	29.0	29.0
SUPPLIES	7.6	7.6	7.6	7.6	7.6	7.6
EQUIPMENT	7.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>165.0</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>

CAPITAL						
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REVENUE	165.0	165.0	165.0	165.0	165.0	165.0
FUND SOURCE:	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005

**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	165.0	147.4	147.4	147.4	147.4	147.4
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>165.0</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>	<b>147.4</b>

**POSITIONS:**

FULL-TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

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

(see attached)

Prepared by: Donald G. Study, CSP, Director Phone: 465-6003  
 Division: Labor Standards & Safety Date: 3/29/93

Approved by Commissioner: Charles W. Mahler *[Signature]*  
 Agency: Department of Labor Date: 3/29/93

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Fiscal Note Analysis for

"An Act relating to... transfer of Electrical and Mechanical Administrators licensing and enforcement to the Department of Labor..."

This bill would place responsibility on the Mechanical Inspection component of the Department of Labor for the licensing and enforcement functions of the Electrical Examiners Board which sunsetted June 30, 1992 and of the Mechanical Examiners Board which is due to sunset June 30, 1993. In addition the bill would allow the department to change the time periods for certificates of fitness by regulation. Currently certificates are for one or three years as set in statute, the department would phase in two year certificates in an effort to stabilize annual revenues.

Certificates for electrical and mechanical administrators would be issued and enforced under the department's Certificates of Fitness program. Two full time positions would be needed to investigate violations, enforce the certificate requirements and provide clerical and administrative support to the program.

An Investigator II position would be established to provide application review, investigation of violations and enforcement of the certificate requirements, including the preparation and presentation of cases for hearings or appeals and actions in court to enforce statutory compliance.

A Clerk Typist III position would provide clerical support necessary to the operation of the program. Duties would include: implementation of a computerized photo-identification licensing system to issue licenses and collect & maintain records of fees; issue and receive certificate of fitness application forms; assist with testing applicants; and answer routine questions from the public.

Travel funds would be required to allow the Investigator to travel to work sites to investigate alleged violations and to enforce licensing requirements. Also included is funding for a Hearing Officer to travel between Juneau, Anchorage, and Fairbanks to conduct hearings and appeals.

Additional contractual and commodity expenses would also be incurred by the two positions for phones, space, vehicle lease, office supplies, and other normal position costs. In addition funds for program costs such as mass mailings to licensees, forms production and mailing, third party testing services, and legal support have been included. Also, one time contractual funding for computer programming to integrate the licensing functions into the departments licensing system is also required.

Equipment needed would be two personal computers, telephones, desks, and chairs.

Revenue from testing and licensing is expected to fund these program costs. The revenue estimates are:

Electrical Administrators - 600 licenses x \$125.00 fee =	\$75,000
Mechanical Administrators - 600 licenses x \$125.00 fee =	\$75,000
Examination - 150 applications x 2 categories x \$50.00 fee =	\$15,000

Total estimated revenue = \$165,000.00

An effective date of July 1, 1993 is assumed.

Position Title <b>Investigator II</b>		No. of Positions <b>1</b>	Range/Step <b>16 M</b>	Barg. Unit <b>GCU</b>
Time Status <b>Full Time</b>	Staff Months <b>12</b>	Location <b>Anchorage</b>		Election District <b>7</b>
Type of Expenditure		Amount		Justification  <p>This position will provide the following services: application review and approval; licensing enforcement and investigation of violations; will issue cease and desist orders, subpoenas, and stop work orders when necessary; will prepare and present cases for hearings or appeals; and will bring actions to court to enforce compliance with statutes.</p> <p>Travel funds would cover costs of travel around the state to investigate persons who may be engaging in a violation of this licensing program.</p> <p>Contractual costs include postage, phone, space rent, and other per employee costs. Also included are funds to lease a vehicle for the Investigator to use in performance of the position duties.</p> <p>Commodities cover normal office supplies for this position.</p> <p>Equipment is for a personal computer, desk and chair and is a one time cost.</p>
Salary	\$49,860			
Benefits	18,233			
Premium Pay				
Other				
Total Personal Services		<b>\$68,093</b>		
Travel		<b>6,000</b>		
Contractual		<b>8,000</b>		
Commodities		<b>500</b>		
Equipment		<b>3,500</b>		
Other				
Total Cost		<b>\$86,093</b>		
Funding Source for Total Cost				
Federal Receipts	1002			
G. E. Match	1003			
General Fund	1004			
I-A Receipts	1007			
GF Program Receipts	1005	<b>86,093</b>		
Other				

**Request For  
New Position**

Agency Labor  
 BRU Labor Standards & Safety  
 Component Mechanical Inspection

Page 3 of 4  
 Revised Date

**FY 94**

SS HS 249  
10.1

Position Title <b>Clerk Typist III</b>		No. of Positions <b>1</b>	Range/Step <b>8 A</b>	Barg. Unit <b>GGU</b>
Time Status <b>Full Time</b>	Staff Months <b>12</b>	Location <b>Anchorage</b>		Election District <b>7</b>
Type of Expenditure		Amount	Justification  <p>This position will provide clerical support necessary to the operation of the program. Duties will include: collect and maintain records of fees; issue and receive application forms; issuing licenses; and answer routine questions from the public.</p> <p>Contractual costs include postage, phone, space rent, and other per employee costs.</p> <p>Commodities cover normal office supplies for this position.</p> <p>Equipment is for a personal computer, desk and chair and is a one time cost.</p>	
Salary	<b>\$21,996</b>			
Benefits	<b>10,679</b>			
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>\$32,675</b>		
Travel				
Contractual		<b>2,000</b>		
Commodities		<b>500</b>		
Equipment		<b>3,500</b>		
Other				
<b>Total Cost</b>		<b>\$38,675</b>		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
GF Program Receipts	1005	<b>38,675</b>		
Other				

**Request For  
New Position**

Agency Labor  
 BRU Labor Standards & Safety  
 Component Mechanical Inspection

Page 4 of 4  
 Revised Date

**FY 94**

No. 1  
 SS HS 249

**HB**

**252**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 13, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/20/93

The FINANCE Committee considered:

HB 252

HOUSE BILL NO. 252

REFINANCING COMMERCIAL FISHING LOANS

"An Act amending the Commercial Fishing Loan Act to authorize refinancing of existing loans made under that Act."

RECOMMENDATIONS:

be replaced with HB 252 [ ] the same title

[ ] have attached amendments(s)

[ ] do pass

[ ] do not pass

[] no recommendations

[ ] individual recommendations

[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact DCED

[ ] fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note \_\_\_\_\_

[ ] zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Ronald J. Larson</i> Larson	X	<i>EP McLean</i> Maclean		✓	
<i>Ben Grussendorf</i> Grussendorf	X	<i>Mark Hanley</i> Hanley		X	
<i>Larry Hoffman</i> Hoffman	✓	<i>Terry Martin</i> Martin			? ✓
<i>Richard Foster</i> FOSTER	X	<i>Seah Parnell</i> Parnell		X	
		<i>Mike Navarre</i> NAVARRE		✓	
		<i>Fay Brown</i> BROWN		✓	
		<i>Gene Theriault</i> Theriault		X	

*Ronald J. Larson*      *EP McLean*  
 COCHAIRMAN'S SIGNATURE      maclean  
 Larson

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CS HB 252 (FIN)

Revision Date: April 20, 1993

Dept. Affected: Commerce & Economic Development

Title: Refinancing Commercial

BRU: Investments

Fishing Loans

Component: \_\_\_\_\_

Sponsor: Representative Moses

Requestor: HOUSE FINANCE COMMITTEE

COMPONENT SERIAL NO. 0384

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	83.0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	2.0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>85.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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<b>REVENUE FUND SOURCE:</b>	<b>328.0</b>	<b>[1,638]</b>	<b>[1,638.]</b>	<b>[1,638]</b>	<b>[1,638]</b>	<b>[1,638]</b>
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	85.0	0	0	0	0	0
<b>TOTAL</b>	<b>85.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME	2	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ \_\_\_\_\_

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

Prepared by: Representative Ron Larson, Co-Chair *R.L.* Phone: 465-3878  
Representative Eileen MacLean, Co-Chair *E.M.* Phone: 465-4922  
 Division: HOUSE FINANCE COMMITTEE Date: 4/20/93

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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Back-up

# Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN  
HOUSE RULES COMMITTEE

CHAIRMAN  
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER  
FINANCE SUBCOMMITTEES  
FISH AND GAME  
PUBLIC SAFETY

SESSION:  
CAPITOL BUILDING, ROOM 204  
JUNEAU, ALASKA 99801-1182  
PHONE: (907) 485-4451  
FAX: (907) 485-3445

INTERIM:  
P.O. BOX 109  
UNALASKA, ALASKA 99685  
PHONE: (907) 581-1234  
FAX: (907) 581-2875

## SPONSOR STATEMENT FOR

### HB 252

## REFINANCING OF COMMERCIAL FISHING LOANS

I have introduced House Bill 252 to give the Department of Commerce the authority to refinance existing commercial fishing loans. Most of the 1,200 commercial fishermen who now have state loans are paying 10.5% in interest rates. Regulations provide for new fixed rate loans at 2% above the bank prime rate. Since the current bank prime rate is 6%, current commercial fishing loans are now at 8% rates. However, the Department of Commerce has no mechanism to allow for current loans to be refinanced to take advantage of the lower interest rates that are currently available.

