

ALASKA LEGISLATURE

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HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

The "extreme degree of Federal domination of Alaskan affairs"¹⁷ and its deleterious effect was very evident in Alaska's salmon fisheries. As long as Alaska remained a Territory, the Federal Government managed Alaska's fisheries. Under federal management, canneries were allowed a monopoly over the Alaska salmon harvest through the use of fish traps. This federal management practice undermined sustained yield management and, over time, resulted in severe harm to the resource. Additionally, federal management of Alaska's fisheries through fish traps denied individuals, who traditionally relied on commercial fishing for their livelihood, the opportunity to fully participate in the commercial harvest. As the result of this exclusion, these individuals and those dependent upon them suffered severe economic distress. This placed a heavy burden on the Territory and the Federal Government to provide basic support to those individuals, their families and their communities.

Senator Ernest Gruening summarized the fishery situation before statehood:

The Salmon Conservation Fiasco.--Another long-standing Alaskan grievance relates to the depletion of what was once Alaska's greatest natural resource, the salmon fishery. It was also the nation's greatest fishery resource.

The Pacific salmon originate in the rivers and lakes of North America's northwest coast; they migrate to sea and return to the waters that gave them birth to spawn and then to die. The salmon industry consists of catching them as they return at the end of their life cycle and processing them, chiefly by canning. Such was the abundance of this resource that Alaska's coastal streams were once solidly red with the mass of anadromous salmon. The first cannery was established in Klawock in 1878 and others followed, financed chiefly by San Francisco capital. Conservation was undreamed of in those days. Not until 1889 did the federal government, alerted by warnings of coming depletion, enact the first regulatory measures. These were continually breached and no adequate means for enforcement were provided. Excessive catches were augmented by a device

¹⁷*Id.*

known as a fish trap, a large structure anchored in the paths of the returning salmon. It was sufficiently costly so as to be available only to those with substantial capital.

Sensing the menace of fish traps, the first Alaska legislature in 1913 urged congress to abolish them, as well as to transfer the fisheries to territorial control. These requests were repeated by all the succeeding legislatures, by referenda in Alaska and by bills to achieve these ends by Alaska's delegates in congress. All this was in vain and the depletion continued. From a high of 8,454,948 cases a quarter of a century ago, the pack dropped to 2,447,448 cases in 1957. For the five years, 1953-1957, the average pack was 2,797,699 cases, the lowest in half a century. So serious were the consequences that the Eisenhower administration felt obliged to declare the fishing villages to be disaster areas--disasters caused not by "Act of God," but by the acts of men.

The Quest for Statehood

These and various lesser frustrations, and the inability to secure needed legislation from congress in fields which the territory was forbidden to enter, speeded up the drive for statehood.

In 1958, President Eisenhower signed the Alaska Statehood Act and the Alaska voters ratified statehood.

With the 1959 Formal Proclamation of Statehood, Alaska's previously ratified constitution¹⁸ became operative and Article VIII, Natural Resources, included the following sections:

Section 3. Common Use. Wherever occurring in their natural state, fish, wildlife, and waters are reserved to the people for common use.

Section 4. Sustained Yield. Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

¹⁸The people of Alaska ratified their constitution on April 24, 1956.

Section 15. No Exclusive Right of Fishery. No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State.

Section 17. Uniform Application. Laws and regulations governing the use or disposal of natural resources shall apply equally to all persons similarly situated with reference to the subject matter and purpose to be served by the law or regulation.

At the time the people of Alaska ratified their constitution, they also voted to adopt an ordinance¹⁹ effective concurrently with the constitution. The ordinance provided:

Abolition of Fish Traps

* * *

As a matter of immediate public necessity, to relieve economic distress among individual fishermen and those dependent upon them for a livelihood, to conserve the rapidly dwindling supply of salmon in Alaska, to insure fair competition among those engaged in commercial fishing, and to make manifest the will of the people of Alaska, the use of fish traps for the taking of salmon for commercial purposes is hereby prohibited in all the coastal waters of the State.

2. Alaska's limited entry system.

Through statehood, Alaska gained control and promptly shouldered the heavy burden of managing and rehabilitating its overexploited fishery resources. Alaska's efforts included limiting the number of participants in fisheries as a necessary means to control harvest and to avoid economic distress among participants. We urge careful attention to the following

¹⁹One of only two placed before the voters in addition to that ratifying the constitution.

description²⁰ by our Legislature of the process that created and the choices that shaped our limited entry system:

Alaska's limited entry system is the product of years of effort by the State beginning in 1961. Two previous attempts by the legislature to establish the means to limit entry into Alaska's fisheries failed as the result of legal challenges.

The Alaska legislature persisted, however, because Alaska's salmon fisheries were experiencing a long and threatening decline, while the number of participants continued to increase substantially, which resulted in more and more fishing pressure on a diminishing resource. A limited entry system was the only means by which the State could control a critical variable in the management of its fishery resources: the number of fishermen participating in a given fishery.

Following action by the legislature, in 1972, Alaska voters approved an amendment to Article VIII, Section 15 of the Alaska Constitution, which authorized:

the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood and to promote the efficient development of aquaculture in the State.

Building upon this constitutional foundation, in 1973, the Alaska legislature adopted the Limited Entry Act, which has resulted in the largest limited entry program of its kind in the United States. Limitation of entry into all twenty-six of Alaska's salmon fisheries followed shortly. During 1976, by referendum, the voters of Alaska again supported limited entry by a margin of almost two-to-one. Today, some forty-six of Alaska's fisheries are under limitation.

As a food source important to Alaskans and the world, Alaska's fisheries are without question one of its most important

²⁰Letter of Intent, §16 Ch 211 SLA 1990 (May 3, 1990 Senate Journal 3856) (with emphasis added).

renewable resources. Alaska's fisheries employ a substantial segment of the State's population, and many remote communities rely upon commercial fishing as their primary economic base. Therefore, sound management of its fisheries is crucial to the State of Alaska, and limited entry is an important part of the State's management system.

Extensive biological, economic, historic, and cultural data and analyses have been generated to aid the development, enactment, and review of entry limitation in Alaska. (A partial bibliography is set forth in Appendix A.) Thousands of hours of hearings throughout the State and before the legislature have informed the choices made in shaping Alaska's limited entry system. Alaska's courts have carefully scrutinized the program and developed a body of law governing limited entry in Alaska that is both extensive and unique. (A partial list of cases decided by the Alaska Supreme Court is set forth in Appendix B.)

In addition to direction and support from the legislature and the courts, Alaska's limited entry program has functioned only through the continuing cooperation and support of the Governor of Alaska, the Alaska Departments of Fish and Game, Law, Revenue, Administration, Commerce, and Public Safety, together with that of private citizens, economists, lawyers, scientists, processors, and, particularly, fishermen.

Under AS 16.43.140, no commercial fisherman may operate fishing gear in a limited fishery without an entry permit. The Alaska Commercial Fisheries Entry Commission (CFEC) issues entry permits and administers the program. The entry permit is the critical element of the system and, to an Alaskan fisherman, an entry permit is a legally required tool of his trade. In establishing limited entry and considering the needs of the State and its citizens, the Alaska legislature gave careful consideration to the nature of an entry permit and the privileges that a permit would extend to its holder.

In enacting a limited entry system, if the legislature had been committed only to simplicity and economy, it could have authorized auctioning of a limited number of property rights to its fisheries. The legislature rejected this approach, because it would not have been consistent with the State's most important objectives in establishing a limited entry system.

The legislature recognized that, for the purpose of conservation, the State needed to retain control of its fishery resources. Looking ahead, the legislature wished to ensure that privileges extended through an entry permit could be revoked or modified as necessary and without compensation. Furthermore, to ensure compliance with laws and regulations governing its fisheries, privileges extended must be conditioned upon compliance with those requirements. At the same time, the legislature believed that, in view of the substantial reliance on their fisheries by fishermen and those dependent upon them, privileges should be extended only to qualified, individual fishermen who could demonstrate their dependence.

While recognizing the importance of limiting and controlling fishing privileges, the legislature also intended to provide individual fishermen with a sufficient stake in their fisheries that they would be more likely to have a personal commitment to conservation and enhancement of those fisheries. In recognition of the fact that fishermen, their families, and, in many cases, entire communities, depended upon access to their fisheries for their basic welfare, the legislature believed that any privileges extended should be protected from forced and intemperate transfers. At the same time, because, necessarily, only a limited number of privileges would be extended, the legislature wished to ensure that the State would be reasonably compensated by regular permit fees. Finally, the legislature wished to restrain the unnecessary growth of State bureaucracy.

Among other considerations, the resulting Limited Entry Act and its implementation by CFEC have defined and regulated entry permits in a manner designed to reach these legislative objectives.

The legislature declared that an entry permit and the privileges it carried would not be the property of its holder. AS 16.43.150(e) provides that an entry permit is merely:

a use privilege which may be modified or revoked by the legislature without compensation.

An entry permit must be renewed annually, and is subject to forfeiture if not renewed for two years. The holder must pay an

annual renewal fee established by CFEC based upon "the different rates of economic return for different fisheries." AS 16.43.160(b).

The legislature required CFEC to issue permits only to fishermen applicants who needed the permits the most. Only an individual, and not a vessel nor an organization of any kind, may receive an entry permit.

Under AS 16.43.250, CFEC ranks applicants for entry permits for a particular fishery "according to the degree of hardship which they would suffer" by not receiving a permit from the State. AS 16.43.250 provides the following standards for measuring hardship:

- (1) degree of economic dependence upon the fishery, including, when reasonable for the fishery, the percentage of income derived from the fishery, reliance on alternative occupations, availability of alternative occupations, investment in vessels and gear;
- (2) extent of past participation in the fishery, including, when reasonable for the fishery, the number of years of participation in the fishery, and the consistency of participation during each year.

From the statute, and further derived from extensive biological, economic, and other data, CFEC has developed a series of intricate point systems for the purpose of ranking the degree of hardship individual denied applicants would suffer. 20 AAC 05.600--20 AAC 05.742. Each applicant who would suffer significant hardship by denial is entitled to a permit, even if the maximum number of permits for a given fishery would be exceeded thereby. AS 16.43.270(a). To support the State's conservation goals and to recognize some historic and cultural fishing patterns, the system has never rewarded nor encouraged high individual production.

Although permits do not constitute property belonging to their holders, the legislature, subject to control and approval by CFEC, authorized holders to transfer their permits. Doing so advanced several of the State's objectives. Among other

considerations, by not interrupting a holder's use of his entry permit and further authorizing the fisherman to transfer his permit, the fisherman and those dependent upon him held the means to continue their access to the fishery and their livelihood. Additionally, by not cutting off the fisherman's interest (as would have been the case through a lottery or reversion and reissue system) the holder was granted a sufficiently long-term privilege in the fishery so as to be encouraged to both conserve and enhance the fishery resource. Finally, by not requiring the State to select who would be a subsequent recipient of the privilege, the legislature avoided generating an additional and unnecessary State bureaucracy.

Consistent with its grant of only a privilege, the State through CFEC, retained control over all transfers. A permit holder may transfer his permit only upon approval by CFEC. AS 16.43.170. To ensure against intemperate transfers, the legislature requires a 60-day waiting period before a permit may be transferred. A fisherman may revoke an agreement to transfer any time during this 60-day period. A number of legal requirements must be satisfied before CFEC will approve a transfer. AS 16.43.170; 20 AAC 05.710.

Generally, AS 16.43.150(g) prohibits involuntary transfer requiring that an entry permit may not be "attached, distrained, or sold on execution of judgement or under any other process or order of any court." Additionally, a fisherman may not pledge his entry permit as security for a debt. (The legislature recognized that the absence of a property right might impair a fisherman's ability to obtain financing for the purchase of a permit and his fishing operation, and, therefore, established two State authorized loan programs. AS 16.10.333-16.10.377; 44.81.271; and 44.81.230-44.81.250.) Just as a fisherman could not, contrary to State law, create a security interest in his fishing privilege, neither can a creditor.

The legislature recognized that a fisherman's earnings were seasonal and subject to many variables from year-to-year beyond control (for example, weather, predation, and interception). If creditors with short term objectives were allowed to treat an entry permit as a fungible item of property and to seize and force its sale, a fisherman without other means of earning a living, together with those dependent upon him, could well be left destitute. In Alaska, where many

communities in remote areas of the State depend upon commercial fishing as the primary basis for their cash economy, this is a very real possibility. [The legislature notes that the Social Security Administration has acknowledged the wisdom of Alaska's approach by recognizing that an entry permit is essential to self-support, and, therefore, by not considering the market value of a permit as an alternative resource in determining an individual's eligibility for Supplemental Security Income benefits. 50 Fed. Reg. 42683, 42685 (1985).]

