

ALASKA LEGISLATURE

1672

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

1 forgiveness after beginning repayment, the repayment requirement is deferred in the
2 month following qualification for forgiveness. Repayment shall be deferred as long
3 as the person remains qualified or until the balance of the loan has been fully forgiven.
4 If the person is delinquent or in default on the person's regular repayment schedule,
5 repayment shall continue until the person is current in payments. A period of time
6 during which the person is making past due payments may not be considered as a
7 qualifying period for the purpose of calculating forgiveness benefits.

8 (e) For purposes of qualifying for forgiveness under this section, a person must
9 be a full-time employee for a period of at least six months in order to qualify for a
10 prorated forgiveness benefit. In this subsection, "full-time employee" does not include
11 seasonal or temporary employment.

12 (f) A person's obligation to repay the loan under this section ends if the person
13 dies and is deferred during any period in which a physician certifies that the person
14 is totally disabled.

15 (g) This section does not apply to loans received by a person under AS 14.43.

16 (h) The commission may adopt regulations to implement this section. Except
17 as provided in this section, regulations adopted under this subsection may not exempt
18 or defer a repayment required under this section.

19 * Sec. 3. APPLICABILITY. This Act applies to a person who begins a graduate education
20 program and who receives financial aid from the state under AS 14.44.010 - 14.44.040, or for
21 a medical education program under AS 14.42.030(d), on or after July 1, 1997. 8

22 * Sec. 4. This Act takes effect July 1, 1997. 8

AMENDMENT

#2 adopt
no
amended

OFFERED IN THE HOUSE

BY REP. DAVIES

TO: CSHB 193 (HES)

Page 2, line 5, following "interest"

Insert ^{and} "but does ~~not~~ include costs for the first year of the program delivered at the University of Alaska, Anchorage"

#2

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: CSHB 193(HES)

1 Page 1, following line 3:

2 Insert a new bill section to read:

3 **"* Section 1. INTENT.** It is the intent of the legislature that a person participating in a
4 medical education program shall repay a portion of the financial aid received unless the
5 person returns to the state and is employed in the state in the field for which the person
6 received the loan. It is also the intent of the legislature that the repayment provisions apply
7 to each year that the person participates in the medical education program."

8 Page 1, line 4:

9 Delete "Section 1"

10 Insert "Sec. 2"

11 Renumber the following bill sections accordingly.

12 Page 2, line 5, following "contracting":

13 Insert "or participating"

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811
(907) 465-3759

SPONSOR STATEMENT

CS HB 193 (HES)

"An Act relating to financial assistance for students attending certain graduate education programs; and providing for an effective date."

CS HB 193 (HES) would convert the WAMI Medical Education Program into a loan program. The state of Montana has already made this conversion.

WAMI has been a program of financial assistance named for the participating states of Washington, Alaska, Montana and Idaho. In FY 97, \$1,309,000 was authorized for this program.

Presently the WAMI program has no real incentive for students to return to the state upon completion of their education.

If graduate medical professionals who have benefited by this program choose to return to Alaska to work within six months, CS HB 193 (HES) has a forgiveness provision of 20% per year for up to five years of work in their field of study. Conversely, if the recipients decide not to return to the state after terminating studies under the graduate education program, repayment will be required to begin not later than six months after the students complete their studies and are no longer in a medical residency program.

If participants choose to return to the state later than six months, forgiveness would only apply to the financial aid that has not yet been repaid to the state.

Converting this program to a loan program and including a provision for loan forgiveness may be the incentive needed for Alaskans to bring their new skills back home.

Fact Sheet
Alaska WWAMI Program

Over 100 physicians currently practicing in Alaska are WWAMI (Washington, Wyoming, Alaska, Montana, Idaho) program graduates. They provide approximately 345,000 patient visits a year.

48% of the graduates of the program return to the state. That is higher than the national average of 41%.

Over 30% of students entering the program come from families where no other person has finished college.

Alaska's only residency program is affiliated with the University of Washington School of Medicine due to the WWAMI connection, and the residency also relies heavily on the WWAMI program for recruitment, academic support, and faculty development. The residency program contributes over \$5million of non-state dollars to the economy annually.

The University of Washington School of Medicine sends approximately 75 students to Alaska each year to receive experiences practicing medicine in Alaska. This contributes approximately \$100,000 to the economy.

The University of Washington School of Medicine has consulted numerous communities on types of health care and facilities are appropriate for their community.

Specialty Clinics are provided routinely by faculty and/or physicians from University affiliated hospitals (at least 3 were offered in January 1998).

The University of Washington School of Medicine is currently consulting on the telemedicine development for Alaska.

Alaska's physicians routinely take advantage of the continuing education opportunities provided for them by the University of Washington School of Medicine.

The University of Alaska Anchorage and the University of Washington are currently entering into an agreement to develop a physicians assistant program to continue to increase the health care services to Alaskans.

Numerous research projects are currently being done in the state by University of Washington School of Medicine faculty (approximately 17).

RE: CSHB193(H)/CSSB170(H)

The following information is provided to indicate what the impact of a WAMI loan would be from the borrower's perspective. Program fund source would continue to be General Fund due to covenants on use of Alaska Student Loan Corporation funds. Any repayment income would be deposited into State General Fund.

Two WAMI calculations are provided. Calculation #1 reflects the participants' borrowing the non-resident tuition differential loan for all four years of the program. Calculation #2 assumes that the borrower would be borrowing the tuition differential loan for 2nd-- 4th years of the program which take place in Seattle at the University of Washington School of Medicine. Also assumed is an average tuition increase of 4% a year and an interest rate of 7% (current 12th Federal Reserve District discount rate plus two percentage points).

WAMI LOAN SCENARIOS

- Assumptions:
- 1) Individual begins program in 1997/98
 - 2) Interest rate is 7%, accrues following in-school period
 - 3) In-school period followed by 6-month grace period and 3-year deferment during residency. Interest accrues during deferment but no payments are due.
 - 4) 15-year repayment schedule (To be set by regulation—Possible that 20-year schedule would be allowed.)
- These calculations are only estimates based on currently available tuition information.**

	Calculation #1	Calculation #2
1 st year loan	\$13,000	---
2 nd year loan	\$13,520	\$13,520
3 rd year loan	\$16,200	\$16,200
4 th year loan	<u>\$16,898</u>	<u>\$16,898</u>
Original Principal Balance	\$59,618	\$46,618
Deferment Interest	<u>\$14,606</u>	<u>\$11,421</u>
Capitalized Principal Bal.	\$74,254	\$58,039
Monthly payment:	\$643.93	\$503.32
Total to be repaid:	#1 \$123,638 (\$74,254, principal; \$49,384, interest); #2 \$ 96,638 (\$58,039, principal; \$38,599, interest)	

Unknown Factors Average starting annual net income for Family Practitioners
Additional college/medical education debt (without WAMI Loan) averaging
\$45,000-\$80,000.

ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

TONY WILES, GOVERNOR

3000 VINI E BLVD.
 JUNEAU, ALASKA 99801-7109
 VOICE (800) 441-2962
 In Juneau 465-6740
 TDD (907) 465-3143
 FAX (907) 465-3293

MEMORANDUM

TO: Senator Gary Wilken, Chair
 Senate HESS Committee

FROM: Diane Barrans, Executive Director
 Alaska Commission on Postsecondary Education

DATE: April 29, 1997

SUBJECT: CSSB 170 (11)

RECEIVED
 APR 29 1997

At last Friday's committee hearing, Senator Leman posed a question regarding the potential tax implication, to a participant in the proposed WAMI loan program, of receiving forgiveness benefits.

I have received information from a peer organization in Wyoming that currently administers student aid programs with work-related loan forgiveness provisions. While this memorandum should not be construed as a legal opinion, my colleagues in Wyoming cited Internal Revenue Code Sec. 108. Income from discharge of indebtedness:

f) Student loans

(1) In general

In the case of an individual, gross income does not include any amount which (but for this subsection) would be includible in gross income by reason of the discharge (in whole or in part) of any student loan if such discharge was pursuant to a provision of such loan under which all or part of the indebtedness of the individual would be discharged if the individual worked for a certain period of time in certain professions for any of a broad class of employers.

I was also informed that the Wyoming administrators do not report the annual forgiveness benefits to the Internal Revenue Service and have no record of ever being asked to do so. It appears that so long as this provision remains in federal tax code, program participants may expect to receive forgiveness benefits under a WAMI loan program without negative tax implications.

I hope this is helpful to the committee in your deliberations. Please don't hesitate to contact me if I can be of further assistance.

Cc: Senator Robin Taylor

CODE	CONTRACTUAL SERVICES CLASSIFICATION	FY 96 ACTUAL	FY 97 AUTHORIZED	FY 98 ADJ BASE	FY 98 GOVERNOR
73000	Total Contractual Services	1,267.0	1,309.0	1,309.0	1,350.4
	Interagency Transfers (non-add)				

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund	1,267.0	1,309.0	1,309.0	1,350.4
1005	General Fund Program Receipts				
1037	General Fund Mental Health				
1007	Interagency Receipts				

CODE	DESCRIPTION	FY 97 AUTHORIZED	FY 98 ADJ BASE	FY 98 GOVERNOR												
73100	<p>The WAMI agreement governing the administration of this program states, "It is the intent of the Agreement that the State of Alaska pay the full operating costs of this program for those students who are residents of the State of Alaska . . .". Accordingly the anticipated program costs for FY98 are broken out as:</p> <p>Cost breakdown (estimated):</p> <table style="margin-left: 40px;"> <tr> <td>10 - 2nd year students</td> <td style="text-align: right;">417,872</td> </tr> <tr> <td>10 - 3rd year students</td> <td style="text-align: right;">413,371</td> </tr> <tr> <td>10 - 4th year students</td> <td style="text-align: right;">268,719</td> </tr> <tr> <td>WAMI Program Admin.</td> <td style="text-align: right;">163,026</td> </tr> <tr> <td>Community Clinical Units</td> <td style="text-align: right;">87,412</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">1,350,400</td> </tr> </table>	10 - 2nd year students	417,872	10 - 3rd year students	413,371	10 - 4th year students	268,719	WAMI Program Admin.	163,026	Community Clinical Units	87,412		1,350,400	1,309.0	1,309.0	1,350.4
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10 - 4th year students	268,719															
WAMI Program Admin.	163,026															
Community Clinical Units	87,412															
	1,350,400															

**CONTRACTUAL
SERVICES
Form C300**

AGENCY Department of Education

BRU Alaska Postsecondary Education Commission

COMPONENT WAMI Medical Education #953

Page 1 of 1
Revised Date:

FY 98

HB

193

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/24/98

REPORTED OUT OF
FURTHER: SFC 4/22/98

DATE TURNED
IN TO OFFICE: 23 April 1998

Finance Committee considered CS FOR HOUSE BILL NO. 193(FIN) am

"An Act relating to financial assistance for students attending certain graduate education programs; and providing for an effective date."

and recommends:

- be replaced with 5 CS CSHB 193 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill: same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Bill E. Hill</i>	✓		
		<i>Sean G. Stowell</i>	X		
		<i>Bill G. Adams</i>	X		
		<i>David A. Wiley</i>	X		
Co-Chair:		Co-Chair: <i>D</i>			
Co-Chair: <i>Chris May</i>		Co-Chair: <i>Peace</i>	✓		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
DOE/Student Loan	2/2/98		10.0

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No: 2

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Bill Version: CSHB 193 (FIN)

(H) Publish Date: 2/6/98

4/22/98

Revision Date (Note if correction) _____ Title "An Act relating to financial assistance for students attending certain graduate education programs, and providing for an effective date." Sponsor <u>HHESS</u> Requester <u>(H) Finance</u>	Dept. Affected <u>Education</u> BRU <u>Alaska Commission on Postsecondary Education</u> Component <u>Student Loan Operations</u> Component Serial No. <u>213</u>
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Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	10.0	5.0	5.0	5.0	5.0	5.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	10.0	5.0	5.0	5.0	5.0	5.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	*0.0	*0.0	*0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipt's						
1003 GF Match						
1004 GF	10.0	5.0	5.0	5.0	5.0	5.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	10.0	5.0	5.0	5.0	5.0	5.0

Estimate of any current year (FY98) cost:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will convert the WWAMI Medical Education Program to a loan program. The proposed loan program will have forgiveness benefits based on the number of years the borrower is employed within the state, in the field for which the financial aid was received. The benefit proposed is 20% per year up to full forgiveness (5 years).