Commercial fishermen have been faced these past few years with low prices and unpredictable fish returns. Following the disastrous 1991 salmon season, the Department of Commerce approved loan extensions for nearly half of the existing loans. More than 3000 fishermen are reportedly in arrears this year to the Internal Revenue Service for back taxes. The commercial fishing industry is obviously in bad shape. Allowing fishermen to refinance their loans and reduce their monthly payments is one obvious way the legislature can help the industry out. Although there is a cost for such a refinancing program, there is sufficient cash flow in the revolving loan fund to accommodate it. Additionally, fishermen would have an easier time making their payments if their loans were at lower interest rates.

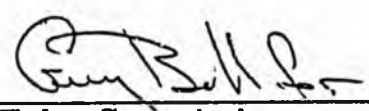
HB 252: "An act amending the Commercial Fishing Loan Act to authorize refinancing of existing loans made under that Act."

This legislation would allow the Department to refinance existing loans in the Commercial Fishing Revolving Loan Fund to take advantage of lower interest rates currently available. Almost all loans, more than 1,200, currently on the books were made at 10.5%. 3 AAC 80.055(k) provides for new fixed rate loans at 2% above the bank prime rate. The current bank prime rate is 6%, making the commercial fishing loan rate 8%.

A loan refinance is accomplished by originating a new loan under currently available terms and paying off the existing loan debt. Fees generated will be in excess of the administrative costs estimated for the program.

The reduction of 2.5% in interest on the existing loans will result in more than a million and a half dollars of reduced cash flow into the Commercial Fishing Revolving Loan Fund. This may limit the ability to meet loan demand in future years.

The Department is neutral on this legislation. This will result in a general benefit to all fishers with existing loans in the program, but may result in funds not being available in the future to those for which the program was designed to assist.



Paul Fuhs, Commissioner

Date: 3-25-93

FISCAL NOTE

BILL NO. HB 252

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: March 25, 1993  
Title: Refinancing Commercial Fishing Loans  
Sponsor: Representative Moses  
Requestor: House Labor and Commerce

Department Affected: Commerce and Economic Development  
BRU: Investments  
Component: \_\_\_\_\_  
COMPONENT SERIAL NO. 0384

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	<u>166,583.0</u>	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	<u>4,020</u>	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	<u>170,585.0</u>	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE C/F LOAN FUND SOURCE: <u>1036</u>	328.0	[1,638.0]	[1,638.0]	[1,638.0]	[1,638.0]	[1,638.0]
--	-------	-----------	-----------	-----------	-----------	-----------

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER C/F LOAN <u>1036</u>	<u>170,585.0</u>	0	0	0	0	0
TOTAL	<u>170,585.0</u>	0	0	0	0	0

POSITIONS:

FULL-TIME	<u>42</u>	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Martin J. Richard  
Division: Investments

Phone: 465-2510  
Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

Date: 3 27 93

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FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. HB 252

ANALYSIS: (continued)

This fiscal note assumes that this legislation will be effective in FY94. It will impact approximately 1,200 existing loans in the Commercial Fishing Loan Program. The refinance of an existing loan is accomplished by originating a new loan and paying off the existing debt.

Personal Services

Loan Examiner II - This position will coordinate the refinance program and be responsible for reviewing financial data and approving the origination of the new loan.

Loan Closer I - These two positions will process the requisite loan documentation for the loan and the collateral securing the loan.

Accounting Tech. I - This position will prepare the necessary accounting documentation to pay off the existing loan to be refinanced.

Supplies

This cost is for general office supplies needed by the above noted staff.

Revenue Fund Source

In FY94 \$328.0 will be earned through loan origination fees of 1/2% of the loan amount. The impact to the Commercial Fishing Revolving Loan Fund of this reduction from 10.5% loans to the currently available 8% loans is approximately \$1,638.0 per year. This is a reduction in cashflow to the Fund as a result of less interest being paid in each subsequent year.

Position Title Accounting Technician I		No. of Positions 1	Range / Step 12A	Barg. Unit GGU
Time Status Full-Time	Staff Months 12 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		Justification This position is needed to process the requisite loan documents to complete the refinace of an existing loan.
Salary		27.9		
Benetits		12.2		
Premium Pay				
Other				
Total Personal Services		40.1		
Travel				
Contractual				
Commodities		1.0		
Equipment				
Other				
Total Cost		41.1		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036	41.1		

**Request For  
New Position**

AGENCY Commerce and Economic Development  
 BRU Investments  
 COMPONENT \_\_\_\_\_

**FY 94**

Page 1 of 1  
 Revised Date: March 25, 1993

Position Title Loan Closer I		No. of Positions 2	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 12 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary	24.8	49.6		
Benefits	11.3	22.6		
Premium Pay				
Other				
Total Personal Services	36.1	72.2		
Travel				
Contractual				
Commodities		2.0		
Equipment				
Other				
Total Cost		74.2		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other C/F Loan	1036	74.2		
Justification These positions are needed to process the requisite loan documents to complete the refinance of an existing loan.				

# Request For New Position

AGENCY Commerce and Economic Development  
 BRU Investments  
 COMPONENT \_\_\_\_\_

**FY 94**

Position Title Loan Examiner II		No. of Positions 1	Range / Step 17A	Barg. Unit GGU
Time Status Full-Time	Staff Months 12 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		39.0		
Benefits		15.2		
Premium Pay				
Other				
Total Personal Services		54.2		
Travel				
Contractual				
Commodities		1.0		
Equipment				
Other				
Total Cost		55.2		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036	55.2		
Justification This position is needed to process the requisite loan documents to complete the refinance of an existing loan.				

# Request For New Position

AGENCY Commerce and Economic Development  
 BRU Investments  
 COMPONENT \_\_\_\_\_

FY 94

Page 1 of 1  
 Revised Date: March 25, 1993

**Area K Seiners Association**  
P.O. Box 2399 Kodiak, Alaska 99615  
Phone 907/486-4686 FAX 907/486-7655



April 5, 1993

Representative Carl Moses  
Capitol  
Juneau, AK 99801-1182

Dear Representative Moses:

I write to you representing the 100 members of the Area K Seiners Association and would like to thank you for introducing HB 252.

In January and February, I contacted the Commissioner's office requesting their support in this matter and brought it to the United Fishermen of Alaska table. I wasn't terribly pleased with the response I received from Martin Richard of DCED, but support from the fishing community has been unanimous!

The fishermen of Alaska involved with the Commercial Fishing Loan program need this bill badly. Many of us borrowed money based on the steady markets of the 80's. So much has changed that access to lower interest rates is paramount to our economic survival!

Mr. Richard of DCED says it will reduce the amount of money available to the loan fund and that the cost to the state of refinancing these loans will be high - \$1.6 million. This may be true, but without the ability to refinance, what will be the cost to the state of the many defaults on these loans?

The ability to refinance will also be consistent with the state policy concerning home loans. In fact, the refinancing program with AHFC is a speed form with no new paperwork required.

We fully support HB 252 and again, we thank you for your support in a time of great difficulty for many of the state's commercial fishermen.

Sincerely,

Bruce Schactler,  
Board Member



MAR 29 1993  
**UNITED FISHERMEN OF ALASKA**

211 Fourth Street, Suite 112  
Juneau, Alaska 99801  
907/586-2820  
Fax: 907/463-2545

March 25, 1993

The Honorable Carl Moses  
House of Representatives  
The Capitol Building, Room 204  
Juneau, Alaska 99801-1182

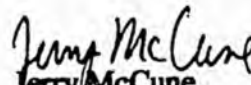
Dear Representative Moses:

United Fishermen of Alaska sincerely appreciates your introducing HB 252 "An Act amending the Commercial Fishing Loan Act to authorize refinancing of existing loans made under that Act." This bill would exempt a great many fishermen.

As you know, there are some fisheries and fishermen who are currently having a real rough time financially. This bill would benefit many families in the state of Alaska who are struggling for existence right now.

Once again, thank you. If UFA can be of any assistance to you, please do not hesitate to call.

