

**ALASKA LEGISLATURE**

**1637**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998**

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
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Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

January 22, 1997

**SUBJECT:** Sectional Summary of HB 73; An Act extending the termination dates of the salmon marketing programs of the Alaska Seafood Marketing Institute and the salmon marketing assessment. (HB 73)

**TO:** Representative Bill Hudson

**FROM:** George Utermohle *GU*  
Legislative Counsel

You have requested a sectional summary of HB 73; An Act extending the termination dates of the salmon marketing programs of the Alaska Seafood Marketing Institute and the salmon marketing assessment.

As a preliminary matter, note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends sec. 9, ch. 55, SLA 1993 in order to provide that the salmon marketing assessment established by AS 43.76.110 - 43.76.130 is not repealed until June 30, 2003.

Section 2 of the bill amends sec. 10, ch. 55, SLA 1993 in order to provide that the salmon marketing programs of the Alaska Seafood Marketing Institute (ASMI) under AS 16.51.100(7)-(9) are not repealed until June 30, 2004. The salmon marketing assessment provides revenue to offset the cost of the salmon marketing programs of ASMI.

Section 3 of the bill provides that the bill takes effect immediately.

GU:pl  
97-019.plm



The Tax:

- The Salmon Marketing Tax legislation (Chapter 76, Sec. 43.76.110) was enacted July 1, 1993, and requires that salmon permit holders pay a salmon marketing tax at the rate of 1% of the value of salmon that the person removes from the state or transfers to a buyer in the state. The tax will be repealed June 30, 1998 unless it is extended.
- Representative Bill Hudson has introduced House Bill No. 73 that will extend the 1% salmon tax an additional five years until June 30, 2003.

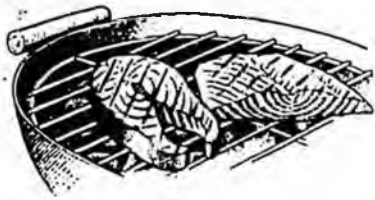
Changes the tax brought to the ASMI organization:

- The number of harvesters on the Board of Directors changed from five to twelve. ASMI's board has 12 processors, 12 harvesters, and one public member.
- A seven member salmon marketing committee (4 harvesters, 3 processors) was established to assist and advise the board in administering the salmon marketing program funded through the tax.
- The Salmon Market Bulletin was established by ASMI and contracted to the University of Alaska to collect, organize, distribute and make available to the public information on salmon prices and market conditions.
- ASMI cooperates with other fishing, seafood and state/federal entities on new value-added salmon products.

The increase in funds for salmon marketing enabled ASMI to:

- Move 10.7 million pounds of Alaska salmon from the summer of 1995 to the fall of 1996 as a result of ASMI store promotions
- Contract with three marketing representatives to cover the midwest, central south and southwest, south and southeast regions of the United States, who:
  - Establish relationships between ASMI/Alaska salmon and the major retail chains
  - "Sell in" ASMI's customized salmon promotions and set up in-store demonstrations
  - Keep Alaska seafood in front of seafood buyers.
  - Provide ASMI's educational literature (recipes, quality guidelines, fact sheets on different species, etc.)
- Increase the sales of canned salmon by 7% through in-store demonstrations and ASMI programs.
- Bring a group of five major seafood purchasers from national grocery store chains to Alaska to see the catching and processing of salmon for themselves.
- Hire ASMI's first Foodservice Program Director in March 1995 to work exclusively with the nation's restaurants, hotels, and non-commercial buyers (company cafeterias, university cafeterias, care centers).
- Through ASMI foodservice promotions, 5 million pounds of Alaska seafood were sold in restaurants and hotels around the country in FY96. Salmon is always the "lead item" in the promotions.
- Train the chefs and product development executives from 24 restaurant chains, 4 major foodservice distributors and the editors from 6 food magazines at ASMI seafood training seminars. Through them, ASMI has been able to influence the seafood purchasing in 11,242 restaurants with sales of over \$16 billion.
- Send 156 fishers from all gear types and regions into grocery stores in cities in the midwest, south, southeast and northeast to do in-store demonstrations of wild Alaska salmon. Over 3 million pounds of seafood were sold in one season, and stores routinely sold out of product whenever the fishers were used.

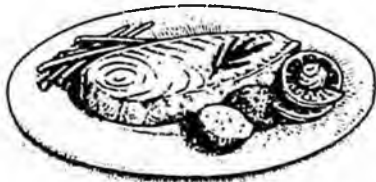
For more information, please call ASMI at 907-465-5560 or 1-800-273-2903.



*ASMI'S U.S. MARKETING PROGRAMS FACT SHEET*  
*Alaska Seafood Marketing Institute*

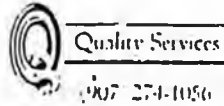
THE ASMI RETAIL MARKETING PROGRAM:

- Increases awareness and trial usage of Alaska seafood products.
- Develops distribution and brand (Alaska) identity programs for Alaska seafood at the wholesale/distributor, retail and consumer levels. "Buy Alaska salmon!"
- Jointly funds newspaper ads for Alaska seafood products with grocery store chains during key sales periods: Fall/National Seafood Month, Spring/Lent, Summer/fresh salmon, and other time periods as the budget allows. Salmon must be the lead item in the ads.
- Through extensive research, identifies key retail and consumer obstacles to the purchase, usage and distribution of Alaska seafood products and develops strategies to successfully overcome these obstacles.



THE ASMI FOODSERVICE PROGRAM:

- Targets growing segments of the foodservice industry with the greatest potential for Alaska seafood usage (commercial chain restaurants, hotel chains, foodservice management firms).
- Increases sales of Alaska seafood throughout the year by obtaining promotions and permanent menu placements in targeted, high-volume foodservice chains. For example, Denny's menus now have the word "Alaska" with its salmon dinners.
- Builds and strengthens the Alaska brand to pre-empt further competition from farm-raised products (i.e., "Wild Alaska Salmon", "Natural Salmon from Alaska", "pristine waters of Alaska").
- Establishes a leadership position for ASMI in the areas of seafood education and promotions with the goal of building brand loyalty within the foodservice marketplace.
- Communicates promotion results to the industry.
- Encourages the use of new value-added salmon products in the nation's foodservice industry.



Date NOV 29 1996

Ketchikan  
Daily News

Client No. 228

## Editorial

# Encourage innovation

228 501

Alaska Seafood Marketing Institute says its salmon promotion is paying off in more sales in the Lower 48.

Salmon consumption has increased 27 percent nationwide, according to National Marine Fisheries Service.

Salmon orders by diners in 900 restaurants and hotels increased almost 60 percent in 1995 compared to 1994.

NMFS also says more fish sold in grocery stores from summer of 1995 to this past summer.

That's good news and points to the value of thoughtful promotion of Alaska products.

The newest marketing effort is paid for with a 1 percent tax of fish sold to processors.

We hope ASMI's success discourages lawmakers from cutting the institute's budget. Funding should be continued, perhaps expanded, to encourage ASMI to extend its marketing of other Alaska seafoods. Alaska's high-quality pollock, specialty seafoods and shellfish would satisfy domestic consumers who want healthful eating.

Efforts to make products from fish, such as salmon ham and surimi and fish sticks from pollock, should be encouraged and new products tested.

ASMI's promotion has been innovative, including sending Alaska fishermen to Midwest markets. That look at Alaskans has increased salmon consumption there.

It's especially important to market the bumper crops of salmon Alaska fishermen are harvesting. The abundance makes prices drop, but if more fish is sold, there's still a chance to make profit. The healthy aspects, as well as its superior taste, are natural qualities to market.

Alaska needs to capitalize on its wild salmon population. Other countries are focusing on farmed salmon, good enough in that category, but not as tasty as the wild Alaska stocks.

We are encouraged by ASMI's efforts and think its continued success should be supported.



Representative Bill Hudson  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

February 4, 1997

via fax @ 465-2273

Dear Representative Hudson,

I would like to thank you for introducing HB 73, " An Act extending the termination of the salmon marketing programs of the Alaska Seafood Marketing Institute and the marketing assessment, and providing for an effective date " I strongly support the passage of this Bill. Please feel free to use my letter as public testimony.


In light of competition from the farmed salmon industry, Alaska's Salmon industry has, at least on the short term, lost much ground. We can accept this and do nothing about it, or, we can get smart and attempt to design marketing programs to help us compete in this rapidly evolving marketplace. This second option takes a bit of money as well as a unified and organized effort, like ASMI, to take the lead role.

The ASMI annual budget is over \$10,000,000. Processors make the largest contribution (approximately 3.7M) to this budget with their 03% assessment on the value of all fishery resources purchased. Fishermen contribute slightly less, approximately 3.4M, with their 1% assessment on salmon. The Federal government matches 6 to 1 the \$550,000 appropriated by the State Legislature.

We need ASMI now more than we did 10 years ago when there were very few farmed fish on the market and Alaska's salmon was "king". This is not the case today. We are now entering the "era of ASMI". We have invested in ASMI for over fifteen years, and ASMI, through its successes and failures, has learned a lot about marketing salmon. While global salmon supply has doubled so has salmon consumption and much of this growth in consumption can be directly attributed to ASMI's marketing efforts. It is important now that the State show unity with the industry and continue its support of the ASMI program.