Although the State of Alaska could not countenance a system that inexorably would sever fishermen from the source of their livelihood, nonetheless, as a privilege, the legislature has made clear that an entry permit is subject to forfeiture, if its holder fails to abide by the applicable laws. See, for example, AS 16.05.480; 16.05.665; 16.05.710; 16.43.960; 16.43.970. Ultimately, because it has granted to fishermen only a revocable privilege, the State retains the dominion and control necessary to protect and manage its fishery resources.

In conclusion, compelling State interests were served, when the legislature rejected the idea that an entry permit represent a property right belonging to the permit holder. Instead, the legislature chose to establish an entry permit as a mere privilege, subject to State control, and revocable at the will of the State without compensation.

In this manner, Alaska established fundamental policies through its comprehensive fisheries management system. Alaska directed the benefits of the system to individual fishers dependent on the resource (as opposed, for example, to processors, banks, and investment companies). From its unique circumstances giving rise to statehood, Alaska has attempted to protect individual fishers from economic coercion by nonfishers and from forced loss of their livelihood.

When too many participants threatened sustained yield and caused economic distress among fishers, Alaska established limited entry, but not an exclusive right or special privilege of fishery. AS 16.43.150(g) ensures individual fishers are fully accountable only to the state, so no third party can pressure or influence their commercial fishing activities. Consider,

Alaska manages more fishery resources and more coastline than exist in the rest of the United States combined. Currently, Alaska has some 54 enforcement officers in the field. Alaska requires complete authority over fishing activities to ensure compliance with regulations necessary for sustained yield. The risk of losing fishing privileges is a critical incentive to comply with Alaska's requirements for sustained yield of its fisheries.

And Alaska's requirements are many. *See, for example*, AS 16.05; AS 16.10; AS 16.40; AS 16.43, and regulations adopted thereunder. As sovereign, Alaska closely regulates its fisheries, as necessary, to open and close fishing seasons, to prohibit fishing, to limit the size of vessels as well as type and amount of gear, to restrict areas of fishing, to limit the amount of harvest, to ensure escapement, to impose strict liability for certain fishing offenses, to board vessels without warrants, and to forfeit permits, vessels, gear and catch.²¹

In short, the conditions imposed by Alaska on the privilege of commercial fishing [including those set forth in AS 16.43.150(g)] ensure fishers' sole accountability to the state and freedom from third party coercion. Alaska requires full control of the fishing privileges the state extends to manage its fisheries for sustained yield. Thus, limited entry and the

²¹Despite Alaska's best efforts, managing Alaska's fisheries remains complex and uncertain. Complete comprehension of the biology of all fishery resources and how they relate to other species and their environment is not possible (and is further inhibited by lack of adequate research funds from any source). In recognition of this fact, Alaska is conservative in its management and continues to adjust its management system based on any improved understanding. With a wary eye to depleted fisheries throughout the world, Alaska is intent upon maintaining its viable fisheries. And Alaska must work cooperatively with Federal and other fisheries managers in a variety of forums to manage migratory and endangered species. Within the state, Alaska must manage its fisheries for common use among competing user groups (that is, subsistence, commercial, and sport). As competition between these groups increases, the management system becomes increasingly complicated. Further, with respect to commercial salmon fishing, intense competition from worldwide farmed salmon has undermined world markets for Alaska salmon and created an industry-wide crisis. Additionally, the state must manage its fisheries for the safety of the participants and the safety of consumers (the responsibility of the Alaska Department of Environmental Conservation). Finally, Alaska's dependence upon natural resource extraction (for example, timber and mining) demands management of the total environment to preserve its fisheries.

conditions the state imposes upon privileges thereunder are necessary and inextricable parts of Alaska's comprehensive fisheries management system.

3. Alaska's fishing industry.

a. *Generally.*

The economic base of Alaska is dependent upon natural resource industries. The commercial fishing industry is extremely important. The seafood industry is recognized as Alaska's largest source of private sector jobs.²²

Preserving the economic health and stability of Alaska's commercial fishing industry is of utmost importance to the State of Alaska. While the seafood industry is very important to the state as a whole, it is of critical importance to the fragile economic base of many small isolated rural fishing communities.

Applicants from isolated rural fishing communities were originally granted the largest share of limited use privileges, and approximately 78% (more than 10,000) of all use privileges remain in the hands of Alaskans today. Over 50% of the limited use privileges held by Alaskans are held by residents of rural communities. Among rural Alaskans, more than half of all transfers are by gift from a family member to another family member.²³ The

²²See The McDowell Group, Alaska Seafood Industry Study, an Economic Profile of the Seafood Industry. May 1989. Juneau, Alaska.

²³If the state were to eliminate transferability of entry permits in favor of a lottery system or a system where the permits were returned to the state and reissued, such a system would not serve the important state purpose of providing fishing families with the means to ensure their continued access to their traditional fisheries. State v. Ostrosky, 667 P.2d 1184 (Alaska 1983). Additionally, if the state were to attempt to erect a system of reversion and reissuing of entry permits on top of its existing grandfathering system, the system would run the risk of unconstitutionality. See Bozanich v. Reetz, 297 F. Supp. 300 (D. Alaska 1969), *vacated and remanded*, 397 U.S. 82 (1970); Bozanich v. Norenberg, Civil No. 70-389 (Alaska

percentage of limited use privileges held by Alaska residents has changed very little since initial allocation.²⁴

Today Alaska's limited fisheries are recognized as some of the best managed fisheries in the world.²⁵ However, economic returns from the fisheries still fluctuate with variations in survival rates and changes in world markets. Nevertheless, it is vitally important to the state and the nation that the resource conservation benefits and the economic health and stability provided by limited entry be preserved.

b. *The critical role of limited entry to the economic base of rural communities.*

Many small, isolated rural fishing villages have benefited from the stabilization provided by Alaska's program of limited commercial use privileges. Many of these rural villages, particularly in western and southwest Alaska, are composed largely of Alaska Natives, who survive and make their livelihoods in a "mixed, subsistence-cash economy." There are few sources of cash income other than commercial fishing, trapping, government jobs, and government transfer payments.

Characteristics of a "mixed, subsistence-cash economy" cited by the Alaska Department of Fish and Game's (ADF&G) Division of Subsistence are as follows:²⁶

Super.Ct, 1st Judicial Dist., March 8, 1971).

²⁴See Changes in the Distribution Of Alaska's Commercial Fisheries Entry Permits 1975-1993. CFEC report 94-8N. June 1994.

²⁵For example, see Royce, Dr. William F., "Managing Alaska Fisheries for a Prosperous Future", in Fisheries vol 14, no. 2. March/April 1989.

²⁶See Socioeconomic Overview of Salmon Fisheries in the Chignik, Alaska Peninsula, Bristol Bay, and A-Y-K Areas. ADF&G Division of Subsistence. November 1993.

Subsistence hunting, fishing, and gathering provide a major source of the local food supply.

Subsistence is organized by family units, where most food is produced by core households and shared with others through non-commercial sharing networks.

Harvesting and processing technology usually is small scale and modern, and purchased by cash.

The cash sector is typically limited and insecure.

Historically cash is earned through commercial sale of fish and furs.

More recently, cash also is obtained through public sector employment (government grants and subsidies).

One report on Southwest Alaska²⁷ suggests limited entry contributes to "the mutually supportive integration of market production and subsistence," as follows:

Fourth, political factors have made local labor and capital feasible for extracting resources. That is, primarily the local population has supplied the manpower and capital in production. This was achieved in the commercial salmon fishery through the limited entry system.

Nevertheless, the report recognizes limited entry would become a destabilizing influence in the area if permits are sold outside the area. It also notes the risks of open access fisheries:

The limited entry permit system is the other powerful force at work in the region. The loss of commercial permits to outsiders by sale alienates the local society from its resource base. With the development of the fisheries, the market value of commercial permits increases, making sales for short term gain

²⁷See pages 555-557 of Subsistence-Based Economies In Coastal Communities of Southwest Alaska - Technical Paper Number 89. ADF&G Division of Subsistence and the Federal Minerals Management Service. February 1984 (with emphasis added).

more attractive. The opening of new commercial fisheries without limits on outside competition holds the potential for degradation of the resource or loss of the value of the resource to more heavily capitalized competitors. Further, the need to preserve a commercial resource from over-exploitation requires the application of restrictive management systems from state or federal agencies.

In summary, commercial fishing provides one of the few sources of cash income in many isolated rural fishing communities. Cash is needed in these villages both to purchase basic necessities and to purchase gear and equipment needed for subsistence harvests. Limited entry helped stabilize a source of monetary income through the initial allocation of entry permits to applicants in those communities and by preventing the dilution or destruction of that economic base through the influx of large numbers of outsiders.

The State of Alaska must preserve the economic base in such isolated rural fishing villages. With declining oil revenues, State subsidies in such communities may decline by necessity in the near future. Furthermore, Alaska is becoming increasingly responsible for the economic welfare of its citizens as the Federal government significantly downsizes its activities (in part, through reductions in public assistance) in order to balance the Federal budget. The fragile economic base in these communities is of vital importance.

Any substantial loss of permits in these villages would be devastating. Large-scale seizure of entry permits by the IRS and sales to outsiders pose such a threat to the economies of many rural fishing villages. The widespread poverty in many of these villages and the lack of cash and/or available credit means persons within such villages likely would be unable to compete with outsiders at IRS permit auctions.²⁸

²⁸At IRS' December auction in Anchorage, the successful bidder for Mr. Carle's Hydaburg permit was from a community on the road system some 600 air miles away. Successful bidders for the other two permits at auction were from outside of Alaska.

CFAB BACKGROUND NOTES

Excerpts from January 12, 1996 reports by Division of Legislative Audit for the review by the members of the Legislative Budget and Audit Committee in accordance with the provisions of Title 24 of the Alaska Statutes. Audit in its entirety can be found on the web by going to the Legislative Homepage, clicking AUDIT, and then going to the 1996 Audit List.

ALASKA COMMERCIAL FISHING AND AGRICULTURE BANK

January 12, 1996
Audit Control Number
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page 3... CFAB makes loans for most fishing or farming related purposes. The most common purposes are the purchase, modification, or refinancing of a vessel; purchase of a limited entry fishing permit; gear, engine, or equipment replacement or upgrade; general operating capital; and fish processing. There are no "standard" repayment terms or programs.

In order to be eligible to be a CFAB borrower, an applicant must be engaged in the commercial fishing or farming industries. An individual applicant must be an Alaska resident, and a partnership must have majority ownership by Alaska residents. When the applicant is a corporation, the majority ownership and control must rest with Alaska residents.

Eligibility, however, is only the first step of the lending process. To obtain a CFAB loan, an applicant must be found by CFAB to be capable and creditworthy within the context of the specific loan request. The standards used by CFAB are essentially the same as those of any responsible lender. However, CFAB's specialized purposes, and their experience, has allowed them to consider a broader range of applicant qualifications than most other lenders.

Page 5... In the late 1970's, the commercial fishing industry expressed dissatisfaction with the available credit sources to finance operations and the development of the industry. In response, the legislature commissioned a study in the fall of 1977 to evaluate the adequacy of the available financing sources for the commercial fishing industry in Alaska.

The study concluded that there was a need for improved access by the Alaska commercial fishing industry to sources of credit. Several alternatives to improve such access were discussed in the report. One of the options recommended was for the State to form a private, cooperative development bank for the Alaska commercial fishing industry that could leverage its capital with funds from the Federal Farm Credit System.

As a result of the study, in 1978 the legislature passed a bill that created the Alaska Commercial Fishing and Agriculture Bank (CFAB or Bank). It was to provide financing for the commercial fishing and agriculture industries within the State by leveraging its capital with funds from the Federal Farm Credit System as recommended.