Sincerely,

  
Jerry McCune  
President

**MEMBER ORGANIZATIONS**

Alaska Crab Coalition • Alaska Longline Fisherman's Association • Alaska Trollers Association • Area K Seiners Association  
Bering Sea Fishermen's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen  
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association  
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association  
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Seafood Producers Cooperative  
Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

### DIVISION OF INVESTMENTS

WALTER J. HICKEL, GOVERNOR

MAR 22 1993

P.O. BOX 34159  
3032 VINTAGE BLVD.  
JUNEAU, ALASKA 99803-4159  
PHONE: (907) 790-2693  
FAX: (907) 790-2781

March 18, 1993

The Honorable Carl Moses  
Alaska House of Representatives  
State Capital, Room 204  
Juneau, AK 99801-1182

Dear Representative Moses:

As requested by Molly McCammon from your staff, we have done some analysis of the costs involved in amending the Commercial Fishing loan program to include refinancing of existing loans. The majority of loans in our portfolio were made at 10.5%, resulting in an annual return of interest to the fund of approximately \$6,879,000. If refinancing were allowed, the interest rate on these loans would be reduced to 8% resulting in a reduction of \$1,638,000 in interest payments to the fund each year. In addition, there would be an administrative cost involved in refinancing approximately 1,200 loans. Even with a streamlined program, there would be a cost of, at least, \$210,000 in the first year. It should be noted that under current regulations a commitment fee paid by the borrower at closing would offset this expense by providing approximately \$328,000 to the loan fund.

Refinancing existing loans, if allowed, would reduce the interest paid by the borrowers. It would also, however, substantially reduce the cash flow into the loan fund, potentially jeopardizing the "revolving" nature of the fund, which has not had an infusion of General Fund dollars since 1985. Reduced payments into the fund may lessen our ability to meet the needs of those fishers who need loans to finance permit and vessel purchases.

Please contact me at 465-2510 if you have any further questions.

Cordially,



Martin J. Richard  
Director

cc: Paul Fuhs, Commissioner  
Department of Commerce and Economic Development

**HB**

**252**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/23/93

FURTHER:

DATE TURNED INTO OFFICE: 5-3-93

The Finance Committee considered HOUSE BILL NO. 252

"An Act amending the Commercial Fishing Loan Act to authorize refinancing of existing loans made under that Act."

and recommends:

- replace with 5 CS HB 252 (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts SFC Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal
SFC/DOVED	5/3/93		641.1

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Ben Sharp  
Tom Kelly  
Steve Thier  
[Signature]

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

1. Do Pass  
 Co-Chair: Signature/Recommendation

2. Ine Deace - 10/25  
 Co-Chair: Signature/Recommendation

LETTER OF INTENT for SCSHB 252

Senate Finance Committee

dated May 3, 1993

It is the intent of the Legislature that refinanced loans under the terms of this bill are to be accomplished with as little paperwork and time as is possible.

F I S C A L N O T E

Revision Date: 5/3/93 Affected Agency: DC&ED

Title: Refinancing Commerc BRU: Investments

Fishing Loans

Sponsor: Rep. Moses Components:

Requestor: Senate Finance Comp.Ser. No. 0384

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
Personal Services	40.1	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies	1.0					
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	41.1	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	328.0	-1638.0	-1638.0	-1638.0	-1638.0	-1638.0
---------	-------	---------	---------	---------	---------	---------

FUNDING: (THOUSANDS OF DOLLARS)

General Fund	0.0	0.0	0.0	0.0	0.0	0.0
Federal Fund						
Other	41.1					
TOTAL	41.1	0.0	0.0	0.0	0.0	0.0


POSITIONS:

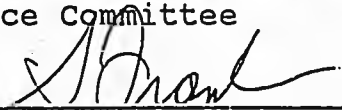
Full-Time	1	0	0	0	0	0
Part-Time						
Temporary						

Est.of FY93 impact: 0.0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Allow 1 Accounting Technician @ \$27.9 plus  
benefits @ \$12.2 for total of \$40.1.

Prepared By:  Co-Chair Pearce Date: 5/3/93  
Senate Finance Committee Phone: 465-4993

Prepared By:  Co-Chair Frank Date: 5/3/93  
Senate Finance Committee Phone: 465-3709

LETTER OF INTENT for SCSHB 252

Senate Finance Committee

dated May 3, 1993

It is the intent of the Legislature that refinanced loans under the terms of this bill are to be accomplished with as little paperwork and time as is possible.

# Alaska State Legislature

Representative Carl E. Moses



SESSION:  
CAPITOL BUILDING, ROOM 204  
JUNEAU, ALASKA 99801-1182  
PHONE: (907) 465-4451  
FAX: (907) 465-3445

INTERIM:  
P.O. BOX 109  
UNALASKA, ALASKA 99885  
PHONE: (907) 581-1234  
FAX: (907) 581-2875

CHAIRMAN  
HOUSE RULES COMMITTEE

CHAIRMAN  
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER  
FINANCE SUBCOMMITTEES  
FISH AND GAME  
PUBLIC SAFETY

## SPONSOR STATEMENT FOR

HB 252

## REFINANCING OF COMMERCIAL FISHING LOANS

I have introduced House Bill 252 to give the Department of Commerce the authority to refinance existing commercial fishing loans. Most of the 1,200 commercial fishermen who now have state loans are paying 10.5% in interest rates. Regulations provide for new fixed rate loans at 2% above the bank prime rate. Since the current bank prime rate is 6%, current commercial fishing loans are now at 8% rates. However, the Department of Commerce has no mechanism to allow for current loans to be refinanced to take advantage of the lower interest rates that are currently available.

Commercial fishermen have been faced these past few years with low prices and unpredictable fish returns. Following the disastrous 1991 salmon season, the Department of Commerce approved loan extensions for nearly half of the existing loans. More than 3000 fishermen are reportedly in arrears this year to the Internal Revenue Service for back taxes. The commercial fishing industry is obviously in bad shape. Allowing fishermen to refinance their loans and reduce their monthly payments is one obvious way the legislature can help the industry out. Although there is a cost for such a refinancing program, there is sufficient cash flow in the revolving loan fund to accommodate it. Additionally, fishermen would have an easier time making their payments if their loans were at lower interest rates.

**HB 252 Refinancing of Commercial Fishing Loans  
Sponsored by Representative Carl Moses**

Administration contact:

Martin Richard, Director  
Division of Investments  
Department of Commerce and Economic Development  
465-2510

Back-up

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

MAR. 22 1993

### DIVISION OF INVESTMENTS

P.O. BOX 34159  
3032 VINTAGE BLVD.  
JUNEAU, ALASKA 99803-4159  
PHONE: (907) 790-2693  
FAX: (907) 790-2781

March 18, 1993

The Honorable Carl Moses  
Alaska House of Representatives  
State Capital, Room 204  
Juneau, AK 99801-1182


Dear Representative Moses:

As requested by Molly McCammon from your staff, we have done some analysis of the costs involved in amending the Commercial Fishing loan program to include refinancing of existing loans. The majority of loans in our portfolio were made at 10.5%, resulting in an annual return of interest to the fund of approximately \$6,879,000. If refinancing were allowed, the interest rate on these loans would be reduced to 8% resulting in a reduction of \$1,638,000 in interest payments to the fund each year. In addition, there would be an administrative cost involved in refinancing approximately 1,200 loans. Even with a streamlined program, there would be a cost of, at least, \$210,000 in the first year. It should be noted that under current regulations a commitment fee paid by the borrower at closing would offset this expense by providing approximately \$328,000 to the loan fund.

Refinancing existing loans, if allowed, would reduce the interest paid by the borrowers. It would also, however, substantially reduce the cash flow into the loan fund, potentially jeopardizing the "revolving" nature of the fund, which has not had an infusion of General Fund dollars since 1985. Reduced payments into the fund may lessen our ability to meet the needs of those fishers who need loans to finance permit and vessel purchases.

Please contact me at 465-2510 if you have any further questions.

Cordially,



Martin J. Richard  
Director

cc: Paul Fuhs, Commissioner  
Department of Commerce and Economic Development

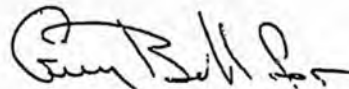
HB 252: "An act amending the Commercial Fishing Loan Act to authorize refinancing of existing loans made under that Act."

This legislation would allow the Department to refinance existing loans in the Commercial Fishing Revolving Loan Fund to take advantage of lower interest rates currently available. Almost all loans, more than 1,200, currently on the books were made at 10.5%. 3 AAC 80.055(k) provides for new fixed rate loans at 2% above the bank prime rate. The current bank prime rate is 6%, making the commercial fishing loan rate 8%.

A loan refinance is accomplished by originating a new loan under currently available terms and paying off the existing loan debt. Fees generated will be in excess of the administrative costs estimated for the program.

The reduction of 2.5% in interest on the existing loans will result in more than a million and a half dollars of reduced cash flow into the Commercial Fishing Revolving Loan Fund. This may limit the ability to meet loan demand in future years.

The Department is neutral on this legislation. This will result in a general benefit to all fishers with existing loans in the program, but may result in funds not being available in the future to those for which the program was designed to assist.