I need not emphasize the importance of this industry on the Alaskan economy. It would be a disaster to allow legislators, who lack in understanding of the huge impacts of this industry, dictate policy which would permanently alter the wild salmon industries' ability to compete. Thank you for your time.

Respectfully yours,

  
Sandro Lane, President  
Taku Smokeries

550 South Franklin Street  
Juneau, AK 99801  
(907) 463-4617

# SOUTHWEST ALASKA

MUNICIPAL  
CONFERENCE



3300 Arctic Boulevard, Suite 203  
Anchorage, Alaska 99503  
Phone (907) 562-7380  
Fax (907) 562-0438  
Email: swamc@alaska.net

October 2, 1996

Representative Alan Austerman  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear Representative Austerman:

The Southwest Alaska Municipal Conference (SWAMC) is a regional membership organization representing over 130 member communities and businesses in Southwest Alaska. We are concerned about many issues, including economic development, fisheries management, tourism, transportation, small business development, education, and provision of adequate services to the communities in our region.

Our mission is to advance the collective interests of Southwest Alaska people, businesses, and communities and help promote economic opportunities to improve the quality of life and influence long-term, responsible development. During our 1996 Fall Meeting in Dillingham the enclosed resolutions concerning key statewide and regional issues were passed.

Here is the list of resolutions and their subject matter, with complete copies enclosed:

**RESOLUTION 96-15** A resolution regarding the use of lands on Adak.

**RESOLUTION 96-16** A resolution supporting changes to the Power Cost Equalization Program.

**RESOLUTION 96-17** A resolution urging the adoption of the "Safe Communities" Program and urging support of revenue sharing programs for municipalities.

**RESOLUTION 96-18** A resolution in support of full funding for the University of Alaska for Fiscal Year 1998.

**RESOLUTION 96-19** A resolution urging full support of the Alaska Marine Highway operation and continues progress toward the construction of the ocean class vessel.

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**RESOLUTION 96-20** A resolution urging full support for the Alaska Regional Development Organization (ARDOR) Program.

**RESOLUTION 96-21** A resolution urging legislative action on a solution for Title 47.

**RESOLUTION 96-22** A resolution supporting the State of Alaska state waters cod fishing program.

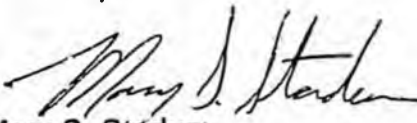
**RESOLUTION 96-23** A resolution requesting the development of a Southwest Alaska Regional Transportation Plan.

**RESOLUTION 96-24** A resolution urging the State of Alaska to develop a State Highway System.

**RESOLUTION 96-25** A resolution urging the State of Alaska to increase salmon marketing efforts.

We encourage you to give these issues serious consideration. The economies and health of rural and urban Alaska are interdependent. A strong, healthy, rural Alaska means a strong, healthy Alaska statewide. Thank you for consideration of our views. Should you have any questions about these resolutions, please contact me at 562-7380. We look forward to working with you in the future.

Sincerely,

  
Mary S. Stadum  
Executive Director

Enclosures

January 27, 1997

JAN 31 1997

Dear Representative Hudson:

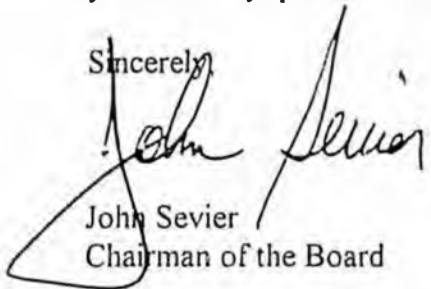
On behalf of the Alaska Seafood Marketing Institute, I extend to you our best wishes for a productive 20th session. We hope you enjoy the Alaska seafood samples enclosed, and that you take a few minutes to read the information provided to you about ASMI and the Alaska seafood industry.

The successful marketing of Alaska seafood in the United States is crucial to the economy of this state. The harvesting and processing of seafood is the number one private employer in Alaska, and contributes approximately \$1.3 billion to the Alaska economy each year. Not only do the state's small coastal communities benefit from seafood harvesting and processing, but it is also a \$100 million industry in Anchorage. In addition to harvesting, processing, transportation and agency support, Anchorage is home to more fishers than any other area in the state.

The seafood industry (harvester and shore-based processor assessments) supports ASMI's marketing in the United States. Last year, the harvesters contributed \$4.8 million and the processors contributed \$3.2 million. ASMI's overseas marketing is funded by a federal grant of \$3.9 million from the federal government. This grant was leveraged by a General Fund cash match from the state. A fact sheet on our export program is enclosed for your information, and we've also included a copy of *MarketLine*, which is our version of ASMI 101. We hope you'll find both helpful in understanding our relationship with the state.

As the newly appointed chairman, I look forward to meeting you. Again, best wishes for a productive session. Please call me or Art Scheunemann, ASMI's Executive Director, if you have any questions about our marketing programs or ASMI itself.

Sincerely,

  
John Sevier  
Chairman of the Board

cc: ASMI Board  
Art Scheunemann, Executive Director

Alaska Seafood Marketing Institute  
1111 West 8th Street, Room 100  
Juneau, Alaska 99801-1895  
Tel: (907) 465-5560  
In Alaska: 1-800-478-2903  
Fax: (907) 465-5572





January 21, 1997

The Honorable Bill Hudson  
Alaska House of Representatives  
Room 108 State Capitol  
Juneau, Alaska 998011182

JAN 27 1997

Dear Representative Hudson:

Attached are the following resolutions passed for submission to the Alaska State Legislature by the Alaska Municipal League at its recent annual meeting:

- **Resolution 97-01**, Urging the Adoption of the "Safe Communities" Program and Urging Support of Revenue Sharing Programs for Municipalities.
- **Resolution 97-02**, Urging Legislative Action on a Solution for Title 47.
- **Resolution 97-03**, Urging Full Support for the Alaska Regional Development Organization (ARDOR) Program.
- **Resolution 97-04**, Supporting Passage of a Bill Increasing State Taxes on Tobacco products.
- **Resolution 97-06**, In Support of Full Funding for the University of Alaska for Fiscal Year 1998.
- **Resolution 97-07**, Supporting Adequate Funding for Each Extended Campus of the University of Alaska.
- **Resolution 97-08**, Urging the Legislature and Governor to Support a Statutory Change Allowing the Department of Revenue to Collect Alcohol Use Taxes on Behalf of "Damp" Communities.
- **Resolution 97-09**, Supporting the Alaska State Waters Cod Fishing Program.
- **Resolution 97-10**, Urging the State of Alaska to Increase Salmon Marketing Efforts.
- **Resolution 97-11**, Supporting Legislation to provide for the Conveyance of isolated Tracts of State Land to Boroughs and Unified Municipalities.
- **Resolution 97-12**, Urging Governor Knowles and the Legislature of the State of Alaska to Support the Earliest Possible Development of an Economically Viable Alaskan North Slope Gas Export Project.
- **Resolution 97-14**, Requesting the Governor, Legislature, and the Alaska State Department of Natural Resources to Continue Adjudication of Water Rights, Continue as the Custodian of the Program, and to Continue Maintenance of the Historical Water Rights Data Base.
- **Resolution 97-15**, Supporting Changes to the Power Cost Equalization Program.

January 22, 1997

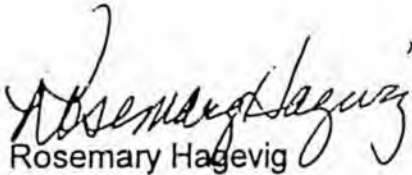
Page two

- **Resolution 97-15**, Supporting Changes to the Power Cost Equalization Program.
- **Resolution 97-17**, Urging Full Support of the Alaska Marine Highway Operation and Continued Progress Toward Construction of the Ocean Class Vessel.
- **Resolution 97-18**, Urging the State of Alaska to Develop a State Highway System.

I hope we can count on your support on these issues; I assure you that members of the Alaska Municipal League are ready to help in any way we can. If you have questions, you may contact me directly at 364-2154 or through the Alaska Municipal League at 586-1325.

Thank you.

Sincerely,

  
Rosemary Hagevig  
President

Enclosure as stated

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L A K E   A N D   P E N I N S U L A   A I R L I N E S

February 17, 1997

House Special Committee on Fisheries  
ATTN: Sponsor Representative Bill Hudson

Re: House Bill 73 - 1% renewal to 2003

Dear Rep. Hudson:

As a fisherman in Bristol Bay for the last 30 years and with all of our immediate and extended family involved in both the salmon fishery and herring fishery, I (we) have real concern regarding our future.

Like any other industry we must market aggressively if we are to protect the Alaska industry from encroachment by every other protein source, especially farmed salmon.

Marketing is mostly a long term effort and results come only as we are consistent and aggressive, industry wide, in presenting our products.

Over the last three years ASMI has become an exceptional organization in the marketing arena. ASMI has a marketing plan and works the plan very aggressively.

On behalf of the many members of my family who are fishers in Bristol Bay and on behalf of many fishers in the "Lake Country" who may never contact you, I urge you to support H.B. #73. Please allow us as an industry to do what the Legislature must eventually expect of every other industry in the state. Assess ourselves 1% to market and promote the well being of the Alaska Seafood Industry.

Thank you for your consideration of my voice vote.