Continued

Prepared by Mike Maher, Director of Student Loan Operations
 Division Student Loan Operations

Phone 465-6743
 Date February 2, 1998

Approved by Executive Director: *Diane Barrans*
 Agency: Alaska Commission on Postsecondary Education

Date: Feb 2, 1998

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(Rev 9/97) 98form.xls/OMB

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSHB 193

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

The interest rate is based upon the 12th Federal Reserve District discount rate (currently 5%) plus 2%. A six-month grace period follows termination of studies, and payment does not begin as long as the borrower remains qualified for forgiveness.

Given the pass-through nature of the present WWAMI Medical Education Program, the cost and time necessary to administer the present program has been minimal. However, ACPE will incur costs for programming, establishing control records, and testing. It is estimated that testing will require two staff between 2-3 weeks of work, prior to a new loan program being added to the recently implemented loan management system, HELMS.

It would be inappropriate to continue to utilize ACPE's primary operating funding source, corporate receipts, to administer a general fund loan program.

It should be noted that a general fund appropriation of approximately the same level as requested here, will still be required for this program in future years. Because this is essentially being treated as a grant that becomes a loan if certain conditions are not satisfied, the revenue stream from loan repayment would not even begin for 4-5 years, and would be insufficient to support the program.

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SENATE FINANCE
COMMITTEE

Amendment Number: #1
Bill Number: HB 193
Sponsor: Pearce Date: 4/20/98
Logged In By: Mindy

0-I.S0395\KA.1
Ford
4/20/98

AMENDMENT

OFFERED IN THE SENATE
TO: CSHB 193(FIN) am

BY SENATOR PEARCE
*moved by Sen. Pearce
w/o objection, ADOPTED*

- 1 Page 2, lines 26 - 30:
- 2 Delete all material.
- 3 Insert "except that repayment shall be deferred for a person who (1) qualifies for
- 4 forgiveness under (b) of this section for as long as the person remains qualified for
- 5 forgiveness under (h) of this section; (2) is employed in a medical residency program for as
- 6 long as the person remains in the medical residency program; or (3) is performing a service
- 7 obligation imposed by the National Health Service Corps, Indian Health Service, or the
- 8 Uniformed Service Scholarship Program for as long as the person is performing the service.
- 9 Forgiveness under (b) of"

HB

197

SNFS

WFL

SENATE FINANCE COMMITTEE REPORT

DATE: 3/19/98

FURTHER: 5/1/98

DATE TURNED
IN TO OFFICE: 2 May 98

Finance Committee considered HOUSE BILL NO. 197

"An Act relating to libraries"

and recommends:

- be replaced with S CS HB 197 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR# _____

SIGNING DO/PASS	DP	OTHER RECOMMENDATIONS	NR.	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
		<i>[Signature]</i>	+		
		<i>[Signature]</i>	+		
		<i>[Signature]</i>	+		
Co-Chair: _____		Co-Chair: <i>[Signature]</i>	✓		
Co-Chair: _____	✓	Co-Chair: _____			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
Ed; Libraries	3/5/98	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

SFC 5/1/98 No: 2
 Bill version: HB 197
 (H) Publish Date: 3/18/98

**STATE OF ALASKA
 1998 LEGISLATIVE SESSION**

Revision Date 3/5/98 Dept. Affected EDUCATION
 Title An Act Relating to Libraries BRU Division of Libraries, Archive & Museums
 Component Libraries
 Sponsor House HESS
 Requester House Rules Component Serial No. 208

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost:

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time						
Part-time						
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)
 This bill has no fiscal impact on the Department of Education nor will it have any on the Department of Community and Regional Affairs. The bill addresses the following issues: 1) It provides a definition of public libraries, and how they can be established, organized and administered; and what services need to be provided in order to be eligible for the Public Library Assistance Grant program; 2) It clarifies eligibility for the already existing Grant programs administered by the State Library; 3) It revises the Public Library Assistance Grant Program by requiring local effort but also allowing in-kind contributions; and 4) repeals two public library construction statutes because these programs impacted by the bill.

Prepared by George Smith Phone 465-2910
 Division Libraries, Archives & Museums Date 3/5/98
 Approved by Commissioner Shirley J. Holloway, Ph.D. Date 3/5/98
 Agency Department of Education

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Cook

4/30/98

Torgerson moved work Draft
Sen Adams objection - withdrawn
w/o objection, ADOPTED

Torgerson moved, w/o objection
reported out

SENATE CS FOR HOUSE BILL NO. 197(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

**Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE BY
REQUEST**

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to libraries."**

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

3 *** Section 1. AS 14.56.300 is amended to read:**

4 **Sec. 14.56.300. Library assistance grant fund.** There is established in the
5 department a library assistance grant fund. From legislative appropriations to the fund,
6 the department shall make grants to eligible libraries for public library operations,
7 [OR] for interlibrary cooperation, or for region? library services [BOTH].

8 *** Sec. 2. AS 14.56.310 is amended to read:**

9 **Sec. 14.56.310. Eligibility.** (a) Libraries eligible for grants under
10 AS 14.56.300 are

11 (1) public libraries established under AS 29.35.125 or, in a
12 municipality that does not have a public library established under AS 29.35.125,
13 another library that

14 (A) is a nonprofit corporation and holds meetings of its
15 board of directors in public;

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Amend #1
Don't move
w/o objection
adopted

(B) provides services listed in AS 29.35.125(a); and
(C) is approved to receive grants under AS 14.56.300 by
resolution of the governing body of that municipality; [OPERATED BY
MUNICIPALITIES OR BY PUBLIC LIBRARY NONPROFIT
CORPORATIONS; AND]

(2) libraries sharing resources free of charge with [OR PROVIDING
SERVICES TO] other libraries in the state; and

(3) libraries providing regional library services.

(b) A library described in (a)(1) of this section is eligible for a public library
assistance grant. A library described in (a)(2) [EITHER (a)(1) OR (2)] of this section
is eligible for an interlibrary cooperation assistance grant. A library described in
(a)(3) of this section is eligible for a regional library services assistance grant.

* Sec. 3. AS 14.56.330(a) is amended to read:

(a) A public library assistance grant under AS 14.56.310(a)(1) may be a basic
grant or a per capita grant. A basic grant [AS 14.56.300 - 14.56.340] may not be
less than \$5,000 or more than \$7,000 [EXCEED \$10,000] for each [LOCAL PUBLIC
LIBRARY] service outlet of the public library in any one fiscal year. The amount
of a basic grant must be [HOWEVER, NO AMOUNT OVER \$5,000 MAY BE
GRANTED UNLESS IT IS] equally matched by local money, the fair value of
volunteer labor, or a combination of local money and volunteer labor. If the
amount available for public library assistance grants during a fiscal year is not
sufficient to fully fund basic grants for all eligible libraries, the amount available
shall be prorated so that the amount of basic grants for all eligible libraries is
reduced by the same percentage. After payment of basic grants to all eligible
libraries during a fiscal year, any amount remaining for public library assistance
grants shall be distributed as per capita grants to each library that received a
basic grant. The amount of the per capita grants shall be based on the population
of the municipality or unincorporated community served by each of the libraries.

* Sec. 4. AS 14.56.340 is amended to read:

Sec. 14.56.340. Regulations. The board shall adopt regulations necessary to
carry out the purposes of AS 14.56.300 - 14.56.330. The regulations must include

1 **qualifications for grant eligibility and provisions regarding the use of grant funds.**

2 * **Sec. 5.** AS 29.35 is amended by adding a new section to read:

3 **Sec. 29.35.125. Public libraries.** (a) A public library established under this
4 section shall provide at least the following services free of charge to the residents of
5 the municipality or community:

6 (1) establish and maintain a collection of books and other materials for
7 loaning;

8 (2) provide access to interlibrary loan services;

9 (3) provide reading or other educational programs for children; and

10 (4) provide reference information.

11 (b) A public library established under this section shall submit an annual report
12 of its operations and the services it provides to the director of the division that has
13 responsibility for state libraries.

14 * **Sec. 6.** AS 14.56.200, 14.56.210, 14.56.220, 14.56.230, 14.56.240, and 14.56.350 are
15 repealed on June 30, 1999.

HB

1988

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 11, 1997

FURTHER REFERRALS:

Date of Committee Action: 4/21/97

The FINANCE Committee considered:

HB 198

HOUSE BILL NO. 198

DIVE FISHERY MANAGEMENT ASSN. & ASSESSMNT

“An Act relating to regional dive fishery development associations and to dive fishery management assessments; and providing for an effective date.”

recommends it be replaced with the following committee substitute

CS HB 198 (FIN)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) Fish game 4/10/97

zero fiscal note(s) _____

zero fiscal note(s) REV 4/10/97
Comm Fishery Entry Com 4/10/97

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therrault</i>	Therrault			X	
<i>Bob Grussendorf</i>	Grussendorf	X			
<i>John Kelly</i>	Kelly			✓	
<i>Bob Foster</i>	Foster	X			
<i>Larry Martin</i>	Martin	X			
<i>John J. Davies</i>	J. Davies	X			
<i>John G. Davis</i>	G. Davis			X	
<i>Ed Moses</i>	Moses			X	

CHAIR'S SIGNATURE

Gene Therrault
Therrault

FISCAL NOTE

Revision Date: _____ Dept. Affected: Revenue
Title: Dive Fishery Management Assn & Assessment BRU: Revenue Operation
Sponsor: REP WILLIAMS, Hudson, Kookesh, Grussendorf Component: Income and Excise Audit
Requestor: (H) FSH COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (GF)	0.0	***	***	***	***	***

FUND SOURCE (Thousands of Dollars)

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
002 Federal Receipts						
003 GF Match						
004 GF						
005 GF/Program Receipts						
007 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost \$ 0.0

POSITIONS:

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

*** See Attached Analysis

Prepared by: Paul E. Dick
Division: Income and Excise Audit Division
Approved by Commissioner: Wilson L. Condon
Agency: Revenue

Phone: 465-3691
Date: April 9, 1997
Date: April 9, 1997

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DEPARTMENT OF REVENUE
Income and Excise Audit Division

Dive Fishery Management Assn & Assessment
CSHB 198(FSH)
April 9, 1997
Page 2 of 2

BILL ANALYSIS

Section 1 authorizes the formation of qualified regional dive fishery development associations for the purpose of developing dive fisheries in the state.

Section 2 adds new section to AS 43.76 (Salmon Enhancement and Marketing Taxes) which establishes provisions for an elective dive fishery management assessment. Qualified dive fishery development associations would be authorized to conduct an election to approve, amend or terminate a dive fishery management assessment based on a percentage of the value of the fishery resource. Terms for conducting the election are provided in this section.

Processors would collect applicable dive fishery management assessments from dive fishermen when they acquire or buy dive fishery resources. Processors would be required to file returns and remit assessment collections to Department of Revenue on a quarterly basis. Persons who export dive fisheries from the state would be required to file returns and pay assessments directly to the department on a quarterly basis. Assessment collections would be deposited in the general fund. The legislature may appropriate assessment revenue to the Department of Fish and Game for funding the qualified regional dive fishery association in the area in which the assessments were collected.

Section 3 provides for an immediate effective date.

OPERATING EXPENDITURES

Department of Revenue estimates that less than 40 dive fishery assessment returns would be filed each year. The department could handle collection of the fishery management assessments and processing returns with current resources.

REVENUE

It is not feasible to estimate revenue under this bill because the dive fishery assessment is contingent on (1) formation of a qualified dive fishery development association and (2) approval of an assessment and rate by a majority vote of association members. According to Department of Fish and Game, the total estimated value of dive fishery resources for calendar year 1997 will be between \$3.5 and \$4.0 million. Collections would likely begin in FY 1999 because of the time it would take to form associations and conduct an election for approval of an assessment.

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Bill Version: HB 198
(H) Publish Date: 4/10/97

Revision Date: _____ Dept. Affected: Fish and Game
 Title: Dive Fishery Management and Assessment BRU: CFMD
 Component: Fisheries Management
 Sponsor: Representative Williams
 Requester: House Fisheries COMPONENT SERIAL NO. 1941

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES		184.6	184.6	184.6	184.6	184.6
TRAVEL		9.3	9.3	9.3	9.3	9.3
CONTRACTUAL		42.8	42.8	42.8	42.8	42.8
SUPPLIES		5.9	5.9	5.9	5.9	5.9
EQUIPMENT		9.4	9.4	9.4	9.4	9.4
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS		50.0	50.0	50.0	50.0	50.0
TOTAL OPERATING	0.0	301.9	301.9	301.9	301.9	301.9
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	301.9	301.9	301.9	301.9	301.9

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts		301.9	301.9	301.9	301.9	301.9
1037 GF Mental Health						
Other						
TOTAL	0.0	301.9	301.9	301.9	301.9	301.9

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

FULL-TIME	0	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)
See attached page.