Paul Fuhs, Commissioner

Date: 3-25-93



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112  
Juneau, Alaska 99801  
907/586-2820  
Fax: 907/463-2545

April 20, 1993

The Honorable Carl Moses  
Representative  
Alaska State House of Representatives  
The Capitol Building  
Juneau, Alaska 99801-1182

Dear Representative Moses:

In regards to House Bill 252 - Refinancing Commercial Fishing Loans, United Fishermen of Alaska overwhelmingly supports this bill. If there is a bill that would have the largest single impact for commercial fishermen this year, this would be the one.

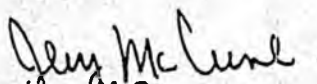
The existing loan fund has always been a solid program. It has paid for itself many times over and has paid \$5 million in surplus alone to the State's General Fund this year. The problem of refinancing these State loans has existed since 1989 and, throughout this time, we have continually tried to have it amended so that the current loanholders could refinance their loans at a lower interest rate. United Fishermen of Alaska feels that commercial fishermen continually pay their portion to the State's General Fund. The Legislature continues to address cutting the budget during this session due to rising costs. Likewise, the commercial fisherman needs relief from expenses from rising costs and HB 252 would allow such relief to the fisherman while continuing to support the Revolving Loan Fund.

Commercial banks have cut way back on fisheries loans due to fluctuations of prices and unstable fisheries throughout the state. Many small fishermen rely on the State's Loan Program because of these cutbacks. State loans are a good investment for the State's future fishermen as it allows many residents the chance to begin a fisheries career who would not have otherwise had the opportunity.

House Bill 252 makes good sense from a business standpoint since every other kind of loan can be refinanced at a lower rate. Currently, fishermen with existing loans are paying a fixed rate of 10.5%, while new applicants for loans pay only eight percent (8%). The commercial fishermen who hold the 10.5% loans are struggling to make ends meet. Allowing them to refinance their loans at eight percent (8%) would give these loanholders and their families better financial stability.

You can make the difference for these Alaskan residents. Please support House Bill 252 and help a lot of State residents from Bristol Bay to Southeastern Alaska refinance their loans!

Sincerely,

  
Jerry McCune  
President

cc: UFA Board of Directors

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fisherman's Association • Alaska Trollers Association • Area K Seiners Association  
Bering Sea Fishermen's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen  
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association  
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association  
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Seafood Producers Cooperative  
Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association



MAR 29 1993  
UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112  
Juneau, Alaska 99801  
907/586-2820  
Fax: 907/463-2545

March 25, 1993

The Honorable Carl Moses  
House of Representatives  
The Capitol Building, Room 204  
Juneau, Alaska 99801-1182

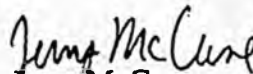
Dear Representative Moses:

United Fishermen of Alaska sincerely appreciates your introducing HB 252 "An Act amending the Commercial Fishing Loan Act to authorize refinancing of existing loans made under that Act." This bill would exempt a great many fishermen.

As you know, there are some fisheries and fishermen who are currently having a real rough time financially. This bill would benefit many families in the state of Alaska who are struggling for existence right now.

Once again, thank you. If UFA can be of any assistance to you, please do not hesitate to call.

Sincerely,

  
Jerry McCune  
President

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fisherman's Association • Alaska Trollers Association • Area K Seiners Association  
Bering Sea Fishermen's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen  
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association  
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association  
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Seafood Producers Cooperative  
Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112  
Juneau, Alaska 99801  
907/586-2820  
Fax: 907/463-2545

April 30, 1993

The Honorable Steve Frank and Drue Pearce  
Co-Chairs, Senate Finance Committee  
and Members of the Committee  
The Capitol Building, Room 518  
Juneau, Alaska 99801-1182

RE: HB 252 - Refinancing Commercial Fishing Loans

Dear Senators Frank and Pearce and Committee Members:

House Bill 252 has strong support from every member group in United Fishermen of Alaska. We believe the current loan holders should be able to refinance their existing loans to a lower rate. The revolving loans funds is currently loaning money at 8% while the existing old loans are fixed at 10.5%. The refinancing of commercial fishing loans would help Alaska residents as some are really struggling to make ends meet right now.

United Fishermen of Alaska is neutral on CS for House Bill 252 and is allowing the fishing groups in all areas to individually make their own opinion as to whether or not to support it. Although UFA is remaining neutral on CS for House Bill 252, we do have a problem with two sections of this bill if the bill moves out of Senate Finance.

First, UFA is opposed to Section 4(13) Provision for an Executive Board.

Second, Section 5(9) of CS SB 177 Work Draft had a Domestic Salmon Marketing Committee to administer domestic marketing salmon programs. Fishermen want to make sure they are in control of the funds they are going to pay. A Domestic Salmon Marketing Committee would make fishermen feel more comfortable about this bill.

Sincerely,

  
Jerry McCune  
UFA President

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fisherman's Association • Alaska Trollers Association • Area K Seiners Association  
Bering Sea Fishermen's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen  
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association  
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Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association

FISCAL NOTE

BILL NO. HB 252

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: March 25, 1993  
Title: Refinancing Commercial Fishing Loans  
Sponsor: Representative Moses  
Requestor: House Labor and Commerce

Department Affected: Commerce and Economic Development  
BRU: Investments  
Component: \_\_\_\_\_  
COMPONENT SERIAL NO. 0384

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	166.5	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	4.0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	170.5	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE C/F LOAN FUND SOURCE: 1036	328.0	[1,638.0]	[1,638.0]	[1,638.0]	[1,638.0]	[1,638.0]
---------------------------------------	-------	-----------	-----------	-----------	-----------	-----------

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER C/F LOAN 1036	170.5	0	0	0	0	0
TOTAL	170.5	0	0	0	0	0

POSITIONS:

FULL-TIME	4	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Martin J. Richard  
Division: Investments

Phone: 465-2510  
Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

Date: 3.25.93

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## FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. HB 252

ANALYSIS: (continued)

This fiscal note assumes that this legislation will be effective in FY94. It will impact approximately 1,200 existing loans in the Commercial Fishing Loan Program. The refinance of an existing loan is accomplished by originating a new loan and paying off the existing debt.

### Personal Services

Loan Examiner II - This position will coordinate the refinance program and be responsible for reviewing financial data and approving the origination of the new loan.

Loan Closer I - These two positions will process the requisite loan documentation for the loan and the collateral securing the loan.

Accounting Tech. I - This position will prepare the necessary accounting documentation to pay off the existing loan to be refinanced.

### Supplies

This cost is for general office supplies needed by the above noted staff.

### Revenue Fund Source

In FY94 \$328.0 will be earned through loan origination fees of 1/2% of the loan amount. The impact to the Commercial Fishing Revolving Loan Fund of this reduction from 10.5% loans to the currently available 8% loans is approximately \$1,638.0 per year. This is a reduction in cashflow to the Fund as a result of less interest being paid in each subsequent year.

# FISCAL NOTE

No. 2

Bill Version: HB 252

(H) Publish Date: 4/21/93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: April 20, 1993 Dept. Affected: Commerce & Economic Development  
 Title: Refinancing Commercial Fishing Loans BRU: Investments  
 Sponsor: Representative Moses Component: \_\_\_\_\_  
 Requestor: HOUSE FINANCE COMMITTEE COMPONENT SERIAL NO. 0384

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	83.0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	2.0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>85.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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<b>REVENUE FUND SOURCE</b>	<b>328.0</b>	<b>[1,638]</b>	<b>[1,638.]</b>	<b>[1,638]</b>	<b>[1,638]</b>	<b>[1,638]</b>
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF Program Receipts	0	0	0	0	0	0
1006 GF MHTIA	0	0	0	0	0	0
Other	85.0	0	0	0	0	0
<b>TOTAL</b>	<b>85.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME	2	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ \_\_\_\_\_

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

Prepared by: Representative Ron Larson, Co-Chair *RL* Phone: 465-3878  
Representative Eileen Maclean, Co-Chair *EM* Phone: 465-4222  
 Division: HOUSE FINANCE COMMITTEE Date: 4/20/93  
 Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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Position Title Accounting Technician I		No. of Positions 1	Range / Step 12A	Barg. Unit CGU
Time Status Full-Time	Staff Months 12 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		27.9		
Benefits		12.2		
Premium Pay				
Other				
Total Personal Services		40.1		
Travel				
Contractual				
Commodities		1.0		
Equipment				
Other				
Total Cost		41.1		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036	41.1		
Justification This position is needed to process the requisite loan documents to complete the refinance of an existing loan.				

# Request For New Position

AGENCY Commerce and Economic Development  
 BRU Investments  
 COMPONENT \_\_\_\_\_

FY 94

Page 1 of 1  
 Revised Date: March 25, 1993

Position Title Loan Closer I		No. of Positions 2	Range / Step 10A	Sarg. Unit GGU
Time Status Full-Time	Staff Months 12 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary	24.8	49.6		
Benefits	11.3	22.6		
Premium Pay				
Other				
Total Personal Services	36.1	72.2		
Travel				
Contractual				
Commodities		2.0		
Equipment				
Other				
Total Cost		74.2		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other C/F Loan	1036	74.2		
Justification These positions are needed to process the requisite loan documents to complete the refinance of an existing loan.				