Sincerely,

David Wilder

Dear Art,

We sure do appreciate the letter you sent to Rebecca and myself. Even though we didn't get a chance to speak at the board meeting in Girdwood; hopefully, by expressing our views to Barbara and Ron Sparks our message made it to the rest of the board.

We are very passionate and committed to the state of Alaska, my profession (a 10 yr. commercial fisherman), our salmon and our seafood. We welcome and request the opportunity to speak to anyone who will listen; be it the public, the legislature, or the fishermen. As a fisherman and someone who is on the street in the lower 48, we listen to the public's cares, concerns, and perceptions. We can convey and produce a positive attitude towards wild Alaskan seafood.

ASMI needs to stay alive and the return from the state's funding and the 1% tax on fishermen will come to fruition. Anything short of this is nearsighted and impatient reasoning, which will cost the state and the fishermen money in the end.

Again we at Wild Alaskan Seafood Co. thank you for your help and response to our efforts and desires. One day I hope to sit on that board or possibly as the legislator to fight for what I care very deeply for.

Thank you  
 Michael Sundquist  
 and  
 Rebecca Hill

**Wild Alaskan**  
 SEAFOOD CO.



Taste The Wild...Taste The Difference  
**GUARANTEED**  
 Michael Sundquist

PO Box 1131  
 Girdwood, AK 99587-1131

Bus/Fax 907-783-1380

CECELIA A. ANGASAN  
P.O. BOX 1389  
DILLINGHAM, ALASKA 99576  
PHONE (907) 842-5503  
FAX (907) 842-1538

February 18, 1997

Representative Bill Hudson  
HOUSE OF REPRESENTATIVES  
Juneau, Alaska 99801

Dear Representative Hudson:

My name is Cecelia A. Angasan, ASMI Board Member. I first became involved with ASMI in the '80's as a Canned Salmon Committee Member, and later was appointed to the Board.

I have watched with great anxiety what is happening to the salmon industry and the frustration of getting appropriate funds to market our wild salmon with direct competition of farmed salmon.

I have some great concerns about how our State Government views the salmon industry and why it seems to put it on the back burner of priorities.

I'd like to share an experience I had when I was in Juneau last year for an ASMI meeting. I met a man in the lounge who was with a large oil group coming to Juneau to lobby their cause, and what he said, was "its a piece of cake, you just have to have the right connections politically," I sat there and thought about this for a long time, and asked myself what does ASMI, fishermen, processors and Alaskan workers need to do to wake up the legislature to the fact that we have and are losing ground in getting our salmon to the domestic and foreign markets with little or no money to properly advertise our product effectively?

The 1% that is taken from the fishermen to help advertise our salmon in the domestic market has been a great help, but that is still not enough. The beef, poultry, and other commodities in the U.S. get such a large sum of money to market their product, and the results tell the story.

I would like to ask that you support House Bill 73 for another 5 years. Further I would like to ask you to consider a Bill to have the State of Alaska match the 1% that is currently being taken from Fishermen to help ASMI get the much needed funds for marketing in the foreign and domestic markets.

page 2

Again I would like to ask what you can do to emphasize the need for matching funds from the State to increase the ASMI Budget. What ASMI has accomplished with such a small budget is a miracle, but miracles don't last forever. The State of Alaska really needs to focus its attention on what can be done for the survival of our fisheries.

Thank you for your dedicated hard work that you are doing in Juneau and your support for House Bill No. 73.

Sincerely,



Cecelia A. Angasan  
ASMI Board Member

Representative Hudson  
State Legislator Office  
Juneau, Alaska  
Fax: 4652273

Dear Representative Hudson,

Thank you for submitting House Bill 73, the ASMI 1% renewal to 2003. The renewal this year will save money, time and energy. The salmon industry needs the efforts of ASMI.

I am a 20+ year harvester and have not been making much money lately but feel without ASMI's efforts, it would be even less.

Earlier this month at the Salmon Forum it became very obvious that ASMI is the only body the industry has in common. Every time there was an assignment or a need ASMI was the only entity that people thought of that could accomplish the goals. The industry is going through tough times but without ASMI we would be crippled!

Thank you again for your support.

Kathy Halgren  
Box 784  
Cordova, Alaska 99574-0784

Dillingham

967-Rose Heyano  
PO Box 1409  
Dillingham, Ak. 99576  
967-842-1353  
fax # 907-842-1355

February 9, 1997

Representative Bill Hudson  
Alaska State Legislature  
State Capitol  
Juneau, Ak. 99801-1182

via fax @465-2273

Dear Representative Hudson:

Thank you for introducing HB 73 that would extend the 1% assessment for marketing programs initiated by the Alaska Seafood Marketing Institute. Governor Tony Knowles appointed me to the board of directors of ASMI in October 1996. The two meetings I've attended since appointed has clearly shown me the importance of marketing Alaska salmon. Alaska's wild salmon is facing very stiff competition with farmed salmon in domestic as well as world-wide markets. We must continue our efforts to keep the market share we currently have and strive to increase our salmon markets both domestically and internationally.

I have been a commercial drift fisherperson in Bristol Bay for the past 20 years. We are experiencing declining salmon prices which is directly attributed to the influx of farmed salmon. The days of our wild salmon selling itself is no longer. We must continue to design marketing programs to help us compete in this rapidly evolving market place.

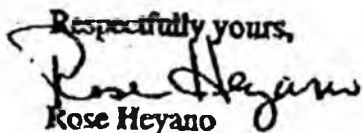
The Alaska Seafood Marketing Institute is the marketing agency that needs to represent fisherpersons in the State of Alaska. ASMI needs fishermen's support as well as the State's. The State of Alaska needs to support the salmon industry by continuing to provide the 20% match that ASMI needs to receive the US Dept. of Agriculture's export grant. Without the 1% fisher assessment and the State of Alaska's match ASMI's marketing efforts would be sharply curtailed.

In the Bristol Bay region most fisherpersons feel that the 1% assessment helps them very little since it can only be used for promoting and increasing domestic markets. Bristol Bay contributes close to 37% of the entire assessment and their product is sold primarily in Japan. Realizing any benefit of the 1% assessment is not forthcoming. If you can add into HB 73 the change in the wording that would allow the 1% assessment to be used nationally as well as internationally many fishermen would support the continuation of it.

Alaska's salmon industry is vital to Alaska's economy. We are the largest employer in the State and provide revenue from the raw fish tax that pays for all aspects of the State government. In order for the salmon industry to continue to play such a vital role in Alaska we must all continue to support and promote the marketing of the product.

In closing I would like to emphasize the importance of supporting the ASMI program, the continuation of a 1% assessment used worldwide; and to encourage the legislatures to provide the match that the ASMI program needs for their export marketing grant. I strongly support the passage of this bill with the above mentioned changes and encourage our State legislator to do the same. Thank you for your time.

Respectfully yours,



Rose Heyano

cc: Representative Ivan M. Ivan  
Representative Jeannette A. James  
Representative Carl E. Moses  
Representative Richard Foster

Leroy L. Cabana  
6100 Andover Cir.  
Anchorage, AK 99516  
Ph 907-345-5827  
fax 907-345-2190

Representative Bill Hudson  
February 13, 1997

Mr Hudson, I recently received a memorandum on HB 73 extending the 1% marketing assessment to June 30, 2003. I would like to thank you for your time and interest in sponsoring HB 73. The salmon industry, indeed all commercial fisheries in Alaska are more dependent now on ASMI's marketing effort than ever before. As a salmon fisherman with 18 years experience as an owner/operator of a seiner, I have witnessed a complete reversal of salmon harvest and marketing opportunities. In the 70's, we had few fish and more markets than we could fill. With farmed salmon production increasing every year and the record harvest of Alaska salmon in recent years, existing markets cannot absorb available production. It is unlikely we as a salmon industry will remain economically viable in the long term if farmed salmon continues to aggressively market and increase production and our reaction is to discontinue ASMI's funding. I know prices are at record lows and a more reasonable reaction would be increasing our marketing assessment, not eliminating our marketing program. I strongly support the marketing assessment and appreciate your time and effort on HB 73.

Sincerely,

Leroy Cabana

February 18, 1997

Representative Bill Hudson  
c/o House Resources Committee  
State Capital, Juneau, Alaska 99801

Dear Representative Hudson,

I would like this letter to show my support to the efforts you and Rep. Grussendorf have made in the introduction of House Bill No. 73. You have a very solid base of sometimes "quiet" support from the commercial fishermen in the Southeast Alaska region. Please, keep up the good work!

I am a life-long resident of Alaska and a full-time commercial fisherman. My family has been in the seafood industry in Alaska for over 65 years and we hope to continue well into the future in this dynamic industry. Many fishermen sometimes wonder as to the best use of the assessments or whether there should be an assessment at all? My experience and judgment clearly indicate that marketing is the key to getting a stable demand for our resource.

I shutter to think of the consequences that would suffocate our already stressed industry if the assessments are not continued into the future and our sole marketing ability is severed. Without trying to dramatize the future without a marketing assessment, I surely feel the salmon industry may collapse from within. Our industry collectively has some substantial obstacles to hurdle, but without the marketing presence of an organization such as ASMI, (in the words of my 8 yr. old) *we are doomed!*

I feel the successes that ASMI has made on behalf of our industry are beyond dispute. It probably is the one entity capable of keeping our processing and harvesting working together toward a market-driven industry which is the only promise that our industry can survive under.

