

**ALASKA LEGISLATURE**

**2395**

**HOUSE and SENATE FINANCE COMMITTEE FILES,**

**2001 - 2002**

Tony Knowles, Governor

# Alaska

## Department of Community and Economic Development

### Division of Occupational Licensing

P.O. Box 110806, Juneau, AK 99811-0806

Telephone: (907) 465-2534 • Fax: (907) 465-2974 • Text Telephone: (907) 465-5437

Email: [license@dced.state.ak.us](mailto:license@dced.state.ak.us) • Website: [www.dced.state.ak.us/occ/](http://www.dced.state.ak.us/occ/)

RECEIVED

NOV 28 2001

LEGISLATIVE AUDIT

November 27, 2001

Pat Davidson, Legislative Auditor  
Legislative Budget and Audit Committee  
Division of Legislative Audit  
PO Box 113300  
Juneau, AK 99811

Dear Ms. Davidson:

Thank you for the opportunity to comment on the Board of Professional Counselors preliminary audit.

The division agrees that the board is operating in an efficient and effective manner and should continue to regulate professional counselors.

#### **Recommendation No. 1**

The legislature should consider combining the Board of Professional Counselors and the Board of Marital and Family Therapy into a single oversight and licensing board.

The division appreciates the auditors' review of this issue and the survey of licensees. The Board of Professional Counselors and the Board of Marital and Family Therapy met and discussed the recommendation. The division agrees with the letter from the chair of the Board of Professional Counselors. It appears that more time is needed to develop a consensus on board merger and draft legislation that will address the concerns of affected professions.

Sincerely,



Catherine Reardon, director

(Intentionally left blank)

SB 257-EXTEND BOARD OF PROFESSIONAL COUNSELORS  
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Pat Davidson Subject/Bill No: SB 257  
Co./Dept./Title: Leg Audit Phone: x3830  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Anne Henry Subject/Bill No: SB 257  
Co./Dept./Title: LPC Board Chair  
Div. of Mental Health + ND - special projects Phone: 4852  
Address: PO Box 110620 Juneau Zip: 99811  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Catherine Reardon Subject/Bill No: SB 257  
Co./Dept./Title: Director, Division - P Phone: 445-2538  
Address: Occupational Licensing Zip: 99811  
DCED 120 110806 Juneau AK  
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

**SB**

**262**

SFIN

FILE

SB 2102

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

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



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532  
www.gov.state.ak.us

January 28, 2002

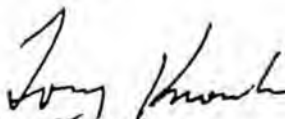
The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear President Halford:

I am transmitting to you today an appropriation bill which is the companion to the bill authorizing \$136 million in certificates of participation for deferred maintenance repairs to state facilities. This bill appropriates the proceeds of the certificates of participation to the appropriate departments for completion of the highest priority deferred maintenance projects.

I encourage your support of this financing package to address the significant deferred maintenance backlog.

Sincerely,

  
Tony Knowles  
Governor

**SB**

**264**

SFIN

FILE

SB 264

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

**SB**

**266**

**HFIN**

**FILE**

Testimony on SB 266 - Hatchery Refinance  
4/25/02

Sue Aspelund, Cordova District Fishermen United

My name is Sue Aspelund. I serve as the Executive Director of Cordova District Fishermen United and represent the hard-working family fishing fleets of the Copper River and Prince William Sound.

I would like to provide you with some facts regarding the economic and social benefits of Prince William Sound Aquaculture Corporation (PWSAC) salmon production, reminding you that this represents just our hatcheries' contributions. Each association can likely describe similar impacts.

- In 2000, estimated economic impacts resulting from the production and harvest of PWSAC salmon were \$109 million in total output, including \$34 million in labor income and more than 1,280 jobs.
- Within the commercial harvesting sector, Alaska resident permit holders see most of the economic benefits of PWSAC production: in 2000, Alaska permit holders harvested about 75%--or \$15 million--of the PWSAC ex-vesse! value.
- Commercial fishing residents from 30 Alaska communities earn income from PWSAC salmon, not only from coastal communities, but including those from urban areas such as Anchorage, Palmer/Wasilla, Juneau and Fairbanks.
- Between 1990 and 2000, the total first wholesale value of commercial and cost recovery harvests of PWSAC salmon was worth over a \$1/2 billion to over 20 Alaskan seafood processors, with an average annual value of more than \$45 million.
- Processing of PWSAC fish generated an estimated \$70 million in total output in 2000, including \$19 million in payroll and 700 jobs.
- PWSAC salmon accounted for the following percentages of sportfish harvests in the Prince William Sound area from 1996-2000: 80% of the chum; 70% of the chinook; 35% of the sockeye; 20% of the coho; and 10% of the pinks.
- In 2000, the economic impacts from PWSAC sportfish harvests were an estimated \$2 million in total output.
- Since 1995, Alaskans from 140 towns across the state have harvested PWSAC sockeye during the Copper River personal use and subsistence fisheries.
- PWSAC contributes about 70 annual average jobs to the regional economy, with an annual payroll of more than \$2.6 million.
- The economic impacts from PWSAC employment and expenditures to the regional economy in 2000 were \$10.1 million in total output, including \$4.6 million in payroll and 154 jobs.

These facts provide a graphic demonstration of PWSAC's importance as a regional and statewide economic engine.

However, the changing global marketplace and a faltering Japanese economy has resulted in low ex-vessel values which require Alaska's hatcheries to take greater percentages of production in cost recovery in order to operate and make their loan payments. We need the ability to refinance hatchery debt to take advantage of decreased interest rates as provided for SB 266. This will result in the immediate ability of hatcheries to provide more fish into the common property harvest, getting more fish into the nets of commercial fishermen, as well as to sport, commercial sport, personal use and subsistence users of the resource. SB 266 makes good business sense for Alaska, and has no impact on the State's General Fund.

We urge your support for SB 266. Thank you.

\* information taken from *Economic Impacts of the Prince William Sound Aquaculture Corporation*, prepared by the McDowell Group, 2/02

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 6, 2002

FURTHER REFERRALS:

Date of Committee Action: 4/25/02

The FINANCE Committee considered:

CSSB 266(RES)

CS FOR SENATE BILL NO. 266(RES)

FISHERY ENHANCEMENT LOANS

"An Act authorizing the commissioner of community and economic development to refinance and extend the term of a fishery enhancement loan."

Recommends it be replaced with CS SB 266 (RES) [ ] Same Title [ ] New Title  
 For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_

- [ ] attach amendments
- [ ] add new referral to \_\_\_\_\_ Committee
- [ ] Letter of Intent \_\_\_\_\_ Committee

List of  
Abbrev.  
for  
Depts.:

- ADM
- CEC
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LAA
- LAW
- LWF
- NVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1	✓		

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Whitaker	✓			
	HARRIS	✓			
	CAFFY	✓			
	D. AVIG	✓			
	MOSES	✓			
	Lancaster	✓			
	Hudson	✓			
	FOSTER	X			
Chair:	Williams	✓			

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 266  
 (S) Publish Date: 2/19/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title Fishery Enhancement Loans BRU Investments (122)  
 Component Investments  
 Sponsor Senator Stevens  
 Requester (S) Labor and Commerce Component No. 383

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**CAPITAL EXPENDITURES**

<b>CHANGE IN REVENUES ( 21615 )</b>	<b>(1,714.9)</b>	<b>(1,632.7)</b>	<b>(1,543.0)</b>	<b>(1,443.8)</b>	<b>(1,334.3)</b>	<b>(1,213.2)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 The reduction in revenues to the loan fund was based on an average portfolio interest rate of 9%, compared to a current rate of 6% that would be available under a refinancing program as provided for in SB 266. The impact also assumes that all loan payments would be made as scheduled. If loan payments are reduced because of payoffs or for other reasons the impact to the fund would be reduced.

Prepared by: Greg Winogar, Director Phone 465-2510  
 Division Investments Date/Time 2/8/02 10:11 AM  
 Approved by: Deborah B. Sedwick, Commissioner Date 2/8/2002  
 Agency Department of Community & Economic Development