Prepared by: Bob Clasby
 Division: Commercial Fisheries Management and Development
 Approved by Commissioner: Frank Rue
 Agency: Department of Fish and Game

Phone: 465-6143
 Date: 4/8/97
 Date: 4/8/97

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COMMITTEE COPY

This fiscal note for ADF&G assumes no cost to the department associated with establishing the dive association.

Pass through funding for the administration of the dive association is estimated at \$50,000. This is shown under miscellaneous on the fiscal note. This portion of the fiscal note is built on the assumption that there is one group formed in Southeast Alaska. Additionally, if budget cuts go through as currently proposed in the Senate, staff associated with this process (Regional Resource Development Biologists) may no longer exist. Under this situation, the fiscal note would increase to cover the cost of a Fisheries Biologist III, at a cost for salary and travel of \$85,000 to reflect the need to hire new staff to administer oversight of dive associations.

This fiscal note does not cover costs associated with enforcement issues that are the purview of the Department of Public Safety.

This fiscal note does not cover costs associated with the Department of Revenue

All expenditures in FY99 through FY03 are anticipated to be recovered by Program Receipts generated by a dive fishery association assessment.

FISCAL NOTE

No. 1
 Bill Version: HB 198
 (H) Publish Date: 4/10/97

STATE OF ALASKA
 1997 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Fish and Game
 Title: An Act relating to regional dive fishery development associations and BRU: Commercial Fisheries (Limited) Entry Commission
to dive fishery management assessments Component: Limited Entry Program Administration
 Sponsor: Williams
 Requester: House Special Committee on Fisheries COMPONENT SERIAL NO. 0471

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY97) cost: \$ 0.0

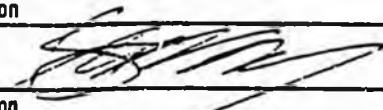
POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared By: Roger Kolden Phone: 789-6160
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 4/7/98

Approved by Commissioner: Bruce Twomley 
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 4/7/98

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0-LS0415C
Utermohle
4/21/97

ADOPTED N/6 4/21/97

CS FOR HOUSE BILL NO. 198()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES WILLIAMS, Hudson, Kookesh, Grussendorf, Elton

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to regional dive fishery development associations and to dive
2 fishery management assessments; and providing for an effective date."

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

4 * Section 1. AS 16.40 is amended by adding a new section to read:

5 **Article 4. Development of Dive Fisheries.**

6 **Sec. 16.40.240. Regional dive fishery development associations.** (a) The
7 commissioner shall assist in and encourage the formation of qualified regional dive
8 fishery development associations for the purpose of developing dive fisheries in
9 administrative areas of the state in which dive fisheries exist. A regional dive fishery
10 development association is qualified if the commissioner determines that the regional
11 association

- 12 (1) is incorporated as a nonprofit corporation under AS 10.20;
13 (2) represents commercial fishermen who participate in each dive
14 fishery in the region; and

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(3) possesses a board of directors that

(A) is representative of commercial dive fishermen who fish in each of the significant commercial dive fishing areas in the administrative area;

(B) has a member who is representative of fish processors who process dive fishery resources in the administrative area; and

(C) has a member who is representative of municipalities in the administrative area.

(b) In this section, "administrative area" has the meaning given in AS 43.76.210.

* Sec. 2. AS 43.76 is amended by adding new sections to read:

Article 3. Dive Fishery Management Assessment.

Sec. 43.76.150. Dive fishery management assessment. (a) A dive fishery management assessment on fishery resources taken by dive gear shall be levied on the value of the fishery resource taken in dive gear fishery. The species of fishery resources subject to the assessment and the rate of the assessment, as determined under (b) - (e) of this section, shall be determined by an election under AS 43.76.160.

(b) A person holding a limited entry permit for dive gear or an interim-use permit for dive gear issued under AS 16.43 shall pay a dive fishery management assessment of one percent on a species of fishery resources that is subject to the assessment as determined by an election under AS 43.76.160, that is taken by dive gear, and that the person removes from the state or transfers to a buyer in the state.

(c) A person holding a limited entry permit for dive gear or an interim-use permit for dive gear issued under AS 16.43 shall pay a dive fishery management assessment of three percent on a species of fishery resources that is subject to the assessment as determined by an election under AS 43.76.160, that is taken by dive gear, and that the person removes from the state or transfers to a buyer in the state.

(d) A person holding a limited entry permit for dive gear or an interim-use permit for dive gear issued under AS 16.43 shall pay a dive fishery management assessment of five percent on a species of fishery resources that is subject to the assessment as determined by an election under AS 43.76.160, that is taken by dive gear, and that the person removes from the state or transfers to a buyer in the state.

1 (e) A person holding a limited entry permit for dive gear or an interim-use
2 permit for dive gear issued under AS 16.43 shall pay a dive fishery management
3 assessment of seven percent on a species of fishery resources that is subject to the
4 assessment as determined by an election under AS 43.76.160, that is taken by dive
5 gear, and that the person removes from the state or transfers to a buyer in the state.

6 (f) A dive fishery management assessment may only be levied or collected on
7 a fishery resource in an administrative area if

8 (1) there exists in that administrative area an association determined by
9 the commissioner of fish and game to be a qualified regional dive fishery development
10 association under AS 16.40.240; and

11 (2) the species of fishery resource subject to the dive fishery
12 management assessment and the rate of the dive fishery management assessment, as
13 provided under (b) - (e) of this section, is approved by an election under
14 AS 43.76.160.

15 **Sec. 43.76.160. Election to approve, amend, or terminate dive fishery**
16 **management assessment.** (a) A qualified regional dive fishery development
17 association may conduct an election under this section after the commissioner of fish
18 and game approves

19 (1) the notice to be published by the qualified regional dive fishery
20 development association; the notice must describe the species of fishery resources
21 subject to the dive fishery management assessment and the rate of the dive fishery
22 management assessment to be approved, amended, or terminated at the election;

23 (2) the ballot to be used in the election; and

24 (3) the registration and voting procedure for the approval, amendment,
25 or termination of the dive fishery management assessment.

26 (b) The dive fishery management assessment is levied under AS 43.76.150(b),
27 (c), (d), or (e) in an administrative area on the effective date stated on the ballot if

28 (1) the assessment is approved by a majority vote of the eligible
29 interim-use permit and entry permit holders voting in an election held in the
30 administrative area under this section; and

31 (2) the election results are certified by the commissioner of fish and

1 game.

2 (c) In conducting an election under this section, a qualified regional dive
3 fishery development association shall adopt the following procedures:

4 (1) the qualified regional dive fishery development association in the
5 administrative area shall hold at least one public meeting not less than 30 days before
6 the date on which ballots must be postmarked to be counted in the election to explain,
7 as appropriate, the reason for approval or amendment of the proposed dive fishery
8 management assessment, the reason for the proposed rate of the dive fishery
9 management assessment, or the reason for termination of the dive fishery management
10 assessment and to explain the registration and voting procedure to be used in the
11 election; the qualified regional dive fishery development association shall provide
12 notice of the meeting by

13 (A) mailing the notice to each eligible interim-use permit and
14 entry permit holder;

15 (B) posting the notice in at least three public places in the
16 administrative area; and

17 (C) publishing the notice in at least one newspaper of general
18 circulation in the administrative area at least once a week for two consecutive
19 weeks before the meeting;

20 (2) the qualified regional dive fishery development association shall
21 mail two ballots to each eligible interim-use permit and entry permit holder; the first
22 ballot shall be mailed not more than 45 days before the date ballots must be
23 postmarked to be counted in the election; the second ballot shall be mailed not less
24 than 15 days before the date ballots must be postmarked to be counted in the election;
25 the qualified regional dive fishery development association shall adopt procedures to
26 ensure that only one ballot from each eligible interim-use permit and entry permit
27 holder is counted in the election;

28 (3) the ballot must

29 (A) indicate the species of fishery resources subject to the dive
30 fishery management assessment;

31 (B) indicate whether the election relates to a dive fishery

1 management assessment under AS 43.76.150(b), (c), (d), or (e);

2 (C) ask the question whether the dive fishery management
3 assessment on the fishery resources addressed on the ballot shall be approved,
4 amended, or terminated, as appropriate;

5 (D) indicate the boundaries of the administrative area in which
6 the dive fishery management assessment will be levied or terminated;

7 (E) provide an effective date for the approval, amendment, or
8 termination of the dive fishery management assessment; and

9 (F) indicate the date on which returned ballots must be
10 postmarked in order to be counted;

11 (4) the ballots shall be returned by mail and shall be counted by an
12 auditor selected by the qualified regional dive fishery development association and
13 approved by the commissioner of fish and game; the qualified regional dive fishery
14 development association shall pay the costs of counting the ballots.

15 (d) The commissioner of fish and game shall certify the results of an election
16 under this section if the commissioner determines that the requirements of (a) and (c)
17 of this section have been satisfied.

18 (e) A qualified regional dive fishery development association may employ or
19 contract with another person to administer an election under this section subject to the
20 supervision of the association.

21 (f) Except as otherwise provided under AS 43.76.170 and 43.76.180, an
22 election to amend the rate of a dive fishery management assessment or to terminate
23 a dive fishery management assessment shall be conducted under the same procedures
24 established under (a), (c), and (d) of this section for an election to approve a dive
25 fishery management assessment.

26 (g) In this section, "eligible interim-use permit and entry permit holder" means
27 an individual who, 90 days before the date ballots must be postmarked to be counted
28 in an election under this section, is listed in the records of the Alaska Commercial
29 Fisheries Entry Commission as the legal holder of an interim-use permit for dive gear
30 or an entry permit for dive gear that authorizes the individual to fish commercially in
31 the administrative area for the species of fishery resource for which the dive fishery

1 management assessment is to be approved, amended, or terminated.

2 **Sec. 43.76.170. Amendment of dive fishery management assessment.** (a)

3 The rate of the dive fishery management assessment levied on a species of fishery
4 resources under AS 43.76.150(b), (c), (d), or (e) may be amended by the commissioner
5 of revenue upon majority vote at an election held under AS 43.76.160 in the
6 administrative area in which the dive fishery management assessment is levied.

7 (b) The commissioner of revenue shall amend the rate of a dive fishery
8 management assessment under (a) of this section following an election in an
9 administrative area if

10 (1) a petition, that is signed by at least 25 percent of the number of
11 persons who voted under AS 43.76.160 in the most recent election approving or
12 amending the dive fishery management assessment on the species of fishery resources
13 in the administrative area that are the subject of the petition, is presented to the
14 commissioner of fish and game requesting amendment of the rate of the dive fishery
15 management assessment on a species of fishery resources; the petition must state
16 whether the proposed rate of the dive fishery management assessment is to be levied
17 under AS 43.76.150(b), (c), (d), or (e); only a person who would be eligible to vote
18 in an election to amend the rate of the assessment may validly sign the petition;

19 (2) an election is held in accordance with AS 43.76.160; the ballot must
20 ask the question whether the dive fishery management assessment on a species of
21 fishery resources taken in the administrative area shall be amended and must state
22 whether the dive fishery management assessment on the species of fishery resources
23 is to be levied under AS 43.76.150(b), (c), (d), or (e) if the assessment is amended; the
24 ballot must be worded so that a "yes" vote is for amendment of the dive fishery
25 management assessment and a "no" vote is for continuation of the current dive fishery
26 management assessment;

27 (3) a majority of the eligible interim-use permit and entry permit
28 holders who vote in the election cast a ballot for the amendment of the dive fishery
29 management assessment; in this paragraph, "eligible interim-use permit and entry
30 permit holders" has the meaning given in AS 43.76.160; and

31 (4) the qualified regional dive fishery development association provides

1 notice of the election in accordance with AS 43.76.160 within two months after
2 receiving notice from the commissioner of fish and game that a valid petition under
3 (1) of this subsection has been received.

4 **Sec. 43.76.180. Termination of dive fishery management assessment.** (a)
5 The dive fishery management assessment levied on a species of fishery resources under
6 AS 43.76.150(b), (c), (d), or (e) shall be terminated by the commissioner of revenue
7 upon majority vote at an election held under AS 43.76.160 in the administrative area
8 in which the dive fishery management assessment is levied.