The concept of CFAB was patterned after the Federal Farm Credit System (System) which provides a source of credit to farmers, ranchers, and producers or harvesters of aquatic products. The Federal Farm Credit Act of 1933 provided for the organization of thirteen Banks for Cooperatives (BCs). BCs were initially capitalized by the federal government and remained largely owned by the government until the Farm Credit Act of 1953 was passed. This act provided for a means of control of the entire System by its users and paved the way for the ultimate retirement of all the federal government capital investment in the System. The Federal Farm Credit Act of 1971 recodified all the prior laws governing the System, modernized its functions, broadened its lending powers (e.g., loans to producers and harvesters of aquatic products), and brought decision making closer to its borrowers.

BCs are cooperatives themselves. They are financial institutions whose business is to provide credit and related services to their agricultural and aquatic cooperative members. BCs obtain a major portion of their loan funds through the sale of securities backed by the notes of borrowers. These securities are sold through a fiscal agent with the aid of a nationwide group of securities dealers. Through the issuance of these securities, BCs provide their cooperative members with direct access to the nation's money markets which helps to ensure an adequate supply of dependable credit.

Page 13... Not only is CFAB the State's only mechanism to access capital from the Federal Farm Credit System, it is also one of only two sources of capital for Alaska residents to finance the purchase of a limited entry permit. Financing from CFRLF is the only alternative.

In 1972, Article VIII, Section 15 of the Alaska Constitution was amended to allow a limited entry program to be created by the State for fisheries resource conservation and development purposes. Then, in 1973 the legislature enacted the Commercial Fisheries Limited Entry Act (AS 16.43).

This Act contained limitations and restrictions on permits that were designed to keep control of the permit in the hands of the holder and to not allow direct or indirect control by third parties, i.e., canneries, financial institutions, or speculative investors. Specifically, AS 16.43.150(g) stated:

An entry permit may not be:

- (1) pledged, mortgaged, or encumbered in any way;*
- (2) transferred with any retained right of repossession or foreclosure; or*
- (3) attached, distrained, or sold on execution of judgment or under any other process or order of any court.*

In 1978, this statutory section was amended to allow the fishers to take advantage of the value of their permits to fund their operations or if they no longer wanted to participate in the fishery. With the passage of Chapter 83, SLA 1978, CFRLF was authorized to make and foreclose on limited entry permit purchase loans to Alaska residents. The aim of the State was to place more limited entry permits in the hands of Alaskans. CFRLF loans would still be consistent with the original intent of the Limited Entry Act, as the State would be the holder of the foreclosed permit in the case of default on the loan by the fisher. This would ensure the permit would be sold to a qualified person under the Limited Entry Act requirements, allowing the State to maintain control over its fisheries resource management. In addition, if the sale of the foreclosed permit were financed by CFRLF, the purchaser would have to meet the residency requirements of the loan program.

The next year, the legislature passed an amendment to CFAB's statutes that gave the Bank the same authority to make limited entry permit loans as was given to CFRLF. The sectional analysis of the bill stated in part:

. . . This language parallels the existing law that allows the state division of loans to make limited entry permit loans. . . . The purpose of this section is to expand the bank's power to provide for limited entry permit loans to Alaskans. Since the Bank provides for loans only to resident Alaskans, this additional capital source will be an advantage to Alaskans who want to get into the fishery in the future. At least one-third of Alaska's salmon fishermen is still nonresidents This expansion of loan authority to the Commercial Fishing and Agriculture Bank will provide another source of capital to Alaskans who want to move into the salmon fisheries in the state.

Again, the limited entry permit loans made by CFAB were considered consistent with the intent of the Limited Entry Act. As CFAB was a creature of Alaska law, the procedures for foreclosure could be set by statute, thus protecting the State's right to control the transfer of any foreclosed limited entry permit. Also, any purchaser of a foreclosed limited entry permit that obtained financing for the purchase from CFAB would have to meet its statutory residency requirement.

In 1995 there were 13,364 limited entry fishing permits held by fishers. Of those, 1,363 had liens against them by CFRLF and 383 by CFAB.

Page 22... In enacting the limited entry system, the legislature recognized that, for the purpose of conservation, the State needed to retain control of its fishery resources. In view of this, the legislative intent of the limited entry permit program was that an entry permit would not be the property of its holder but rather a use privilege, which can be modified or revoked by the legislature without compensation.

The legislature further recognized that the absence of a property right in a limited entry permit would not allow the holder the ability to obtain financing for its purchase or to use it as collateral to obtain financing for his/her commercial fishing operations. In order to provide a source of capital to the fishers, the legislature amended the Alaska Commercial Fisheries Entry Commission in 1978 (Ch. 83, SLA 1978) to allow the Commercial Fishing Revolving Loan Fund to take limited entry permits as security for its loans to fishers. Then in 1981 (Ch. 51, SLA 1981), similar legislation was passed which provided for CFAB to take limited entry permits as security for loans.

.....end of Legislative Audit background

Excerpts from 1999 audit by the Division of Bank, Securities and Corporations, DCED

Cover letter...

The overall condition of your bank is satisfactory with significant improvement since the last examination. Asset quality has improved notably in relationship with the overall condition of the fishing industry. Overall capital remains strong and is available to mitigate the credit risk of lending exclusively into the Alaskan commercial fishing industry. Management's efforts to seek expanded areas in which to lend would help to mitigate the concentration of risk and make the bank's successful operation less reliant upon these volatile industries.

Page 1... ASSET QUALITY

Asset quality has improved... As bank management performs a satisfactory job of administering the loan portfolio, the irregular numbers appear to be a function of the unpredictable nature of the fishing industry. Efforts by management to gain entry to other areas of allowable lending would greatly aid in mitigating the effect the fishing industry has on the bank.

Page 3... MANAGEMENT

Management's present challenge is to generate new loan business to grow the bank... to increase the size of its loan portfolio, management is taking steps to amend the current statutes under which the bank operates. The amendment would allow CFAB to loan into other resource based industries, including tourism. Should this be accomplished, it would not only increase its reach to new potential borrowers, but it would also diversify the risk of concentration of credit to the fishing and agricultural industries.

Page 5... CAPITAL ADEQUACY

The bank continues to maintain the strong capital position necessary to mitigate its exposure to the inherent risks of lending entirely to the Alaskan commercial fishing and agriculture industry.

Page 7... EARNINGS

... a variety of factors make earnings performance and trend analysis problematic. The primary factor causing earnings fluctuations noted above is the lack of portfolio diversification. In a commercial financial institution, the loan portfolio would typically be diversified in a variety of industries, as well as geographic areas. CFAB was chartered to promote agriculture and fishing industries in Alaska. Initially the opportunity for diversification was limited to fishing and agriculture with the agricultural diversification becoming nil.

.....end of audit

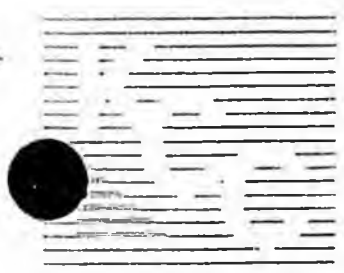
HB339 – Supporters of CFAB bill

Associations

Kodiak Chamber of Commerce	Wayne Stevens
Alaska Visitors Association	William Pedlar
Alaska Hotel & Motel Association	Amy Armachain
Alaska Restaurant & Beverage Association	Mary Green
Alaska Hospitality Alliance	Karen Rogina
Alaska Travel Industry Association	Ann Campbell
Cordova District Fishermen United	Jerry McCune
City of Seldovia	Dave Choquette
Seldovia Chamber of Commerce	Dave Choquette
Tok Chamber of Commerce	Dale Young, Jr.
Southeast Conference	Frank Homan
Bristol Bay Native Corporation	Trefon Angasan
Shuyak, Inc.	Lois Stover
Alaska Miners Association	Albert Clough

Individuals and Businesses

Susan Springer	Herring Bay Mercantile	Seldovia
Dave Nanney	Eagle Bed & Breakfast	Haines
Cindy Cashen	Cashen Quarters	Juneau
Craig Weidner	Pullen Creek RV Park	Skagway
Bob Dindinger	Alaska Travel Adventures	Juneau
Neil MacKinnon	Hyak Mining Co.	Juneau
Daniel Farren	CFAB Member	
John Engle	CFAB Member	Ketchikan
Snooks Moore	CFAB Member	Homer
Alan Otr:ess	CFAB Member	Petersburg
Clinton Mullins	CFAB Member	Cordova
John Winther	Petersburg Energy LLC	Petersburg
Karl Klupar	Historic Skagway Inn	Skagway
Rosemary Libert	Lynch & Kennedy Dry Goods	Skagway
Frank Rose	Alaska Lodging Mgt.	Fairbanks
Helene Keso	Ridge Way B&B	Juneau
Justin Ripley	Alaska Travel Network	Anchorage
Kirk Hoessle	Alaska Wildland Adventures	Girdwood
David Polushkin		Willow
Michael Gordon	Chilkoot Charlie's	Anchorage
Maurice MacDonald	O'Brady's	Anchorage
Shane Horton	Eagle's Nest Motel	Haines



**KODIAK
CHAMBER
OF COMMERCE**

P.O. Box 1485, Kodiak, Alaska 99615

(907) 486-5557

FAX: (907) 486-7605

Representative Eldon Mulder
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

FAX 907-465-3518

Representative Mulder,

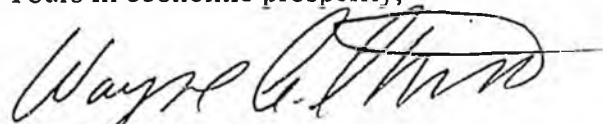
The Board of Directors of the Kodiak Chamber of Commerce has voted to support House Bill 339. HB339 would authorize the Alaska Commercial Fishing and Agricultural Bank (CFAB) to expand its authority by adding to its charter the ability to make loans relating to tourism and development or exploitation of natural resources. The Board of Directors believes that there exists a need for this expanded authority. The tourism industry is very seasonal. As such, it is often difficult for a start up operation to have access to working capital and to the funds necessary to potentially expand their business operations.

CFAB is a private lending cooperative, incorporated under specific state statutes to provide financing to the Alaska commercial seafood and agriculture industries. A task they have successfully accomplished for more than twenty years. CFAB has played a vital role in the fishing industry in Kodiak over the past twenty years. This institution has in numerous instances, been the only lender available to many in the fishing or agricultural industries. It is our belief that this bill will open doors to financing for the small entrepreneurs in the visitor and mining industries.

The tourism industry in Kodiak has been cautiously expanding over the past fifteen years. We are confident that given this opportunity for new financing options, this expanding vital industry in Kodiak will continue to grow, thrive and prosper. Economic diversification is critical to the future success of our community. We believe that this same need for diversity will be important to the future success of CFAB as well.

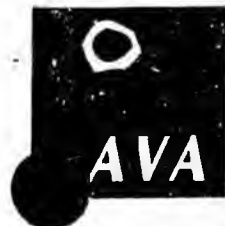
The Board of Directors of the Kodiak Chamber of Commerce encourage the legislature to move this bill forward and allow CFAB to assist the tourism and mining industries as capably as the have served both fishing and agriculture.

Yours in economic prosperity,

A handwritten signature in cursive script, appearing to read "Wayne A. Stevens". The signature is written in dark ink and is positioned above the printed name.

Wayne A. Stevens
Executive Director

Cc: Representative Alan Austerman
Senator Jerry Mackie
Ed Crane, President, CFAB



ALASKA VISITORS ASSOCIATION

2525 C Street, Suite 400 • Anchorage, Alaska 99503

Phone: (907) 561-5733 • Fax: (907) 561-5727

E-mail: avanet.org • www.visitalaska.org

1999-2000

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Holland America Line
Seattle, Washington

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Ann Campbell
Aurora Consulting
Anchorage, Alaska

2nd Vice President
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Alaska Tour and Travel
Anchorage, Alaska

VP Government Relations
Bob Dindinger
Alaska Travel Adventures
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Secretary
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Treasurer
Toni Walker
Logistics, LLC
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Phillips Cruises & Tours

Frank Rose
Alaska Lodging Management/
Denali Bluffs Hotel

Kathy Tarr
Kenai Visitors &
Convention Bureau

Tom Tougas
Kenai Fjords Tours

Chris von Imhof
Alyeska Resort

Brad Walker
Alaska Airlines

Tina Lindgren
Executive Director

March 2, 2000

Representative Eldon Mulder
House Finance Committee Co-Chair
State Capitol Room 507
Juneau, AK 99801

Dear Representative Mulder,

I am writing to express the Alaska Visitors Association's support for two bills in the Legislature.