## SB 266

### Debt Restructuring for Statewide Hatchery System

- Those effected are: Armstrong-Keta (**Port Alexander**); Burro Creek Farms (**Skagway**); Cook Inlet Aquaculture Association (**Kenai**); Douglas Island Pink & Chum (DIPAC-**Juneau**); Kake Nonprofit Fisheries Corp. (KNFC-**Kake**); **Port Graham** Hatchery Corp.; **Prince of Wales** Hatchery Assoc.; Prince William Sound Aquaculture Corp. (PWSAC-**Cordova**); Sheldon Jackson College (**Sitka**); Southern Southeast Regional Aquaculture Association (SSRAA-**Ketchikan**); and Valdez Fisheries Development Association (VFDA-**Valdez**). Northern Southeast Regional Aquaculture Association (NSRAA-**Sitka**) and Kodiak Regional Aquaculture Association (KRAA-**Kodiak**) have also indicated support even though they have no debt at this time.
- A majority of hatchery loans are currently at the maximum permissible rate of 9.5% interest. Alaska Statutes allow for interest rates of 1% over prime, not to exceed 9.5%. New loans, if received today, would be at 6%. Hatcheries would like to take advantage of the lower interests rates to bring down their debt service, just as other business and homeowners are currently doing throughout Alaska and the Lower 48.
- Currently, the Department of Community and Economic Development (DCED) is unable to refinance loans from the Fisheries Enhancement Revolving Loan Fund for the hatchery system. Similarly, prior to 1993, loans from the other fund, the Commercial Fisheries Revolving Loan Fund, could not be refinanced. Legislation allowing that change for fishermen was enacted, and the hatcheries are now asking for comparable changes for their industry.
- DCED acknowledges the proposed change would not jeopardize the health of the revolving loan fund, which has a current balance of approximately \$8 million.
- The need for reducing the size of hatchery loan payments is magnified by the crisis facing the Alaska salmon industry. Lower payments would help to insure financial stability for the hatcheries and allow them to take less cost recovery fish to make their loan payments. This would result in more fish to commercial and sports fishermen.
- Since the inception of salmon enhancement in Alaska, nearly one billion dollars of hatchery produced fish have been harvested by commercial fishermen (ex-vessel value). No figures are currently available regarding the total monetary impact for the sport fishing industry.
- Currently, approximately 40% of Alaska's entire salmon harvest is enhanced fish. Salmon are also produced that are taken by resident and non-resident sports fishermen and utilized in the personal use fisheries.
- Alaska's salmon enhancement industry is not unlike a public utility. They are operated for the common good and are non-profit corporations. From that perspective, favorable financing rates would be a normal business practice.
- The Department has indicated their workload would be small, as very few applicants would be involved. So, current DCED employees can handle the changes brought about by this legislation.



# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 287(FSH)  
 (H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish & Game  
 Title Exemption of commercial fishing entry permits BRU Comm Fish Entry Commission  
from claims of creditors Component Comm Fish Entry Commission  
 Sponsor Rep. Scalzi  
 Requester House Fisheries Component No. 471

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950  
 Division Commercial Fisheries Entry Commission Date/Time 3/4/02 12:16 PM  
 Approved by: Mary McDowell, Commissioner Date 03/04/2002  
 Agency Commercial Fisheries Entry Commission

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 287(FSH)  
(H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title Exempt Entry Permits from Creditor Claims BRU Investments (122)  
Component Investments  
Sponsor Representative Scalzi  
Requester House Special Committee on Fisheries Component No. 383

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 21608 )</b>	<b>(21.8)</b>	<b>(15.2)</b>	<b>(15.2)</b>	<b>(15.2)</b>	<b>(15.2)</b>	<b>(15.2)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
Section 2 of HB 287 removes the one-half percent refinancing fee and that will result in a reduction of income to the Commercial Fishing Revolving Loan Fund (CFRLF). Interest rates are currently at record lows and as a result, the Division anticipates that the majority of borrowers eligible to refinance will do so prior to the effective date of this legislation. We expect approximately 100 refinancing applications in FY 03 and then approximately 70 applications per year thereafter. This will result in a reduction to the fund in FY 03 of \$21,750 and a reduction of \$15,225 each year thereafter through FY 08. These reductions were calculated as follows:

100 loans X \$43,500 (average loan size) = \$4,350,000 X .005 = \$21,750  
70 loans X \$43,500 = \$3,045,000 X .005 = \$15,225

These calculations are based interest rates remaining relatively flat or increasing gradually through FY 08.

Prepared by: Greg Winegar, Director Phone 465-2510  
Division Investments Date/Time 2/7/02 4:50 PM  
Approved by: Deborah B. Sedwick, Commissioner Date 2/7/2002  
Agency Department of Community & Economic Development

**Good afternoon – Mr. Chairman - Committee Members**

**My name is Jon Carter – I am the Director of Douglas Island Pink & Chum – often referred to as DIPAC.**

**I am here on behalf of DIPAC's Board of Directors and its many supporters to encourage a "do pass" recommendation from this Committee on Committee Substitute for SB 266. I'm also here unofficially as spokesman for many of the hatcheries around the state. As you can see from the many letters of support there is wide spread support for this bill.**

**The private non-profit hatchery program was created by the legislature to replace the hatchery program operated by the state's Fish & Game FRED Division. The FRED hatcheries operated through annual appropriations to the State Department of Fish & Game. In effect, the PNP hatchery program was created as a user pay entity to reduce the draw on the state coffers. To get the program started the State gifted some existing hatcheries to Regional Corporations but primarily created the "Fisheries Enhancement Revolving Loan Fund". This fund, along with a tax on commercial fishermen, was to provide construction and operational funds as the enhancement programs developed.**

**Twenty-five plus years later, the PNP hatchery programs are described, even by some of its detractors, as "some of the best in North America." They have made dramatic financial contributions to many areas of the State with a total contribution of well over 1 Billion dollars. The recent McDowell Report covering four of the State's largest enhancement corporations certainly makes it appear the program is an unqualified success.**

**That being said, we are still a business and are responsible for budgets, payroll and of course debt service. What we are asking for here is the ability to refinance our debt at lower interest rates. This is obviously going on in businesses all across the country. Taking advantage of today's current low interest environment just makes good business sense.**

**Simply put, refinancing will strengthen our financial position, make us better able to pay our debt and more able to continue doing our job of**

**providing fish to the commercial and sport fishers across the state. This will mean principle and interest are paid into the fund at a slower rate but loan demand on the fund has slowed dramatically so the fund will remain financially sound.**

**Again, I ask for and appreciate your support. Thank you**

**VALDEZ FISHERIES  
DEVELOPMENT ASSOCIATION INC.**

P.O. Box 125  
Valdez, Alaska 99686  
Phone 835-4874 Fax 835-4831



The Honorable Ben Stevens  
Senate  
Capital Office Building  
Room 119  
Juneau, Alaska 99801-1182

Dear Senator Stevens;

On behalf of Valdez Fisheries Development Association, I would like to thank you for your sponsorship of SB 266, the "The Refinancing of Fishery Enhancement Loans" The refinancing of hatchery loans is a much needed tool for the survival of the hatchery program in Alaska. Being able to take advantage of lower interest rates puts all of us on a more level playing field as we struggle to make ends meet each year. One of the biggest beneficiaries of this bill will be the commercial fisherman. The need for the hatcheries to take a large share of the returning adult salmon for cost recovery will be diminished and the commercial fisherman will be the beneficiary of more available fish.

The annual loan payments that Valdez Fisheries makes to the State of Alaska often exceed \$800,000, of which 50% or more is interest payments. Your bill will help the hatchery programs in the state meet our financial obligations and still be able to produce the much-needed salmon for the common property fisheries of this state. Many of the hatcheries in the state are economic catalysts for the local coastal communities they are located in. The hatcheries provide jobs and support the local communities through the generation of raw fish taxes and other taxes that support the functions of the local government. Tourism dollars are generated both through the fishing that is available but also through being a tourist attraction such as the DIPAC hatchery located in Juneau. I believe very strongly that the hatchery system has met the obligations that were formulated in the organizational beginning of this system and will continue to do so long into the future.

Once again, I would like to thank you for your sponsorship of SB 266 and offer the assistance of Valdez Fisheries Development Association in the successful passage of this bill. If you need any further information please call me at (907) 835-4874.

Respectfully  
*David C. Cobb*  
David C. Cobb

**DEDICATED TO THE UTILIZATION, CONSERVATION,  
AND REHABILITATION OF ALASKA'S FISHERY RESOURCE  
WITHIN THE 200-MILE LIMIT**



# THE CITY OF WHITTIER

Gateway to the Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

February 7, 2002

Senator Ben Stevens  
State Capital  
Juneau, Alaska 99801-1182

RE: SB 266-Refinancing of hatchery loans

Dear Senator Stevens:

The City of Whittier would like to voice its support for HB 368, your legislation that will allow hatcheries to refinance their state loans.

Residents of Whittier have been benefiting from the salmon produced by the state hatchery system for many years. Since 1992, the Prince William Sound Aquaculture Corporation (PWSAC) has released 100,000 coho smolts annually near our community for the sportfishing enjoyment of the locals, as well as for our neighbors from Anchorage and other landlocked communities who travel to Whittier for boating and fishing opportunities.

Thank you for your support of the fishing community in Alaska by introduction of this legislation. Please let me know if the City of Whittier can help in any way with its passage.

Sincerely,

A handwritten signature in cursive script that reads "Ben Butler".

Ben Butler, Mayor  
City of Whittier



February 11, 2002

Senator Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

RE: SB 266 – Hatchery Debt Restructuring for Alaska's Nonprofit Hatcheries

Dear Senator Stevens:

The Board of Directors of the Prince William Sound Aquaculture Corporation (PWSAC) fully supports the enactment of SB 266, and conveys our genuine appreciation for your part in sponsoring this legislation.

The passage of SB 266 would benefit eleven private nonprofit hatcheries over a broad area of coastal communities. PWSAC was one of the first private nonprofit hatcheries to begin production after the enactment of the hatchery system in 1974, and has been among the leaders in this field.

PWSAC is one of the five "regional" private nonprofit hatcheries. This means that although it produces salmon for all user groups, the regional hatcheries are also supported financially by the commercial fishermen of our region (Area E) who voted in 1985 to voluntarily contribute 2% of their ex-vessel catch value to support PWSAC's operational costs.