# Request For New Position

AGENCY Commerce and Economic Development  
 BRU Investments  
 COMPONENT \_\_\_\_\_

FY 94

Page 1 of 1  
 Revised Date: March 25, 1993

Position Title Loan Examiner II		No. of Positions 1	Range / Step 17A	Barg. Unit GGU
Time Status Full-Time	Staff Months 12 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		39.0		
Benefits		15.2		
Premium Pay				
Other				
Total Personal Services		54.2		
Travel				
Contractual				
Commodities		1.0		
Equipment				
Other				
Total Cost		55.2		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036	55.2		
Justification This position is needed to process the requisite loan documents to complete the refinance of an existing loan.				

# Request For New Position

AGENCY Commerce and Economic Development  
 BRU Investments  
 COMPONENT \_\_\_\_\_

FY 94

**HB**

**253**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 26, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/7/93

The FINANCE Committee considered:

HB 253

HOUSE BILL NO. 253

FISHERIES BUSINESS TAXES

"An Act amending the basis for determining refunds to local governments under the program of shared fisheries taxes; and providing for an effective date."

RECOMMENDATIONS: [ ] the same title  
 be replaced with \_\_\_\_\_ [ ] a new title

[ ] have attached amendments(s)

do pass

[ ] do not pass

[ ] no recommendations

[ ] individual recommendations

[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

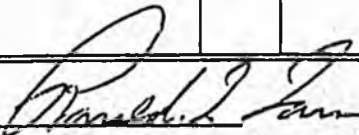
fiscal impact See

[ ] fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note \_\_\_\_\_

[ ] zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Ronald J. Larson</i>	X	<i>Ben Grussendorf</i>	X		
<i>Mark Hanley</i>	X	<i>John Hoffman</i>		✓	
<i>Terry Martin</i>	X	<i>Richard Foster</i>	<del>X</del>	X	
<i>Scott Parnell</i>	X				
<i>Ben Therniault</i>	X				
<i>Tom Brown</i>	X				
<i>Ernie Nivarre</i>	✓				

  
 \_\_\_\_\_  
 CHAIRMAN'S SIGNATURE

Corrected BRU/comp.  
4-21-93

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. HB 253

Revision Date: 4/20/93

Dept. Affected: Revenue

Title: Fisheries Business Taxes

BRU: Shared Taxes

Component: Fish Tax

Sponsor: House Finance

Requestor: House Rules

COMPONENT SERIAL NO. 107

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)
TOTAL OPERATING	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by: Larry E. Meyers, Director  
 Division: Income and Excise Audit Division  
 Approved by Commissioner: Darrel J. Rexwinkel  
 Agency: Department of Revenue

Phone: 465-2320  
 Date: April 20, 1993  
 Date: April 20, 1993

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### **Analysis**

This bill decreases the percentage amount used as the basis for sharing fisheries business taxes to municipalities under AS 43.75 for purposes of defraying the costs to the state of enforcement and administration of the shared tax program. Under this bill, 95% of revenues collected would be subject to sharing rather than the entire amount. Since the state shares 50% of fisheries business tax revenues, municipalities would receive 47.5% ( $50\% \times 95\%$ ) of fisheries business taxes collected within the municipality rather than current 50%. Municipalities would effectively receive 2.5% less revenues.

FY 92 fisheries business taxes are estimated to be \$40 million. Assuming that fisheries business tax revenues maintain the same level through FY 99, the state will withhold an estimated \$1 million ( $\$40 \text{ million} \times 2.5\%$ ) each fiscal year to cover the costs of administering the fisheries business tax program. The estimated total amount shared to municipalities per year would be \$19 million rather than \$20 million.

Back-up

Distribution of the state's fish tax collected in FY 92 by borough and by city. A total of \$30.1 million was collected, of which \$14.5 was distributed to Alaska's boroughs and cities.

Distribution to Boroughs

Aleutians East	\$1,780,831.67
Anchorage	86,426.06
Bristol Bay	1,403,630.88
Haines	178,612.64
Juneau	32,139.76
Kenai	499,981.74
Ketchikan	242,817.76
Kodiak	1,005,663.88
-Lake & Peninsula	-391,237.54
NW Arctic	2.32
North Star	5.09
Sitka	440,237.54

Distribution to Cities

Akutan	\$588,202.55
Atka	851.25
Bethel	64,549.23
Chignik	145,636.73
Clark's Point	120,817.58
Cordova	334,651.50
-Craig	29,279.50
Dillingham	186,761.89
Emmonak	35,051.16
False Pass	12,788.81
Homer	93,158.41
-Hoonah	53,377.10
Kenai	132,875.73
Ketchikan	215,780.04
King Cove	341,478.44
Kodiak	616,602.39
Larson Bay	55,399.82
Old Harbor	1,121.21
-Pelican	-163,111.01
-Petersburg	-599,514.12
Saint George	116,408.96
Saint Mary's	1,274.58
Saint Paul	1,140,370.45
Sand Point	110,624.56
Seward	153,392.71
Togiak	99,567.78
Unalaska	2,475,196.65
Valdez	249,495.51
Whittier	38,066.16
Wrangell	53,102.42
-Yakutat	-170,979.38
All other cities	6,108,476.56

Extra-Municipal Shared Fish Tax Program  
Municipalities within Fisheries Geographic Area

FMA 1: Pribilof Islands Area

St. Paul  
St. George

FMA 2: Aleutians Islands Area

Aleutians East Borough  
Atka  
Unalaska  
Akutan

FMA 3: Alaska Peninsula Area

Aleutians East Borough  
Lake & Peninsula Borough  
False Pass  
Cold Bay  
King Cove  
Sand Point

FMA 4: Chignik Area

Lake & Peninsula Borough  
Chignik

FMA 5: Bristol Bay Area

Aleknagik  
Clark's Point  
Bristol Bay Borough  
Dillingham  
Ekwok  
Lake & Peninsula Borough  
Manokotak  
New Stuyahok  
Newhalen  
Nondalton  
Pilot Point  
Togiak

FMA 6: Lower Kuskokwim Area

Akiak  
Atnautluak  
Bethel  
Cheformak  
Eek  
Goodnews Bay  
Kasigluk  
Kwethluk  
Quinhagak  
Mekoryuk  
Napakiak  
Napaskiak  
Newtok

FMA 6 (continued):

Nightmute  
Nunapitchuk  
Platinum  
Quinhagak  
Toksook Bay  
Tununak

FMA 7: Upper Kuskokwim Area

Aniak  
Chuathbaluk  
Lower Kalskag  
Mcgrath  
Nikolai  
Tuluksak  
Upper Kalskag

FMA 8: Lower Yukon Area

Alakanuk  
Emmonak  
Holy Cross  
Hooper Bay  
Kotlik  
Marshall  
Mountain Village  
Pilot Station  
Russian Mission  
Scammon Bay  
Sheldon's Point  
St. Mary's

FMA 9: Middle Yukon Area

Allakaket  
Anvik  
Bettles  
Galena  
Grayling  
Hughes  
Huslia  
Kaltag  
Koyukuk  
Nulato  
Ruby  
Shageluk

FMA 10: Upper Yukon Area

Eagle  
Fairbanks  
Fairbanks North Star Borough  
Fort Yukon  
Nenana  
Tanana

Extra-Municipal Shared Fish Tax Program  
Municipalities within Fisheries Geographic Area

**FMA 11: Norton Sound-Point Clarence**

Brevig Mission  
Elim  
Gambell  
Golovin  
Koyuk  
Nome  
Savoonga  
Shaktolik  
Stebbins  
St. Michael  
Teller  
Unalakleet  
Wales  
White Mountain

**FMA 12: Kotzebue-Northern Area**

Ambler  
Buckland  
Deering  
Diomed  
Kiana  
Kivalina  
Kobuk  
Kotzebue  
Norvik  
Point Hope  
Selawik  
Shishmaref  
Shungnak

**FMA 13: Kodiak Area**

Kodiak Island Borough  
City of Kodiak  
Ouzinkie  
Port Lions  
Larsen Bay  
Old Harbor  
Akhiok

**FMA 14: Cook Inlet Area**

Municipality of Anchorage  
Kenai Peninsula Borough  
City of Kenai  
Soldotna  
Kachemak  
Homer  
Seldovia  
Seward

**FMA 15: Prince William Sound Area**

Cordova  
Valdez  
Whittier

**FMA 16: Yakutat Area**

Yakutat Borough

**FMA 17: Northern Southeast Area**

Angoon  
Haines Borough  
Haines  
Hoonah  
City & Borough of Juneau  
Pelican  
Skagway  
Tenekee Springs

**FMA 18: Central Southeast Area**

City & Borough of Sitka  
Port Alexander  
Kake  
Kupreanof  
Petersburg  
Wrangell