AVA recently voted to support HB 339, which would expand the abilities of the Commercial Fishing and Agriculture Bank to allow loans to small tourism businesses. This new loan option would greatly benefit small tourism businesses and start-up enterprises that might otherwise have difficulty obtaining a regular commercial loan.

AVA also supports House Bill 42, which would discourage frivolous lawsuits by assigning financial penalties for false suits. Many small Alaskan tourism businesses cannot afford the legal fees incurred in such lawsuits, and in some cases the expense of fighting unmerited claims can put an operator out of business. Tourism is the fastest growing industry in the state and the second largest private-sector employer with more and more small Alaskan businesses starting up each year. In order to continue this small business growth, owners need a fighting chance to get their businesses off the ground without the hassle of frivolous litigation.

AVA is a private, non-profit statewide trade association representing all facets of the tourism industry. With more than 500 member businesses, AVA is the largest, statewide visitor industry association representing the full spectrum of visitor industry business interests from small localized rafting operators and wilderness guides to large air and cruise lines. Since 90% of our members are small businesses with fewer than 10 employees, we see that a majority of them would benefit from protection against frivolous lawsuits and increased access to small business loans.

Sincerely,

Anne Adasiak-Andrew
Acting Executive Director

cc: Representative Hudson
Representative Austerman
Representative Rokeberg

SOUTHEAST CONFERENCE

Working for strong economies, healthy communities, and a quality environment in Southeast Alaska

February 20, 2000

Representative Eldon Mulder
Room 507
State Capitol Bldg
Juneau, AK 99801-1182

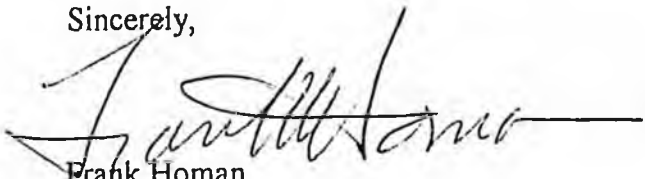
Dear Representative Mulder:

The Southeast Conference appreciates your efforts in providing opportunities for Alaska business expansion and development. The Southeast Conference supports HB 339 "An Act authorizing the Alaska Commercial Fishing and Agriculture Bank to make loans to tourism and development or exploitation of natural resources." The availability of financing is one of the most important considerations in any business development and at this time Alaska needs assistance to diversify its economy. The decline of oil production, timber production and low prices for our salmon production are indicators that Alaska must seek to diversify in order to replace lost jobs and to provide jobs for young Alaskans about to enter the workforce.

The Alaska Commercial Fishing and Agriculture Bank is capable of taking on this expanded ability to help Alaska businesses. It has been in existence for more than twenty year and has been successful in providing financing to two of Alaska's significant economic sectors namely fishing and agriculture. The experience gained in those areas will be a major benefit in designing a program to assist Alaska tourism and natural resource development projects.

Thank you for introducing HB 339. Please do not hesitate to call on me if you have any questions.

Sincerely,



Frank Homan
Executive Director

J
P

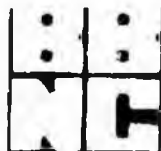
Rep. Eldon Mulder.
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Ak 99801
FAX # 907-465-3518

Greetings,
We support Bill 339 (HB339)

Sincerely,
Lois Stover, President
Shuyak Inc
Box 727 Kodiak Ak 99615

FAX 907-486-5097

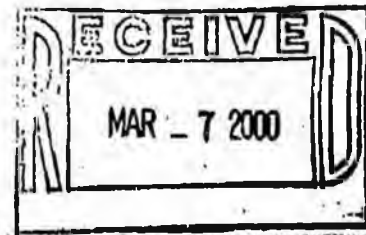
Dated 2-15-00



Bristol Bay Native Corporation

Enriching Our Native Way of Life

800 Cordova Street, Suite 200 / Anchorage, Alaska 99501-6299 / (907) 278-3602 / fax (907) 276-3924



Representative Norman Rokeberg
State Capitol, Room 24
Juneau, AK 99801-1182
Fax: 907-465-2040

March 6, 2000

Re: House Bill 339

Dear Representative Rokeberg:

I am writing in support of HB # 339 sponsored by Representatives Mulder, Hudson and Austerman, entitled "An Act authorizing the Alaska Commercial Fishing and Agriculture Loan Bank to make loans relating to tourism and development or exploitation of natural resources."

The reason that I support the Bill is because of the enormous benefit that this bill would have for economic development opportunities for village corporations in rural Alaska. Many village corporations in rural Alaska largely have not participated in the growing tourism industry in Alaska. They do not have the venture capital necessary to develop the tourism industry on their lands. When village corporations received their share of the settlement from the Alaska Native Claims Settlement Act, (ANCSA), it was based on a per capita share. Under this formula, if enrollment of the village corporation was under 1,000, it limited their investment portfolio simply because they did not receive enough cash. The cash received was typically spent in the implementation of ANCSA such as Section 14(c) which required that the corporations reconvey to anyone who had a prior use of the land, for expansion of the municipality in the future and for air port expansion. This was a tremendous undertaking and was a financial windfall for the land experts, auditors, and lawyers, but was an economic hardship for the village corporation. Many of us aspire to get into the tourism business but costs are prohibitive when we try to borrow from the existing lending institutions in Alaska.

I understand the concern that some banking institutions of Alaska have about the competition that CFAB would present in the lending industry but if the legislature would adopt HB#339, the earnings would stay in Alaska through the revolving loan philosophy of the co-op. Changes are taking place as I speak. One of Alaska's largest banking institutions is merging with a national conglomerate. The remaining banks have survived the economic downturn of the '80's because of its conservative investment lending practices. I remember when Alaska State Bank, United Bank of Alaska, and other Alaska banks had an expanded portfolio to lend money to rural businesses. They are gone now and no one has stepped forward to fill the

void.

There is some mineral potential on some of the 44 million plus acres conveyed to ANCSA Corporations. The options to develop and exploit that potential is limited. Native corporations have had to search for companies to partner with to develop the mineral potential on Native land. The current trend of the companies that we contact are to focus their exploration money on known reserves and have little interest in exploring or developing the natural resources such as natural gas on our lands. There are known reserves on some Native lands but so far, the companies do not want to risk their venture capital or they consider the prospect too small for their global portfolios.

Sincerely,



Trefon Angasan

Vice President, Shareholder and Corporate Relations
Secretary, Alaska Peninsula Corporation. (A merger of five village corporations in BB)

cc: House of Representatives

City Of Seldovia

P.O. Drawer B

Seldovia, Alaska 99663

Phone (907) 234-7643

Fax (907) 234-7430

April 11, 2000

Representative Fred Dyson
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Dyson:

Please review the attached letter representing the City of Seldovia's support for HB 339.

Seldovia, like many small communities through out the state, has no bank, nor do we have an ATM machine despite repeated requests. Obviously, they don't believe there is enough business year-around to justify the placement of a machine in Seldovia. Only on rare occasions do banking representatives visit this community.

CFAB has been involved in the City of Seldovia. At present, other than a few boats that harvest seafood and sell across the bay, we no longer have a fishing industry. Seldovia must look elsewhere to strengthen its economic base.

HB 339, which expands CFAB's lending authority to include natural resource and tourism projects, will greatly assist communities such as ours. For us, this expansion does not compete against the private sector. HB 339 will provide us with an avenue to reverse our downward economic spiral.

Thank you for your time, and your consideration.

Kindest personal regards;

Dave Choquette
City Manager



ALASKA HOSPITALITY ALLIANCE

Representing Alaska's Finest
Accommodations • Restaurants • Beverage Operations & Hospitality Suppliers



Alaska Restaurant & Beverage Association

February 28, 2000

Office of Representative Eldon Mulder
State Capital
Juneau, AK 99801

Dear Representative Eldon Mulder:

On behalf of Alaska's Hospitality Industry, we would like to convey our support of your efforts to pass HB339. As an industry trade association, our goal is to develop and sustain a business environment in the state, which allows hospitality industry businesses the opportunity to flourish. This type of legislation helps our industry to achieve that objective by providing members with access to financing that might not otherwise be available.

We are pleased that you have taken the initiative to progress this legislation, and will be happy to mobilize our membership in support of it. Let us know what we can do.

Best regards,

Karen R. Rogina
Executive Vice President

UNITED IN A COMMON GOAL TO MAKE ALASKA THE MOST HOSPITABLE PLACE ON EARTH!

City Of Seldovia

P.O. Drawer B
Seldovia, Alaska 99663
Phone (907) 234-7643
Fax (907) 234-7430

March 3, 2000

Honorable Eldon Mulder
Co-Chair Finance
State of Alaska
House of Representatives
State Capitol
Juneau, Alaska 99811

Hand Delivered

Reference: HB 339

Dear Representative Mulder:

Eldon

On behalf of the City of Seldovia and the Seldovia Chamber of Commerce, please let this letter express our support for HB 338, expanding CFAB's authority to handle loans for tourism and natural resources.

The City of Seldovia and its residents are a prime example of the need for CFAB to include tourism and resource development loans in its preview. Seldovia was once the largest city on the Kenai Peninsula. At one time we have over six major seafood processing plants in the community. Now we have none. Natural resource development once provided numerous jobs for area residents, in timber and mining activities. Now there is no activity.

Seldovia is a community that is losing residents every year. Our school population decreased this last year to the point that we lost a teacher. Once a proud and growing community, where everyone who wanted to work had a job, we were a primary example of why CFAB was founded. After all, very few places in Alaska processed more seafood than we did in Seldovia. We now suffer close to 40% unemployment. Future expansion of the fishing industry in Seldovia seems highly unlikely.

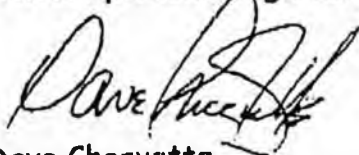
Tourism is one of our major hopes in reversing this downward economic trend. Seldovia is truly a beautiful place. It has the potential of becoming a major destination for both Alaskans and tourists. We are desperately seeking the infrastructure to make this a reality.

For a community that once heavily relied on the fishing industry for its very existence, we are now forced to switch gears. Giving CFAB the authority to include tourism and natural resource development within its scope of operations provides the private sector and the City with an additional and well-respected source of assistance.

Thank you for your time. Please let me know if a resolution from the City of Seldovia and the Seldovia Chamber of Commerce will help achieve passage of your bill.

I hope this letter finds you and your family in good health and enjoying, as best you can, the session.

Kindest personal regards;



Dave Choquette
City Manager



TOK CHAMBER OF COMMERCE

"Main Street Alaska"

P.O. Box 389
Tok, Alaska 99780
(907) 883-5887
FAX 883-3682

Representative Eldon Mulder
Alaska State Legislature
State Capitol
Juneau, Alaska

February 22, 2000

Rep. Mulder:

As representatives of businesses in our area, the Tok Chamber of Commerce wholeheartedly supports the efforts of House Bill No. 339 to authorize the Alaska Commercial Fishing and Agriculture Bank to make loans relating to tourism and development or exploitation of natural resources.

An additional source of financing for smaller-sized businesses in our area would be welcome indeed.

H. Dale Young, Jr.
President

HDY:ss

✓ 8

Subject: Please support HB 339

Date: Wed, 08 Mar 2000 12:52:40 -0900

From: "Susan W. Springer" <hbay@alaska.net>

Organization: Herring Bay Mercantile

To: Representative_Eldon_Mulder@legis.state.ak.us,
Representative_Bill_Hudson@legis.state.ak.us,
Representative_Alان_Austeman@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us,
Representative_Lisa_Murkowski@legis.state.ak.us,
Representative_Andrew_Halcro@legis.state.ak.us,
Representative_John_Harris@legis.state.ak.us,
Representative_Jerry_Sanders@legis.state.ak.us,
Representative_Tom_Brice@legis.state.ak.us,
Representative_Sharon_Cissna@legis.state.ak.us

I'm writing to urge your support for HB339, extending the lending authority of CFAB to include resource development and tourism.

I've owned small businesses in Seldovia, Alaska since 1989: a greeting card company, a bed and breakfast, and for the past six years, a retail gift shop. In 1994, my husband and I purchased a city waterfront lot, built a 1200 sf building, and opened Herring Bay Mercantile the following spring. Because of our income/expense ratio at the time, we did not seek conventional bank financing, relying instead on family financing. We were very fortunate to have family money available to us. The business made a profit its first season and has been profitable each year since. Our business contributes sales tax and property tax revenues

to the community, provides a valuable service for residents, a draw for tourists, employs residents for everything from computer consulting to snowplowing, and donates to absolutely every community and school entity that makes a request.