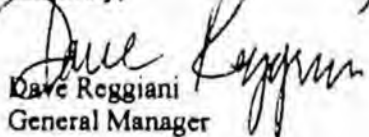
Our fisheries enhancement program benefits all the communities of Prince William Sound, and processing interests in Kenai, Cook Inlet and Kodiak as well. Our interior hatchery near Paxson, on the Gulkana River, brings sockeye salmon into an area heavily utilized by subsistence and personal use fisheries. Though the bulk of PWSAC's production benefits the commercial fisheries, a growing number of sport fishing interests come in from all over our state to fish salmon in Prince William Sound.

The Department of Community and Economic Development oversees the Fisheries Enhancement Revolving Loan fund from which PWSAC carries a number of long-term loans, mostly at the 9.5% rates, dating from the early 1980's. If SB 266 is adopted, it will allow PWSAC, and the other ten private nonprofit hatcheries, to refinance their loans at today's lower rates. This would bring our loan obligations into the current financing realm and more on a par with other Alaska businesses that are able to finance at rates in the 6% range.

For PWSAC, this would mean the "benefit" derived from lower interest rates would incur to all our constituents. Of course, the primary benefit would be to the commercial fisheries and processors, but by availing more enhanced salmon to the fleet to catch, benefits would impact the state's general funds and our economy in many positive ways.

Thank you once again for your steadfast support in sponsoring SB 266. Its passage would lower interest "income" to the Fisheries Enhancement Revolving Loan Fund, but it's widespread benefits to the communities and Alaska's people would return more to the state overall.

Sincerely,

  
Dave Reggiani  
General Manager

PRINCE WILLIAM SOUND AQUACULTURE CORPORATION  
Corporate Office • P. O. Box 1110, Cordova, AK 99574  
Office: 907/424-7511 • Fax: 907/424-7514  
Website: [www.ctcak.net/~pwsac](http://www.ctcak.net/~pwsac) • Email: [pwsac@ctcak.net](mailto:pwsac@ctcak.net)

***Community of Kake***

City of Kake  
Kake Nonprofit Fisheries Corporation

Honorable Senator Stevens  
State Capital Building  
Juneau, Alaska 99801

February 12, 2002

We fully support Senate Bill 266 as it acknowledges the changing economic realities that we are dealing with. Gunnuk Creek Hatchery is the cornerstone of our fisheries economy. Years ago our community understood that we needed to diversify our economic base, as logging would not support us indefinitely. We believed so strongly in the potential of Gunnuk Creek Hatchery that we leveraged our community building to collateralize our initial loans.

Gunnuk Creek Hatchery is biologically successful and operationally sound. We are just beginning to realize increased run sizes from the expansion of our facility although it will take some time yet to annually generate revenue sufficient to support our operating needs while servicing our debt at the same time. Senate Bill 266 will enable us to restructure our debt while we continue supporting the common property fisheries and our local economy as well.

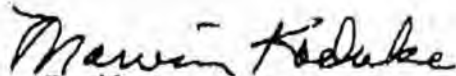
Gunnuk Creek Hatchery is invaluable to our community and is a significant contributor to thirty percent of our local workforce. The entire fisheries economy has changed since the establishment of hatchery program. This senate bill will give us valuable relief from immediate and insurmountable obligations while at the same time allowing us to fully acknowledge our debt to the State of Alaska.

Many Private Non-Profit Hatcheries are similarly positioned. They are major contributors to the state's fishing economy and benefit Alaska's fishermen. The cost recovery demands and debt repayment schedules threaten their viability, yet they are important to the state's fishing industry. This legislation will give us time to address these realities.

Thank you for sponsoring this legislation. You may certainly count on our support. Gunnuk Creek Hatchery is an excellent example of a hatchery that is a complete success, is a valuable asset to the State of Alaska and to a local community, but is buried in financial obligations that may be impossible to meet in the short term.

Sincerely,

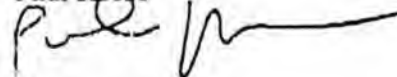
Marvin Kadake



President

Kake Nonprofit Fisheries Corporation

Paul Rocco



Mayor

City of Kake



**Douglas Island Pink and Chum, Inc.**

2697 Channel Dr. • Juneau, Alaska 99801

Telephone: (907) 463-5114 • Fax: (907) 463-3213

February 13, 2002

Senator Ben Stevens  
Chair  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Stevens:

Re: SB 266 Fishery Enhancement Loans

On behalf of the DIPAC Board of Directors and the many supporters of the Douglas Island Pink & Chum hatcheries I would like to urge passage of SB 266.

The refinancing of existing high interest debt is definitely in the State's best interest and sound public policy. The enhancement program is unusual in that it is a public trust being run by private industry. This bill would enable hatcheries to take advantage of current low interest rates. Lowering the cost of debt service improves both the financial viability of the corporations and their ability to provide more fish to the common property users. The fact this can be done without financial impact to the State's General Fund definitely makes it a win-win situation.

The many Alaskans benefiting from hatchery produced fish (approximately 40% of the catch) both in commercial and sport harvest, thank you for your support. Once again, I would like to thank you for your sponsorship of SB 266 and offer any assistance you or your office might need in the passage of this bill.

Respectfully,

Jon Carter  
Director



prince william sound  
**ECONOMIC  
DEVELOPMENT  
COUNCIL**

February 8, 2002

Sen. Ben Stevens  
State Capitol  
Juneau, AK 99686

Dear Senator Stevens:

On behalf of Prince William Sound Economic Development District, I would like to strongly encourage your support of Senate Bill 266. It is of vital importance for the economic stability of the fishing industry in our region.

Thank you for your support in this matter.

Sincerely,

Sue Cogswell  
Executive Director

# Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /  
e-mail [cdfu@otlalaska.net](mailto:cdfu@otlalaska.net)

February 9, 2002

Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol (MS 3101)  
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3872

RE: SB 266 - An Act to Refinance Fishery Enhancement Loans

Dear Members,

Cordova District Fishermen United represents the fishing fleets of Area E—Prince William Sound and the Copper River. CDFU fully supports SB 266, legislation to provide for hatchery debt restructuring.

The communities of Prince William Sound have benefited economically and socially from the hatchery production of the Valdez Fisheries Development Association and Prince William Sound Aquaculture Corporation. Both have provided important economic development opportunities for both sport and commercial fisheries in our region, as well as a valuable resource for subsistence and personal use harvesters. We are supportive of legislation which provides them the ability to take advantage of existing low interest rates—an opportunity enjoyed by most businesses and homeowners—especially given that present low ex-vessel values for salmon create the need to take a higher percentage of production as cost recovery in order to make loan payments. This legislation will allow a greater percentage of production to be available to subsistence, personal use, sport and commercial commercial property harvesters, as well as providing for a modicum of financial stability during this volatile time in the seafood industry.

Given that Alaska's salmon enhancement programs are non-profit and provide a valuable resource for the common good, we encourage your support for legislation that provides parity with the commercial fisheries' revolving loan fund (which was amended in 1993 to allow refinancing). Enhancement programs have provided direct dollars into the economies of many coastal Alaska communities, and require this statutory change in order to continue to provide the benefits described.

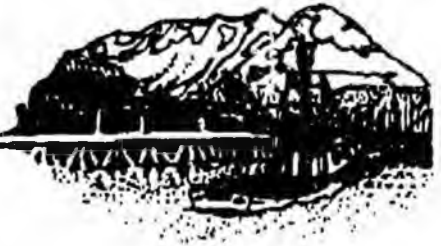
Thank you for your careful consideration of this important legislation.

Sincerely,

*Sue Aspelund*

Sue Aspelund  
Executive Director

# CITY OF CORDOVA



February 4, 2002

Senator Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

RE: SB 266/Refinancing of hatchery loans

Dear Senator Stevens:

The City of Cordova would like to thank you for your support of the Alaskan fishing industry by the introduction of SB 266. As you know, Cordova is a community built around fishing, and we see SB 266 as a logical financial solution that will help strengthen the hatchery segment of our industry.

This legislation would allow our regional aquaculture association, the Prince William Sound Aquaculture Corporation (PWSAC), to refinance their current loans, lower their debt burden and decrease payment size. PWSAC is a major economic engine in our community of 2500 Alaskans. In 2000, Cordova resident permit holders harvested over \$8 million in hatchery produced salmon, which added an estimated economic output in our city of over \$9.8 million. Seventy people from our area work for the corporation, from office staff to remote site biologists, and they have a local annual payroll of more than \$2.6 million.

SB 266 will have a very positive impact on a large segment of our community, as well as on the other areas of the state that depend, as we do, on hatchery produced salmon for their livelihood. The best of luck with this legislation, and please let me know if the City of Cordova can assist you in any way.

Sincerely,

Mayor Margy Johnson  
City of Cordova



COOK INLET  
AQUACULTURE ASSOCIATION

10610 KALIFORNSKY BEACH ROAD  
KENAI, AK 99611  
(907) 283-5761  
FAX: (907) 283-9433  
email: [ciaa@ptialaska.net](mailto:ciaa@ptialaska.net)  
February 20, 2002

The Honorable Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

Re: Senate Bill 266 – Refinance and Extend the Term of a Fishery Enhancement Loan

Dear Senator Stevens:

The Cook Inlet Aquaculture Association (CIAA) supports passage of Senate Bill 266, which allows the State's Aquaculture Associations to refinance and extend the terms of fishery enhancement loans.