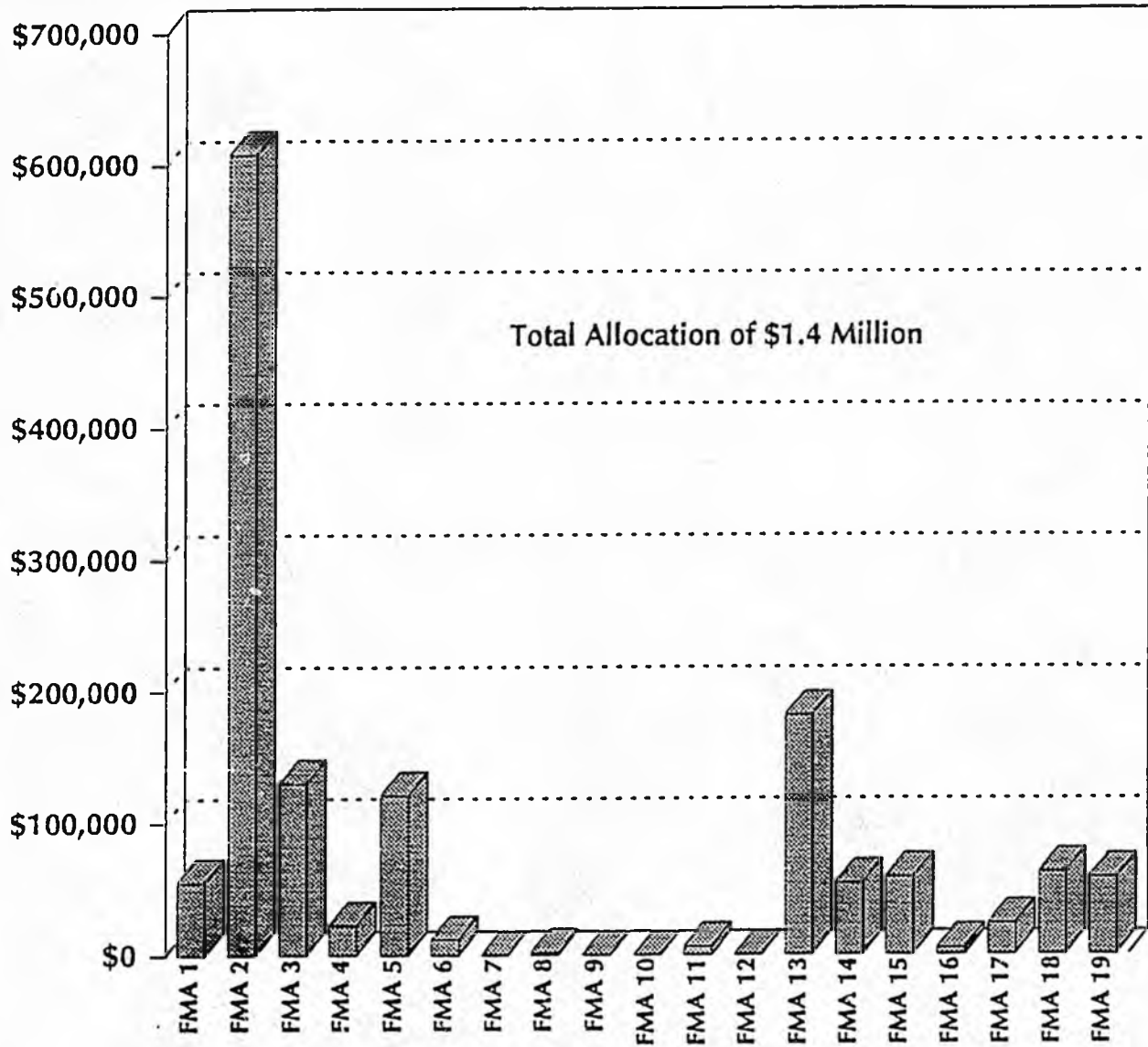
**FMA 19: Southern Southeast Area**

Coffman Cove  
Craig  
Hydaburg  
Kasaan  
Ketchikan Gateway Borough  
City of Ketchikan  
Klawock  
Saxman  
Thorne Bay

Extra Territorial Fish Tax Sharing — Projected FMA Allocations  
 (Based on Department of Revenue 1992 Fish Tax Returns)  
 (Available Funding = \$1.4 million)

Fisheries Management Area	Pounds of Fish Processed	FMA Percentage of Statewide Processing	Estimated FMA Allocation
FMA 1	92,622,520	3.95%	\$55,240
FMA 2	1,019,161,953	43.42%	\$607,822
FMA 3	218,142,517	9.29%	\$130,099
FMA 4	37,970,026	1.62%	\$22,645
FMA 5	202,152,087	8.61%	\$120,562
FMA 6	19,720,655	0.84%	\$11,761
FMA 7	202,086	0.01%	\$121
FMA 8	2,812,669	0.12%	\$1,677
FMA 9	135,454	0.01%	\$81
FMA 10	289,319	0.01%	\$173
FMA 11	10,878,723	0.46%	\$6,488
FMA 12	0	0.00%	\$0
FMA 13	304,572,365	12.97%	\$181,645
FMA 14	90,883,336	3.87%	\$54,202
FMA 15	98,329,053	4.19%	\$58,643
FMA 16	8,303,046	0.35%	\$4,952
FMA 17	39,151,486	1.67%	\$23,350
FMA 18	104,473,295	4.45%	\$62,307
FMA 19	97,640,066	4.16%	\$58,232
<b>FMA Totals</b>	<b>2,347,440,657</b>	<b>100.00%</b>	<b>\$1,400,000</b>

### Estimated FMA Allocations



## **"Extra-Territorial" Fish Tax Sharing Program Program Concepts**

This program was created by a new law that provides for an annual sharing of fish tax collected outside municipal boundaries ("extra-territorial") to municipalities which can demonstrate they "suffered significant effects from fisheries business activities." This program will operate separately from the existing state fish tax program which shares tax revenues collected from inside municipal boundaries.

Certain aspects of the new program are specified or defined in the law; however, the detailed programmatic procedures and allocation formula were left for the Department of Community and Regional Affairs to develop and adopt in regulations. The following presents a description of how the new program would work as proposed at this time. We would appreciate any comments which you might have about any part of the program as proposed.

### **Program Eligibility**

To be eligible for an allocation under this program, applicants must:

- 1) be a municipality (city or borough); and,
- 2) must be able to demonstrate the municipality suffered significant effects as a result of fisheries industry activity in the community.

### **Program Funding**

The new law provides for an annual funding level for this program equal to half the amount of state fisheries business tax revenues collected outside of municipal boundaries during the previous calendar year. This amount will vary from year-to-year. Based on Department of Revenues 1992 fish tax returns, it is estimated that the first year funding level will be about \$1.5 million. This funding is subject to actual appropriation by the legislature

The law requires that the available funding be allocated in two stages:

first stage: the available funding will be allocated among 19 fisheries management areas based on the pounds of fish and shellfish processed in each fisheries management area compared to the pounds of fish and shellfish processed in the whole state during the calendar year. For example, if an area processed 10% of all the fish and shellfish processed in the whole state during a given year, then that area would receive 10% of the funding available for this program for that year. A listing of the 19 fisheries management areas and the cities within those areas is attached. A table and graph presenting a rough estimate of the allocation that may be going to each of these areas, based on 1992 tax returns, is also attached.

second stage: the funding available within each fisheries management area will be allocated among the municipalities in that area based on the level of fishing industry significant effects suffered by each municipality compared to the level of effects experienced by the other municipalities in that fisheries management area.

## What does the term "suffered significant effects" mean?

In the second stage allocation, program funding will be allocated among the municipalities in a fisheries management area based on the significant effects suffered by each municipality in the area during a given calendar year (called the "base" year). But what effects of the fishing industry does a municipality "suffer" from, which of these effects are significant, and how are these effects to be measured to provide for a fair sharing of program funding.

In answering these questions, the department assumed the basic purpose of this new program is to provide financial assistance to municipalities which have experienced some kind of negative fiscal impact from the activities of the fishing industry in the community. Not all effects of the fishing industry on a community are negative. For example, the fishing jobs and the cash that these jobs bring to local businesses in the community are positive effects. Some clear examples of negative effects resulting from fisheries business activity are:

- a municipality's expenses in repairing a dock damaged by a fishing vessel;
- a municipality's costs of hiring extra police or medical staff to cover periods when fishing crew expand the municipality's "normal" population; and,
- a city's annual debt service payments towards repayment of a loan which was used to improve the city's water system to meet increased demands for fresh water by local fish processors.

The kinds of negative effects which a municipality might claim to have suffered are many. The department does not intend at this time to create a definitive list of specific negative effects which are acceptable for inclusion in this program. As the program is now envisioned, the responsibility will be on each municipality to demonstrate, document and justify its claims of negative impacts resulting from fisheries business activities. The department will include specific directions and some general guidelines in the application form with regard to the kinds of effects which are valid for this program and the kinds of supporting documentation expected of the applicant.