Now that we are successful, the Homer branches of NBA and First National Bank of Anchorage have made field trips to Seldovia, urging us to borrow money. We are a very low credit risk, and they'd love to have our business. Interestingly, we were just as low a credit risk six years ago when our personal balance sheet was not as appealing. We had then the same qualities we have now: vision, talent, and tremendous drive. These are the qualities that made our business a success.

I wonder how many more potential entrepreneurs like us are out there in rural Alaska? How many more communities stand to benefit from new business as Seldovia has benefitted from ours? How many of these folks don't qualify for conventional bank loans, yet still possess the skills necessary to succeed?

My husband went on to purchase a commercial fishing boat through CFAB and found them to be thorough yet helpful and easy to deal with. Furthermore, in 1996-97 I served on a Governor's Small Business Assistance Program Task Force and recall being left with several impressions:

1. That CFAB was well respected for its support of small (fisheries) business development through the Fisheries Business Assistance Program (operated by the Alaska Business Development Center).
2. That not many of the state-funded small business assistance programs worked as effectively as the above.
3. Access to start-up and operating capital is one of the primary challenges facing small Alaskan entrepreneurs trying to establish themselves in business.

Today, I serve on the boards of the Alaska Tourism Marketing Council and the Alaska Travel Industry Association. I also am in my second term on the Seldovia City Council. If there is one common theme among these three bodies, it is the need to support small businesses and enhance economic development in Alaska. You have before you, with HB 339, the opportunity to give small Alaskan entrepreneurs a tremendous shot in the arm, without having to find any scarce state dollars in order to do so. Please throw your support behind HB339 for the benefit of all small businesses in Alaska, and for the state's future economic health.

If I may provide you with further information, I'd be happy to do so. I may be reached at 234-7410, 234-7468, or hbay@alaska.net. I'll be out of town from 3/12 through 3/26, but will do my best to respond to you during my absence.

Very truly yours,
Susan W. Springer

Susan W. Springer
Owner, Herring Bay Mercantile

**PETERSBURG ENERGY LLC**Tel: (907) 772-4414
Fax: (907) 772-9385P.O. Box 1364
Petersburg, Alaska 99833

February 21, 2000

The Honorable Eldon Mulder
Chairman, House Finance Committee
Alaska State Legislature
State Capitol, Room 507
Juneau, Alaska 99811

Dear Chairman Mulder:

Petersburg Energy LLC (PE) is an independent, Alaskan-based oil exploration and production company owned mostly by Alaskan residents. Petersburg Energy presently holds leases on about 12,000 acres of state land on the North Slope, and is actively developing an exploration program with the intent to pursue production as soon as possible.

Petersburg Energy applauds your efforts and those of Representatives Bill Hudson and Alan Austerman in sponsoring House Bill No. 339. This bill will allow the Alaska Commercial Fishing and Agriculture Bank (CFAB) to make loans to Alaskan businesses involved in natural resource development and tourism. Petersburg Energy fully supports the proposed legislation.

While PE's activities have not developed to the point of trying to pursue financial assistance to support field production, we have held discussions with representatives of conventional banking institutions in Alaska and have been told that it is unlikely that commercial loans will be available for this type of enterprise. Broadening CFAB's authority to consider financial opportunities in support of natural resource development provides an Alaskan-owned company like Petersburg Energy a meaningful alternative not presently available to pursue business development plans.

Sincerely,

John R. Winther
President

cc. Petersburg Energy Board of Directors

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Dear Rep. Mulder

2/16/00

In this short note I would like to show my support for Ed Crane & the CFAB Board in their effort to expand CFAB's lending opportunities:

I believe it would be good for CFAB and good for the people of Alaska.

CFAB member, Daniel Farren

Thank you

Alan D. Otness
Post Office Box 317
Petersburg, Alaska

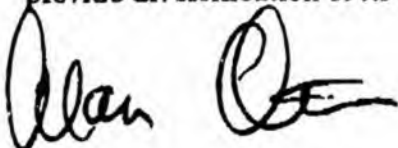
April 12, 2000

Senator Jerry Mackie
Chairman, Senate Labor and Commerce Committee

I am a life long Alaskan fisherman and have fished in Southeast for almost 40 years.

I have borrowed money from CFAB for almost 20 years and I can honestly say that without CFAB, I would not be in business today.

As a consequence, I have substantial equity in CFAB and HB339 will allow CFAB to provide diversification of its loan portfolio and help protect my investment.



Alan D. Otness
F/V COMMANDER

Clinton R. Mullins
Post Office Box 436
Cordova, Alaska 99574

April 12, 2000

Senator Jerry Mackie
Chairman, Senate Labor and Commerce Committee

I am writing to urge that you support the CFAB's HB339 legislation. I have been a resident Alaska commercial fisherman since 1963. I recall the difficulties securing financing for my fishing business from the commercial banks. I was an early borrower from CFAB at its inception. Over the years I have built up significant equity in this institution and believe that there is a need to allow the bank some opportunity to diversify to provide a broader base for CFAB owner borrowers.

CFAB has provided a very good partnership with the commercial fishing industry. I remember the significant contributions made by CFAB in helping to defeat the "Fish Initiative" in the recent past. CFAB contributed both money and in-kind personnel during this important political battle.

As I said, I live in Cordova and I believe that many small fishermen family operations would very much like to develop small bed and breakfast businesses or other small business opportunities relating to the increased tourist activities. I believe developing tourist activities will provide many new economic opportunities for the coastal communities. Towns like Cordova very much need this opportunity for diversifying their economic base. Due to weak salmon prices in Prince William Sound many are looking for new opportunities.

With your support, I believe that HB339 would be able to receive the support needed to move to a favorable conclusion. Your effort in behalf of this is greatly appreciated and will be long remembered.

Sincerely,



Clinton R. Mullins

Subject: House Bill 339

Date: Wed, 29 Mar 2000 19:00:06 -0800

From: "Karen May Hess" <k.hess@eudoramail.com>

Organization: QUALCOMM Eudora Web-Mail (<http://www.eudoramail.com:80>)

To: Representative_Eldon_Mulder@legis.state.ak.us

Representative Mulder,

My husband and I own and operate a small tour company in Haines and I strongly support House Bill 339. As a small business owner, we would not have been able to survive without the help of a very friendly banker, however not everyone has that available to them and everyone needs help at one time or another during their business years. Alaska is largely made up of small businesses as well as much of the backbone of America. We support House Bill 339.

Don "Duck" & Karen Hess
River Adventures
Haines, Ak.

Join 18 million Eudora users by signing up for a free Eudora Web-Mail account at <http://www.eudoramail.com>


April 7, 2000

Guy A. Matthews
P.O. Box 241
Tok, AK. 99780
833-5694
gmmining@atpalaska.net

To Whom It May Concern:

I would like to express my support for HB 339. This bill could help rural Alaskans develop local renewable and non-renewable resources. For the Tok area this bill could help people with new businesses relating to tourism. This bill could help me to get my placer operation into production as well as further my explorations within the Tintina gold belt area.

Sincerely,



Roseleen "Snooks" Moore
42122 Kachemak Drive
Homer, Alaska 99603-9426


April 12, 2000

Senator Jerry Mackic
Chairman, Senate Labor and Commerce Committee

I have been a borrower of CFAB as a commercial fisherman and as owner of Northern Enterprises Boat Yard since the early 1980s and I am aware of the volatility of the fishing industries.

The current legislation that would allow CFAB to serve the Alaska owned tourism industry would be good for CFAB by stabilizing their loan portfolio. This in turn would be good for all CFAB's borrowers.

Please support HB339.


Roseleen "Snooks" Moore

Dear Representative Mulder,

Authorizing the Alaska Commercial Fishing and Agriculture Bank to make loans for natural resource exploitation is a welcomed and potentially important piece of legislation. Capital is a precious commodity in the mineral business and any additional source; especially one with Alaskan expertise will be welcomed by the mining industry. This proposal deserves to become law.

Sincerely,

E. Neil MacKinnon
Hyak Mining Co.

My name is John Engle and I have been a CFAB member since 1990. I think that they have always been very responsible in their lending operations and deserve support if they want to diversify. This would also benefit others needing financing in whatever areas they choose to get into. I strongly urge you to continue with HB 339 and thank you for your support. Please feel free to ask me for any help I can offer.

John R. Engle

87 Shoup St.
Ketchikan, AK 99901

F/V Traveler II

response sent 2-15-00

DEB

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Subject: HB339

Date: Fri, 25 Feb 2000 23:47:35 -0800

From: "Bob Dindinger" <atalap@email.msn.com>

Organization: Microsoft Corporation

To: <Representative_Eldon_Mulder@legis.state.ak.us>,
"Representative Bill Hudson" <Representative_Bill_Hudson@legis.state.ak.us>,
<Representative_Alán_Austerman@legis.state.ak.us>

CC: <Representative_Lisa_Murkowski@legis.state.ak.us>,
<Representative_John_Harris@legis.state.ak.us>,
<Representative_Andrew_Halcro@legis.state.ak.us>,
<Representative_Tom_Brice@legis.state.ak.us>,
<Representative_Norman_Rokeberg@legis.state.ak.us>

Dear Representatives Mulder, Hudson, & Austerman

Have reviewed HB339 and support it whole heartedly. The inclusion of tourism businesses in this loan program may well be the States most meaningful action for truly small businesses.

As you know, most Alaska tourism businesses have less than five employees. Given the current nature of Alaska's economy, tourism most probably represents the best opportunity for Alaskan entrepreneurs.

I only have to think back to the early days for my own company (Alaska Travel Adventures) to appreciate the value of this legislation to new businesses.

Bob Dindinger
Juneau, Alaska

Subject: HB339

Date: Wed, 29 Mar 2000 12:14:43 -0800

From: "Helene Keso" <keso@gci.net>

To: Representative_Eldon_Mulder@legis.state.ak.us

CC: Representative_Eldon_Mulder@legis.state.ak.us

Good Afternoon,

It would be very beneficial to open financing to us small business operators in the tourism industry.

I own and operate a small Bed & Breakfast but can not make a living at it unless I expand what I have.

I have " The Ridge Way B&B " in Juneau

<http://home.gci.net/~keso/>

Also, I own the tug Tagish, that would make a fantastic lodge and charter but I do not have the capital to convert her. She is a ship assist and towing/fire vessel and averaged putting \$250,000.00 back into S.E. every year between 1978-1994; while employeeding many Alaskans. I have had her for sale for 4 years, but no one has been able to come up with financing. At this point there is no financing for older wooden vessels, even when they are solid and have 20+ years earning power.

<http://home.gci.net/~keso/tagish/>

Please, consider all Alaskans when you are planning. Thank You, Helene Keso (907) 780-4848

Subject: Support for HB 339

Date: Wed, 29 Mar 2000 12:33:45 -0900

From: Dave Nanney <eaglebb@wytbear.com>

To: Representative_Eldon_Mulder@legis.state.ak.us,
Representative_Alan_Austerman@legis.state.ak.us,
Representative_Bill_Hudson@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us,
Representative_Lisa_Murkowski@legis.state.ak.us,
Representative_Andrew_Halcro@legis.state.ak.us,
Representative_John_Harris@legis.state.ak.us, Representative_Tom_Brice@legis.state.ak.us,
Representative_Sharon_Cissna@legis.state.ak.us,
Representative_Gene_Therriault@legis.state.ak.us,
Representative_Con_Bunde@legis.state.ak.us, Representative_Gary_Davis@legis.state.ak.us,
Representative_Richard_Foster@legis.state.ak.us,
Representative_Gail_Phillips@legis.state.ak.us,
Representative_Bill_Williams@legis.state.ak.us,
Representative_John_Davies@legis.state.ak.us,
Representative_Ben_Grussendorf@legis.state.ak.us,
Representative_Carl_Moses@legis.state.ak.us

Dear Alaska Representatives,

I am writing in support of the proposal to expand the functions of this lending group to any type of Alaskan business. In these times of restricted state monies it seems only common sense to help grow our economy and available financing is one of the best ways to do just that.