CIAA is a private nonprofit corporation whose purpose is salmon rehabilitation and enhancement in the Cook Inlet region. The Association operates Trail Lakes Hatchery and Tutka Bay Lagoon Hatchery, both State-owned facilities that provide fish to all users of the Cook Inlet salmon resource. Since CIAA began operating Trail Lakes and Tutka Bay Lagoon hatcheries, the Association has provided over 680,000,000 pink, 63,000,000 sockeye and 3,800,000 coho salmon fry and smolts for numerous rehabilitation and enhancement efforts from Big Lake to Homer to Seward.

CIAA currently has five fishery enhancement loans. The interest rate on each of these loans is the maximum permissible rate of 9.5%. Refinancing our operational loans, as other businesses are capable of doing, will allow the Association to take advantage of lower interest rates, reduce our debt service and provide more fish for all users of Cook Inlet's salmon resource.

As the price of salmon continues to decline and natural salmon returns continue to be lower than historical averages, *the effect of decreasing revenues challenges the Association's mission of "maximizing the value of self-perpetuating salmon stocks in Cook Inlet" for all user groups at a time when the Association should provide the greatest assistance to those that rely on this resource.*

Thank you for your help.

Sincerely,

Gary Fandrei, Executive Director

FAXed 2/20/02, original to follow



February 21, 2002

Senate Resources Committee  
State Capitol - MS 3101  
Juneau, AK 99801-1182

**SENT VIA FACSIMILE TO 907.465.3872**

**RE: SB 266 - Fisheries Enhancement Loan Refinance**

Dear Members,

I live at 6.5 mile of the Copper River Highway in Cordova. I was born and raised in Cordova and grew up on a family fishing operation in Prince William Sound. I am now raising my own family, and my wife and two sons help to make our commercial fishing operation a success. Having been involved with the fishing industry for over 30 years, I recognize that without our fish hatcheries we would not be able to compete on the world market with only the 2 to 5 million wild stock returns as during the pre-hatchery years.

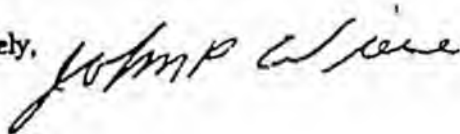
The whole commercial salmon industry in Alaska needs help and there are no quick fixes. Being able to refinance our hatchery debt at lower interest rates would be a big step in revitalizing our industry. Having lower loan payments, the hatcheries would be able to take less fish for cost recovery, therefore putting more money into the hands of fishermen who can then make boat and permit payments, hire crew, and sell fish to the processors in their communities. By refinancing, you will allow dollars to touch a larger base of people who do rely on the fisheries and whom you represent for the State of Alaska.

If the hatcheries are not refinanced at a lower interest rate the fishing industry's problems will only compound—they will not just go away. DCED acknowledges that reducing the interest rate from 9.5% to 6% will not jeopardize its financial stability, for it now gives new loans at 6%.

Refinancing also affects subsistence, personal use, sport and commercial sport users. Good examples of non-commercial user benefits are in the Copper River upriver sockeye fisheries and in the Port of Valdez sport utilization of pink and silver salmon.

I urge you to support SB 266 on refinancing our fishery enhancement loans and help make Alaska a better place to live.

Sincerely,



John Paul Wiese  
P.O. Box 1031  
Cordova, AK 99574

## **Southeast Alaska Fishermen's Alliance**

9369 North Douglas Highway  
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: [seafa@gci.net](mailto:seafa@gci.net)

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February 14, 2002

Senator Ben Stevens, Chair  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol, Room 103  
Juneau, AK 99801-1182

Re: SB 266

Dear Senator Stevens,

The Southeast Alaska Fishermen's Alliance supports SB 266, which will allow hatchery loans to be refinanced to take advantage of the lower interest rates that are available in today's economy. This makes good business sense by allowing the hatcheries to lower their cost of doing business and provide, in the long run, more fish for common property use in the commercial, sport, and personal use fisheries.

Hatcheries are facing some of the same difficulties as the salmon industry as a whole, with lower fish prices and competition with farmed salmon. Lowering the interest rate by as much as 3.5% in some cases will provide the hatcheries with a better chance of being able to repay their loans to the State of Alaska.

SB 266 will reduce the amount of cost recovery fishing that hatcheries must conduct in order to meet operating expenses. This will provide more hatchery fish to the common property fisheries, thus providing the State of Alaska with more fishery business tax revenue generated by commercial fishermen.

Again, thank you for sponsorship and support of SB 266, and for your consideration of our position.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathy Hansen".

Kathy Hansen  
Executive Director



# Alaska State Legislature

Please enter into the record my testimony to the Senate Labor & Commerce  
committee name

Committee on SB 266 Fishery Enhancement Loans, dated February 14, 2002  
bill # / subject

I would like to go on record as being **OPPOSED** to SB 266, which allocates PUBLIC money "making grants for organizational and planning purposes to qualified regional associations that have formed a nonprofit corporation, in amounts not exceeding \$100,000 per region and up to an additional \$100,000 on a 50/50 cash matching basis with the regional associations that have an authorized royalty assessment under AS 16.10.540; the state portion of the matching share shall be available when a final vote for assessments is made under AS 16.10.540; this provision also applies to qualified regional associations that have formed a nonprofit corporation before June 24, 1977;"

This PRIVATE industry may need periodic financial assistance to meet THEIR needs, but this should NOT be done with OUR tax dollars. There are currently many Banks and various other lending institutions in Alaska available to finance any sound business plan. Which leads me to wonder, "Why is the State using tax dollars to compete with these private businesses".

In the past two weeks alone the Alaska Legislature has considered spending bills with a price tag of over one BILLION dollars, the majority of which provide funding for non-essential government services, or to special interest groups such as the fishing and tourism industries. This money would be much better utilized elsewhere, or better yet, put away for future funding of essential state services.

The proposed \$7.5 BILLION dollar budget amounts to our state government spending over \$12,000.00 for every man, woman, and child in Alaska. At this rate, spending for a family of six amounts to over \$72,000.00! For each working person, this level of spending amounts to over \$28,000 each. That's a lot of tax money folks! I want to know how many average working people, or small business owners will be able to afford living here once the pipeline goes dry?

In my opinion SB 266 is nothing more than another "give a way" program designed to further deplete the budget reserve account, and a prime example of non-essential government spending. No Alaskan citizen will seriously consider any new taxes until all public funds given to private businesses, individuals, and special interest groups have been completely eliminated. Our public money would be better spent funding present and future essential government services such as education, roads, public health & safety.

Please vote NO on SB 266.

Thank you.

Signed: Mike McBride

Testifier

Self

Representing (optional)

PO Box 6 Kenai, Alaska 99611-0006

Address

907 776 5444

Phone number

# Alaska State Legislature

SENATOR  
BEN STEVENS  
716 WEST 4TH AVENUE  
ANCHORAGE, AK  
99501-2133  
(907) 269-0200  
FAX (907) 269-0204

Session:  
STATE CAPITOL  
JUNEAU, AK  
99801-1182  
(907) 465-4993  
FAX (907) 465-3872

## Senate District J Sponsor Statement

**CSSB 266 - "An act authorizing the commissioner of community and economic development to refinance and extend the term of a fishery enhancement loan."**

CSSB 266 authorizes the Commissioner of the Department of Community and Economic Development to refinance loans made by the Fisheries Enhancement Revolving Loan Fund. It also gives the Commissioner the ability to extend the term of the loan when justified and also requires the commissioner to submit a report annually to the legislature summarizing the commissioner's decisions during the prior calendar year to approve or deny requests to extend loans.

The construction and operational funding provided by the Fisheries Enhancement Revolving Loan program have helped to create an extremely successful statewide salmon rehabilitation program. The hatchery system was established in 1974 to enhance and stabilize Alaska's Regional salmon stocks. Now, approximately 40% of the entire salmon harvest in Alaska is enhanced fish.

A majority of the loans made under this program carry the maximum allowable interest rate of 9.5%. Alaska Statutes allow for interest rates of 1% over prime, not to exceed 9.5%. New loans, if received today, would be at 6%. Hatcheries would like to take advantage of the lower interests rates to bring down their debt service, just as other business and homeowners are currently doing throughout Alaska and the Nation. Financially sound hatcheries are better able to continue producing salmon for the fishing community, and smaller loan payments make it easier for them to pay back their obligations to the State.

The last Legislative Audit of private nonprofit hatcheries, published in 1997, recommended that the Division of Investments in the Department of Community and Economic Development seek the authority to restructure hatchery loans. This legislation does just that. The Department is sufficiently staffed to accommodate the few applications necessary to refinance these loans. There is no forgiveness of principal or interest allowed under this legislation, and all payments are made directly to the loan fund.

CSSenate Bill 266 recognizes the public trust nature of these non-profit entities. This legislation protects the State's financial interest by guaranteeing sustained production of salmon for the commercial, sport, and personal use fisheries, and assuring continued payments of outstanding debts to the state.