In general, the department holds that "significant effects" are those negative impacts for which the municipality can demonstrate the need for an expenditure of municipal funds. For example, a sudden population increase of 1,000 people is not in itself a negative effect. It is the impact on the city budget of dealing with these extra people that is the negative effect. Consequently, all claims of negative impact will have to be submitted in terms of the dollars needed to be spent by the municipality to address a significant effect of the fishing industry. These may be reflect actual city expenditures or they may represent expenditures which the city has determined to be necessary but for which the city is unable to pay.

## How will the second stage allocation work?

After the "significant effects" have been established for each of the municipalities in a fisheries management area, the department will calculate the allocation for each municipality.

Under the proposed allocation formula, one half of the funding available within a fisheries management area would be divided up among participating municipalities on the basis of the relative dollar amount of impact in each municipality. The other half of the funding available to that area would be divided up among municipalities based on of the relative dollar amount of impact per capita in each community.

As an example of how the formula would work, the table below shows how one imaginary area's total allocation of \$400,000 would be distributed among the three municipalities in this area:

### Example:

- Funding available for area = \$400,000
- Three communities in area
  
- one-half (\$200,000) distributed based on \$ of negative impact
- other-half (\$200,000) distributed based on \$ of negative impact per capita

Community	Population	\$ of impacts	\$ of impacts per capita	1st half of distribution	2nd half distribution	Total \$ Received by Community
city A	3,000	\$500,000	\$167	\$95,238	\$55,556	\$150,794
city B	1,500	\$500,000	\$333	\$95,238	\$111,111	\$206,349
city C	500	\$50,000	\$100	\$9,524	\$33,333	\$42,857
				\$200,000	\$200,000	\$400,000

The first half of the formula favors those municipalities which experienced larger impacts, regardless of the size of the community. The second half of the formula favors those communities which experienced large impacts relative to the size of the community. This ensures that smaller communities with significant impacts will receive a reasonable share of the funding available in the region.

The municipal populations used in determining the per capita value of impacts will be those populations which the department now determines for use in the State Revenue Sharing Program.

As now envisioned, the program regulations will also provide for the possibility of an alternative second stage allocation formula for use within a fisheries management area. Alternative formulas could be proposed by the municipalities within the fisheries management area. The department will consider using a proposed alternative method only if all the municipalities in the area agree to use the method, and if the method includes some measure of the relative effects of the fishing industry on the respective municipalities in the area.

**What happens if a municipality occupies more than one Fisheries Management Area?**

As noted above, the proposed program divides the state into 19 geographic areas for purposes of the stage one allocation. Under this plan, several boroughs occupy more than one area, and are therefore eligible to share in the funding available for the stage two allocation in each of these areas. In these cases, the borough will be responsible for distinguishing which impacts on the borough were caused by which fishing industry impacts in each area. Within each area, boroughs will only get credit for those negative impacts which occur in that area. In each area, the population used in determining the per capita impact on the borough will be the total borough population (as determined for the purposes of the State Revenue Sharing Program).

**HB**

**259**

**HFIN**

**FILE**

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 23, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/6/94

The FINANCE Committee considered:

HB 259

HOUSE BILL NO. 259

GENERAL GRANT LAND ENTITLEMENT

"An Act relating to general grant land entitlements for certain boroughs and unified municipalities; and providing for an effective date."

- RECOMMENDATIONS: [ ] the same title  
 be replaced with \_\_\_\_\_ [ ] a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

2  zero fiscal note(s) DNR 219194  
CRA, 219194

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>maehran</i> Eileen P. Maehran					
<i>Larson</i> Ronald J. Larson	X	<i>Hanley</i> Mark Hanley			
<i>TOSTER</i> Richard J. Toster	X	<i>Therrien</i> John Therrien		X	
		<i>Parrell</i> Alan Parrell		X	
		<i>Brown</i> Jay Brown			✓

*E.P. Maehran*  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

Revision Date: 1/31/94  
Title: "An Act relating to general grant land entitlements ....."  
Sponsor: Rules by Request  
Requestor: \_\_\_\_\_  
Dept. Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Component: \_\_\_\_\_  
COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson Director Phone: 465-4708  
 Division: Administrative Services Date: 1/31/94  
 Approved by Commissioner: [Signature] Deputy Commissioner Date: 1/31/94  
 Agency: Community & Regional Affairs

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# FISCAL NOTE

No. 2  
 Bill Version: HB 259  
 (H) Publish Date: 2/9/94

STATE OF ALASKA

BILL N

## 1994 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources  
 Title: "An Act relating to general grant land entitlements BRU: Resource Development  
for certain boroughs and unified municipalities..." Component: Land Development  
 Sponsor: Rules by Request  
 Requestor: \_\_\_\_\_ Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

SEE ATTACHED.

Prepared by: Ron Swanson, Director Phone: 762-2692  
 Division: Land Date: 1-Feb-94  
 Approved by Commissioner: Harry A. Noah Date: 1-Feb-94  
 Agency: Natural Resources

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The department supports this bill in concept. We have not, however, been able to complete a land analysis. The borough's entitlement under law would be calculated as 10% of the maximum amount of vacant, unappropriated, and unreserved (VUU) state land within the boundaries between the date of incorporation and two years thereafter. Passage of Chapter 51, SLA 1991 delayed the certification until no earlier than January 1, 1994, following completion of the state's land selections. An estimate of entitlement was prepared for the Department of Community and Regional Affairs in 1988 for the proposed incorporation report and based on estimates of the classification, the entitlement would have been about 29,000 acres. There is a considerable amount of state land within the boundaries of the borough and department analysis is needed to determine whether 97,000 acres is a fulfillable entitlement.

Since the department has between January 1, 1994, and January 1, 1996, to certify entitlements for newly incorporated municipalities, this selection deadline could severely impact municipalities that are certified near the January 1996 deadline. In order to correct this inequity, we recommend, in Section 2, line 12, deleting "any time before October 1, 1996" and replacing with "within two years of the date that the certification of entitlement is final."

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO HB 259:

Page 2, line 2:

IA

failed

Delete "187,000"

Insert "100,000"

Page 2, line 2 after "acres;" Insert:

"general grant land entitlements authorized under this subsection in excess of 30,000 acres shall be managed to allow public access and use if it is determined by the Commissioner of Natural Resources that such designation is required to protect the public interest."

B

w/d

**Sponsor Statement**  
**HB 259**  
**Representative Carl E. Moses**

HB 259 relates to general grant land entitlements for certain boroughs and unified municipalities.

HB 259 amends AS 29.65.010, the land entitlement section, to statutorily authorize 187,000 acres for the Lake and Peninsula Borough (LPB), and gives the LPB until October 1, 1996 to select those lands.

The borough assembly and planning commission are developing a comprehensive borough plan, and have identified lands of interest to them. Alaska Statutes, Title 29, Chapter 65 currently provides a land selection process for newly formed boroughs. Since there is very little land available from Vacant, Unappropriated, and Unreserved (VUU) inventories, and because other state lands would need reclassification before issuance of grant land to the LPB, pursuing entitlements through the formula in AS 29.65.030 would delay the certification process for the LPB.

Because the land selection process in AS 29.65 would be very time consuming, HB 259 would raise the priority for processing grant land entitlements for the LPB by simply adding their entitlement to the list of municipalities and boroughs currently in AS 29.65.010(a).

HB 259 is a non-controversial bill, and does not affect other boroughs or their grant allocations. I would ask that the Community and Regional Affairs Committee favorably consider the bill.

Back-up



## Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3360

Fax: 907-463-3312

### HB 259: Land Grant to Lake and Peninsula Borough

HB 259 creates a general grant land entitlement of 187,000 acres to the Lake and Peninsula Borough which is located in Southwest Alaska, adjacent to Bristol Bay. Under current law, the Borough would be entitled to 10% of state land within the Borough which is classified as "Vacant, Unappropriated, and Unreserved." This would entitle the Borough to approximately 11,600 acres.

AEL opposes HB 259 as written:

- \* A grant of 187,000 acres is more than 16 times the amount of land the borough is entitled to under current state law. This would set a dangerous precedent, which may encourage excessive requests from newly incorporated areas in the future.
- \* The areas identified for selection by the Lake and Peninsula Borough consist mainly of land identified in the 1984 Bristol Bay Area Plan for State Lands as important wildlife habitat and public recreation land. Included are salmon spawning areas that supply Bristol Bay, site of the world's most productive sockeye salmon fishery and world class sport fishing areas along the Mulchatna River, Tularik Creek and Lake Iliamna.
- \* This bill would convert public lands currently managed with the protection of commercial, sport and subsistence activities as a priority to municipal lands much of which would likely be subdivided and sold or leased to private entities for development.
- \* Resulting changes in land use patterns would have adverse impacts on fish and wildlife habitat and the commercial, subsistence and recreational activities they support, as well as reducing public access to world class hunting and fishing opportunities.