9 (b) The commissioner of revenue shall terminate a dive fishery management
10 assessment under (a) of this section following an election in an administrative area if

11 (1) a petition, that is signed by at least 25 percent of the number of
12 persons who voted under AS 43.76.160 in the most recent election approving or
13 amending the dive fishery management assessment on the species of fishery resources
14 in the administrative area that are the subject of the petition, is presented to the
15 commissioner of fish and game requesting termination of the dive fishery management
16 assessment on a species of fishery resources; only a person who would be eligible to
17 vote in an election to repeal the assessment may validly sign the petition;

18 (2) an election is held in accordance with AS 43.76.160; the ballot must
19 ask the question whether the dive fishery management assessment on a species of
20 fishery resources taken in the administrative area shall be terminated; the ballot must
21 be worded so that a "yes" vote is for continuation of the dive fishery management
22 assessment and a "no" vote is for termination of the dive fishery management
23 assessment;

24 (3) a majority of the eligible interim-use permit and entry permit
25 holders who vote in the election cast a ballot for the termination of the dive fishery
26 management assessment; in this paragraph, "eligible interim-use permit and entry
27 permit holders" has the meaning given in AS 43.76.160; and

28 (4) the qualified regional dive fishery development association provides
29 notice of the election in accordance with AS 43.76.160 within two months after
30 receiving notice from the commissioner of fish and game that a valid petition under
31 (1) of this subsection has been received.

1 **Sec. 43.76.190. Collection of assessment.** (a) A buyer who acquires a fishery
2 resource that is subject to a dive fishery management assessment levied under
3 AS 43.76.150(b), (c), (d), or (e) shall collect the dive fishery management assessment
4 at the time of purchase and shall remit the total dive fishery management assessment
5 collected during each calendar quarter to the Department of Revenue by the last day
6 of the month following the end of the calendar quarter. In this subsection, "calendar
7 quarter" means each of the three-month periods ending March 31, June 30, September
8 30, and December 31.

9 (b) A buyer who collects the dive fishery management assessment shall
10 maintain records of the value of each species of fishery resources that is subject to an
11 assessment that is purchased in each administrative area of the state.

12 (c) The owner of fishery resources removed from the state is liable for
13 payment of the dive fishery management assessment levied under AS 43.76.150(b), (c),
14 (d), or (e) if, at the time the fishery resource is removed from the state, the assessment
15 payable on the fishery resource has not been collected by a buyer. If the owner of the
16 fishery resource is liable for payment of the dive fishery management assessment under
17 this subsection, the owner shall comply with the requirements under (a) and (b) of this
18 section to remit the assessment to the Department of Revenue and to maintain records.

19 (d) The dive fishery management assessment collected under this section shall
20 be deposited in the general fund.

21 **Sec. 43.76.200. Funding for qualified regional dive fishery development**
22 **associations.** (a) The legislature may make appropriations of revenue collected under
23 AS 43.76.190 to the Department of Fish and Game for funding of the qualified
24 regional dive fishery development association in the administrative area in which the
25 assessment was collected. Funds received under this section by a qualified regional
26 dive fishery development association may be expended in accordance with the annual
27 operating plan developed under (b) of this section.

28 (b) The Department of Fish and Game shall develop an annual operating plan
29 with the cooperation of the regional dive fishery development association on or before
30 a date specified by the Department of Fish and Game. The qualified regional dive
31 fishery development association shall cooperate with the Department of Fish and Game

1 in the development of the annual operating plan. The annual operating plan must
2 describe the activities for which the funding will be expended, including identification
3 of species and areas for which bioassessment surveys will be conducted, a description
4 of management and research activities to be performed, planning for dive fisheries, and
5 administrative activities of the association. Funds appropriated to the Department of
6 Fish and Game for funding of qualified regional dive fishery development associations
7 may not be disbursed by the department or expended by the association, except for
8 administration of the association, unless the annual operating plan has been approved
9 by the association and the Department of Fish and Game. If an annual operating plan
10 has not been approved by the association and the Department of Fish and Game, the
11 Department of Fish and Game may not disburse and the association may not expend
12 funds received from the department for administration of the association in an amount
13 that exceeds the amount of administrative expenses authorized under the annual
14 operating plan for the prior fiscal year.

15 (c) A qualified regional dive fishery development association receiving funding
16 under this section shall submit an annual financial report to the Department of Fish and
17 Game on a form provided by the Department of Fish and Game. The Department of
18 Fish and Game may, by regulation, require that a qualified regional dive fishery
19 development association use a uniform system of accounting and may audit the use of
20 funding received under this section by the association.

21 (d) This section does not establish a dedication of a state tax or license.

22 (e) This section does not restrict or qualify the authority of the Department of
23 Fish and Game or the Board of Fisheries under AS 16.

24 **Sec. 43.76.210. Definitions.** In AS 43.76.150 - 43.76.210,

25 (1) "administrative area" means an area established by the Alaska
26 Commercial Fisheries Entry Commission under AS 16.43.200 for regulating and
27 controlling entry into fisheries using dive gear;

28 (2) "buyer" means a person who acquires possession of a fishery
29 resource from the person who caught the fishery resource, regardless of whether there
30 is an actual sale of the fishery resource, but does not include a person engaged solely
31 in interstate transportation of goods for hire;

1 (3) "fishery resource" means fish, shellfish, or marine invertebrates
2 taken or landed under the authority of a limited entry permit or interim-use permit
3 issued under AS 16.43 for dive gear;

4 (4) "qualified regional dive fishery development association" means an
5 association that is qualified under AS 16.40.240;

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

7 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

Committees

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Rules

Printing Section
State Capitol
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(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

Representative William K. Williams

SPONSOR STATEMENT

HOUSE BILL 198

"An Act relating to regional dive fishery development associations and to dive fishery management assessments; and providing for an effective date."

Southeast Alaska dive fishermen have been attempting for the past decade to establish orderly, consistent and stable fisheries capable of providing dependable economic opportunity for themselves, their families and the communities of southeast. The urgency to create an economically viable fishery is highlighted by the recent closure of the region's largest employer and other related negative economic effects on the economy of southeast Alaska.

Substantial untapped dive fishery resources have been identified through diver and ADF&G underwater activities for over a decade. Many of the southeast communities have placed the development of the dive fishery as a priority item in economic development documents and locally developed legislative budget priorities. The dive fishery resources appear to be abundant and diverse throughout the region. The small sea cucumber and geoduck fisheries in southeast have a combined annual ex-vessel value of \$2.0-2.5 million dollars. In California, the urchin fishery has ranged in ex-vessel value from \$16 to \$39 million dollars from 1990-1996. Geoducks range in price from \$6/lb. live to \$3.50/lb. processed. Alaskan waters contain abundant amounts of these fishery resources plus many others not currently harvested. This legislation will encourage the identification and development of these resources. The potential for future jobs for harvesters, processors and support industries is considerable.

The commitment to work together is evidenced in the red sea urchin fishery. In 1996, the Alaska Department of Fish & Game (ADF&G), after a test fishery, was unable to open the red sea urchin fishery because of lack of funding. Based on positive results in the test fishery and a vision to diversify and develop their local economy, the Ketchikan Gateway Borough provided funding to ADF&G to conduct bioassessment surveys needed to open the fishery. The Borough continued in its involvement by facilitating and participating in a local task force comprised of Borough personnel, divers, processors and ADF&G. The resulting plan was for processors to "forward fund" the management costs of the fishery with agreements to recoup their funding through a \$.05/lb. assessment on divers. Thus, in January 1997, a red urchin fishery opened in districts 1 through 4 in the Ketchikan and Craig areas.

Sponsor Statement
HB 198
Page Two

This temporary fishery opening is based on a one time source of funding that will expire June 30, 1997. In order to continue this fishery, and to develop the other dive fishery resources, a stable source of funding is necessary.

The August 1996 red urchin management plan states: "Developing a long-term program to fund the costs of stock assessment, research and management remains an outstanding issue. If sufficient funds are not provided to the department each year, the fishery will not open." This is the dilemma divers face and House Bill 198 provides a creative and progressive vehicle to move towards a solution.

House Bill 198 does not mandate but allows the creation of regional dive fishery development associations for the purpose of developing dive fisheries and creates a working relationship between the divers and ADF&G to develop annual operating plans. The legislation is permissive and once a regional association is formed, divers can hold a ballot election of all interim-use permit holders to answer two questions: 1) shall we assess ourselves, and 2) at what rate shall we assess ourselves.

If approved by election, divers would be assessed, the state would collect, and the legislature may appropriate the assessment back to ADF&G. The appropriation will be based on the mutually developed annual operating budget and plan. ADF&G would then fund the specific purposes outlined in the legislation for the regional dive fishery development association and ADF&G.

All the appropriate checks and balances are in place and all parties are held accountable. In addition, all other fisheries business taxes are collected and deposited into the general fund.

House Bill 198 is a positive step forward by the private sector to support economic development and diversification without seeking a general fund appropriation. Time is of the essence. I would appreciate your support of this legislation for passage this session to keep the economic development for southeast moving forward.

DEPARTMENT OF REVENUE
Income and Excise Audit Division

Dive Fishery Management Assn & Assessment
CSHB 198(FSH)
April 9, 1997
Page 2 of 2

BILL ANALYSIS

Section 1 authorizes the formation of qualified regional dive fishery development associations for the purpose of developing dive fisheries in the state.

Section 2 adds new section to AS 43.76 (Salmon Enhancement and Marketing Taxes) which establishes provisions for an elective dive fishery management assessment. Qualified dive fishery development associations would be authorized to conduct an election to approve, amend or terminate a dive fishery management assessment based on a percentage of the value of the fishery resource. Terms for conducting the election are provided in this section.

Processors would collect applicable dive fishery management assessments from dive fishermen when they acquire or buy dive fishery resources. Processors would be required to file returns and remit assessment collections to Department of Revenue on a quarterly basis. Persons who export dive fisheries from the state would be required to file returns and pay assessments directly to the department on a quarterly basis. Assessment collections would be deposited in the general fund. The legislature may appropriate assessment revenue to the Department of Fish and Game for funding the qualified regional dive fishery association in the area in which the assessments were collected.

Section 3 provides for an immediate effective date.

OPERATING EXPENDITURES

Department of Revenue estimates that less than 40 dive fishery assessment returns would be filed each year. The department could handle collection of the fishery management assessments and processing returns with current resources.

REVENUE

It is not feasible to estimate revenue under this bill because the dive fishery assessment is contingent on (1) formation of a qualified dive fishery development association and (2) approval of an assessment and rate by a majority vote of association members. According to Department of Fish and Game, the total estimated value of dive fishery resources for calendar year 1997 will be between \$3.5 and \$4.0 million. Collections would likely begin in FY 1999 because of the time it would take to form associations and conduct an election for approval of an assessment.

TO: House Finance Committee Co-Chairs Hanley and Therriault
and Committee Members:
FROM: Linda Sliter, Partner of Dive Vessel "Linda Lou":
Phone: 225-7199 Fax: 225-1348
DATE: April 21, 1997
RE: Overview and Discussion Issues of HB198

The red sea urchin fishery has been in existence now for two years and has proven to be an economic boost to many S.E. communities. At the first public hearings held on this bill before the House Fisheries and House Resource Committees (April 9 & 10) divers, dive group representatives and even a couple of mayors from the S.E. communities stated over and over again how the sea urchin fishery has created hundreds of jobs and dramatically enriched the sagging economy the closing of the pulp mills created in their towns.

We would not be here testifying today if it had not been for a company in California subcontracting to the Alaska Department of Fish & Game to jump start this fishery. Ocean Fresh Seafoods used their own money to setup and run a test fishery and marketed the urchins to pay themselves back. They did not make a huge profit and in fact barely broke even. Fish & Game managed every facet of the operation controlling all of the bio-assessments, stock surveys, and analysis of the data. At no time were they not in total control of the test fishery. The results of the test fishery proved to be a great success. Alaska had a very viable urchin population and our urchins established a place in the Japanese market.

The following year the divers themselves began organizing to keep this fishery going. They hired a consultant who traveled to the S.E communities and convinced community governments to give money from their own budgets to fund the fishery for another year. Several interested processors also put up twenty thousand dollars

each to keep the fishery going. The processors are being reimbursed back their funding through a voluntary 15 self-assessment from the divers on the value of their catch. With the money from communities and the processors the fishery is progressing as I write this.