## Bill History/Action Display



BILL: SB 266

SHORT TITLE: FISHERY ENHANCEMENT  
LOANS

BILL VERSION: CSSB 266(RES)

SPONSOR(S): SENATOR(S) STEVENS, Lincoln, Elton, Austerman,  
Taylor, Leman

CURRENT STATUS: TRANSMITTED TO (H)

STATUS DATE: 03/04/02

TITLE: "An Act authorizing the commissioner of community and economic development to refinance and extend the term of a fishery enhancement loan."

[Full Text](#)
[Fiscal Notes](#)

### Committee Action with Bill History

Jrn-Date	Jrn-Page	Action
01/30/02	<u>2068</u>	(S) READ THE FIRST TIME - REFERRALS
01/30/02	<u>2069</u>	(S) L&C, RES, FIN
02/11/02	<u>2159</u>	(S) COSPONSOR(S): AUSTERMAN, TAYLOR
02/13/02	<u>2186</u>	(S) COSPONSOR(S): LEMAN
02/19/02	<u>2222</u>	(S) L&C RPT CS 4DP SAME TITLE
02/19/02	<u>2222</u>	(S) DP: STEVENS, AUSTERMAN, DAVIS,
02/19/02	<u>2222</u>	(S) TORGERSON
02/19/02	<u>2222</u>	(S) FNI: (CED)
02/27/02	<u>2315</u>	(S) RES RPT CS 7DP SAME TITLE
02/27/02	<u>2315</u>	(S) DP: TORGERSON, TAYLOR, HALFORD,
02/27/02	<u>2315</u>	(S) STEVENS, WILKEN, LINCOLN, ELTON
02/27/02	<u>2316</u>	(S) FNI: (CED)
03/01/02	<u>2337</u>	(S) FIN RPT 4DP INR
03/01/02	<u>2337</u>	(S) DP: KELLY, GREEN, AUSTERMAN,
03/01/02	<u>2337</u>	(S) WARD; NR: DONLEY
03/01/02	<u>2338</u>	(S) FNI: (CED)
03/04/02	<u>2365</u>	(S) RULES TO CALENDAR 3/4/02
03/04/02	<u>2366</u>	(S) READ THE SECOND TIME
03/04/02	<u>2366</u>	(S) RES CS ADOPTED UNAN CONSENT
03/04/02	<u>2366</u>	(S) ADVANCED TO THIRD READING UNAN CONSENT
03/04/02	<u>2366</u>	(S) READ THE THIRD TIME CSSB 266(RES)
03/04/02	<u>2367</u>	(S) PASSED Y20 N-
03/04/02	<u>2370</u>	(S) TRANSMITTED TO (H)
03/04/02	<u>2370</u>	(S) VERSION: CSSB 266(RES)

Similar Subject Match or Exact Subject Match  
FISH & GAME (FISH)  
HATCHERIES

The following are on record supporting SCSB 266 (RES):

United Fishermen of Alaska (UFA)  
City of Whittier  
Kenai Peninsula Fishermen's Assoc.  
Community of Kake  
Whittier Boat Owners Association, Inc.  
Prince William Sound Aquaculture Corp. (PWSAC)  
Territorial Sportsmen  
Cordova District Fishermen United  
NorQuest Seafoods  
City and Borough of Juneau  
Kodiak Aquaculture Assn.  
Juneau Chamber of Commerce  
Cook Inlet Aquaculture Assn.  
City of Cordova  
Alaska Outdoor Council  
United Salmon Association  
Kake Non-profit Fisheries Corp.  
Prince William Sound Economic Development Council  
Douglas Island Pink and Chum (DIPAC)  
Valdez Fisheries Development Assoc.  
Southeast Alaska Fishermen's Alliance



**CITY/BOROUGH OF JUNEAU**  
**ALASKA'S CAPITAL CITY**

**OFFICE OF THE MAYOR**

Telephone: (907) 586-5240; Facsimile: (907) 586-5385  
[Sally\\_Smith@ci.juneau.ak.us](mailto:Sally_Smith@ci.juneau.ak.us)

February 15, 2002

The Honorable Ben Stevens  
Alaska State Senator  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Senator Stevens:

The City and Borough of Juneau supports SB 266 and appreciates that you have introduced it. With passage, your bill will strengthen an important economic and educational segment of our community--that of our fish hatchery and salmon enhancement programs.

Not only do these programs benefit commercial and sport fishing, they also benefit tourism and education. The Ladd Macaulay Visitor's Center, the home of DIPAC, annually hosts 125,000 guests who come to learn about an important part of Alaska's economy. Research partnerships with various agencies and the University of Alaska's School of Fisheries attracts grant monies while providing educational opportunities. DIPAC also provides facilities and staff for educational opportunities in Juneau's public and private school system by hosting field trips to the Macaulay Hatchery and by providing advisors for high school science projects.

Improving the financial stability of the hatcheries across the state by taking advantage of today's low interest environment is good for business and good for the communities who benefit from these facilities.

Sincerely,

  
Sally Smith  
Mayor

cc: Kate Tesar



Post Office Box 20761 • Juneau, Alaska 99802

Telephone: (907) 463-3830 • Fax: (907) 586-6020

Scnator Ben Stevens, Chair  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capital Bldg. (MS3100)  
Juneau, Alaska 99801-1182  
FAX: (907)465-3872

February 13, 2002

Dear Senator Phillips:

Re: SB 266 – Fishery Enhancement Loans

The Territorial Sportsmen support passage of this bill allowing hatcheries to refinance their state loans at more favorable interest rates.

Fish produced by these enhancement programs are important to sportsmen across the State. Strengthening their financial position through refinancing not only improves their ability to survive and continue making fish for us all, but it also improves their ability to repay the State. This seems to be a win – win situation.

With nearly one third of the King and Coho Salmon caught during The Golden North Salmon Derby being produced by our local hatchery, we certainly support responsible opportunities to improve their viability.

If you have any questions concerning our position or if you need additional information, please contact me.

Sincerely,

Mal Linthwaite  
President



# NORQUEST

April 22, 2002

Representative Bill Williams, Co-chair  
Representative Eldon Mulder, Co-chair  
Committee Members  
House Finance Committee  
State Capitol  
Juneau, Alaska 99801-1182

RE: CSSB 266 (RES) Refinancing of hatchery loans

Dear Representative:

NorQuest Seafoods would like to add its support for CSSB 266 (RES). This legislation would allow regional aquaculture associations, including our local Prince William Sound Aquaculture Corporation (PSWAC), to take advantage of current interest rates by refinancing their existing loans, lowering their debt burden and decreasing their loan payment size. This in turn would require less fish to meet their budgetary cost recovery goals, thus increasing the amount of salmon available to all fishermen in our area.

NorQuest has a processing plant in Ketchikan, Petersburg and Cordova where hatchery production is a substantial part of the fishing economy for commercial fishermen, sport fishermen, personal use and processors. In Prince William Sound the commercial fishing is a major commercial engine and PSWAC production was a major contributor. In 2000, the total wholesale value of PSWAC salmon to Alaska processors was \$ 61 million, including \$33 million to Cordova/Valdez, \$ 18 million to Kenai processors and \$ 10 million to other areas.

The crisis and challenge facing our salmon industry statewide has been documented in many ways. There is no single solution. The problems vary by region. It will take many small measures like CSSB 266 (RES) to help us rebuild the salmon industry to a healthy economic status. CSSB 266 (RES) will have a positive impact on fishermen, processors and communities that depend on salmon as a significant part of their seafood economy.

Thank you for your efforts this session.

Sincerely,



Terry Gardiner  
NorQuest Seafoods

NorQuest Seafoods, Inc.

5245 Shilbole Avenue Northwest • Seattle, WA 98107  
Telephone: (206) 281-7022 • Fax (206) 285-8159



# UNITED FISHERMEN OF ALASKA

February 7, 2002

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

Senator Ben Stevens  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear Senator Stevens,

Re: SB 266 Fishery Enhancement Loans

United Fishermen of Alaska supports passage of this bill to allow hatcheries to refinance their state loans at current interest rates. Thanks for being the sponsor.

Allowing DCED to refinance these hatchery loans (from the old rate of 9.5% to approximately 6%) makes good business sense, as it allows hatcheries to decrease their operating costs, which in turn allows fishermen to catch more fish in the common property harvest. Hatcheries enhanced fish account for 40% of Alaska's commercial salmon harvest, and also benefit sport and personal use fisheries throughout the state. Allowing the hatcheries to reduce interest rates, just as other businesses are doing during these financially volatile times, will not jeopardize the health of the fund, and will still allow for additional loans to be made as needed for future requests.

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell  
Executive Director

#### MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • Alsea Processors Association • Bristol Bay Reserve  
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association  
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum  
Kona Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association  
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association  
Prince William Sound Aquaculture Corporation • Puise Seine Vessel Owners Association • Seafood Producers Cooperative  
Southeast Alaska Regional Diver Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drill Association • United Salmon Association • United Southeast Alaska Gillnetters

**SB**

**266**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/27/02

REPORTED OUT  
MAR 1 2002  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 03/01/02

Finance Committee considered

**SENATE BILL NO. 266**

*SB 266 FISHERY ENHANCEMENT LOANS*

"An Act authorizing the commissioner of community and economic development to refinance and extend the term of a fishery enhancement loan."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DCED	2/28/02		✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>Lester Green</i>	✓			
<i>Alan Oster</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			

REPORTED OUT

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

MAR 1 2002

SENATE FINANCE  
COMMITTEE

Fiscal Note Number: \_\_\_\_\_

Bill Version: \_\_\_\_\_

CSSB 266 (RES)

Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 02/28/02 5:10 p.m.