Any way, the vast majority of commercial fishermen in this community definitely realize the importance of marketing and the future positive impact it will have on our livelihoods and the value of our industry to the entire state of Alaska.

Again, thank you for your support of our industry needs.

Regards,



John R. Swanson  
PO Box 1546  
Fetersburg, Alaska 99833  
Ph. & fax #(907) 772-3501

F/V Logan T (Salmon Seine, Halibut, Sablefish, Roe Herring)  
F/V Ruthie (Bristol Bay Salmon)

cc: Co-sponsor Representative Ben Grussendorf fax #907-465-2278  
Senator Robin Taylor, fax #907-465-3922  
Barbara Beiknap, fax #907-465-5572

**HB**

**75**

(File 1 of 7)

**HFIN**

**FILE**

FRONT SECTION

FRONT  
SECTION

FRONT SECTION

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-4600  
FAX: (907) 465-3008

FRONT #1

March 13, 1997

The Honorable Drue Pearce  
The Honorable Bert Sharp  
The Honorable Mark Hanley  
The Honorable Gene Therriault  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

Please consider the following amendments to the Governor's operating budget. A few technical amendments to the capital budget will be delivered to you before the Wednesday morning Senate Finance overview; most of these are corrections to election districts and project titles. We will be recommending that the Alaska Drinking Water Loan Program fund source for \$5.3 million in state match to bring in \$27 million federal dollars be changed from general funds to AHFC corporate receipts (from the no-longer-needed state mortgage insurance fund). We will also recommend appropriating \$150,000 in general funds to secure \$330,000 from Congress for the Alaska Natives Commission Report Implementation Planning and Regional Facilitation. Specific language and back-up on these capital items will be provided next week.

Amendments to the "front sections" of the operating bill are discussed below. A summary of "back section" amendments is attached, as are budget forms with detailed descriptions of the amendments.

*Adopt*  
Add new sections:

\* Sec.      DIVISION OF INSURANCE. The unexpended and unobligated balance on June 30, 1997, of the Department of Commerce and Economic Development, division of insurance, designated program receipts from insurance fees under AS 21.06.250 is appropriated to the Department of Commerce and Economic Development, division of insurance, for operating costs for the fiscal year ending June 30, 1998.

*Adopt*  
Sec.      ALASKA SCIENCE AND TECHNOLOGY FOUNDATION. The unexpended and unobligated balance in the Alaska science and technology endowment earnings reserve on June 30, 1997,

is appropriated to the Alaska Science and Technology Foundation to award as grants under AS 37.17.030(d) for the fiscal year ending June 30, 1998.

*Withdraw*  
\*Sec.      DEPARTMENT OF NATURAL RESOURCES The sum of \$150,000 is appropriated from the general fund to the Department of Natural Resources to be used for reimbursement to the First National Bank of Anchorage for non-performing land contracts returned to the department in accordance with the provisions of the contract as part of the mental health trust land settlement between the First National Bank of Anchorage and the DNR for the fiscal year ending June 30, 1998.

**Amend the following sections:**

*Adopted*

\* Amend sec. 6 to correct the funding source. It should appear as follows:

Sec. 6. ALASKA PUBLIC UTILITIES COMMISSION. The unexpended and unobligated balance on June 30, 1997 of the Alaska Public Utilities Commission designated program receipts account for regulatory cost charges under AS 42.05.254 and AS 42.06.286 for fiscal year 1997 is appropriated to the Alaska Public Utilities Commission for fiscal year 1998 expenditures.

*Adopted*

\* Amend sec. 12(c) as shown below to correct a drafting error made when preparing the original bill.

(c) Except as provided in (d) of this section, if federal or other program receipts as defined in AS 37.05.146 fall short of the estimates appropriated by this Act, the affected appropriation is [FROM THE GENERAL FUND] reduced by the shortfall in receipts.

\* Amend sec. 13(a) as shown below to correct a drafting error made when preparing the original bill.

*Adopted*

(a) To increase enforcement of the fish and game laws of the state, the amount deposited in the general fund during the fiscal year ending June 30, 1997 [1998], from criminal fines, penalties, and forfeitures imposed for violation of AS 16 and its implementing regulations and from the sale of forfeited property or alternative damages collected under AS 16.05.195 is appropriated to the fish and game fund (AS 16.05.100).

\* Amend sec. 19 to correct the funding source. It should appear as follows:

*Adopted*

Sec. 19. OCCUPATIONAL LICENSING. The unexpended and unobligated balance on June 30, 1997, of the Department of Commerce and Economic Development, division of occupational licensing, designated [GENERAL FUND] program receipts for occupational licensing fees under AS 08.01.065 is appropriated to the division of occupational licensing for operating costs for fiscal year ending June 30, 1998.

\* Amend sec. 26(c) (STATE DEBT AND OTHER OBLIGATIONS) to read as follows:

*Adopted*

(c) The sum of \$73,270,700 [\$80,970,700] is appropriated from the general fund to the Alaska debt retirement fund (AS 37.15.011).

A review this month of outstanding general obligation bond funds has shown that three funds from FY 78 and FY 80 have balances that can now be lapsed. The amount of general funds needed for debt service can be reduced by \$7,700,000 once the State Bond Committee authorizes a transfer of these unobligated bond funds to the debt retirement fund.

Adopted

\* Amend sec. 26(d) (STATE DEBT AND OTHER OBLIGATIONS) to follow:

(c) The sum of \$10,342,390 is appropriated from the Alaska debt retirement fund (AS 37.15.011) to the state bond committee for trustee fees and lease payments to the City of Seward, City of Kenai, City of Palmer, Department of Natural Resources, and the Alaska Court System.

This corrects a drafting error; the amount appropriated includes payments for the new consolidated fire services facility at the Palmer airport.

Held

\* Amend sec. 31 as shown to reflect the deletion of sec. 16(b):

Sec. 31. NONLAPSE OF APPROPRIATIONS The appropriations made by secs. 2, 3, 10, 13, 14, 15, [16(B),] 17, 20, 21, 27, 29(a) and 30 of this Act are for the capitalization of funds and do not lapse under AS 37.25.010.

Delete the following sections:

Held

\* Delete sec. 4. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

The Governor's capital budget proposes appropriating the \$16 million AIDEA dividend directly to economic development projects throughout the state. These much needed projects would not be possible to accommodate within a \$100 million general fund level.

Adopted

\* Delete sec. 11. EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Other amendments are included that place this funding in the "back section" for the Department of Environmental Conservation. Similar appropriations to the departments of Fish and Game and Natural Resources, are already in the back section.

Held

\* Delete secs. 16(b), 16(c), and 16(d) INSURANCE AND BOND CLAIMS

These sections originate from "boilerplate" language included in the operating budget for years. Further review convinces us that the sections are not necessary.

Past appropriations equivalent to section 16(b) have never been used. They were intended to apply in case the state expected to receive large insurance payments in the future. It would only apply to

situations arising from a truly catastrophic event, and would essentially be a very large unanticipated draw against the general fund with no guarantee of the timing of the receipt of insurance payments to the state.

In the event of a catastrophe generating insurance payments that would trigger this language (e.g., the sinking of a ferry or a massive earthquake) the Governor obviously would work closely with the legislature, and the problem would almost certainly be handled without resorting to the method authorized by this appropriation language.

Section 16(c) relates to receipts from reclamation bonds. The Department of Natural Resources advises us that although this appropriation has been used in the past, it is not needed now because other appropriations provide for Legislative Budget and Audit Committee review.


Section 16(d) simply made the appropriations in sections 16(b) and 16(c) subject to Legislative Budget and Audit Committee review.

**"Back section" amendments:**

A summary of these amendments by department is attached. These include information we just received today that the longevity bonus projections now show a reduction of \$605,300 for FY 98. We propose to transfer \$516,800 of this to the Office of Public Advocacy and the Public Defender to bring them to the level of their FY 97 budget plus the supplemental requests. The ~~newest~~ projections also show that the FY 97 requirement will drop to \$74,062,600, a reduction of \$1,524,800.

Detailed back-up materials are attached. If you have any questions, please call me or our chief budget analyst, Dan Spencer.

Sincerely,



Annalee McConnell  
Director

**Attachments**

cc: Mike Greany, Legislative Finance

FRONT #2

A

## Amendment to House Finance Committee Substitute HB 75

Offered by House Finance Committee

### Amendment to Front Section

Page 1, line 5 through page 4, line 4, delete front section #1

Page 3, line 10, delete "\$50,000,000" insert "\$77,600,000"

Page 5, line 30 through page 6, line 11, delete front section #8

Delete: Pg 7, lines 12 in (c) "Except as provided in (d),"

Pg 7, lines 15-17, delete (d)

**EXPLANATION:** Section number one is intent language already outlined in the Executive Budget Act. Second part of amendment increases AHFC dividend to general fund to account for recently released Insurance Fund. Final part of amendment is Governor's intent on fiscal notes. Legislature funds fiscal notes at conference committee.

**TECHNICAL:** Legislative Finance is instructed to make technical adjustments to the front sections to conform to changes made to the back sections of the HB75 and HB76.