Thank you

Shane Horton, Eagles Nest Motel Haines, Alaska
Eagles_Nest@wytbear.com

Dear Representative Mulder,

I am writing in support of House Bill 339, providing lending authority to not only commercial fishermen but opening CFAB up to certain Alaskan small businesses.

I am looking at my 10th season as a Bed and Breakfast owner in Juneau Alaska. I see many Bed and Breakfasts having a hard time obtaining loans when they wish to enlarge their business or begin a remodeling venture. These are successful hardworking Alaskans who are frustrated because the red tape and rules Banks have set up prevent them from seeing their dreams realized. Some end up selling the business and leaving Alaska.

Alaskan Innkeepers are known to be among the hardest working, most dependable visionaries in our state. Banks should drool when we walk through their doors. We pay our bills and we look to expand. Most of us are living our dream by running a tourism business and we want to keep operating in the best capacity possible. Often we run into dead end streets with banking loans unavailable because of various restrictions.

I hope you will be able to get this bill onto the floor and passed. The majority of Alaskans know tourism is a successful venture and we need to keep it that way. This bill would help.

Sincerely,
Cindy Cashen
Cashen Quarters Bed & Breakfast
315 Gold Street
Juneau, Alaska
<http://www.cashenquarters.com>
jsclc3@ptialaska.net
586-9863 Fax: 907 586-9861

House Bill 339

"An Act relating to the Alaska Commercial Fishing and Agriculture Bank."

Dear Representative: I heartily support HB 339 as it would give very timely financial assistance to fledgling tourism and resource development businesses and assist Alaska in diversification of its economy.

Yours truly, Dave Nanney Haines, Alaska Tel: 766-2763
email: eaglebb@wytbear.com

CRAIG MARTIN WEIDNER
FULLEN CREEK RV PARK
P. O. BOX 324
SKAGWAY, AK 99840

CRAIG MARTIN WEIDNER
FULLEN CREEK RV PARK
P. O. BOX 324
SKAGWAY, AK 99840

To,

Representative Eldon Mulder

In regards to House Bill 339.

The access to financing for tourism + the preservation of natural resources is sorely needed in Alaska. Funds for these endeavors would produce jobs and benefit local economies as well as the state as a whole. As a businessman I believe access to financing for these targeted areas is crucial for Alaska's economy.

Craig Weidner
Fullen Creek RV Park
P.O. Box 324
Skagway Alaska
99840

800-936-3731

Subject: hb339

Date: Wed, 23 Feb 2000 13:41:58 -0500

From: "Rosemary V. Libert" <info@lynch-kennedy.com>

To: <Representative_Eldon_Mulder@legis.state.ak.us>,
<Representative_Norman_Rokeberg@legis.state.ak.us>,
<Representative_Lisa_Murkowski@legis.state.ak.us>,
<Representative_John_Harris@legis.state.ak.us>,
<Representative_Andrew_Halcro@legis.state.ak.us>,
<Representative_Tom_Brice@legis.state.ak.us>

Dear Honorable House Members,

Please support HB 339 in expanding the Fish and Agricultural banks charter to include Alaska based tourism projects. As a small business owner, I know how difficult to find financing for projects. Just the creation of this financing avenue would make current financial institutions in the rural areas more responsive to our needs.

Karl E. Klupar
Rosemary V. Libert
Skagway, Alaska

owners

Historic Skagway Inn, LLC
Lynch & Kennedy Dry Goods, Inc

Subject: HB339

Date: Wed, 23 Feb 2000 10:45:26 -0900

From: Frank Rose <aklm@ptialaska.net>

Organization: Alaska Lodging Mgt., Inc.

To: Representative_Eldon_Mulder@legis.state.ak.us,
Representative_Bill_Hudson@legis.state.ak.us,
Representative_Alban_Austerman@legis.state.ak.us

CC: Representative_Norman_Rokeberg@legis.state.ak.us,
Representative_Lisa_Murkowski@legis.state.ak.us,
Representative_John_Harris@legis.state.ak.us,
Representative_Andrew_Halcro@legis.state.ak.us,
Representative_Tom_Brice@legis.state.ak.us

I want to speak in favor of HB339. I believe that the extension of this loan program to allow CFAB lending authority to visitor industry businesses is an opportunity that must be endorsed. As I understand it, the program has not been very active relative to its intended purpose of providing loans to fishing related business. The visitor industry remains a viable and growing sector of our economy and one where small business make up the majority of this industry. To provide opportunity for these businesses to grow is an excellent investment in our state.

Frank Rose
Alaska Lodging Mgt., Inc.
PO Box 72478
Fairbanks, AK 99707

Subject: House Bill 339

Date: Wed, 23 Feb 2000 12:28:08 EST

From: KirkAWA@aol.com

To: Representative_Eldon_Mulder@legis.state.ak.us

**CC: Representative_Norman_Rokeberg@legis.state.ak.us,
Representative_Lisa_Murkowski@legis.state.ak.us,
Representative_John_Harris@legis.state.ak.us,
Representative_Andrew_Halcro@legis.state.ak.us,
Representative_Tom_Brice@legis.state.ak.us, Representative_Bill_Hudson@legis.state.ak.us,
Representative_Alán_Austerman@legis.state.ak.us**

February 23, 2000

Dear Representative Mulder,

This is just a short note to say that we support House Bill 339. This bill would provide needed financial assistance to small tourism businesses. As you know, tourism is a growing and thriving force in our economy, and small businesses often need financial support to grow, expand, and compete with the "Walmarts" of the tourism industry, the cruise lines and their related companies. A diverse tourism industry is a strong and vital tourism industry, and this bill would be very helpful in this regard. Thank you for the opportunity to comment.

Respectfully,

Kirk Hoessle, President
Alaska Wildland Adventures

Subject: HB 339

Date: Thu, 24 Feb 2000 14:00:39 -0900 (AKST)

From: Albert Clough <aclough@ptialaska.net>

To: Representative_Eldon_Mulder@legis.state.ak.us

Representative Mulder-

This email is in support of HB 339. Expansion of loan access can provide positive benefits to the development of various natural resource projects (to include small and medium sized mining ventures) throughout Alaska. Thank you for your efforts to expand the list of projects which would qualify for funding through the Alaska Commercial Fishing and Agriculture Bank.

Albert H. Clough, P. Geol.
Chair, Juneau Branch, Alaska Miners Association

P.O. Box 449
Willow AK

99688

Representative Eldon Mulder
Alaska state legislature
state Capitol (MS 3100)
Juneau Alaska

99801-1182

Dear MR. Mulder,

It is good to know that
our elected officials are trying to
Diversify the main banking institutions
so that it can exist. I support
HB 339 and I hope you vote
for it.

Thank you.

David Polushkin
David Polushkin

Subject: CFAB Diversification

Date: Sat, 12 Feb 2000 09:39:05 -0900

From: "John R. Engle" <engle@ktn.net>

To: "Eldon Mulder" <Representative_Eldon_Mulder@legis.state.ak.us>

My name is John Engle and I have been a CFAB member since 1990. I think that they have always been very responsible in their lending operations and deserve support if they want to diversify. This would also benefit others needing financing in whatever areas they choose to get into. I strongly urge you to continue with HB 339 and thank you for your support. Please feel free to ask me for any help I can offer.

John R. Engle

87 Shoup St.
Ketchikan, AK 99901

F/V Traveler II

Sent to:

AVI - Ann to - Asiah - Anderson

AHA - Karen Rogers

Alyx Selhorst - Dave Choquette

Tale Chambers - Dale Young

SE Corp - Frank

BBNA - Trefon Agnew

Puller Creek RV Park - Craig Weidner

APA - Bob Dindinger

Hyale Mining - Neil MacKinnon

CFAB Member - Daniel Farrow

F/T Traveler - John Engle

PSI Energy - John Winters

Sluegate, Inc. - Lois Stoner

Skogevoy Inn - Karl Klupen / Rosemary Libart

AK Lodging Mgt - Frank Rose

AK Travel Network - Justin Ripley

AK Wildlife Adventures - Kute Hoesske

AK Business Assoc. - Al Clough

March 16, 2000

Mr. Justin Ripley
Alaska Travel Network
PO Box 221011
Anchorage, AK 99522

Dear Mr. Ripley,

I wanted to say thanks for your letter of support for House Bill 339. This bill will enable the Commercial Fisheries Agriculture Bank (CFAB) to make loans to Rural Alaskan small business ventures involved in natural resource development and tourism.

As you pointed out, the need for diversity in CFAB's loan portfolio is very important for the permanence of the bank and the great benefit to small businesses and start-up enterprises that might otherwise have difficulty obtaining a regular commercial loan.

I appreciate your willingness to speak to other legislators in order to see this important piece of legislation succeed. (see attached list) We'll do our best to keep you apprised of progress on the bill. We hope to soon have our second hearing before the House Labor and Commerce Committee, and then it will go to the House Finance Committee.

David Kolushkin - Willow, AK.

Sincerely,

Representative Eldon Mulder

Seldovia

Susan Springer

H B 339

SENATE FINANCE COMMITTEE

SIGN-IN

HB 339-CFAB LOANS FOR TOURISM & NAT RESOURCES

NAME: ED CRANE Subject/Bill No: HB339
Co./Dept./Title: CFAB Phone: 276-2007
Address: 2550 DENALI/A1201 ANCHORAGE Zip: 99507
Do you wish to testify? BRIEFLY! Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions



Teleconference Update Summary

TCN: 10804

- Participants
- Announcements
- Notes
- Billing Information
- Final Statistics
- Summary
- Main Menu
- Search

Summary Data

TC Date: April 18, 2000	Moderator:
Time: 6:00 PM TO 8:00 PM	Toll Free Number: 800 368 8772
Status: In-Progress	Dial-up Number:
Sponsor: SFIN: FINANCE	Personal Number: 907 258 8772
Chairs: Pamell	Testimony Allowed: Yes
Torgerson	Time Limit: 5 minutes
Purpose: PUB	Backup Material: No
Contact: Darwin 4652138	Meeting ID: 73462
Public Remarks:	
Internal Comments: Other sites may add	

Agenda

Bill Number	Bill Subject
HB 58	OIL & GAS AUDITS
HB 116	BOARD OF AGRICULTURE AND CONSERVATION
HB 339	CFAB LOANS FOR TOURISM & NAT RESOURCES
HB 317	STATE EMPLOYEE HIRE AND PROMOTION

LIO Sites

Chair	Name	Room
<i>on line</i>	ANCHORAGE	
<i>on line</i>	FAIRBANKS	<i>1 person observing only</i>
<i>x</i>	JUNEAU	CAP532
<i>on line</i>	MATSU	<i>- 1 person HB116 - observing observing</i>

VTS Sites

Chair	Code	Name	Location	LIO
<i>on line</i>	GAK	GAKONA	JUNCTION VILLAGE -	GLN HB339

Off-net Sites

Chair	Code	Name	Location	Phone
online	OF1	Elizabeth Hickerson	<i>on line</i>	907 269-5208 <i>HB116</i>
online	OF2	Susan Springer		907 234-7410
online	OF3	<i>Cheryl Frasca - listening Anc available for questions - HCR 22</i>		

Participants

Name	Type	Bill
------	------	------

pls

HB

342

HFIN

FILE

HB 342

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us

PO Box 72000
Juneau, Alaska 99801-0000
907-465-3500
Fax (907) 465-3532
www.governor.ak.us

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 3, 2000

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Porter:

The Alaska Industrial Development and Export Authority (AIDEA) has been a key player in many of Alaska's economic successes through the years. AIDEA programs have financed smaller projects, such as the Unalaska Marine Center dock, and the multi-million dollar Red Dog mine and Federal Express aircraft maintenance facility. This bill I transmit today continues AIDEA's role in boosting economic development and creating jobs in the state by extending its bonding authority for development projects of up to \$10 million and for conduit bond financing that does not involve the assets or credit of AIDEA or the state.

Under the bill, AIDEA's general bonding authority for projects up to \$10 million would be extended for three years, until June 30, 2003. The bill also clarifies that the sunset provision does not apply to conduit revenue financing transactions. Projects larger than \$10 million would still require specific legislative authorization.

In addition, this bill clarifies the procedures available to municipalities to grant tax exemptions for privately held interests in AIDEA-owned assets and projects, and instead enter into agreements and receive payments in lieu of taxes.