Dept. Affected: \_\_\_\_\_

DCED

Title Fishery Enhancement Loans

BRU

Investments (122)

Component

Investments

Sponsor Senator Stevens

Requester Senate Finance

Component No. \_\_\_\_\_

383

## Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008

CHANGE IN REVENUES (21615)	(1,714.9)	(1,632.7)	(1,543.0)	(1,443.8)	(1,334.3)	(1,213.2)
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## FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budgc. proposal:

## POSITIONS

Full-time	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Part-time						
Temporary						

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

The reduction in revenues to the loan fund was based on an average portfolio interest rate of 9%, compared to a current rate of 6% that would be available under a refinancing program as provided for in SB 266. The impact also assumes that all loan payments would be made as scheduled. If loan payments are reduced because of payoffs or for other reasons the impact to the fund would be reduced.

Prepared by: Greg Winegar, Director

Division: Investments

Phone 465-2510

Date/Time 2/28/02 5:11 PM

Approved by: Deborah B. Sedwick, Commissioner

Agency: Department of Community & Economic Development

Date 2/28/2002

# Alaska State Legislature

SENATOR  
BEN STEVENS  
716 WEST 4TH AVENUE  
ANCHORAGE, AK  
99501-2133  
(907) 269-0200  
FAX (907) 269-0204

Session  
STATE CAPITOL  
JUNEAU, AK  
99801-1182  
(907) 465-4993  
FAX (907) 465-3872

## Senate District J

### Sponsor Statement

**SB 266 - "An act authorizing the commissioner of community and economic development to refinance and extend the term of a fishery enhancement loan."**

CSSB 266 authorizes the Commissioner of the Department of Community and Economic Development to refinance loans made by the Fisheries Enhancement Revolving Loan Fund. It also gives the Commissioner the ability to extend the term of the loan when justified and also requires the commissioner to submit a report annually to the legislature summarizing the commissioner's decisions during the prior calendar year to approve or deny requests to extend loans.

The construction and operational funding provided by the Fisheries Enhancement Revolving Loan program have helped to create an extremely successful statewide salmon rehabilitation program. The hatchery system was established in 1974 to enhance and stabilize Alaska's Regional salmon stocks. Now, approximately 40% of the entire salmon harvest in Alaska is enhanced fish.

A majority of the loans made under this program carry the maximum allowable interest rate of 9.5%. Alaska Statutes allow for interest rates of 1% over prime, not to exceed 9.5%. New loans, if received today, would be at 6%. Hatcheries would like to take advantage of the lower interests rates to bring down their debt service, just as other business and homeowners are currently doing throughout Alaska and the Nation. Financially sound hatcheries are better able to continue producing salmon for the fishing community, and smaller loan payments make it easier for them to pay back their obligations to the State.

The last Legislative Audit of private nonprofit hatcheries, published in 1997, recommended that the Division of Investments in the Department of Community and Economic Development seek the authority to restructure hatchery loans. This legislation does just that. The Department is sufficiently staffed to accommodate the few applications necessary to refinance these loans. There is no forgiveness of principal or interest allowed under this legislation, and all payments are made directly to the loan fund.

Senate Bill 266 recognizes the public trust nature of these non-profit entities. This legislation protects the State's financial interest by guaranteeing sustained production of salmon for the commercial, sport, and personal use fisheries, and assuring continued payments of outstanding debts to the state.

**SB 266 by Sen. Ben Stevens/HB 368 by Rep. John Harris**  
**Debt Restructuring for Statewide Hatchery System**

- Those effected are: **Armstrong-Keta (Port Alexander)**; **Birro Creek Farms (Skagway)**; **Cook Inlet Aquaculture Association (Kenai)**; **Douglas Island Pink & Chum (DIPAC-Juneau)**; **Kake Nonprofit Fisheries Corp. (KNFC-Kake)**; **Port Graham Hatchery Corp.**; **Prince of Wales Hatchery Assoc.**; **Prince William Sound Aquaculture Corp. (PWSAC-Cordova)**; **Sheldon Jackson College (Sitka)**; **Southern Southeast Regional Aquaculture Association (SSRAA-Ketchikan)**; and **Valdez Fisheries Development Association (VFDA-Valdez)**. **Northern Southeast Regional Aquaculture Association (NSRAA-Sitka)** and **Kodiak Regional Aquaculture Association (KRAA-Kodiak)** have also indicated support even though they have no debt at this time.
- A majority of hatchery loans are currently at the maximum permissible rate of 9.5% interest. Alaska Statutes allow for interest rates of 1% over prime, not to exceed 9.5%. New loans, if received today, would be at 6%. Hatcheries would like to take advantage of the lower interests rates to bring down their debt service, just as other business and homeowners are currently doing throughout Alaska and the U.S.
- Currently, the Department of Community and Economic Development (DCED) is unable to refinance loans from the Fisheries Enhancement Revolving Loan Fund for the hatchery system. Similarly, prior to 1993, loans from the other revolving loan fund, the Commercial Fisheries Revolving Loan Fund, could not be refinanced. Legislation allowing that change for fishermen was enacted, and the hatcheries are now asking for comparable changes for their industry.
- DCED acknowledges the proposed change would not jeopardize the health of the Fisheries Enhancement Revolving Loan Fund, which has a current balance of approximately \$8 million.
- The need for reducing the size of hatchery loan payments is magnified by the crisis facing the Alaska salmon industry. Lower payments would help to insure financial stability for the hatcheries and allow them to take less cost recovery fish to make their loan payments. This would result in more fish to commercial and sports fishermen.
- Since the inception of salmon enhancement in Alaska, nearly one billion dollars of hatchery produced fish have been harvested by commercial fishermen (ex-vessel value). Figures are currently not available regarding the total monetary impact for the sport fishing industry.
- Currently, approximately 40% of Alaska's entire salmon harvest is enhanced fish. Salmon are also produced that are taken by resident and non-resident sports fishermen and utilized in the personal use and subsistence fisheries.
- Alaska's salmon enhancement industry is not unlike a public utility. They are operated for the common good and are non-profit corporations. From that perspective, favorable financing rates would be a normal business practice.
- The Department has indicated that the workload associated with refinancing would be small, as very few applicants would be involved. So, current DCED employees can handle the changes brought about by this legislation.



COOK INLET  
AQUACULTURE ASSOCIATION

40610 KALIFORNKY BEACH ROAD  
KENAI, AK 99611  
(907) 283-5761  
FAX: (907) 283-9433  
email: [ciaa@ptialaska.net](mailto:ciaa@ptialaska.net)  
February 20, 2002

The Honorable Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

Re: Senate Bill 266 – Refinance and Extend the Term of a Fishery Enhancement Loan

Dear Senator Stevens:

The Cook Inlet Aquaculture Association (CIAA) supports passage of Senate Bill 266, which allows the State's Aquaculture Associations to refinance and extend the terms of fishery enhancement loans.

CIAA is a private nonprofit corporation whose purpose is salmon rehabilitation and enhancement in the Cook Inlet region. The Association operates Trail Lakes Hatchery and Tutka Bay Lagoon Hatchery, both State-owned facilities that provide fish to all users of the Cook Inlet salmon resource. Since CIAA began operating Trail Lakes and Tutka Bay Lagoon hatcheries, the Association has provided over 680,000,000 pink, 63,000,000 sockeye and 3,800,000 coho salmon fry and smolts for numerous rehabilitation and enhancement efforts from Big Lake to Homer to Seward.

CIAA currently has five fishery enhancement loans. The interest rate on each of these loans is the maximum permissible rate of 9.5%. Refinancing our operational loans, as other businesses are capable of doing, will allow the Association to take advantage of lower interest rates, reduce our debt service and provide more fish for all users of Cook Inlet's salmon resource.

As the price of salmon continues to decline and natural salmon returns continue to be lower than historical averages, *the effect of decreasing revenues challenges the Association's mission of "maximizing the value of self-perpetuating salmon stocks in Cook Inlet" for all user groups at a time when the Association should provide the greatest assistance to those that rely on this resource.*

Thank you for your help.

Sincerely,

  
Gary Fandrei, Executive Director

FAXed 2/20/02, original to follow

HR SERVICES GROUP PAGE 01

# CITY OF CORDOVA



February 4, 2002

Senator Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

RE: SB 266/Refinancing of hatchery loans

Dear Senator Stevens:

The City of Cordova would like to thank you for your support of the Alaskan fishing industry by the introduction of SB 266. As you know, Cordova is a community built around fishing, and we see SB 266 as a logical financial solution that will help strengthen the hatchery segment of our industry.

This legislation would allow our regional aquaculture association, the Prince William Sound Aquaculture Corporation (PWSAC), to refinance their current loans, lower their debt burden and decrease payment size. PWSAC is a major economic engine in our community of 2500 Alaskans. In 2000, Cordova resident permit holders harvested over \$8 million in hatchery produced salmon, which added an estimated economic output in our city of over \$9.8 million. Seventy people from our area work for the corporation, from office staff to remote site biologists, and they have a local annual payroll of more than \$2.6 million.