DB

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE

3/26/97 P

SUBJECT

~~CORR #6~~ Front

2A

MEMBER

YES

NO

MOSES	✓	
MULDER	✓	<del>✓</del>
DAVIES, JOHN		✓
DAVIS, GARY	✓	
GRUSSENDORF		✓
FOSTER	✓	
KELLY	✓	
KOHRING	✓	
MARTIN	✓	
THERRIAULT	✓	
HANLEY	✓	

TOTAL

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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

REVISED FRONT

#3

NO OBJ

3/26/97 P

AMENDMENT TO HOUSE FINANCE CS TO HB 75/76

Offered by Hanley

Department of Health & Social Services  
Medical Assistance BRU  
Medicaid Non-facility Component

Delete 15,000.0 general fund  
Add 15,000.0 Federal receipts

Department of Health & Social Services  
Medical Assistance BRU  
Medicaid Facilities Component

Delete 15,000.0 general fund  
Add 15,000.0 Federal receipts

Add conditional language

Department of Health & Social Services  
Medical Assistance BRU

"This appropriation is subject to Section blank, page blank, line blank of this act."

Add front section language

\* Sec. \_\_ (a) Subject to (b) of this section, the sum of \$ 30,000,000 is appropriated from the general fund to the Department of Health and Social Services for medical assistance, and the appropriation from federal receipts made on Section blank, page blank, line blank of this act is reduced by \$30,000,000.

(b) The appropriation made by (a) of this section takes effect only if the federal medical assistance percentage under the Medicaid program in effect on January 31, 1998, is the same as the percentage in effect on March 15, 1997.

(c) If this section takes effect under (b) of this section, it takes effect on February 1, 1998.

to Front #4

0-LS8000A.5 ✓  
Utermohle  
3/24/97

NO OBJ 3/26/97 P

AMENDMENT to Amendment #4  
Front  
Grussendorf

OFFERED IN THE HOUSE

TO: Amendment 0-LS8000A.2

- 1 Page 1, line 5, following "1998."
- 2 Insert "This appropriation does not authorize the expenditure of funds appropriated by
- 3 sec. 145, ch. 208, SLA 1990 (Locomotives rolling stock - \$9,000,000) or the expenditure of
- 4 interest earned on those funds."

*Adopted*

*Rescinded 3/26 E*

*Failed 5/5 3/26/97 P*

0-LS8000A.2  
Utermohle -  
3/19/97

AMENDMENT

*by Martin*

OFFERED IN THE HOUSE

**FRONT #4**

1       \* Sec. \_\_. Revenues generated or retained by the Alaska Railroad Corporation before or  
2 during the fiscal year ending June 30, 1998, and income earned on revenues generated or  
3 retained by the Alaska Railroad Corporation before or during the fiscal year ending  
4 June 30, 1998, are appropriated to the Alaska Railroad Corporation for railroad and related  
5 purposes for the fiscal year ending June 30, 1998.

6       \* Sec. \_\_. (a) Federal funds received by the Alaska Railroad Corporation before or during  
7 the fiscal year ending June 30, 1997, are appropriated to the Alaska Railroad Corporation for  
8 the purposes for which the funds were received by the corporation.

9               (b) Federal funds received by the Alaska Railroad Corporation during the fiscal year  
10 ending June 30, 1998, are appropriated to the Alaska Railroad Corporation for the purposes  
11 for which the funds are received by the corporation, subject to the program review provisions  
12 of AS 37.07.080(h).

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE

3/26/97 P

SUBJECT

Front #4 amended

MEMBER	YES	NO
MULDER		✓
DAVIES, JOHN		✓
DAVIS, GARY		✓
GRUSSENDORF		✓
FOSTER	✓	
KELLY	✓	
KOHRING	✓	
MARTIN	✓	
MOSES		✓
HANLEY	✓	
THERRIAULT		

TOTAL

5	5
---	---

PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE

3/26/97E

SUBJECT

Front 4 Rescind

MEMBER

YES

NO

FOSTEF.	✓	
GRUSSENDORF	✓	
KELLY	✓	
KOHRING	✓	
MARTIN	✓	
MOSES		
MULDER		✓
DAVIES, JOHN	✓	
DAVIS, GARY		✓
HANLEY	✓	
TERRIAULT	✓	

TOTAL

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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

**ROLL CALL: HOUSE FINANCE COMMITTEE**

DATE

3/26/97E

SUBJECT

Front 4 adopted  
after Rescind

**MEMBER**

**YES**

**NO**

GRUSSENDORF	✓	
KELLY	✓	
KOHRING	✓	
MARTIN	✓	
MOSES		
MULDER		✓
DAVIES, JOHN	✓	
DAVIS, GARY		✓
FOSTER		✓
TERRIAULT	✓	
HANLEY	✓	

TOTAL

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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

Failed 4-7 3/26/97 p FRONT #5  
AMENDMENT

HOUSE FINANCE

BY:  
Grussendorf

**Front Section:**

Page 8, lines 20-21 are amended to read:

**\*Sec. 17. MARINE HIGHWAY SYSTEM FUND.** The sum of \$28,749,100 [~~\$28,624,100~~] is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

[28,383.8]

\*\*\*\*\*

This amendment restores funding for the operation of the bars on the state ferries.

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE

3/26/97 p

SUBJECT

front 5

MEMBER	YES	NO
DAVIES, JOHN	✓	
DAVIS, GARY	✓	
GRUSSENDORF	✓	
FOSTER		✓
KELLY		✓
KOHRING		✓
MARTIN		✓
MOSES	✓	
MULDER		✓
TERRIAULT		✓
HANLEY		✓

TOTAL

4	7
---	---

PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

ADMINISTRATION

# ADMINISTRATION

Admin #1

Withdrawn 3/25/97 E

**BY REPRESENTATIVE DAVIS**  
**Requested by Representative WILLIAMS**

**DELETE**

Department of Administration  
Centralized Administrative Services BRU  
Alaska Professional Development Institute Component      75.0 General Funds

**DELETE**

Office of the Governor  
Executive Operations BRU  
Governor's House Component      25.0 General Funds

**ADD**

Department of Transportation & Public Facilities  
Marine Management BRU  
Support Services Component      100.0 Marine Hwy Fund

(Restore a portion of the funding removed by unallocated reduction to the Marine Highway System.)

**ADD**

Department of Transportation & Public Facilities  
Front Section  
Marine Highway Stabilization      100.0 General Funds

(This restores general funds appropriated to the Marine Highway System Fund in conjunction with restoration of Fund expenditure authority in the Marine Management BRU.)

Admin #2

(5-5)

failed 3/25/97E

**AMENDMENT**

OFFERED IN THE HOUSE

BY: Rep. Grussendorf

TO: CS HB 75(FIN)

ADD

Department of Administration

BRU: Personnel

Component: Personnel

50.00 general funds

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE 3/25/97 E  
 SUBJECT ~~LAW~~ # Admin # 2

MEMBER	YES	NO
MOSES	✓	
MULDER	—	
DAVIES, JOHN	✓	
DAVIS, GARY	✓	
GRUSSENDORF	✓	
FOSTER		✓
KELLY	✓	
KOHRING		✓
MARTIN		✓
TERRIAULT		✓
HANLEY		✓

TOTAL 

5	5
---	---

PASSED \_\_\_\_\_  
 FAILED \_\_\_\_\_

ADMN #3

Failed 3/7 3/25/97 E

**AMENDMENT**

OFFERED IN THE HOUSE

BY: Rep. Grussendorf

TO: CS HB 75(FIN)

ADD

Department of Administration.

BRU: Motor Vehicles

Component: Field Services

100.00 general funds

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE 3/25/97 E  
 SUBJECT ADMIN #3

MEMBER	YES	NO
MULDER		
DAVIES, JOHN	✓	
DAVIS, GARY		✓
GRUSSENDORF	✓	
FOSTER		✓
KELLY		✓
KOHRING		✓
MARTIN		✓
MOSES	✓	
HANLEY		✓
THERRIAULT		✓

TOTAL 

3	7
---	---

PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

ADAM #4

Failed 3/7 3/25/97 E

AMENDMENT

OFFERED IN THE HOUSE

BY: Rep. Grussendorf

TO: CS HB 75(FIN)

ADD

Department of Administration  
BRU: Centralized Administrative Services  
Component: Labor Relations 50.00 general funds

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE 3/25/97  
SUBJECT Admin #4

MEMBER	YES	NO
DAVIS, GARY		✓
FOSTER		✓
GRUSSENDORF	✓	
KELLY		✓
KOHRING		✓
MARTIN		✓
MOSES	✓	
MULDER		—
DAVIES, JOHN	✓	
THERRIAULT		✓
HANLEY		✓

TOTAL

3	7
---	---

PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

Failed 4/6 3/25/97E  
AMENDMENT

OFFERED IN THE HOUSE

BY: Rep. Grussendorf

TO: CS HB 75(FIN)

ADD

Department of Administration  
BRU: Senior Services  
Component: Protection, Comm Svcs, & Admin 50.00

**ROLL CALL: HOUSE FINANCE COMMITTEE**

DATE

3/25/97 E

SUBJECT

Admin #5

**MEMBER**

**YES**

**NO**

FOSTER		✓
GRUSSENDORF	✓	
KELLY		✓
KOHRING	✓	
MARTIN		✓
MOSES	✓	
<del>MULDER</del>		
DAVIES, JOHN	✓	
DAVIS, GARY		✓
HANLEY		✓
THERRIAULT		✓