The bill also provides for the transfer of the rural development initiative fund (RDIF) program from the Department of Community and Economic Development (DCED) to AIDEA. This makes formal the program transfers authorized in last year's departmental merger bill. Transferring the RDIF program would enable AIDEA to further its economic development mission in communities of 5,000 or less.

HB

343

HFIN

FILE

adopted N/O 3/1/00 3/1/00
AMENDMENT #6

BY REPRESENTATIVE AUSTERMAN

Page 3 following line 28 CHINIAK
INSANT KODIAK Rhinian/PASHAGSHAK Road Station
\$ 50,000

~~add China Hot Springs - withdrawn~~

3/1/00

Failed (3-7)

Amendment # by Rep. Bunde

Amendment to CS HB 343(FIN) ~~#~~ 5

Page 3, Line 19,

Delete "\$248,900"

Insert "\$106,400"

Delete lines 24 through 25

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 9, 2000

FURTHER REFERRALS:

Date of Committee Action: 3/01/00

The FINANCE Committee considered:

HB 343

HOUSE BILL NO. 343

APPROPRIATIONS: CAPITAL/SUPP/REAPPROP

"An Act making and amending capital, supplemental, and other appropriations and reappropriations; making a reappropriation under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; making appropriations to capitalize funds; ratifying certain expenditures; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 343 (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) _____

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Glenn Ford</i>	MUHDER	✓			
<i>Gene Herrault</i>	TERRIAULT	X			
<i>Bob Foster</i>	FOSTER	X			
<i>John H. Kelly</i>	DAVIES	X			
<i>Ben Brunsendorf</i>	BRUNSENDORF	X			
<i>Carl O. Moses</i>	MOSES	X			
<i>W.K. Williams</i>	WILLIAMS	X			
<i>Gail Phillips</i>	PHILLIPS	✓			
<i>Jan Bunde</i>	BUNDE	✓			
<i>Alan Austerman</i>	AUSTERMAN	✓			

CHAIR'S SIGNATURE *Glenn Ford*
ADMIN COO

Gene Herrault
TREASURER

HB 343 - FY 2000 Supplemental Appropriations Bill, Fast Track, By Section

Sec.	Dept.	BRU/ Component	Purpose	General Funds	Federal Funds	Other Funds	Total Funds
1		Natural Resources	Fire suppression expenditures to date and FY00 fixed costs	6,415.1			6,415.1
2	a	Admin	Senior Svcs/ Protection, Community Svcs & Admin	118.6			118.6
2	b	Admin	Centralized Admin Svcs/Ret & Bens			100.0	100.0
3		C&ED	AIDEA Revolving Fund				0.0
4	a	E&ED	Early Development/Day Care Assistance			1,500.0	1,500.0
4	b	E&ED	K-12 Support/ Foundation Prgm	-2,139.7			-2,139.7
4	c	E&ED	K-12 Support/Pupil Transportation	2,139.7			2,139.7
5	a	H&SS	Catastrophic & Chronic Illness Asst	608.6			608.6
5	b	H&SS	Public Asst Admin/Child Care Benefits		1,500.0		1,500.0
5	c	H&SS	Public Asst/ Energy Asst Prgm		2,361.1		2,361.1
6		Law	Lapse date extension to June 30, 2001 for tort reform and medical procedures cases				0.0
7	a	M&VA	Army Guard	24.2			24.2
7	b	M&VA	Alaska National Guard/Air Guard Fac Maint		212.4		212.4
7	c	M&VA	Alaska National Guard/Youth Corps		582.1	110.5	692.6
8		Revenue	Child Support Enforcement	150.0	470.2		620.2
9	a	Trans & PF	Marine Vessel Ops/Southeast Vessel Ops	500.0			500.0
9	b	Trans & PF	Stw Facil Maint & Ops/Northern Region Facilities	25.0			25.0

HB 343 - FY 2000 Supplemental Appropriations Bill, Fast Track, By Section

Sec.	Dept.	BRU/ Component	Purpose	General Funds	Federal Funds	Other Funds	Total Funds
9	c	Trans & PF	AIA/Operations			900.0	900.0
9	d	Trans & PF	Northern Region Hwys & Aviation	248.9			248.9
9	e	Trans & PF	Northern Region Hwys & Aviation	50.0			50.0
10		University	Ch 139, SLA 98, pg 87, ln 33 (capital)		500.0	500.0	1,000.0
11	a	Various	Planning and design for University museum Use 3070.0 estimated lapse of Y2K appropriation to partially fund shortfall in Longevity Bonus Grants				0.0
11	b	Admin	Longevity Bonus Grants	1,430.0			1,430.0
11	c		CBR 3/4 vote provision				0.0
12		E&ED	reappropriation				0.0
13		C&ED	PCE&REC Fund			8,000.0	8,000.0
14		Legislature	Legislative Council				0.0
			TOTAL SUPPLEMENTALS	9,570.4	5,625.8	11,110.5	26,306.7
15	a1	Admin	Ratification: FY98 Personnel	2.4			2.4
15	a2A	C&RA	Ratification: FY98 AHFC/State Energy Prg	3.3			3.3
15	a2B	C&RA	Ratification: FY98 HSS/Admin Child Trust (\$24.19)				0.0
15	a2C	C&RA	Ratification: FY98 JTPO/Peer Outreach (\$20.00)				0.0
15	a2D	C&RA	Ratification: FY98 Rural Gov Commission (\$342.00)	0.3			0.3
15	a3	H&SS	Ratification: FY99 Medicaid Services	3,271.6			3,271.6
15	b	Natural Resources	Ratification: FY99 Fire Suppression	3,613.7	250.0		3,863.7
			TOTAL RATIFICATIONS	6,891.3	250.0		7,141.3
16			Lapse Provisions				
17			Immediate Effective Date				

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 343(FIN), Draft Version "I"

1 Page 2, line 3, following "DEVELOPMENT.":

2 Insert "(a)"

3 Page 2, following line 6:

4 Insert new subsections to read:

5 "(b) Section 43, ch. 84, SLA 1999, page 23, line 31, is amended to read:

6 ALLOCATIONS

7 Foundation Program 686,914,600

8 [689,054,300]

9 (c) Section 43, ch. 84, SLA 1999, page 24, line 10, is amended to read:

10 ALLOCATIONS

11 Pupil Transportation 41,914,800

12 [39,775,100]"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 343(FIN), Draft Version "I"

1 Page 2, following line 2:

2 Insert a new bill section to read:

3 **"* Sec. 3. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY.**
4 The sum of \$8,000,000 that was declared available for appropriation by the board of directors
5 of the Alaska Industrial Development and Export Authority as a one-time additional fiscal
6 year 2000 dividend from the unrestricted balance in the Alaska Industrial Development and
7 Export Authority revolving fund (AS 44.88.060) is appropriated in sec. 13 of this Act."

8 Renumber the following bill sections accordingly.

9 Page 4, following line 26:

10 Insert a new bill section to read:

11 **"* Sec. 13. POWER COST EQUALIZATION.** The sum of \$8,000,000 is appropriated
12 from the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060)
13 to the power cost equalization and rural electric capitalization fund (AS 42.45.100)."

14 Renumber the following bill sections accordingly.

15 Page 5, line 27, following "PROVISIONS.":

16 Insert "(a)"

17 Page 5, line 27:

18 Delete "secs. 8(b) and 9"

19 Insert "secs. 9(b) and 10"

1 Page 5, following line 28:

2 Insert a new subsection to read:

3 "(b) The appropriation made by sec. 13 of this Act is to capitalize a fund and
4 does not lapse."

1-GH2041/I
Utermohle
3/1/00

*Amended
page 3 + 4*

*Adopted
3/10/00*

CS FOR HOUSE BILL NO. 343(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

1 "An Act making and amending capital, supplemental, and other appropriations and
2 reappropriations; making a reappropriation under art. IX, sec. 17(c), Constitution
3 of the State of Alaska, from the constitutional budget reserve fund; ratifying
4 certain expenditures; and providing for an effective date."

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

6 * **Section 1. FIRE SUPPRESSION.** The sum of \$6,415,100 is appropriated from the
7 general fund to the Department of Natural Resources for incurred fire suppression expenditures
8 and fixed costs for the fiscal year ending June 30, 2000.

9 * **Sec. 2. DEPARTMENT OF ADMINISTRATION.** (a) The sum of \$118,600 is
10 appropriated from the general fund to the Department of Administration, division of senior
11 services, for operating costs of the general relief program for the fiscal year ending June 30,
12 2000.

13 (b) The sum of \$100,000 is appropriated from the public employees retirement trust
14 fund (AS 39.35.020(6)) to the Department of Administration, division of retirement and

1 benefits, for costs associated with an unexpected Public Employees' Retirement Board election
2 for the fiscal year ending June 30, 2000.

3 * **Sec. 3. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT.** The sum
4 of \$1,500,000 is appropriated from interagency receipts to the Department of Education and
5 Early Development from the Department of Health and Social Services for the child care
6 assistance program for the fiscal year ending June 30, 2000.

7 * **Sec. 4. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** (a) The sum of
8 \$608,600 is appropriated from the general fund to the Department of Health and Social
9 Services for catastrophic and chronic illness assistance (AS 47.08) for the fiscal year ending
10 June 30, 2000.

11 (b) The sum of \$1,500,000 is appropriated from federal receipts to the Department of
12 Health and Social Services, child care benefits, for costs for the fiscal year ending June 30,
13 2000.

14 (c) The sum of \$2,361,100 is appropriated from federal receipts to the Department of
15 Health and Social Services, energy assistance program, low income home energy assistance
16 program, for emergency heating assistance for the fiscal year ending June 30, 2000.

17 * **Sec. 5. DEPARTMENT OF LAW.** Section 55, ch. 2, FSSLA 1999, is amended to read:

18 Sec. 55. DEPARTMENT OF LAW. The appropriations made in sec. 3, ch. 7,
19 SLA 1998 (Department of Law defense of tort reform - \$199,500) and in sec. 30(a),
20 ch. 139, SLA 1998 (Department of Law, medical procedures and parental consent for
21 abortions - \$300,000) lapse into the general fund June 30, 2001 [2000].

22 * **Sec. 6. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS.** (a) The sum
23 of \$24,200 is appropriated from the general fund to the Department of Military and Veterans'
24 Affairs, Alaska National Guard, for operating costs for the fiscal year ending June 30, 2000.

25 (b) The sum of \$212,400 is appropriated from federal receipts to the Department of
26 Military and Veterans' Affairs, air guard facilities maintenance, for operating costs for the
27 fiscal year ending June 30, 2000.

28 (c) The sum of \$692,600 is appropriated to the Department of Military and Veterans'
29 Affairs, youth corps, for operating costs for the fiscal year ending June 30, 2000, from the
30 following sources:

31 Federal receipts \$582,100

1 Designated program receipts 110,500

2 * Sec. 7. DEPARTMENT OF REVENUE. The sum of \$620,200 is appropriated from the
3 following sources to the Department of Revenue, child support enforcement division, for a
4 one-time project to reduce the backlog of case adjustments for the fiscal years ending June 30,
5 2000, and June 30, 2001:

6 General fund program receipts \$150,000

7 Federal receipts 470,200

8 * Sec. 8. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a) The
9 sum of \$500,000 is appropriated from the general fund to the Department of Transportation
10 and Public Facilities, marine highway system, for increased fuel costs for the fiscal year
11 ending June 30, 2000.

12 (b) The sum of \$25,000 is appropriated from the general fund to the Department of
13 Transportation and Public Facilities, northern region facilities, for unanticipated winter storm
14 costs incurred outside the declared Central Gulf Coast storm systems disaster area ~~for the~~
15 ~~fiscal year ending June 30, 2000.~~

16 (c) The sum of \$900,000 is appropriated from the International Airports Revenue Fund
17 (AS 37.15.430) to the Department of Transportation and Public Facilities, Anchorage airport,
18 for additional operating costs for the fiscal year ending June 30, 2000.