SB 266 will have a very positive impact on a large segment of our community, as well as on the other areas of the state that depend, as we do, on hatchery produced salmon for their livelihood. The best of luck with this legislation, and please let me know if the City of Cordova can assist you in any way.

Sincerely,

Mayor Margy Johnson  
City of Cordova

# Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /  
e-mail [cdfu@ptialaska.net](mailto:cdfu@ptialaska.net)

February 9, 2002

Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol (MS 3101)  
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3872

RE: SB 266 - An Act to Refinance Fishery Enhancement Loans

Dear Members,

Cordova District Fishermen United represents the fishing fleets of Area E—Prince William Sound and the Copper River. CDFU fully supports SB 266, legislation to provide for hatchery debt restructuring.

The communities of Prince William Sound have benefited economically and socially from the hatchery production of the Valdez Fisheries Development Association and Prince William Sound Aquaculture Corporation. Both have provided important economic development opportunities for both sport and commercial fisheries in our region, as well as a valuable resource for subsistence and personal use harvesters. We are supportive of legislation which provides them the ability to take advantage of existing low interest rates—an opportunity enjoyed by most businesses and homeowners—especially given that present low ex-vessel values for salmon create the need to take a higher percentage of production as cost recovery in order to make loan payments. This legislation will allow a greater percentage of production to be available to subsistence, personal use, sport and commercial common property harvesters, as well as providing for a modicum of financial stability during this volatile time in the seafood industry.

Given that Alaska's salmon enhancement programs are non-profit and provide a valuable resource for the common good, we encourage your support for legislation that provides parity with the commercial fisheries' revolving loan fund (which was amended in 1993 to allow refinancing). Enhancement programs have provided direct dollars into the economies of many coastal Alaska communities, and require this statutory change in order to continue to provide the benefits described.

Thank you for your careful consideration of this important legislation.

Sincerely,



Sue Aspelund  
Executive Director



Douglas Island Pink and Chum, Inc.

2697 Channel Dr. • Juneau, Alaska 99801

Telephone: (907) 463-5114 • Fax: (907) 463-3213

February 13, 2002

Senator Ben Stevens  
Chair  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Stevens:

Re: SB 266 Fishery Enhancement Loans

On behalf of the DIPAC Board of Directors and the many supporters of the Douglas Island Pink & Chum hatcheries I would like to urge passage of SB 266.

The refinancing of existing high interest debt is definitely in the State's best interest and sound public policy. The enhancement program is unusual in that it is a public trust being run by private industry. This bill would enable hatcheries to take advantage of current low interest rates. Lowering the cost of debt service improves both the financial viability of the corporations and their ability to provide more fish to the common property users. The fact this can be done without financial impact to the State's General Fund definitely makes it a win-win situation.

The many Alaskans benefiting from hatchery produced fish (approximately 40% of the catch) both in commercial and sport harvest, thank you for your support. Once again, I would like to thank you for your sponsorship of SB 266 and offer any assistance you or your office might need in the passage of this bill.

Respectfully,

Jon Carter  
Director



PRINCE WILLIAM SOUND  
**ECONOMIC  
DEVELOPMENT  
COUNCIL**

February 8, 2002

Sen. Ben Stevens  
State Capitol  
Juneau, AK 99686

Dear Senator Stevens:

On behalf of Prince William Sound Economic Development District, I would like to strongly encourage your support of Senate Bill 266. It is of vital importance for the economic stability of the fishing industry in our region.

Thank you for your support in this matter.

Sincerely,

Sue Cogswell  
Executive Director

**Community of Kake**

City of Kake  
Kake Nonprofit Fisheries Corporation

Honorable Senator Stevens  
State Capital Building  
Juneau, Alaska 99801

February 12, 2002

We fully support Senate Bill 266 as it acknowledges the changing economic realities that we are dealing with. Gunnuk Creek Hatchery is the cornerstone of our fisheries economy. Years ago our community understood that we needed to diversify our economic base, as logging would not support us indefinitely. We believed so strongly in the potential of Gunnuk Creek Hatchery that we leveraged our community building to collateralize our initial loans.

Gunnuk Creek Hatchery is biologically successful and operationally sound. We are just beginning to realize increased run sizes from the expansion of our facility although it will take some time yet to annually generate revenue sufficient to support our operating needs while servicing our debt at the same time. Senate Bill 266 will enable us to restructure our debt while we continue supporting the common property fisheries and our local economy as well.

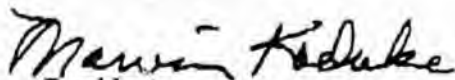
Gunnuk Creek Hatchery is invaluable to our community and is a significant contributor to thirty percent of our local workforce. The entire fisheries economy has changed since the establishment of hatchery program. This senate bill will give us valuable relief from immediate and insurmountable obligations while at the same time allowing us to fully acknowledge our debt to the State of Alaska.

Many Private Non-Profit Hatcheries are similarly positioned. They are major contributors to the state's fishing economy and benefit Alaska's fishermen. The cost recovery demands and debt repayment schedules threaten their viability, yet they are important to the state's fishing industry. This legislation will give us time to address these realities.

Thank you for sponsoring this legislation. You may certainly count on our support. Gunnuk Creek Hatchery is an excellent example of a hatchery that is a complete success, is a valuable asset to the State of Alaska and to a local community, but is buried in financial obligations that may be impossible to meet in the short term.

Sincerely,

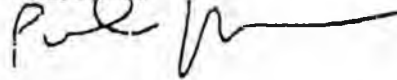
Marvin Kadake



President

Kake Nonprofit Fisheries Corporation

Paul Reese



Mayor

City of Kake



February 11, 2002

Senator Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

RE: SB 266 – Hatchery Debt Restructuring for Alaska's Nonprofit Hatcheries

Dear Senator Stevens:

The Board of Directors of the Prince William Sound Aquaculture Corporation (PWSAC) fully supports the enactment of SB 266, and conveys our genuine appreciation for your part in sponsoring this legislation.

The passage of SB 266 would benefit eleven private nonprofit hatcheries over a broad area of coastal communities. PWSAC was one of the first private nonprofit hatcheries to begin production after the enactment of the hatchery system in 1974, and has been among the leaders in this field.

PWSAC is one of the five "regional" private nonprofit hatcheries. This means that although it produces salmon for all user groups, the regional hatcheries are also supported financially by the commercial fishermen of our region (Area E) who voted in 1985 to voluntarily contribute 2% of their ex-vessel catch value to support PWSAC's operational costs.

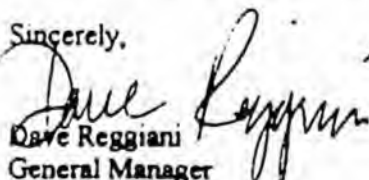
Our fisheries enhancement program benefits all the communities of Prince William Sound, and processing interests in Kenai, Cook Inlet and Kodiak as well. Our interior hatchery near Paxson, on the Gulkana River, brings sockeye salmon into an area heavily utilized by subsistence and personal use fisheries. Though the bulk of PWSAC's production benefits the commercial fisheries, a growing number of sport fishing interests come in from all over our state to fish salmon in Prince William Sound.

The Department of Community and Economic Development oversees the Fisheries Enhancement Revolving Loan fund from which PWSAC carries a number of long-term loans, mostly at the 9.5% rates, dating from the early 1980's. If SB 266 is adopted, it will allow PWSAC, and the other ten private nonprofit hatcheries, to refinance their loans at today's lower rates. This would bring our loan obligations into the current financing realm and more on a par with other Alaska businesses that are able to finance at rates in the 6% range.

For PWSAC, this would mean the "benefit" derived from lower interest rates would incur to all our constituents. Of course, the primary benefit would be to the commercial fisheries and processors, but by availing more enhanced salmon to the fleet to catch, benefits would impact the state's general funds and our economy in many positive ways.

Thank you once again for your steadfast support in sponsoring SB 266. Its passage would lower interest "income" to the Fisheries Enhancement Revolving Loan Fund, but its widespread benefits to the communities and Alaska's people would return more to the state overall.

Sincerely,

  
Dave Reggiani  
General Manager

PRINCE WILLIAM SOUND AQUACULTURE CORPORATION  
Corporate Office • P. O. Box 1110, Cordova, AK 99574  
Office: 907/424-7511 • Fax: 907/424-7514  
Website: [www.ctcak.net/~pwsac](http://www.ctcak.net/~pwsac) • Email: [pwsac@ctcak.net](mailto:pwsac@ctcak.net)

## Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway  
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: [seafa@gci.net](mailto:seafa@gci.net)

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February 14, 2002

Senator Ben Stevens, Chair  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol, Room 103  
Juneau, AK 99801-1182

Re: SB 266

Dear Senator Stevens,

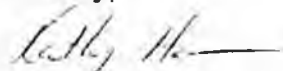
The Southeast Alaska Fishermen's Alliance supports SB 266, which will allow hatchery loans to be refinanced to take advantage of the lower interest rates that are available in today's economy. This makes good business sense by allowing the hatcheries to lower their cost of doing business and provide, in the long run, more fish for common property use in the commercial, sport, and personal use fisheries.