TOTAL

4	6
---	---

PASSED \_\_\_\_\_

**FAILED** \_\_\_\_\_

ADMIN 6

Offered in House Finance Committee

Failed 3/7

3/25/97E

AMENDMENT

TO: CS HB 75 (Fin) draft

BY: DAVIES

Department of Administration

Increment:

BRU: Legal and Advocacy Services  
Component: Office of Public Advocacy

24.0 GF

*Adoption of this amendment would fund OPA at the FY'97 level (authorized including House level of funding in supplemental). At Subc. level, OPA is funded below FY'97 authorized and supplemental.*

*OPA has three primary areas of responsibility:*

- provides guardian ad litem representation to abused & neglected children*
- whenever Public Defender has a conflict of interest in case*
- public guardian section (acts as guardian and/or conservator for citizens who suffer from one or more disabilities and whom the court has decided are unable to manage their own affairs)*

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE 3/25/97E

SUBJECT Admin #6

MEMBER

YES

NO

GRUSSENDORF	✓	
KELLY		✓
KOHRING		✓
MARTIN		✓
MOSES	✓	
<del>MULDER</del>		
DAVIES, JOHN	✓	
DAVIS, GARY		✓
FOSTER		✓
THERRIAULT		✓
HANLEY		✓

TOTAL

3	7
---	---

PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

State of Alaska  
Office of Public Advocacy

	FY96 Actual	FY97 Auth w/Suppl	FY98 Gov Amend	FY98 House	House v. Gov	House v. FY97 Auth w/Suppl	House v. FY96 Actual
Office of Public Advocacy							
GF	7,309.2	7,579.6	7,654.6	7,554.6	(100.0)	(25.0)	245.4
Other	54.7	70.4	71.5	71.5	0.0	1.1	16.8
Total	7,363.9	7,650.0	7,726.1	7,626.1	(100.0)	<del>(23.9)</del>	262.2

House supplemental  
Office of Public Advocacy                      210.5

**DEPARTMENT OF ADMINISTRATION  
RESPONSE TO THE  
HOUSE FINANCE SUBCOMMITTEE REPORT  
MARCH 20, 1997**

- **OFFICE OF PUBLIC ADVOCACY - (100.0)**  
Including the Governor's amendment, we project that OPA is underfunded by approximately 471.6. This additional reduction results in a projected FY 98 supplemental of 571.6.
  
- **PUBLIC DEFENDER AGENCY - (100.0)**  
Including the Governor's amendment, we project a FY 98 shortfall of approximately 276.6. This reduction results in a projected FY 98 supplemental of 376.6.

CONTACT: BRANT McGEE/274-1684 BARBARA BRINK 264-4414

**SUMMARY BRU SERVICES AND RESPONSIBILITIES:**

The goal of the Office of Public Advocacy is to provide excellent and cost effective legal and guardian representation through the most cost effective means to those individuals within its statutory mandate.

The Office of Public Advocacy has ~~three~~ primary areas of responsibility under the authorizing statute, AS 44.21.400:

1. OPA provides guardian ad litem representation to abused and neglected children and is therefore appointed in nearly all Child in Need of Aid actions filed in superior court and many child custody disputes. The guardian ad litem is an attorney or other professional who represents the best interest of the child during the case.
2. Whenever the Alaska Public Defender Agency has a conflict of interest with respect to the representation of an indigent criminal defendant, the Office of Public Advocacy is appointed to represent the defendant.
3. The public guardian section of OPA acts as guardian and/or conservator for citizens who suffer from one or more disabilities and whom the court has decided are unable to manage their own affairs. (Continued)

**SUMMARY OF BRU ISSUES:**

The Office of Public Advocacy's (OPA) anticipated shortfall in contractual services in FY98 is \$719.4. This projection is based on both caseload and cost increases. OPA projects a 6.3% increase in overall caseload from FY96 to FY98. This estimate is a straight-line projection and therefore very conservative. Other data and factors suggest that the caseload increase could be substantially higher. By December 1996, Anchorage will have completed adding a total of 80 new police officers. As a result, arrest rates are expected to increase and OPA, like other criminal justice agencies and the Alaska Court System, will be severely impacted. Additionally, changes in the focus of criminal prosecutions to crimes involving more than one person, like drug distribution rings, will create more conflict of interest cases in which OPA must undertake representation.

While the number of extraordinary cases -- those whose total costs exceed \$5,000.00 -- has more than doubled since FY92, the cost of extraordinary cases has only increased 10% since FY94. This is because the legislature funded one additional staff attorney in the Anchorage office to provide representation in major felonies in the Second, Third and Fourth Judicial Districts. This substitution of staff for contractor representation has resulted in contractual cost savings well in excess of the estimated \$150.0.

Case costs, such as those associated with expert witnesses, investigation, witness travel, and court-mandated psychiatric and psychological evaluations also contribute significantly to this anticipated shortfall in contractual service funds. For the past several years OPA has undertaken strong measures, including mandating telephonic rather than personal representation at many hearings, in order to control such costs.  
(Continued)

Page 5 of 6

Revised Date:

FY 98

**BRU  
OVERVIEW**  
Revised 8/5/96

AGENCY ADMINISTRATION

BRU LEGAL AND ADVOCACY SERVICES

000225

CONTINUATION OF FOR BRU OVERVIEW

SUMMARY OF BRU SERVICES AND RESPONSIBILITIES: (CONTINUED)

The agency also provides representation in a host of other civil cases, including parents in custody disputes where one party is represented by the Alaska Legal Services Corporation, children in emancipation proceedings, and some adoption cases.

The Office of Public Advocacy provides representation only when appointed by the superior court. It is thus an entirely responsive agency and cannot choose its cases or limit its caseload. Representation is provided through three distinct means: staff, contract and volunteer.

SUMMARY OF BRU ISSUES. (CONTINUED)

All OPA services are provided pursuant to court orders of appointment. OPA has no control over the number of such appointments which are mandated by Alaska Statutes and Rules of Court. There is little OPA can do to influence caseload growth or case complexity under current law. It must direct its management efforts towards reducing the costs associated with such cases. The agency's success is reflected in its significant decrease of the average cost per case from 1985 to 1995. In FY84, the last year the Alaska Court System was responsible for administration of guardian ad litem representation and criminal defense functions now performed by OPA, the court system expended \$2,085.7 to provide representation in 2,793 cases. The average cost per case was \$696.85. In FY96, the Office of Public Advocacy expended \$6,695.2 (total budget less public guardian costs), to provide representation in 11,031 cases, for an average cost per case of \$606.94. The actual cost per case for the Alaska Court System cases in FY84, as expressed in 1996 dollars is \$956.78.

Thus, the Office of Public Advocacy has reduced the average cost per case of cases within its statutory mandate by 36.5%. In short, OPA has consistently improved cost effectiveness while absorbing enormous caseload increases.

In past fiscal years, OPA has been forced to cease payments to court appointed counsel and other professionals during the final months of each fiscal year while it awaited approval of a supplemental appropriation from the legislature. During the past two years, when full funding of the requested supplemental was in doubt, OPA mandated that contractors attempt to continue felony trials set for May and June into the next fiscal year. This stopgap measure, only partially successful, ultimately does no more than shift costs into another fiscal year. It is disruptive not only to criminal justice agencies and the Alaska Court System but also to the lives of victims, witnesses, and defendants who all deserve a timely resolution of criminal cases. Because most contractors and court appointed professionals are sole practitioners, the suspension of payments and the continuance of trials have caused severe economic hardship and made such professionals more reluctant to accept OPA cases.

ADDITIONAL  
EXPLANATION  
FORM  
Revised 8/5/96

AGENCY ADMINISTRATION

BRU LEGAL AND ADVOCACY SERVICES

Page 6 of 6

Revised Date:

FY 98

000226

COMMERCE +  
ECONOMIC  
DEVELOPMENT

Replaced

Amendment

Offered in the House Finance Committee

ADD

Department of Commerce & Economic Development/  
Division of Tourism

250.0	4 Positions & Funding *
109.9	Inquiry Section
150.0	Printing & Postage (Inquiry Section)
500.0	Tourism North Coop Marketing
967.9	Transfer from Trade & Development (917.9 GF)
140.4	International Trade Positions
<u>46.5</u>	Tok Position (21.5 GF)
Total: 2164.7	(2114.7 GF)

\* Restores previous reduction.

DELETE

Department of Commerce & Economic Development/  
Division of Trade & Development

967.9	Transfer to Division of Tourism (917.9 GF)
<u>140.4</u>	International Trade Positions
Total: 1108.3	

DELETE

Department of Economic Development/  
Alaska Tourism Marketing Council

109.9	Inquiry Section
150.0	Printing & Postage (Inquiry Section)
500.0	Tourism North Coop Marketing
<u>46.5</u>	Tok Position (21.5 GF)
Total: 806.4	

By: Rep. Kohring

#1  
Adopted

**Amendment**  
**(To Amendment # 1)**

Offered in the House Finance Committee.