The House and Senate got involved this year and appropriated \$91,600 from the House Budget and \$171,000 from the Senate budget to keep the fishery going through June 30, 1998. Now it is time for the State of Alaska to do its job.

With the revised version of HB198 no longer allowing for cooperative management between Fish & Game and the divers, the divers will have no say in the management of their fishery as they were led to believe when this bill was first introduced. Now they will only be taxing themselves to pay Fish & Game to manage their fishery. With no other fishery in the state paying for the management of their fishery, this bill will set a new precedence in the fishing industry.

The funding for continuation and management of the urchin fishery should not be on the backs of the divers. No one involved in this fishery is making a financial killing. The divers are eking out a hard earned well-deserved living. Their expenses are the same as with all fisheries: dive, boat and survival equipment, crew wages, boat payments and maintenance, fuel, food, boat moorage and insurance, and federal income tax paid on their net profit if they have one. They also have the same personal expenses as any other wage earner: home mortgages, property tax, car payments, and the feeding, clothing and educating of their children.

If the Commissioner of Fish & Game was to change the status of

the urchin fishery from an emergent fishery to an established fishery it would allow for the State to collect the 3% raw fish tax paid by all the other established fisheries.

We are not asking for special treatment, only equal treatment. The fishing industry is the second largest industry and the largest employer in Alaska. The Governor and this legislature is working hard towards increasing jobs for Alaskans and here they in the waters of S.E. Alaska. For every one of the 537 permitted divers, 5 more jobs are created and that translates to over 3,100 jobs. If any other industry came into Southeast Alaska offering 3,100 jobs there would be cause for celebration.

ADF&G is mandated by the State constitution to provide control and oversight over all fisheries and to manage them under the principles of sustained yield. Please give them the necessary State funding to do their jobs.

To a budget of billions of dollars, the 3-4 hundred thousand dollars it would take to fund the urchin fishery is small in comparison to the economic benefit it would provide to the S.E. Alaskan economy. This fishery has the ability to become one of the highest revenue generating fisheries in the state and not funding it would be economically foolish.

At this point I would like to do a little dissecting of HB198 for discussion purposes. First of all the bill allows for the development of a dive fishery association for the purpose of developing the dive fisheries. Since we already have an established cucumber and geoduck fishery, then we must assume that it is the emergent red sea urchin fishery and any other undeveloped diver-related fishery that this association would target.

The second part of this bill allows for a fishery management tax imposed on the divers to pay Fish & Game to manage their fisheries. Once again, we have to assume that we are talking about the urchin and undeveloped dive fisheries. Unless, of course, the plan is also to displace or delete the line-item funding already established for cucumbers and geoducks. I am unclear on this part of the HB198. In fact I am unclear on the exact mission of this association and I have not seen a proposed budget outlining the distribution of the collected funds. How much will go to run the proposed association? How much will be dedicated to the urchin fishery? How much will be dedicated to developing new fisheries? And just what specific dive fisheries are we talking about?

The formation of this proposed association would require start-up and annual operating costs. These costs would include office rent and equipment to run an office (copying machine, phone system, fax machine, computer, etc.). The association would require a budget for an executive director, a secretary and who knows how many other employees. It would need a hefty budget for travel and at least \$50,000 for a lobbyist to watch-dog the ADF&G budget process every year to make sure that the money collected from the self-imposed tax on the divers will actually go to the dive fisheries. If it does at all since it is prohibited by the state constitution for any funds deposited into the General Fund to be designated for any specific purpose.

For discussion only, lets assume that HB198 is passed and the proposed dive association is formed and an election determining the amount of the assessment is held. It will take at least two years before any of the tax proceeds find there way into the Fish & Game budget. Who will foot the operational expenses of this proposed association in the interim? It has been rumored that this proposed association will be going after the Disaster Fund monies given to the various S.E communities by the federal

government. Convincing these communities to fund an association who's goals are extremely unclear will be a battle all of it's own. I do not believe that it is the job of the communities to fund fishery programs that are now and always will be managed by the State of Alaska Department of Fish & Game. Nor do I believe it is the job of the communities to fund an expensive layer of bureaucracy between the divers and ADF&G which it appears this association will be.

The State of Alaska has the Department of Fish & Game to manage the fisheries and the Department of Natural Resources to research and develop the state's natural resources. I've never seen their mission statements or job descriptions, but based on their titles alone I am led to believe that their main objective is to manage fisheries and renewable resources.

The bare bones of HB198 from my judgement is to provide funding for the dive fisheries. Not all fisheries, just the dive fisheries. This is a precedent setting bill as no other fishery in the State pays for the management of it's fishery through a self-imposed tax.

Divers, their group representatives, processors and mayors have given previous testimony on how the sea urchin fishery has created hundreds of jobs and has dramatically boosted the economy of several S.E communities. The funding for creating this economic boost should come from the state of Alaska, not from taxes imposed on the divers. Many communities and citizens will benefit from these jobs, so why should it be the divers who pay for them?

The great State of Alaska was granted statehood in 1959 based on the condition that it would develop it's abundant natural resources and subsequently support not only itself, but contribute to the economy of the Union of States.

I urge this committee to do the right and equitable thing by mandating State funding for the urchin fishery, and keeping the established State funding in place for the cucumber and geoduck fisheries. I would also urge this committee to redirect the Department of Natural Resources and ADF&G to place concentrated effort into the development of every untapped renewable resource in the State.

Thank you for your time and consideration. I apologize for any redundancy in this testimony.

Alaska State Legislature

Committees:

Transportation, Chairman
Resources
Economic Development
Rules

Dining Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

Representative William K. Williams

SECTIONAL ANALYSIS

House Bill 198

“An Act relating to regional dive fishery development associations and to a dive fishery management assessment; and providing for an effective date.”

Section 1

Sec.16.40.240. Regional dive fishery development associations.

- Allows the creation of regional dive fishery development associations for the purpose of developing dive fisheries.
- Association becomes qualified if the commissioner of Fish & Game makes the following determinations:
 1. it is incorporated as a nonprofit corporation;
 2. represents commercial divers in the region; and
 3. the board has representation from each of the significant commercial dive areas in the region. The board shall include one representative from processors of the region and one representative from the municipalities of the region.

Section 2

Sec.43.76.150. Dive fishery management assessment.

- Allows the divers to first form an association which then holds an election to determine if they want to assess themselves and at what rate they will assess themselves.
- If the association forms, determines to assess themselves at a certain rate, then this portion of the bill provides for the collection of this assessment by the Department of Revenue.

Sec. 43.76.160. Election to approve, amend, or terminate dive fishery management assessment.

- This section mirrors other language currently in statute. It outlines the time line, what must appear on the ballot. The commissioner of Fish & Game certifies the results of the election.
- This section also provides the same procedure for amending or terminating an assessment by the regional dive association.

Sec. 43.76.170. Amendment of dive fishery management assessment.

- Allows the Department of Revenue to amend a dive fishery management assessment if:
 1. 25% of the number of persons who voted in the original election present a petition to the commissioner of Fish & Game;
 2. an election is held asking the question to amend;
 3. a majority votes to amend; and
 4. the regional association provides proper notice.

Sec. 43.76.180. Termination of dive fishery management assessment.

- Allows the Department of Revenue to terminate a dive fishery management assessment if:
 1. 25% of the number of persons who voted in the original election present a petition to the commissioner of Fish & Game;
 2. an election is held asking the question to terminate;
 3. a majority votes to terminate; and
 4. the regional association provides proper notice.

Sec. 43.76.190. Collection of assessment. (Follows current method in statute.)

- Requires assessment to be collected at point of sale.
- Requires quarterly remittal to Department of Revenue.
- Requires the maintenance of buyer records.
- Requires the "owner" of the fishery resources to remit the assessment and maintain records if they remove the fishery resource from the state.
- Assessment deposited into general fund.

Sec. 43.76.200. Funding for qualified regional dive fishery development associations.

- Provides for appropriation of revenue to ADF&G for funding of qualified regional dive fishery development associations.
- The assessment collected in a particular administrative area will be returned to that administrative area.
- Funds may be expended by regional association for the annual operating plan developed under (b) of the section.

- Requires associations receiving funding to:
 1. cooperate with the ADF&G to develop an annual operating plan;
 2. plan must describe activities for which funds will be spent including:
 - a. identification of species and areas for bioassessment surveys;
 - b. description of management and research activities, planning for dive fisheries, and administrative activities of the association.
- Funds appropriated to ADF&G for the regional association cannot be spent by either the association or ADF&G (except for administration costs of the association) unless both parties have approved the annual operating plan.
- Requires an annual financial report to be submitted by the association to ADF&G.

Sec. 43.76.210. Definitions.

Provides definitions for the legislation.

Section 3

The bill will become effective upon passage.

MEMORANDUM

State of Alaska
Department of Law

TO: Doug Woodby, Marine Fisheries DATE: March 27, 1997
 Research Supervisor
 Division of Commercial Fisheries FILE NO.
 Management and Development
 Department of Fish & Game TELEPHONE NO: 465-3600

FROM: *Stephen M. White*
 Stephen M. White SUBJECT: Management of Red Sea
 Assistant Attorney General Utchan Fishery
 Natural Resources Section
 Department of Law

You have asked questions about the Department's management of the red sea urchin fishery in southeast Alaska.

The red sea urchin fishery is governed by a management plan adopted by the Board of Fisheries. 5 AAC 39.145. The plan provides for daily opening and closing times for harvesting sea urchins, and the hours are different for winter than for summer. 5 AAC 39.145(d).

The actual days that the fishery will be open each week are established by emergency orders issued by the Department under Alaska Statute 16.05 050. The Board has directed the Department "to the extent practicable, (to) attempt to manage the fishery so that approximately 25 percent of the guideline harvest level is taken within 30 days of each emergency opening unless the commissioner determines that this will adversely impact conservation, law enforcement, waste reduction, or development of the fishery." 5 AAC 39.145(r).

Currently, the Department opens sea urchin fishing for Sunday through Wednesday of each week. That schedule allows both weekend and weekday harvests. It gives the Department enough time to monitor the harvest rate through fish tickets so that the 25 percent goal will be achieved. Thus, the Department's present schedule serves both development (i.e., making the fishery resource available for maximum use) and conservation (ensuring that the guideline harvest level is not exceeded).

Other Board regulations govern the transport of red sea urchins. For example, before a person may receive a permit allowing him or her to transport unprocessed urchins from Statistical Area A, the Department must sample and inspect the urchins. A person may request urchin sampling and inspection only by contacting the Department's Ketchikan office during normal working hours on weekdays. 5 AAC 39.130(n).

Apparently, a significant amount of red sea urchins are being sold to foreign or out-of-state processors, and this harms local processors in southeast Alaska. It would be advantageous to

Doug Woodby, Marine Fisheries
Research Supervisor
Re: Management of the Red Sea Urchin Fishery

March 27, 1997
Page 2

the local processors if the Department were to schedule weekly openings so that it will be more difficult or impossible for urchins to be sold to their competitors. For example, the schedule could be modified to include both Saturday and Sunday, days when the Department cannot receive requests for sampling and inspection before transport. You have asked whether the Department may legally take such action.

Two legal problems would be raised if the Department were to schedule openings for the sole purpose of benefiting local processors and hindering foreign or out-of-state processors. First, we believe that the Department's ability to issue emergency orders is limited by any parameters and purposes that have been adopted by the Board. That is, the Department may "open and close seasons or areas" or "change weekly closed periods," AS 16.05.060, in ways that are consistent with adopted Board regulations and management plans that apply to that fishery. The following purposes governing Department action can be derived from the red sea urchin management plan: "law enforcement," "management," "conservation," "waste reduction," and "development of the fishery." 5 AAC 38.145(e), (f), (l), (p), and (r).

Missing from the above list is any Board expression that the Department may manage to benefit any type of processors or group of processors. Since any Department action to serve that purpose would be outside of the Board's directions for the red sea urchin fishery, we believe that it would be legally vulnerable.

Even if the Board expressed such a purpose, we would recommend that the Department not take action to accomplish it. The legislature gave the Board power to regulate fishing only for conservation, development, and utilization of fishery resources. AS 16.05.251(a)(12). Allocating fishery resources among processors is neither expressed nor implied in those powers.