19 (d) The sum of \$248,900 is appropriated from the general fund to the Department of
20 Transportation and Public facilities, northern region, for the fiscal year ending June 30, 2000,
21 to pay the costs of snow removal and opening of the following roads and is allocated in the
22 following amounts:

23	HIGHWAY	ALLOCATION
24	Taylor	\$132,000
25	Boundary Spur	10,500
26	Nome-Teller	35,700
27	Nome-Council	34,700
28	Kougarok	36,000

29 * Sec. 9. UNIVERSITY OF ALASKA. The sum of \$1,000,000 is appropriated to the
30 University of Alaska for planning and design of a university museum from the following
31 sources:

1 University receipts \$500,000

2 Federal receipts 500,000

3 * Sec. 10. LONGEVITY BONUS GRANT PROGRAM. (a) Notwithstanding sec. 5,
4 ch. 27, SLA 1999, the unexpended and unobligated balances as of March 31, 2000, of the
5 ^{constitution or all} budget reserve fund appropriations made in sec. 2(a), ch. 27, SLA 1999, page 2, line 3,
6 page 3, line 31, page 4, line 17, and page 4, line 20, are repealed and reappropriated to the
7 Department of Administration, longevity bonus grant program, for operating costs for the
8 fiscal year ending June 30, 2000.

9 (b) If the amount reappropriated in (a) of this section is not sufficient to fully fund
10 the longevity bonus grant program for the fiscal year ending June 30, 2000, the amount of the
11 shortfall is appropriated from the general fund.

12 (c) The appropriation in (a) of this section is made under art. IX, sec. 17(c),
13 Constitution of the State of Alaska.

14 * Sec. 11. NORTHWEST ARCTIC BOROUGH SCHOOLS. (a) Section 133, ch. 139,
15 SLA 1998, page 116, lines 26 - 31, is amended to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
16 Northwest Arctic Borough Schools - Ambler [HIGH]	<u>765,832</u>	<u>765,832</u>
17 School [RENOVATION PROJECT] (ED 37)	[1,690,400]	[1,690,400]
18 Northwest Arctic Borough Schools - Kiana [HIGH]	<u>833,511</u>	<u>833,511</u>
19 School [RENOVATION PROJECT] (ED 37)	[2,228,511]	[2,228,511]

22 (b) Section 133, ch. 139, SLA 1998, page 118, lines 12 - 14, is amended to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
23 Northwest Arctic - Buckland School	<u>14,655,709</u>	<u>14,655,709</u>
24 Remediation Project Phase II (ED 37)	[12,336,141]	[12,336,141]

25 * Sec. 12. REDISTRICTING PLANNING COMMITTEE. (a) The unexpended and
26 unobligated balance, not to exceed \$350,000, of the appropriation made by sec. 70, ch. 2,
27 FSSLA 1999 (special election - \$939,000) is reappropriated to the Legislative Council for the
28 fiscal year ending June 30, 2000, for the redistricting planning committee for preparation for
29 the 2000 redistricting plan.
30
31

1 (b) If the amount available for reappropriation under (a) of this section is less than
 2 \$350,000, then the unexpended and unobligated balance, not to exceed the difference between
 3 \$350,000 and the amount available for reappropriation under (a) of this section, of the
 4 appropriations made by sec. 64(a), ch. 2, FSSLA 1999 (Legislative Council), sec. 64(b), ch.
 5 2, FSSLA 1999 (Legislative Budget and Audit Committee), sec. 64(c), ch. 2, FSSLA 1999
 6 (Legislative Budget and Audit Committee), and sec. 64(d), ch. 2, FSSLA 1999 (Legislative
 7 Council) is reappropriated to the Legislative Council for the fiscal year ending June 30, 2000,
 8 for the redistricting planning committee for preparation for the 2000 redistricting plan.

9 * **Sec. 13. RATIFICATIONS.** (a) The following departmental expenditures made in fiscal
 10 years 1998 and 1999 are ratified to reverse the negative account balances in the Alaska state
 11 accounting system in the amounts listed for each AR number. The appropriations from which
 12 these expenditures were actually paid are amended by increasing them by the amount listed
 13 as follows:

14 (1) Department of Administration

15 AR7688-98 RS 0270267 Personnel \$ 2,379.50

16 (2) Former Department of Community and
 17 Regional Affairs

18 (A) AR52902-98 AHFC/St Energy Prg-Ib 3,324.50

19 (B) AR52925-98 HSS/Admn Child Trust 24.19

20 (C) AR52926-98 JTPO/Peer Outreach 20.00

21 (D) AR52936-98 Rural Gov Commission 342.00

22 (3) Department of Health and Social Services

23 AR22520-99 Medicaid Services 3,271,600.00

24 (b) The expenditures by the Department of Natural Resources for fire suppression, in
 25 the amount of \$3,863,700, for the fiscal year ending June 30, 1999 (AR37931-99 Fire
 26 Suppression) are ratified.

27 * **Sec. 14. LAPSE PROVISIONS.** The appropriations made by secs. 8(b) and 9 of this Act
 28 are for capital projects and lapse under AS 37.25.020.

29 * **Sec. 15.** This Act takes effect immediately under AS 01.10.070(c).

AMENDMENT 1

Adopted

OFFERED IN THE HOUSE

TO: CSHB 343(FIN), Draft Version "I"

1 Page 2, following line 2:

2 Insert a new bill section to read:

3 **** Sec. 3. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY.**
4 The sum of \$8,000,000 that was declared available for appropriation by the board of directors
5 of the Alaska Industrial Development and Export Authority as a one-time additional fiscal
6 year 2000 dividend from the unrestricted balance in the Alaska Industrial Development and
7 Export Authority revolving fund (AS 44.88.060) is appropriated in sec. 13 of this Act."

8 Renumber the following bill sections accordingly.

9 Page 4, following line 26:

10 Insert a new bill section to read:

11 **** Sec. 13. POWER COST EQUALIZATION.** The sum of \$8,000,000 is appropriated
12 from the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060)
13 to the power cost equalization and rural electric capitalization fund (AS 42.45.100)."

14 Renumber the following bill sections accordingly.

15 Page 5, line 27, following "PROVISIONS.":

16 Insert "(a)"

17 Page 5, line 27:

18 Delete "secs. 8(b) and 9"

19 Insert "secs. 9(b) and 10"

1 Page 5, following line 28:

2 Insert a new subsection to read:

3 "(b) The appropriation made by sec. 13 of this Act is to capitalize a fund and

4 does not lapse."

AMENDMENT

2

OFFERED IN THE HOUSE

TO: CSHB 343(FIN), Draft Version "I"

1 Page 2, line 3, following "DEVELOPMENT.":

2 Insert "(a)"

3 Page 2, following line 6:

4 Insert new subsections to read:

5 "(b) Section 43, ch. 84, SLA 1999, page 23, line 31, is amended to read:

6 ALLOCATIONS

7 Foundation Program 686,914,600

8 [689,054,300]

9 (c) Section 43, ch. 84, SLA 1999, page 24, line 10, is amended to read:

10 ALLOCATIONS

11 Pupil Transportation 41,914,800

12 [39,775,100]"



Alaska Association of Elementary Schools Principals
Alaska Association of Secondary School Principals
Alaska Association of School Administrators
Alaska Association of School Business Officials
Sponsor of the Alaska Staff Development Network

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Alaska Council of School Administrators

March 1, 2000

Representative Eldon Mulder
State Capitol
Juneau, AK 99801-1182

COPY

Subject: Support for funding student transportation supplemental

Dear Representative Mulder,

Please, may I bring to your attention a funding problem for many of the school districts in Alaska where student transportation is required? The problem is the possibility that the legislature may not provide the funding for a supplemental to cover the full cost of student transportation for the current school year.

There are reasons why student transportation should be fully funded. Here are a few:

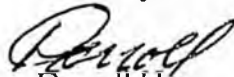
- First, the student transportation contracts administered by districts are uniquely state contracts. Local districts within the constraints set by the Department of Education and Early Development (EED) solicit bids and identify the best and lowest qualified bidder. The district must gain approval from the department before a contract can be awarded. Again, these contracts are entered into with the belief that the cost associated with them is the responsibility of the state.
- Second, If the state doesn't fund the student transportation obligation local school districts will experience further difficulties with already short budgets. The general revenue budget in every district across this state is stretched to the breaking point and to require them to pick up a payment for which they have not budgeted is unreasonable. It is late in the day for school districts to be trying to figure out how to come up with funding to cover this shortage.
- Third, many districts have experienced problems balancing their budget to comply with the statutes that require them to spend 65% of their budget for instruction. Many have made the necessary adjustments so that they meet the requirement. However, they may be so close that if they cut local instructional expenditures to pay for unexpected student transportation cost not funded by the state they could fall below the 65%. They would be declared in noncompliance by the year-end audit and subsequently by EED. Obviously, it is late in the year for a district to be revising local budgets to keep from being in noncompliance.
- Fourth, there is an element of inequity for school districts when student transportation is not fully funded. Districts range from heavy to no need for student transportation. If a cut is made in the state payment for bus contracts then a district

with a large demand will suffer the larger proportional cost. If a district has little or no need there would be little or no proportional cost. Equity among school districts is an important issue when cutting the state payment for student transportation.

I am aware that funding is tight and there is not enough to go around. There is no elegant solution to all of our funding problems, but short funding student transportation creates so many problems, which the legislature has attempted to fix over the years that a supplemental in the amount of \$2,139,683 is in order.

I am attaching a spreadsheet created by EED, which shows the loss that will be generated by each district if the supplemental is not funded. I am available to provide additional information that you may need.

Sincerely,



Darroll Hargraves
Executive Director

Department of Education & Early Development
Pupil Transportation FY2000 Pro-ration
February 17, 2000

DISTRICT	FY2000 PROJECTED ENTITLEMENT (INCLUDING COLA & CONTRACT RAISES)	TOTAL PRO-RATED BASED ON BUDGETED 39,775,100	DIFFERENCE
ALASKA GATEWAY	476,293	451,869	(24,424)
ALEUTIANS EAST	38,882	36,888	(1,994)
ALEUTIANS REGION	0	0	0
ANCHORAGE	13,780,758	13,074,085	(706,672)
ANNETTE ISLAND	12,099	11,479	(620)
BERING STRAITS	61,583	58,425	(3,158)
BRISTOL BAY	262,907	249,425	(13,482)
CHATHAM	9,437	8,953	(484)
CHUGACH	0	0	0
COPPER RIVER	756,235	717,455	(38,779)
CORDOVA	50,835	48,228	(2,607)
CRAIG	22,377	21,230	(1,147)
DELTA/GREELY	981,027	930,721	(50,307)
DENALI	364,294	345,613	(18,681)
DILLINGHAM	375,727	356,460	(19,267)
FAIRBANKS	7,058,986	6,697,004	(361,982)
GALENA	51,020	48,403	(2,616)
HAINES	176,253	167,215	(9,038)
HOONAH	40,273	38,208	(2,065)
HYDABURG	1,808	1,715	(93)
IDITAROD	39,663	37,629	(2,034)
JUNEAU	1,375,074	1,304,560	(70,513)
KAKE	26,411	25,056	(1,354)
KASHUNAMIUT	915	868	(47)
KENAI PENINSULA	4,317,997	4,096,571	(221,425)
KETCHIKAN	820,840	778,747	(42,092)
KLAWOCK	10,325	9,796	(529)
KODIAK	877,469	832,473	(44,996)
KUSPUK	130,655	123,955	(6,700)
LAKE & PENINSULA	95,946	91,026	(4,920)
LOWER KUSKOKWIM	470,014	445,912	(24,102)
LOWER YUKON	816	774	(42)
MAT-SU	6,295,539	5,972,706	(322,833)
NENANA	109,099	103,504	(5,595)
NOME	214,069	203,092	(10,977)
NORTH SLOPE	392,443	372,319	(20,124)
NORTHWEST ARCTIC	10,191	9,668	(523)
PELICAN	1,473	1,398	(76)
PETERSBURG	135,326	128,387	(6,939)
PRIBILOF	0	0	0
SITKA	543,170	515,316	(27,854)
SKAGWAY	4,329	4,107	(222)
SOUTHEAST ISLAND	203,220	192,799	(10,421)
SOUTHWEST REGION	155,409	147,439	(7,969)
ST. MARY'S	0	0	0
TANANA	15,856	15,043	(813)
UNALASKA	200,470	190,190	(10,280)
VALDEZ	343,111	325,516	(17,595)
WRANGELL	179,082	169,899	(9,183)
YAKUTAT	59,381	56,336	(3,045)
YUKON FLATS	92,523	87,778	(4,745)
YUKON/KOYUKUK	83,282	79,011	(4,271)
YUPIIT	893	847	(46)
CONTRACTS	189,000	189,000	0
TOTALS	\$41,914,783	\$39,775,100	(\$2,139,683)

PRORATION PERCENTAGE

94.9%