OVER

W. Dunne  
3/23/94

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • ALASKA FRIENDS OF THE EARTH  
ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY • CLEAN AIR COALITION • DENALI CITIZENS' COUNCIL  
DENALI GROUP, SIERRA CLUB • JUNEAU AUDUBON SOCIETY • JUNEAU GROUP, SIERRA CLUB  
KACHEMAK BAY CONSERVATION SOCIETY • KENAI PENINSULA AUDUBON SOCIETY • KNIK CANOERS AND KAYAKERS  
KNIK GROUP, SIERRA CLUB • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • NORTHERN ALASKA ENVIRONMENTAL CENTER  
PRINCE WILLIAM SOUND CONSERVATION ALLIANCE • SITKA CONSERVATION SOCIETY • SOUTHEAST ALASKA CONSERVATION COUNCIL • TONGASS CONSERVATION SOCIETY



## **Lake and Peninsula Borough Position Paper-HB 259**

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### **Background**

From 1992-94 Lake and Peninsula Borough (LPB) developed a borough wide comprehensive plan. A key element of the plan was the identification of lands for selection under the municipal land entitlement program. After extensive review of lands, LPB identified approximately 187,000 acres of land for future municipal entitlement.

### **Current Status of HB 259**

Hearings were held in House Community and Regional Affairs and Resources Committee on HB 259. The bill does not designate actual land selections, but only identifies a total amount. Department of Natural Resources (DNR) and Fish and Game have both expressed concerns about certain proposed selections, particularly around the Lake Iliamna, Mulchatna River area, Kvichak River and certain fishing streams. LPB recognizes the importance of all these areas. LPB no longer seeks the tracts initially identified in these areas. It still, however, will pursue smaller tracts on Lake Iliamna and the Mulchatna River area. DNR was amenable to LPB having lesser amounts.

### **Why so much acreage?**

Municipal Land Entitlements are a one shot deal. These lands are to assist the borough financially in providing basic services well into the next century. The actual amount is misleading. An acre of land in LPB is not now nor probably will be in the near future worth one tenth the value of land in a more urban city or borough.

### **What are the possible uses of the Land?**

At this time, LPB envisions leasing the land for commercial recreation to produce income. Some the lands could be sold as remote recreation parcels. LPB has not identified all possible uses nor does it feel compelled to develop such a plan at this time. Any private use of the lands must comply with LPB's stringent subdivision ordinance and development permit. LPB residents are primarily involved in commercial fishing or commercial recreation. It is unfair and wrong to suggest that they would allow uses that are detrimental to their own long term economic survival.

### **Does this set a precedent for good public policy?**

Yes. LPB and the state have openly discussed and, in turn, modified what types of lands would be transferred. The current formula program is bad public policy. It is not equitable and is bias against new boroughs.



## Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

### HB 259: Land Grant to Lake and Peninsula Borough

HB 259 creates a general grant land entitlement of 187,000 acres to the Lake and Peninsula Borough which is located in Southwest Alaska, adjacent to Bristol Bay. Under current law, the Borough would be entitled to 10% of state land within the Borough which is classified as "Vacant, Unappropriated, and Unreserved." This would entitle the Borough to approximately 11,600 acres.

AEL opposes HB 259 as written:

- \* A grant of 187,000 acres is more than 16 times the amount of land the borough is entitled to under current state law. This would set a dangerous precedent, which may encourage excessive requests from newly incorporated areas in the future.
- \* The areas identified for selection by the Lake and Peninsula Borough consist mainly of land identified in the 1984 Bristol Bay Area Plan for State Lands as important wildlife habitat and public recreation land. Included are salmon spawning areas that supply Bristol Bay, site of the world's most productive sockeye salmon fishery and world class sport fishing areas along the Mulchatna River, Tularik Creek and Lake Illiamna.
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- \* Resulting changes in land use patterns would have adverse impacts on fish and wildlife habitat and the commercial, subsistence and recreational activities they support, as well as reducing public access to world class hunting and fishing opportunities.

OVER

W. Dunne  
3/23/94



HB 259 would grant 187,000 acres to the Lake and Peninsula Borough. Under current law the Borough is entitled to approximately 11,600 acres. A comparison of entitlements to other municipalities under AS 29.65.010 follows:

<u>Municipality</u>	<u>Entitlement (acres)</u>	<u>Population</u>	<u>Acres/Resident</u>
Muncplty. of Anchorage	44,893	240,258	.2
City & Bor. of Juneau	19,584	29,251	.7
City & Bor. of Sitka	10,500	8,815	1.2
Bristol Bay Borough	2,898	1,415	2.0
Fairbanks N. S. Borough	112,000	79,730	1.4
Haines Borough	2,800	2,117	1.3
Kenai Pen. Borough	155,780	42,242	3.7
Ketchikan Gtwy. Bor.	11,593	14,110	.8
Kodiak Island Borough	56,500	15,535	3.6
Mat-Su Borough	355,210	41,797	8.5
North Slope Borough	89,850	8,578	10.5
<b>Lake &amp; Peninsula Borough</b>	<b>@ 187,000</b>	<b>1,722</b>	<b>108.6</b>
	<b>@ 11,600</b>		<b>6.7</b>

Lake and Peninsula Borough's request for 187,000 acres would give them more than 10 times the per capita entitlement of the next highest grantee (North Slope Borough) and more than 21 times the average per capita entitlement for all other boroughs, excluding the urban municipalities of Anchorage, Juneau and Fairbanks. Since one main reason for transfer of state land to boroughs is to provide them with revenue opportunities for municipal services, we feel that a per capita comparison is a fair method of determining entitlements.

A grant of 11,600 acres, as allowed under existing law, would be a per capita entitlement of 6.7 acres, still above average, but within the existing range of land grants to other Boroughs.

## **Lake and Peninsula Borough Position Paper-HB 259**

---

### **Background**

From 1992-94 Lake and Peninsula Borough (LPB) developed a borough wide comprehensive plan. A key element of the plan was the identification of lands for selection under the municipal land entitlement program. After extensive review of lands, LPB identified approximately 187,000 acres of land for future municipal entitlement.

### **Current Status of HB 259**

Hearings were held in House Community and Regional Affairs and Resources Committee on HB 259. The bill does not designate actual land selections, but only identifies a total amount. Department of Natural Resources (DNR) and Fish and Game have both expressed concerns about certain proposed selections, particularly around the Lake Iliamna, Mulchatna River area, Kvichak River and certain fishing streams. LPB recognizes the importance of all these areas. LPB no longer seeks the tracts initially identified in these areas. It still, however, will pursue smaller tracts on Lake Iliamna and the Mulchatna River area. DNR was amenable to LPB having lesser amounts.

### **Why so much acreage?**

Municipal Land Entitlements are a one shot deal. These lands are to assist the borough financially in providing basic services well into the next century. The actual amount is misleading. An acre of land in LPB is not now nor probably will be in the near future worth one tenth the value of land in a more urban city or borough.

### **What are the possible uses of the Land?**

At this time, LPB envisions leasing the land for commercial recreation to produce income. Some the lands could be sold as remote recreation parcels. LPB has not identified all possible uses nor does it feel compelled to develop such a plan at this time. Any private use of the lands must comply with LPB's stringent subdivision ordinance and development permit. LPB residents are primarily involved in commercial fishing or commercial recreation. It is unfair and wrong to suggest that they would allow uses that are detrimental to their own long term economic survival.

### **Does this set a precedent for good public policy?**

Yes. LPB and the state have openly discussed and, in turn, modified what types of lands would be transferred. The current formula program is bad public policy. It is not equitable and is bias against new boroughs.

**Will LPB still need to go through DNR's land selection process?**

Yes. This bill does not guarantee any site specific lands. In many cases, it will require extensive effort by the borough to have lands reclassified.

**What, if any, impact will this issue have on the Northern Boundary dispute?**

None. However, in spirit of cooperation, LPB will not select any lands in that area until the courts have resolved the case.

**Will HB 259 require extra funding?**

According to DNR officials, it will not. A key function of the division of lands is to assist with this program. It will cost LPB funds to survey the lands and in turn mean a longer time period before final conveyance.

**Is the state giving away key valuable resources?**

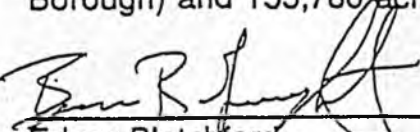
The state is assisting all municipalities with a resource that can be used fund programs such education that will funded locally or eliminated.

**Will LPB have an open public process before it actually selects lands for possible transfer?**

Yes. In fact LPB seeks to work directly with DNR whenever possible.



In summary, the Department does not consider the Lake and Peninsula Borough's entitlement of 34,000 acres, under the existing statute, to be equitable. By comparison, two other boroughs similar in area to the Lake and Peninsula Borough have entitlements of 355,210 acres (Matanuska-Susitna Borough) and 155,780 acres (Kenai Peninsula Borough).

*For*   
Edgar Blatchford  
Commissioner

~~3~~ 4/2/93  
Date