Finally, there is a more fundamental reason that the Department should not act to discriminate against out-of-state processors. Under the "negative" Commerce Clause of the United States Constitution, U.S. Const. art. I, sec. 8, cl. 3, a state may not take an action that discriminates against interstate commerce unless the action serves a legitimate local purpose that cannot be achieved in any other way. *Hughee v. Oklahoma*, 441 U.S. 322, 336, (1979).

An example of a state's action that violated the Commerce Clause is Oklahoma's prohibition against the transport of live fish outside of the state. Oklahoma failed to identify a legitimate interest, like conservation, that could not be achieved without discriminating against interstate commerce. *Id.* at 338. Closer to

Doug Woodby, Marine Fisheries
Research Supervisor
Re: Management of the Red Sea Urchin Fishery

March 27, 1997
Page 3

home, the U.S. Supreme Court, under the Commerce Clause, struck down a Department of Natural Resources requirement that logs be partially processed within Alaska before they could be exported. *Southcentral Timber Dev. v. Wunnicke*, 467 U.S. 82 (1984).

We believe any action by the Department that hinders the movement of red sea urchins into interstate commerce and does not serve a legitimate state purpose, like conservation, development, or utilization of the resource, would likely be held unconstitutional. For this reason and those mentioned above, we recommend that the Department not take such an action.

EMW:lmc

1:00PM 3/27/97

1

In certain circumstances, the Department may schedule its fishery openings and closings according to the availability of processors. "Utilization of fisheries," AS 16.05.251(12), can be interpreted to mean that if processing is not available at a certain time, commercially-harvested fish cannot be utilized if openings are scheduled then. However, the availability of processing is not the issue here. There appears to be sufficient processors to handle the red sea urchin harvest. The issue is whether some of those processors may be legitimately preferred over others.

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM

March 31, 1997

SUBJECT: Ban on export of dive fishery resources (HB 198)

TO: Representative Bill Williams
Attn: Kyle Johansen

FROM: George Utermohle *GU*
Legislative Counsel

You have asked whether the state may ban the export of dive fishery resources. This memorandum is in response to your question.

Presumably your question relates to a ban on export of dive fishery resources after they have been harvested in a commercial fishery.¹ Dive fishery resources, such as sea urchin, geoducks, etc, taken in a commercial fishery are items of commerce because they are intended for sale. A regulation that directly or indirectly affects the movement of an item of commerce may violate the commerce clause of the United State Constitution.

The commerce clause of the federal constitution grants Congress the power to "regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes." Article I, sec. 8, cl. 3, Constitution of the United States. "Although the Clause speaks in terms of powers bestowed upon Congress, the [U.S. Supreme Court] long has recognized that it also limits the power of the States to erect barriers against interstate trade." Lewis v. BT Investment Managers, Inc., 447 U.S. 27, 35, 64 L.Ed.2d 702, 711 (1980). The limitation imposed by the commerce clause on state regulatory power is by no means absolute, and the states retain authority under their general police powers to regulate matters of legitimate local concern, even though interstate commerce may be affected. Maine v. Taylor, 477 U.S. 131, 138, 91 L.Ed.2d 110, 120 (1986).

"In determining whether a State has overstepped its role in regulating interstate commerce, [the U.S. Supreme Court] has distinguished between state statutes that burden interstate transactions only incidentally, and those that affirmatively discriminate against such transactions. While statutes in

¹ The state could wholly foreclose the possibility of the export of dive fishery resources by closing the commercial dive fishery for legitimate conservation reasons.

Representative Bill Williams

March 31, 1997

Page 2

the first group violate the Commerce Clause only if the burden they impose on interstate trade are 'clearly excessive in relation to the putative local benefits,' Pike v. Bruce Church, Inc., [397 U.S. 137, 142, 25 L.Ed.2d 174, 178 (1970)], statutes in the second group are subject to more demanding scrutiny. The [U.S. Supreme Court] explained in Hughes v. Oklahoma, [441 U.S. 322, 336, 60 L.Ed.2d 250, 262 (1979)], that once a state law is shown to discriminate against interstate commerce 'either on its face or in practical effect,' the burden falls on the State to demonstrate both that the statute 'serves a legitimate local purpose,' and that this purpose could not be served as well by nondiscriminatory means." Maine, 477 U.S. at 138, 91 L.Ed.2d at 120-21.

Protection of in-state industries from out of state competition is almost never a legitimate local purpose. State laws that amount to economic protectionism are virtually always invalid. Philadelphia v. New Jersey, 437 U.S. 617, 624, 57 L.Ed.2d 475, 481 (1978).

A ban on the export of commercially taken dive fishery resources would discriminate against interstate commerce "on its face". The ban would be judged under the strict requirements of Hughes v. Oklahoma. To survive scrutiny under Hughes v. Oklahoma, the State of Alaska has the burden of proving both that the bill serves a legitimate local purpose and that the purpose is one that cannot be served as well by nondiscriminatory means. The state would have to provide a significant amount of factual data to show that the ban on the export of dive fishery resources is necessary and reasonable. Though a state may pursue a legitimate purpose in restricting the flow of interstate commerce, the state may not pursue such a goal by unnecessarily restrictive means. The state must adopt the means to its end that imposes the least restriction on interstate commerce. If there is a reasonable means by which the state can achieve the same end with less interference with the free flow of interstate commerce, the state must use that means.

In Hughes v. Oklahoma, the United States Supreme Court struck down an Oklahoma law that banned the export of minnows for sale outside of the state. The state argued that the ban was a necessary conservation measure to protect natural populations of minnows. However, the court observed that the state did not place any restrictions on the take of minnows for sale in the state and that the state had chosen the most discriminatory means available to conserve minnows when less discriminatory mechanisms were available. Without more information on which to justify such discriminatory action by the State of Alaska, I suspect that a ban on the export of dive fishery resources would also be struck down as violative of the commerce clause.

A ban on the export of unprocessed dive fishery resources, i.e. an in-state processing requirement, is likely to be equally unsuccessful. An in-state primary processing requirement also discriminates against interstate commerce. The State of Alaska had attempted to impose a primary processing requirement on timber taken from state land. The

Representative Bill Williams

March 31, 1997

Page 3

State's effort was an impermissible burden on interstate and international commerce. Southcentral Timber Development Inc. v. Wunnicke, 467 U.S. 82, 81 L.Ed.2d 71 (1984). The state's case for a primary processing requirement for the timber was much stronger than it would be for fishery resources. The state owned the timber that was being sold and as a market participant (not a regulator) the state has greater leeway under the commerce clause in determining the conditions under which its resources may be sold and to whom they are sold. Nonetheless, the state's primary processing requirement for state timber was inconsistent with the commerce clause. In the context of dive fishery resources, the state's legal position is even less secure because the state does not own the fishery resources² and the state is acting as a regulator and not a market participant when it imposes an in-state processing requirement. Also, primary processing requirements are generally found to be economic protectionism that foster local interests to the detriment of interstate commerce. Without substantial information to support a valid reason for favoring local processing over out of state processing, the state would not be able to require in-state processing of dive fishery resources.

If I may be of further assistance, please advise.

GU:pl
97-078.plm

² The legal theory of state ownership of fish and wildlife (at least for commerce clause purposes) was laid to rest by the United States Supreme Court in Hughes v. Oklahoma.

KETCHIKAN
GATEWAY
BOROUGH

OFFICE OF THE MAYOR
John "Jack" Shay
344 Front Street
Ketchikan, AK 99901-6494
907-228-6605
(Fax) 907-247-8439

April 9, 1997

Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Legislators:

The Ketchikan Gateway Borough supports House Bill 198 sponsored by Representative Bill Williams, "An Act relating to regional dive fishery development associations and to a dive fishery management assessment."

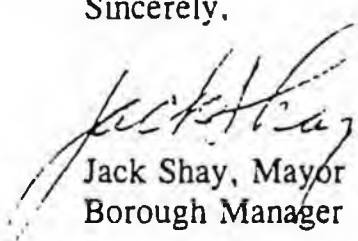
This legislation is part of a broader Dive Fisheries Economic Development Project for Southeast Alaska in which the Ketchikan Gateway Borough is participating. We have appropriated \$20,000 for Phase I of this project as part of a regional effort to develop dive fisheries.

The Ketchikan Gateway Borough has allocated substantial time and money seeking the development of the dive resources. The red sea urchin fishery now open in the Ketchikan management area is due largely to our efforts.

Southeast Alaska dive fishermen have been trying for the last decade to establish an orderly, consistent and stable fishery capable of providing dependable economic opportunity. House Bill 198 is another step in this direction.

The Ketchikan Gateway Borough appreciates your support for economic development and diversification for our region. Thank you for your consideration.

Sincerely,



Jack Shay, Mayor
Borough Manager



City and Borough of Sitka

Providing for Today . . . Preparing for Tomorrow
100 LINCOLN STREET • SITKA, ALASKA 99835

747-1811

March 17, 1997

Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Honorable Legislators:

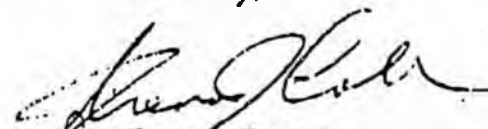
The City and Borough of Sitka supports HB 198 sponsored by Representative Bill Williams. "An Act relating to regional dive fishery development associations and to a dive fishery management assessment."

This legislation is part of a broader Dive Fisheries Economic Development Project for Southeast Alaska in which the City & Borough of Sitka is actively participating. We have allocated \$20,000 for Phase I of this project as part of a regional effort to develop dive fisheries.

Southeast Alaska dive fishermen have been trying for the past decade to establish an orderly, consistent, and stable fishery capable of providing dependable economic opportunity. The urgency to create an economically viable fishery in Southeast is highlighted by the recent reduction in timber harvest and the closure of several forest products manufacturing plants in the region.

The City & Borough of Sitka appreciates your support for economic development and diversification for our region. Thank you for your consideration.

Sincerely,



Gary L. Paxton
Municipal Administrator

♦♦♦END♦♦♦



ADOPTED AUGUST 1913
MAY 17, 1997

CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1893

PO BOX 621, 99900 (907) 874-2901
FAX: (907) 874-3952

Alaska State Legislature
State Capitol
Juneau, AK 99801-1162

Dear Legislators:

The City of Wrangell supports House Bill 188, sponsored by Representative Bill Williams, "An Act relating to regional dive fishery development associations and to a dive fishery management assessment."

This legislation is part of a broader Dive Fisheries Economic Development Project for Southeast Alaska in which the City of Wrangell is actively participating. We have allocated \$20,000 for Phase I of this project as part of a regional effort to develop dive fisheries.

Southeast Alaska dive fishermen have been trying for the past decade to establish an orderly, consistent and stable fishery capable of providing dependable economic opportunity. The urgency to create an economically viable fishery in Southeast is heightened by the recent reduction in timber harvest and the closure of several forest products manufacturing plants in the region. In fact, in Wrangell we have at least eight displaced timber workers who are now participating in the dive fishery.

The City of Wrangell appreciates your support for economic development and diversification for our region. Thank you for your consideration.

Sincerely,

Douglas W. Roberts
Douglas W. Roberts
Mayor

DWR:fv



April 7, 1997

Representative Austerman
Alaska State Legislature
State Capitol Juneau, Alaska
99801-1182

Subject: House Bill 198, Regional Dive Fishery Development Associations

Dear Rep. Austerman:

The City of Craig supports House Bill 198 sponsored by Reps. Williams, Grussendorf, Kookesh, Judson and Elton. This bill is entitled "An Act relating to regional dive fishery development associations and to dive fishery management assessments;..."

The city has supported this legislation as part of a broader project called the Dive Fisheries Economic Development Project to which the City of Craig has appropriated \$20,000 of our scarce city resources in support of phase I of this project.

The reason that our city has committed time and money to this project is that the dive fishery is an extremely important part of our community economic activity. The dive fishery produced over 270 jobs in our community just this past year in the following developing fisheries: sea cucumbers, sea urchins and geoducks. These fisheries have a very bright future along with other developing dive fisheries and, with proper resource management, we look to this fishery for many more jobs on a sustainable basis.

As you will note from the bill, management of the fishery pays for itself with an assessment from participating permit holders. Eligible divers vote on the amount that is assessed and placed into the general fund monthly. The legislature may then appropriate an amount to be determined by the legislature based on the amount of assessment received into the general fund. We wish that more programs were self-funding as is this one.

The City of Craig appreciates your consideration of this bill and points out that a vote for this bill is a vote for regional economic development and diversification. Please incorporate this letter into the bill-file for hearings on April 10th & 11th

Sincerely,

A handwritten signature in cursive script that reads "Dennis Watson".