**By: Kohring**

March 26, 1997

**I. ADD**

Department of Commerce & Economic Development/  
**Division of Trade & Tourism**  
*(Formerly Division of Trade & Development)*

**Office of Tourism**

70.0	Office Manager (Classified Position/R18) *
109.9	Inquiry Section
150.0	Printing & Postage (Inquiry Section)
500.0	Tourism North Coop Marketing
46.5	Tok Position (PPT Seasonal)
140.4	International Tour Positions (2)
300.0	Contractual GF
<u>967.9</u>	Remaining Funds
Total:	2284.7

\* Formerly Division Director Position (includes travel).

**II. DELETE**

Department of Commerce & Economic Development/  
**Alaska Tourism Marketing Council**

109.9	Inquiry Section
150.0	Printing & Postage (Inquiry Section)
500.0	Tourism North Coop Marketing
<u>46.5</u>	Tok Position (PPT Seasonal)
Total:	806.4

**III. DELETE**

Department of Commerce & Economic Development/  
**Division of Trade & Tourism**  
*(Formerly Division of Trade & Development)*

**Office of Trade**

967.9	Remaining Funds
<u>140.4</u>	International Tour Positions (2)
Total:	1108.3

**Explanation: Merges the Division of Tourism's functions into the Division of Trade & Development (from ATMC), and changes the name to the "Division of Trade & Tourism".**

**Amendment**  
(To Amendment # 1)

Offered in the House Finance Committee.

**By: Kohring**  
March 26, 1997

*R18: 3450/mo.  
(41,400/yr.)*

**I. ADD**

Department of Commerce & Economic Development/  
**Division of Trade & Tourism**  
(Formerly Division of Trade & Development)

**Office of Tourism**

70.0	Office Manager (Classified Position/R18) *
109.9	Inquiry Section
150.0	Printing & Postage (Inquiry Section)
500.0	Tourism North Coop Marketing
46.5	Tok Position (PPT Seasonal)
140.4	International Tour Positions (2)
300.0	Contractual GF
<u>967.9</u>	Remaining Funds

Total: 2284.7

\* Formerly Division Director Position (includes travel).

**II. DELETE**

Department of Commerce & Economic Development/  
**Alaska Tourism Marketing Council**

109.9	Inquiry Section
150.0	Printing & Postage (Inquiry Section)
500.0	Tourism North Coop Marketing
<u>46.5</u>	Tok Position (PPT Seasonal)

Total: 806.4

**III. DELETE**

Department of Commerce & Economic Development/  
**Division of Trade & Tourism**  
(Formerly Division of Trade & Development)

**Office of Trade**

967.9	Remaining Funds
<u>140.4</u>	International Tour Positions (2)

Total: 1108.3

Summary

2000.0 (per cap)  
- 2397.1 (subcom. cuts)  

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397.1 (extra cut)  
- 70.0 (office mgr.)  

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327.1 (leftover)

**Explanation: Merges the Division of Tourism's functions into the Division of Trade & Development (from ATMC), and changes the name to the "Division of Trade & Tourism".**

## Component Summary - FY98 Operating Budget

Agency: Department of Commerce and Economic Development

Page	Budget Component	FY95 Act	FY97 CC	FY97Auth	FY98 Adj	Gov	FY97Auth to Gov	
<b>Measurement Standards</b>								
1	Measurement Standards	2,886.8	2,894.1	2,906.4	2,953.9	3,001.1	94.7	3.3%
	* BRU Total	2,886.8	2,894.1	2,906.4	2,953.9	3,001.1	94.7	3.3%
<b>Banking, Securities, and Corp</b>								
2	Banking, Securities and Corp	1,613.9	1,646.2	1,704.3	1,702.6	1,697.3	-7.0	-0.4%
	* BRU Total	1,613.9	1,646.2	1,704.3	1,702.6	1,697.3	-7.0	-0.4%
<b>Insurance</b>								
3	Insurance Operations	3,890.7	3,858.9	4,795.9	4,848.3	4,241.4	-554.5	-11.6%
	* BRU Total	3,890.7	3,858.9	4,795.9	4,848.3	4,241.4	-554.5	-11.6%
<b>Occupational Licensing</b>								
4	Operations	4,221.7	4,348.2	5,854.6	5,992.6	4,958.6	-896.0	-15.3%
5	Licensing Boards	175.6	262.5	260.7	183.0	175.0	-85.7	-32.9%
	* BRU Total	4,397.3	4,610.7	6,115.3	6,175.6	5,133.6	-981.7	-16.1%
<b>Alaska Public Utilities Comm</b>								
6	Operations	3,382.1	3,766.5	3,978.2	4,024.1	4,117.5	139.3	3.5%
	* BRU Total	3,382.1	3,766.5	3,978.2	4,024.1	4,117.5	139.3	3.5%
<b>Executive Administration and Development</b>								
7	Commissioner's Office	650.8	535.1	540.1	549.1	597.3	57.2	10.6%
8	Administrative Services	1,180.7	1,089.8	1,097.8	1,113.1	1,198.5	100.7	9.2%
	* BRU Total	1,831.5	1,624.9	1,637.9	1,662.2	1,795.8	157.9	9.6%
<b>Division of Trade and Development</b>								
9	Trade and Development	3,286.0	2,465.6	2,497.6	2,536.9	2,528.4	30.8	1.2%
	* BRU Total	3,286.0	2,465.6	2,497.6	2,536.9	2,528.4	30.8	1.2%
<b>Investments</b>								
10	Investments	3,146.2	3,276.9	3,293.1	3,330.9	3,330.9	37.8	1.1%
	* BRU Total	3,146.2	3,276.9	3,293.1	3,330.9	3,330.9	37.8	1.1%
<b>Tourism</b>								
11	Tourism Development	3,119.9	2,675.0	2,683.0	3,098.6	3,038.0	355.0	13.2%
12	Alaska Tourism Mktg Council	5,363.0	5,314.1	5,315.1	5,318.7	5,583.7	268.6	5.1%

COMMERCE\*2

Offered in House Finance Committee

Adopted

AMENDMENT

TO: CS HB 75 (Fin) draft

BY: GRUSSENDORF

Department of Commerce

BRU: Tourism  
Component: Alaska Tourism Marketing Council

Delete:

103.6 GF film office clerk/travel/contract fr. Tourism  
157.3 GF film office decrement and 1 position

Department of Commerce

BRU: Trade and Development *Tourism*

Add:

103.6 GF film office clerk/travel/contract fr. Tourism  
157.3 GF restore film office decrement and 1 position

*Transfers film office out of ATMC and into Trade & Development  
This is a net zero amendment*

**ROLL CALL: HOUSE FINANCE COMMITTEE**

DATE 3/26/97 E  
 SUBJECT Commerce # 2

MEMBER	YES	NO
FOSTER	✓	
GRUSSENDORF	✓	
KELLY	✓	
KOHRING		✓
MARTIN	✓	
MOSES	✓	
MULDER	✓	
DAVIES, JOHN	✓	
DAVIS, GARY	✓	
HANLEY	✓	
THERRIAULT	✓	

TOTAL 

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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

**ROLL CALL: HOUSE FINANCE COMMITTEE**

DATE

3/26/97 E

SUBJECT

C.F.D - 3

MEMBER	YES	NO
GRUSSENDORF	✓	✓
KELLY	✓	✓
KOHRING	✓	✓
MARTIN	✓	✓
MOSES	✓	✓
MULDER	✓	✓
DAVIES, JOHN	✓	✓
DAVIS, GARY	✓	✓
FOSTER	✓	✓
THERRIAULT	✓	✓
HANLEY	✓	✓

TOTAL

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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

Offered in House Finance Committee

COMMERCE #3  
Adopted

## AMENDMENT

TO: CS HB 75 (Fin) draft

BY: DAVIES

Department of Commerce

BRU: Executive Administration & Development  
Component: Administrative Services  
(Alaska Science & Technology)

Delete:

145.3 personal services  
Sci/Tech (1025)  
95.4 contractual/commodities  
Sci/Tech (1025)

Department of Commerce

BRU: Alaska Science & Technology  
(re-establish)

Add:

603.5 personal services  
Sci/Tech (1025)  
695.4 contractual/commodities  
Sci/Tech (1025)  
7,714.2 grants, claims  
Sci/Tech (1025)

COMMERCE #4

Withdrew

Offered in House Finance Committee

AMENDMENT

TO: CS HB 75 (Fin) draft

BY: GRUSSENDORF

Department of Commerce

BRU: Trade and Development  
Component: Trade and Development

Increment:

25.3 restore 1% cut to Governor's proposal made in subc.

breakdown:

1.5	federal receipt
19.5	general fund
0.6	GF/prgm
2.2	I/A receipts
1.4	CIP receipts
0.1	GF/designated

*One of the final amendments adopted in this Subcommittee was a 1% cut to divisions that did not receive any reductions. Trade and Development was already reduced by the subcommittee prior to the 1% amendment.*

COMMERCE #5

failed

Offered in House Finance Committee

AMENDMENT

TO: CS HB 75 (Fin) draft

BY: GRUSSENDORF

Department of Commerce

BRU: Tourism  
Component: Alaska Tourism Marketing Council

Increment:

Accept increment for TV ads

200.0 GF  
66.7 GF/Designated

**ROLL CALL: HOUSE FINANCE COMMITTEE**

DATE

3/26/97 E

SUBJECT

CED\$

**MEMBER**

**YES**

**NO**

KELLY		
KOHRING		✓
MARTIN		✓
MOSES	✓	
MULDER		✓
DAVIES, JOHN	✓	
DAVIS, GARY		✓
GRUSSENDORF	✓	
FOSTER	✓	
HANLEY		✓
THERRIault		✓

TOTAL

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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

COMMERCE #6

Offered in House Finance Committee

withdrawn 3/26/97E

AMENDMENT

TO: CS HB 75 (Fin) draft

BY: GRUSSENDORF

Department of Commerce

BRU: Trade and Development  
Component: Trade and Development

Increment:

214.0 GF partial restoration of eliminated positions

COMMERCE #7

Offered in House: Finance Committee

Failed 3/8  
AMENDMENT

3/26/97 E

TO: CS HB 75 (Fin) draft

BY: GRUSSENDORF

Department of Commerce

BRU: Executive Administration & Development  
Component: Commissioner's Office

Increment:

Restore Special Assistant

70.8	General Fund
14.0	I/A Receipts

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE

3/26/97 E

SUBJECT

Comm #

MEMBER	YES	NO
KOHRING		✓
MARTIN		✓
MOSES	✓	
MULDER		✓
DAVIES, JOHN	✓	
DAVIS, GARY		✓
GRUSSENDORF	✓	
FOSTER		✓
KELLY		✓
TERRIAULT		✓
HANLEY		✓

TOTAL

3	8
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PASSED \_\_\_\_\_

FAILED \_\_\_\_\_

Amendment

Offered in the House Finance Committee.

**By: Rep. Kohring**  
March 26, 1997

ADD

Department of Commerce & Economic Development  
BRU: Executive Administration and Development/  
Administrative Services

\$4,768.3 Grants (Funding source 1025 Sci/Tech)

**Explanation: The budget close-out removed all FY98 funding for ASTF grants. The committee's intention was that existing obligations be honored but we had insufficient information on their cost. The Department has now provided us with this information. The Subcommittee allowed funding for one Grants Administrator and one Administrative Clerk to administer grant obligations. These 2 positions were moved to the BRU Executive Administration and Development, Administrative Service.**

P. 02/03

FAX NO. 2746228

AK SCIENCE &amp; TECH FOUND

MAR-21-97 FRI 14:49

**Alaska Science & Technology Foundation  
Grant Obligations  
Assuming No Grants after June 30, 1997  
\$\$ Thousands**

**March 21, 1997**

FY97 Activity from March thru June		Grant Payment	NOTES
1	Grant Encumbrances	1,324.6	Based on grant payment schedule (3/13/97)
2	Pending Grant Agreements	268.5	Based on grant payment schedule
3	April & June Grant Approvals, FY97	175.0	Anticipated Board Approvals
4	Total Grant Commitments	1,768.1	Sum of 1, 2, & 3
5	Allowance for Late Payments	995.6	Assumes not all grants will be paid as scheduled
6	Estimated Grant Payments thru 6/30/97	772.5	4 minus 5
FY98 Activity		Grant Payment	NOTES
6	FY97 Grant Commitments Rolled Forward	995.6	Equals Item 5
7	April & June '97 Grant Approvals—FY98	2,025.0	Anticipated Board approvals
8	FY98 Scheduled Grants	1,747.7	Based on grant payment schedule/commitments (includes teachers)
9	Total FY98 Grant Appropriation Needed	4,768.3	Sum of 6, 7, & 8

NOTE: Does not include existing obligations to AADC (\$5 million), and BUDCO (\$3 million).

The AADC grant will be authorized by a separate appropriation. We assume the entire BUDCO grant payment will be made in FY97.

Does not include grant commitments for FY98 +.

COMMUNITY &  
REGIONAL  
AFFAIRS

C+RA #1

passed 6-4 3/25/96am

**AMENDMENT**

OFFERED IN THE HOUSE

BY: REPRESENTATIVE

TO: HB 75

Grossendorf

**ADD**

Department of Community & Regional Affairs  
**Administration and Support**

One-Stop

3,656.7 Federal Receipts

This provides the authority for the Department to receive federal funding for the first year of a three-year federal grant to Alaska. The One-Stop project will aid Alaska in its efforts to streamline government and, at the same time, will enhance the services for individuals at a community level.

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE

3/25/97 am

SUBJECT

DCRA #1

MEMBER	YES	NO
MARTIN		✓
MOSES	✓	
MULDER	—	
DAVIES, JOHN	✓	
DAVIS, GARY	✓	
GRUSSENDORF	✓	
FOSTER		✓
KELLY		✓
KOHRING		✓
HANLEY	✓	
TERRIAULT	✓	

TOTAL

6	4
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PASSED \_\_\_\_\_  
FAILED \_\_\_\_\_

C&RA #2

Adoted  
amended as amended 3/25/97a

**AMENDMENT**

OFFERED IN THE HOUSE

BY: REPRESENTATIVE

TO: HB 75

Grussendorf

**ADD**

Department of Community & Regional Affairs  
**Administration and Support**

Federal rcpts

Data & Word Processing

100.0 ~~HA receipts~~

This 100% federal funding will provide **support** services for the One-Stop Project. One-Stop is a three-year federal grant to aid Alaska in its efforts to streamline government and, at the same time, enhance the services for individuals at a community level.

DELETE

FROM #1

~~Reduce~~ 1-stop

Reduce → 100.0

C+RA #3

amended - adopted 3/25/97an  
AMENDMENT

OFFERED IN THE HOUSE

BY: REPRESENTATIVE

TO: HB 75

Grussendorf

**ADD**

Department of Community & Regional Affairs  
**Administration and Support**

Administrative Services

Federal receipts  
97.7 I/A receipts

This 100% federal funding will provide **support** services for the One-Stop Project. One-Stop is a federally funded three-year grant to aid Alaska in its efforts to streamline government and, at the same time, enhance the services for individuals at a community level.

reduction of

\$100.0

FROM 1STOP

Adopted

C+RA #4

amended 8/2

3/25/97a

AMENDMENT

OFFERED IN THE HOUSE

BY: REPRESENTATIVE

TO: HB 75

Grossendorf

**ADD**

Department of Community & Regional Affairs

**Local Government Assistance**

Training and Development

500.0

Federal Receipts

~~225.0~~

~~225.0~~

This amendment provides federal funding and general fund match for the Rural Utility Business Assistance (RUBA) program.

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE 3/25/97  
SUBJECT DCRA # 4

MEMBER	YES	NO
MOSES	✓	
<del>MULDER</del>		
DAVIES, JOHN	✓	
DAVIS, GARY	✓	
GRUSSENDORF	✓	
FOSTER	✓	
KELLY	✓	
KOHRING		✓
MARTIN		✓
TERRIAULT	✓	
HANLEY	✓	

TOTAL 

8	2
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PASSED  
FAILED

Adopted

C+RA#5

amended 6/4

AMENDMENT

OFFERED IN THE HOUSE

BY: REPRESENTATIVE

TO: HB 75

Grossendorf

**ADD**

Department of Community & Regional Affairs

**Child Assistance**

Child Care

~~2,292.8~~ GF

1,585.8

**DELETE**

Department of Community & Regional Affairs

**Child Assistance**

Day Care Assistance Programs

1,585.8 GF

Restores funding to the Child Care program which provides grants to licensed child care providers and deletes the funding from the Day Care Assistance Programs which provides subsidies to low and moderate income families.

ROLL CALL: HOUSE FINANCE COMMITTEE

DATE 3/25/97  
SUBJECT DCRA # 5

MEMBER	YES	NO
MULDER		
DAVIES, JOHN	✓	
DAVIS, GARY	✓	
GRUSSENDORF	✓	
FOSTER		✓
KELLY		✓
KOHRING		✓
MARTIN		✓
MOSES	✓	
HANLEY	✓	
THERRIAULT	✓	

TOTAL 

6	4
---	---

PASSED \_\_\_\_\_  
FAILED \_\_\_\_\_

C+RA #6

withdrawn 3/25/97a

AMENDMENT

OFFERED IN THE HOUSE

BY: REPRESENTATIVE

TO: HB 75

Grossendorf

**ADD**

Department of Community & Regional Affairs  
**Rural Energy Programs**  
Energy Operations 913.4 GF

This amendment will enable the Department to provide the basic support services necessary to administer the state's energy programs, primarily for rural Alaska. It will restore 15 deleted positions. The proposed subcommittee reduction would have been in addition to \$400.0 reduction included in the Governor's FY 98 budget.

C+RA #7

withdrawn 3/27/97 am

**Amendment to House Finance Committee Substitute HB 75/76**

Offered by Hanley

**ADD**

Department of Community & Regional Affairs

BRU Administration and Support

Component One Stcp

3,656.7 federal funds

BRU Local Government Assistance

Component Training and Development

500.0 federal funds

EXPLANATION: Restore federal funds.

C+RA#8

adoped 6/4 3/25/97

**Amendment to House Finance Committee Substitute HB 75/76**

Offered by Hanley

**DELETE**

Department of Community & Regional Affairs  
BRU Municipal Revenue Sharing  
Component State Revenue Sharing (894.3) GF

BRU Municipal Revenue Sharing  
Component Municipal Assistance (1,087.8) GF

**EXPLANATION:** Increases overall reduction from FY97 Auth to six percent.