Dennis Watson, Mayor
City of Craig



United States
Department of
Agriculture

Rural Development

210 Seward Street, Suite 101
Sitka, Alaska 99835
Phone: (907) 747-5492
Fax: (907) 747-4965
FTS: A07AK60019

E-Mail: kperkins@rdasun2.rurdev.usda.gov

"Partners in helping the people of rural America develop sustainable communities."

April 11, 1997

Representative Bill Williams, Saxman ✓
Representative Ben Grussendorf, Sitka
Representative Al Kookesh, Angoon
Representative Bill Hudson, Juneau
Representative Kim Elton, Juneau

RE: HB 198 Dive Fishery Management Association and Assessment

Dear Representatives:

I am writing with regard to this important development on the SE Alaska efforts for a regional dive fishery and your related efforts to enact legislation (HB 198) to assist this development. As I understand it, HB 198 provides for the formation of regional dive associations for the purpose of development and cooperative management of dive fisheries. The associations would be financed by an assessment on the dive catch if it is approved in an election of permit holders.

With this concept in mind, it is a very intriguing one that would be a very welcome development for SE Alaska. We all know that the region is suffering from the downturn in the economy with a dramatic decline in the timber industry as well as the current volatile nature of the fishing economy. Natural Resource extraction is the economy of this region. With a sound development and management plan, I firmly believe that this emerging industry may be able to contribute to the stabilization of the SE Alaska region's economy.

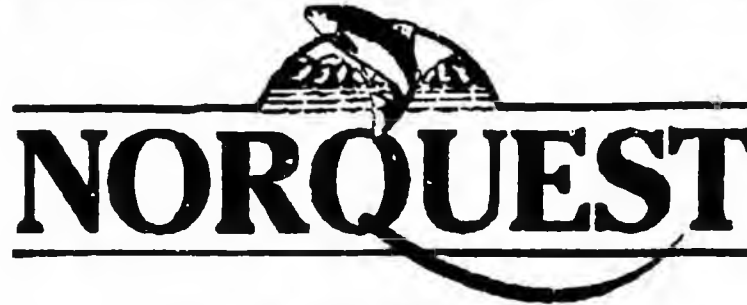
From an agency perspective involved in rural development issues, we would be willing to assist this project along in any fashion that any of our programs may fit. We provide loan guarantees for private sector business development for the individual businesses as well as technical assistance programs for cooperative development issues. While this concept of a cooperative has not evolved yet, we stand ready to assist if this is the desired direction of the region's divers. We recently had a staff person from our Rural Development Cooperative Services Division stop through here (SE Alaska) from Washington, DC. He provided us a copy of the following success story of a related dive fishery development in the State of Oregon that seems to show that there may be some value to cooperative development processes. We have also received additional detailed information on this free technical assistance program for Cooperative Development that Rural Development offers out of the Washington, DC office.

Thank you for allowing this input regarding further development opportunities of this fishery. I believe it will be very beneficial to SE Alaska. All of the programs we offer are accessible to the communities of the region. Should you have any questions regarding our programs, please feel free to call me. Rural Development looks forward to assisting this program in any manner that we have programming available.

Sincerely,

Keith R. Perkins, Manager
SE Alaska Area

CC: Ernest Brannon, State Director - Rural Development
Frank Muncy, Director - Rural Business Services, Rural Development



NORQUEST

Lafayette, Silver Lining Crusader

Phone: 907-826-3334

Fax: 907-826-3353

PO Box 412

Craig, Ak. 99921

3-25-97

Alaska State Legislature
Representative Bill Williams
Juneau, Alaska

Representative Williams,


Thankyou for introducing H.B. 198. Positive action by the Legislature on this bill will solve the permanant funding of ADF&G management for Red Sea Urchins and clear the path for the development of several other dive fishery resources that we see promising futures in.

Dive fisheries are an important part of our winter program in S.E. Alaska. We currently employ 30-35 people on a full-time basis in each of our facilities in Craig and Ketchikan. We are looking forward to expanding the program to Petersburg when resource becomes available in that area.

I am confident that fisherman are in support of the mechanism put forth in H.B. 198. We have been deducting a .05 cents assessment from fisherman on urchins. To date we have collected \$17,000.00 with only \$380.00 not paid. This current method is temporary. Your bill addresses all of the concerns that I have and I support it. I favor this permanant solution so our company can make investments in these resources with confidence of a future.

Sincerely yours,

Stephen LaCroy



NORQUEST

Lafayette, Silver Lining, Crusader

Phone: 907-826-3334

Fax: 907-826-3353

PO Box 412

Craig, Ak. 99921

March 26, 1997

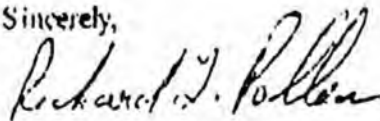
Dear Senator Mackie,

I wish to thank you for your support of House Bill 198. This Bill would set the stage for dive fishery production, which in turn will offer seafood processors the opportunity to operate year round. This would offer employment to many local folks who other wise would not have it at this time of year.

Norquest currently has a payroll of forty-five people which contributes around \$2400.00 daily into the local economy. This fishery has the potential of allowing other, now empty plants to open and operate in these labor intensive fisheries.

Again, your support of House Bill 198 is greatly appreciated.

Sincerely,



Richard L. Pollen
Plant Manager
Norquest/Craig



SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

January 7, 1997

To Alaska Harvest Divers Association:

First of all I would like to thank you for the effort you have put forward concerning the dive fisheries in Southeast Alaska. Individual divers from other major communities in southeast have formed their own associations which have been modeled after yours and there is every indication that this movement will continue and develop into a regional association.

At a time when competition for other species are resulting in limited entry, moratorium, and quota based management systems, resources available to the diving industry remain in abundance and at near historic levels.

Markets for many of these products available in our area have been utilizing production from other coastal areas around the world. How our stocks will compete against these other sources in the marketplace depends on many factors, primarily on our ability to provide a consistent supply, which up until just recently has only been possible with Sea Cucumbers.

The problem is funding. Simply put, without funding to do stock assessments and to manage these fisheries, there will be no new fisheries. Knowing this, ADF&G has (within the last 2 years) been receptive to non legislative funding from the private sector. One example of this has been the Red Urchin fishery which just recently opened. Another is an area opened to Cucumber harvesting in Sea Otter Sound with money put forward by a Seafood Processor. That survey which cost \$15,000 opened an area which provided a 200,000 lb. quota in the first period. Considering an ex-vessel price of \$1.30 p/lb. that is a good first season return on anyones calculator. When you take into account contributions to processing, transportation, equipment and other service related jobs as well as generating raw fish taxes, the benefits are significant. I believe that this is just the beginning.

I encourage you to continue in your efforts to secure ADF&G funding for the purpose of stock assessment surveys, and to explore self funding strategy, so that these new fisheries may be opened.

Sincerely,

Craig Shoemaker
SEAFOOD PRODUCERS COOPERATIVE



Wrangell FISHERIES INC.

641 SHAKES STREET, P.O. BOX 908, WRANGELL, ALASKA 99929

TEL. (907)874-3346. FAX (907)874-3035

MARCH 6, 1997

To whom it may concern:

Wrangell Fisheries, Inc. supports the dive fishery in S.E. Alaska. The development of this fishery is important to this community as well as to ourselves, to be able to provide an opportunity for employment in this industry during the "off season". Being able to keep a plant operational on a year round basis is dependant on these other fisheries.

Thank you for your consideration on the development of this dive fishery and hope you view it favorably.

Sincerely

Levi Dow
Plant Manager
Wrangell Fisheries, Inc.



Sitka Tribal Enterprises

Mr. Bert Bergman
Alaska Harvest Divers Association
PO Box 6423
Sitka, Alaska 99835

RE: Letter in Support of the Dive Fisheries Development Project

Dear Mr. Bergman:

With this letter, I would like to offer my support for the Dive Fisheries Economic Development Project. Sitka Tribal Enterprises is in the process of developing a fish-waste composting facility. The waste materials generated from this fishery, such as geoduck shells, would be a great additive for our compost. Seafood shells are an excellent source of calcium and would improve the quality of our finished product.

If this fishery project has the opportunity to come to fruition, we would like to offer The Alaska Harvest Divers Association a place for them to take their waste.

The Sitka Tribal Enterprise fish-timber waste composting facility, along with the Dive Fisheries Development Project, will help provide an economic stimulus for the community of Sitka, as well as provide an outlet for environmentally conscious business development within the Native community and the community at large. We look forward to working with the Alaska Harvest Divers Association as they move forward with this project.

Sincerely,

Bobi Rinehart
Environmental Resources Manager
Sitka Tribal Enterprises



February 25, 1997

City and Borough of Sitka Assembly
100 Lincoln Street
Sitka, AK 99835

Dear Assembly Members:

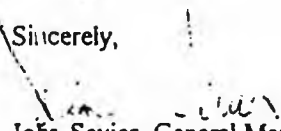
Sitka Sound Seafoods supports the development of the dive species in southeast Alaska. We have shore plants in both Sitka and Yakutat and we presently process sea cucumbers at our plant in Sitka.

The development of the dive species will provide opportunity for our organization to consider additional investment for the processing of these species. Being able to keep a plant operational on a year round basis is dependent on the availability of product.

Many of the dive species require labor intensive processing which affords the opportunity of employment to a broad base.

As the new general manager of Sitka Sound Seafoods, I look forward to getting to know each of you and working with you over the years to come. Thank you for your consideration of the dive fishery development proposal and I hope you will view it favorably.

Sincerely,


John Sevier, General Manager
Sitka Sound Seafoods

(907) 747-6662

FAX (907) 747-6268

FRESH AND FROZEN SALMON, COD, SABLEFISH, HALIBUT, ROCK FISH, CRAB, HERRING



NorQuest Seafoods, Inc.

Processing Plant
4111 1st Ave.
PO Box 209
Petersburg, Alaska 99780

PH: (907) 273-1667

FAX: (907) 273-1100

April 8, 1997

Dear Representative Williams:

Just a brief letter to thank you for your efforts to support the Dive fisheries and progress on House Bill 198. As a full range seafood processor, we depend on resource harvest to survive and prosper in a challenging industry. Consistent work opportunities for our crews as well as earning opportunities for our fishermen are dependent on taking advantage of available viable resources.

House Bill 198 addresses an excellent fisheries development opportunity and provides a funding source that fits our declining State revenues. I hope that with its successful passage, we will be able to provide increased opportunity for our community. Thanks again for all your work.

Sincerely,

Dave Ohmer

Dave Ohmer,
Plant Manager
Norquest/Petersburg

Post-Net Fax #	7671	Case	41814/1997-1
To	STEVE LACROSS	From	DAVE O
Co Dept			
Phone #		Phone #	
Fax #		Fax #	

Tenass Pass Shellfish Company

Gourmet Oysters and Clams from Alaska Pure Waters



April 9, 1997

Rep. Bill Williams
Capitol Building, Room 524
Juneau, AK 99802-0704

Dear Rep. Williams:

As a small-scale processor just entering the geoduck business, I wish to strongly endorse House Bill 198 as the only apparent option for developing Alaska's great under-utilized clam resources. My company is one of the state's oldest shellfish farms and currently is the leading oyster and clam producer in the state, but we are still struggling to make a profit as we enter our second decade of business on Prince of Wales Island.

We began processing and shipping live geoducks last year, but we were stopped dead in our tracks after only three weeks as shipments began to fail PSP (paralytic shellfish poisoning) tests. We will test a system of purging geoducks of high levels of PSP during the 1997 fishery and fully expect to be able to consistently sell our geoducks on the lucrative live market in Hong Kong by the following year.

Your legislation should allow new geoduck and horse clam beds to open. These large clams can sell for more than \$10 per pound in Asian markets, and Alaska appears to have large quantities of untapped commercial scale resources. Here's the problem: state policies essentially prohibit the opening of new fisheries until there is sufficient research to verify resource strength and the Alaska Department of Fish and Game has the resources to manage a new fishery, but reduced state and federal spending has led to a virtual halt in research into new fisheries and ADF&G's budget is shrinking several sizes each year.

The result is a virtual assurance that no new fisheries will open, at least none under state control, or that only large companies with deep pockets need apply. HB 198 essentially gives the divers the ability to use the resource to help fund stock assessment and provides a method of funding ADF&G management. HB 198 has the potential to break down the existing barriers to development of some of Alaska's highest value seafood resources. It has my full support.

Sincerely,

Rodger Painter

Alaska Harvest Divers Association
Sitka Branch
P.O. Box 6423
Sitka, Alaska 99835
March 31, 1997

Representative Bill Williams
Alaska State Legislature
State Capitol, Room 424
Juneau, AK 99801-1182

Dear Representative Williams:

The Sitka divers support House Bill 198. We have been working for many years to develop our dive fishery in the Sitka area. Funding for this fishery has been requested as City and Borough priorities for a decade; however, the fishery has not developed because money has not been appropriated for the developing fishery.

In the Sitka area we have some geoduck and sea cucumber dive fisheries which are currently open. These fisheries represent a small portion of the dive resources located adjacent to our city and borough. House Bill 198 is part of a Dive Fisheries Economic Development Project which will begin to move us forward in the development of these resources.

At the same time we are working on several other elements connected with the project. It is our desire to develop these resources for the long-term benefit of our fishermen and community.

The following individuals support House Bill 198. Thank you for your support in this effort and we look forward to our continuing work with you and your staff.

Sincerely

Greg Cushing

William R Anod 1305 SMC S, Sitka (MANAGER Hidden Falls Hatchery)

Smithy D White P.O. Box 253 Sitka (S.E. Dive Shop)

Jan He 8631 Aurora Circle Anchorage, AK

Charles - ? owner/op (F/V MARIE)

Class Mary 147 Phipps #C Sitka, AK

Harry W Bradley P.O. Box 1093 Sitka, AK 99835

Charles M. Hamrick Box 117 Sitka AK 99835 (OWNER LAKE SIDE BOAT)

Jeff Bradley P.O. Box 2416 Sitka AK 99835

Jim - White 705 HPR SITKA AK 99835 (OWNER Whites + Race Pharmacy)

Robert Collins 603 HPR SITKA AK 99835 (OWNER ROCK RAY)

Frank A. H 617 Kathleen E-33 Sitka, AK 99835

Dawn Neush 3201 HPR SITKA
Ramon San Pedro HPR
Rebecca Jaurio 138 Wadford St. SITKA (Owner F/N Jenny Leah)
Angela N. Bradley P.O. Box 1043 Sitka, AK
Richard A. Darnell 101B Kuhnke Dr Sitka AK
Pat Campbell 224 Lakeriew Dr. Sitka AK
Billy Cox 2309 HPR #42 Sitka AK
Jacqueline Phillips 2103 SMC Sitka, AK
Bill 2200 SMC Sitka, AK (Owner F/N Roshell)
John Kuhn P.O. Box 6517 Sitka AK (F/N STAMSON) (owner)
Toni Coonin P.O. Box 6512 Sitka AK (F/N MAGIC OWNER)
Mary McMaster 1722 Edgewood Sitka AK (Owner F/N DICK)
Edward J. Burt 101 Rudolph Water Ln SITKA, AK (owner f/n)
Veronica E. Swan 617 Kathleen St. A13 SITKA AK
Mark J. Kuhn 409 HPR #35 Sitka AK (F/N Puffin)
Ann V. Li P.O. Box 6342 Sitka AK
Denise P. Klugher 909 HPR #35 Sitka AK
Gregory J. Adams P.O. Box 2501 Sitka, AK (owner Pristine Seabrook)
Gary T. Kuhn 637 ORBROSE Sitka, AK
Judene May 1302-27 SMC Sitka AK
Mark Kuhn 3307 HPR #4 SITKA, AK
Charles Helton 805 Sustad Sitka, AK
Idema Phillips PO Box 854 Sitka AK
Karen Cornacchio P.O. Box 1925 Sitka, AK
Mitch Cowan 605 DeGraff Sitka, AK (F/N Wild Horses)
Ken Wain P.O. Box 6343 SITKA AK
Jerry Fleming 1924 Dodge Circle - Sitka, AK (owner Fleming Pk)
James LeCone P.O. Box 541 Sitka AK (F/N)

Richard Stephens PO Box 6358 SITKA AK 99835

Walter J. Crowell PO Box 6494 SITKA AK 99835

M. K. Warren Box 6467 SITKA AK 99835 ^{donor/owner} FN ^{initials} SHIPWRIGHT

Ward Eldridge Box 6245 SITKA AK 99835

Joe Calder PO Box 252 Sitka, AK 99835 SN

Don Newman 2309-22 HPR, Sitka AK 99835-

Brenda Reynolds 207 Jeff Davis, Sitka, AK 99835

Camille Hyde Box 6444 Sitka AK 99835

John Lee Box 6444 Sitka, AK 99835 FV LOON

Kolbe, J. Warren Box 6467 SITKA AK 99835

Maria J. Gordon Box 1043 Sitka, AK 99835

Richard G. Urias 612 BICARA Sitka, AK 99835

Dorothy J. Gordon 908 HPR# 3 Sitka AK 99835

George A. Condos 908 H.P.# 3 Sitka AK 99835

Barbara Box 6923 Sitka, AK 99835 FV NORMAN J

Burke, Barbara Box 277 SITKA, AK 99835
(SITKA VET CLIN)

James B. Dennis
 Box 591
 Craig, Alaska 99921
 March 19, 1997

Senator Jerry Mackie
 Alaska State Legislature
 Juneau, Alaska 99801-1182

Dear Senator Mackie:

The undersigned divers support House Bill 196 "An Act relating to regional dive fishery development associations and to dive fishery management assessments." We would urge your support of a Senate version of the bill.

A public meeting was held today in Craig and the legislation was reviewed. As you know, we have been attempting to develop the dive fishery resources in southeast for over a decade. This bill will provide a mechanism for moving forward with the development of these resources.

The legislation is part of Dive Fisheries Economic Development Project for southeast and we look forward to its passage which will move this project forward.

Thank you for your consideration.

James B. Dennis Box 591 Craig, 99921 826-7010
Bruce Bapsta Box 384 Craig 99921 826-3047
Harriet K. Kelly Box 318 Craig 99921
Ken E. Johnson Box 177 Craig 99921 755-2700
No Ken Johnson Box 527 Craig 826-3476
Matt Owen Box 542 Craig 826-3657
William Miller Box 1131 Craig 99921 254-1179
Michael F. Bell Box 849 Craig 99921 826-3456
Rick Summers Box 227 CRAIG 826-2271
Tracy & Herman Box 260 CRAIG 99921

Alaska Harvest Divers Association
Sitka Branch
P.O. Box 6423
Sitka, Alaska 99835
March 31, 1997

Representative Bill Williams
Alaska State Legislature
State Capitol, Room 424
Juneau, AK 99801-1182

Dear Representative Williams:

The Sitka divers support House Bill 198. We have been working for many years to develop our dive fishery in the Sitka area. Funding for this fishery has been requested as City and Borough priorities for a decade; however, the fishery has not developed because money has not been appropriated for the developing fishery.

In the Sitka area we have some geoduck and sea cucumber dive fisheries which are currently open. These fisheries represent a small portion of the dive resources located adjacent to our city and borough. House Bill 198 is part of a Dive Fisheries Economic Development Project which will begin to move us forward in the development of these resources.

At the same time we are working on several other elements connected with the project. It is our desire to develop these resources for the long-term benefit of our fishermen and community.

The following individuals support House Bill 198. Thank you for your support in this effort and we look forward to our continuing work with you and your staff.

Sincerely

Greg Cushing

- Chris Shurtz* P.O. Box 2221 Sitka AK Craig Swanson
- John [unclear]* 1311-5 5TH RD Sitka AK
- David [unclear]* 557 KADIAN ST SITKA AK
- Virginia Daigler* 317 Peterson Sitka AK.
- [unclear]* P.O. Box 3204 Sitka AK
- Garry Hailh* P.O. Box 6373 Sitka, AK

Alaska Harvest Divers Association
Sitka Branch
P.O. Box 6423
Sitka, Alaska 99835
March 31, 1997

Representative Bill Williams
Alaska State Legislature
State Capitol, Room 424
Juneau, AK 99801-1182

Dear Representative Williams:

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At the same time we are working on several other elements connected with the project. It is our desire to develop these resources for the long-term benefit of our fishermen and community.

The following individuals support House Bill 198. Thank you for your support in this effort and we look forward to our continuing work with you and your staff.

Sincerely

Greg Cushing

Barton Sollars, Sr. 3315 HPR Sitka, AK 99835 (owner trailer)
Carol A. Sollars 3315-HPR Sitka AK 99835 (owner trailer)
Jenna Lundvall 313 Lake Sitka AK 99835 (owner ALASKA AUTOMOBILE)
Ed Smith Dumas 1302 SMC #13 Sitka, AK 99835
Richard A. Lither 313 Lake St Sitka AK 99835 (owner trailer)
David Hoja PO Box 1285 Sitka, AK 99835 (owner trailer)

Southeast Alaska Harvest Divers Association
Ketchikan Chapter
P.O. Box 6263
Ketchikan, AK 99901
March 29, 1997

Representative Bill Williams
Alaska State Legislature
State Capitol
Juneau, AK 99801 1102

Dear Representative Williams:

We would like to thank you for securing funding for the red urchin fishery for the continuation of the fishery after June 30. We understand that it is one year's funding only and that you were able to secure the money because of our initiative in stepping forward in our support of House Bill 198. While the red urchin fishery is important, and many of us participate in it, it is only one small part of what is addressed in House Bill 198 and the Dive Fishery Economic Development Project. We view this legislation as an opportunity to provide economic development for not only Ketchikan, but, for all of southeast. It will allow us to work in a positive manner with the Department of Fish & Game to develop these resources.

The most important fact relating to House Bill 198 is that it provides a level entrance for all the participants in the fishery. The funding mechanism currently in place is voluntary and has caused considerable confusion. House Bill 198 will provide opportunity for stability and accountability which we believe is very important.

The following individuals support House Bill 198 and the development project. We will continue to work in a forward looking manner to ensure the goals of the project are met. Thank you for your vision and support.

Sincerely,

Southeast Alaska Harvest Divers Association

James H. Bray 2134 2nd Ave Ketchikan Alaska 99901
Dominic P. Pickett 12410 Sanger St Ketchikan AK 99901
M. Zimmerle P.O. Box 7022 Ketchikan, AK 99901
Edna Robinson P.O. Box 5322 Ketchikan AK
Wally Jones 232 Madison St Ketchikan AK 99901
Sandra Swain 1850 Water Street, Ketchikan, AK 99901

March 29, 1997

~~Russell Schow~~ Russell Schow PO Box 6451 S. Kodiak
 D. I. Stuart 10437 Kingfisher Rd Ktn AK
 Nancy Davies Nancy Davies Brn, 8335, Ktn AK
 Scott Swain SCOTT SWAIN 1050 WATER ST. KTN AK.
~~James B. Clark~~ James B. Clark PO Box 6335 Ketchikan
~~Mark L. Gatti~~ Mark L. Gatti PO Box 31 Ktn, AK 99901
 Rod Bray Rod Bray 324 Alder St.
 Dan E. Hasbagen Dan E. Hasbagen PO Box 23008 KTN
 James B. Clark 312 Front Ktn
~~John W. ...~~ PO Box 7801 Ketchikan
 Nora Bain 334 Front St 11 11
 Paul McIntosh Paul T. 125, PO Box 6412 Ketchikan, AK 99901
 Greg ... 1340 Sayles St - Ktn AK 99901



THE GREATER SITKA
chamber
OF COMMERCE

329 Harbor Drive, Suite 209
Mail: P.O. Box 638 • Sitka, Alaska 99835
(907) 747-8604 • Fax (907) 747-7413

April 8, 1997

The Honorable Bill Williams
Alaska House of Representatives
State Capitol Room 424
Juneau, AK 99801-1182

Dear Representative Williams:

The Greater Sitka Chamber of Commerce hereby strongly urges passage of HB 198.

Because of the continued lack of State funding for dive fisheries, HB 198 is the only reliable way of developing dive organizations and establishing a means of providing consistent funding to take advantage of the emerging economic opportunities available in these marine resource species.

Developing dive fisheries is one of the few bright spots for the economy of Sitka and the Southeast Alaska region at this time. There are hundreds of fishermen and dozens of seafood processors and their employees who would benefit directly from passage of HB 198.

We applaud and stand behind the efforts of the diver fishermen to take the initiative to make positive steps, without relying on State funds.

Sincerely,

GREATER SITKA CHAMBER OF COMMERCE

Anita VanDyck
President