Hatcheries are facing some of the same difficulties as the salmon industry as a whole, with lower fish prices and competition with farmed salmon. Lowering the interest rate by as much as 3.5% in some cases will provide the hatcheries with a better chance of being able to repay their loans to the State of Alaska.

SB 266 will reduce the amount of cost recovery fishing that hatcheries must conduct in order to meet operating expenses. This will provide more hatchery fish to the common property fisheries, thus providing the State of Alaska with more fishery business tax revenue generated by commercial fishermen.

Again, thank you for sponsorship and support of SB 266, and for your consideration of our position.

Sincerely,

  
Kathy Hansen  
Executive Director



Post Office Box 20761 • Juneau, Alaska 99802  
Telephone: (907) 463-3830 • Fax: (907) 556-6020

Senator Ben Stevens, Chair  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capital Bldg. (MS3100)  
Juneau, Alaska 99801-1182  
FAX: (907)465-3872

February 13, 2002

Dear Senator Phillips:

Re: SB 266 – Fishery Enhancement Loans

The Territorial Sportsmen support passage of this bill allowing hatcheries to refinance their state loans at more favorable interest rates.

Fish produced by these enhancement programs are important to sportsmen across the State. Strengthening their financial position through refinancing not only improves their ability to survive and continue making fish for us all, but it also improves their ability to repay the State. This seems to be a win – win situation.

With nearly one third of the King and Coho Salmon caught during The Golden North Salmon Derby being produced by our local hatchery, we certainly support responsible opportunities to improve their viability.

If you have any questions concerning our position or if you need additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mal Linthwaite", written over a horizontal line.

Mal Linthwaite  
President



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2620  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

February 7, 2002

Senator Ben Stevens  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear Senator Stevens,

Re: SB 266 Fishery Enhancement Loans

United Fishermen of Alaska supports passage of this bill to allow hatcheries to refinance their state loans at current interest rates. Thanks for being the sponsor.

Allowing DCED to refinance these hatchery loans (from the old rate of 9.5% to approximately 6%) makes good business sense, as it allows hatcheries to decrease their operating costs, which in turn allows fishermen to catch more fish in the common property harvest. Hatcheries enhanced fish account for 40% of Alaska's commercial salmon harvest, and also benefit sport and personal use fisheries throughout the state. Allowing the hatcheries to reduce interest rates, just as other businesses are doing during these financially volatile times, will not jeopardize the health of the fund, and will still allow for additional loans to be made as needed for future requests.

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell  
Executive Director

#### MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Fishery  
Chignik Regional Aquaculture Association • Concerned Area Fishermen • Cook Inlet Aquaculture Association  
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Park and Cruise  
Kona Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • Ketchikan Fisheries Association  
Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association  
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association

**VALDEZ FISHERIES  
DEVELOPMENT ASSOCIATION INC.**

P.O. Box 125  
Valdez, Alaska 99686  
Phone 835-4874 Fax 835-4831



The Honorable Ben Stevens  
Senate  
Capital Office Building  
Room 119  
Juneau, Alaska 99801-1182

Dear Senator Stevens;

On behalf of Valdez Fisheries Development Association, I would like to thank you for your sponsorship of SB 366, the "The Refinancing of Fishery Enhancement Loans" The refinancing of hatchery loans is a much needed tool for the survival of the hatchery program in Alaska. Being able to take advantage of lower interest rates puts all of us on a more level playing field as we struggle to make ends meet each year. One of the biggest beneficiaries of this bill will be the commercial fisherman. The need for the hatcheries to take a large share of the returning adult salmon for cost recovery will be diminished and the commercial fisherman will be the beneficiary of more available fish.

The annual loan payments that Valdez Fisheries makes to the State of Alaska often exceed \$800,000, of which 50% or more is interest payments. Your bill will help the hatchery programs in the state meet our financial obligations and still be able to produce the much-needed salmon for the common property fisheries of this state. Many of the hatcheries in the state are economic catalysts for the local coastal communities they are located in. The hatcheries provide jobs and support the local communities through the generation of raw fish taxes and other taxes that support the functions of the local government. Tourism dollars are generated both through the fishing that is available but also through being a tourist attraction such as the DIPAC hatchery located in Juneau. I believe very strongly that the hatchery system has met the obligations that were formulated in the organizational beginning of this system and will continue to do so long into the future.

Once again, I would like to thank you for your sponsorship of SB 266 and offer the assistance of Valdez Fisheries Development Association in the successful passage of this bill. If you need any further information please call me at (907) 835-4874.

Respectfully

*David C. Cobb*  
David C. Cobb

**DEDICATED TO THE UTILIZATION, CONSERVATION,  
AND REHABILITATION OF ALASKA'S FISHERY RESOURCE  
WITHIN THE 200-MILE LIMIT**



# THE CITY OF WHITTIER

Gateway to the Western Prince William Sound

P. O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

February 7, 2002

Senator Ben Stevens  
State Capital  
Juneau, Alaska 99801-1182

RE: SB 266-Refinancing of hatchery loans

Dear Senator Stevens:

The City of Whittier would like to voice its support for HB 368, your legislation that will allow hatcheries to refinance their state loans.

Residents of Whittier have been benefiting from the salmon produced by the state hatchery system for many years. Since 1992, the Prince William Sound Aquaculture Corporation (PWSAC) has released 100,000 coho smolts annually near our community for the sportfishing enjoyment of the locals, as well as for our neighbors from Anchorage and other landlocked communities who travel to Whittier for boating and fishing opportunities.

Thank you for your support of the fishing community in Alaska by introduction of this legislation. Please let me know if the City of Whittier can help in any way with its passage.

Sincerely,

A handwritten signature in cursive script that reads "Ben Butler".

Ben Butler, Mayor  
City of Whittier



# Alaska State Legislature

Please enter into the record my testimony to the Senate Labor & Commerce  
committee name

Committee on SB 266 Fishery Enhancement Loans, dated February 14, 2002  
bill # / subject

I would like to go on record as being **OPPOSED** to SB 266, which allocates **PUBLIC** money "making grants for organizational and planning purposes to qualified regional associations that have formed a nonprofit corporation, in amounts not exceeding \$100,000 per region and up to an additional \$100,000 on a 50/50 cash matching basis with the regional associations that have an authorized royalty assessment under AS 16.10.540; the state portion of the matching share shall be available when a final vote for assessments is made under AS 16.10.540; this provision also applies to qualified regional associations that have formed a nonprofit corporation before June 24, 1977;"

This **PRIVATE** industry may need periodic financial assistance to meet **THEIR** needs, but this should **NOT** be done with **OUR** tax dollars. There are currently many Banks and various other lending institutions in Alaska available to finance any sound business plan. Which leads me to wonder, "Why is the State using tax dollars to compete with these private businesses".

In the past two weeks alone the Alaska Legislature has considered spending bills with a price tag of over one **BILLION** dollars, the majority of which provide funding for non-essential government services, or to special interest groups such as the fishing and tourism industries. This money would be much better utilized elsewhere, or better yet, put away for future funding of essential state services.

The proposed **\$7.5 BILLION** dollar budget amounts to our state government spending over \$12,000.00 for every man, woman, and child in Alaska. At this rate, spending for a family of six amounts to over \$72,000.00! For each working person, this level of spending amounts to over \$26,000 each. That's a lot of tax money folks! I want to know how many average working people, or small business owners will be able to afford living here once the pipeline goes dry?

In my opinion SB 266 is nothing more than another "give a way" program designed to further deplete the budget reserve account, and a prime example of non-essential government spending. No Alaskan citizen will seriously consider any new taxes until all public funds given to private businesses, individuals, and special interest groups have been completely eliminated. Our public money would be better spent funding present and future essential government services such as education, roads, public health & safety.

Please vote NO on SB 266.

Thank you.

Signed: Mike McBride

Testifier

Self

Representing (optional)

PO Box 6 Kenai, Alaska 99611-0006

Address

907 776 5444

Phone number

# **Economic Impacts of Private Non-Profit Hatcheries in Southeast Alaska and Prince William Sound**

**Prepared for:  
Legislature Fisheries Caucus**

**Prepared by:  
McDowell Group, Inc.**

**February 28, 2002**

## **Alaska Salmon Enhancement**

- **History**
- **Commercial Fishing**
- **Processing**
- **Personal Use, Sport,  
Subsistence**
- **Hatchery Operations**

## **Summary of Findings**

- **Hatcheries Vital to Salmon  
Fisheries in SE and PWS**
- **In 2000:**
  - **\$200 million in value**
  - **Nearly half the commercial  
harvest and value**
  - **100,000 fish to sport/personal  
use/subsistence**
  - **About 3,000 jobs**

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska

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**McDowell Group, Inc  
Anchorage and Juneau**

**Seafood Industry**

- **Economic Assessment and Impacts**
- **Salmon Market Information Service – ASMI**

**Tourism**

**Alaska Urban and Rural Economies**

**Surveying**

## **Alaska Salmon Enhancement**

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## **Legislative Action**

**1971—ADFG FRED Division Established**

**1974 – Authorization for private hatcheries**

**1976 – Formation of Regional Assns.**

**\*Approved by vote of permit holders**

**\*Up to a 3% tax levied to fund enhancement**

## **Alaska Salmon Enhancement**

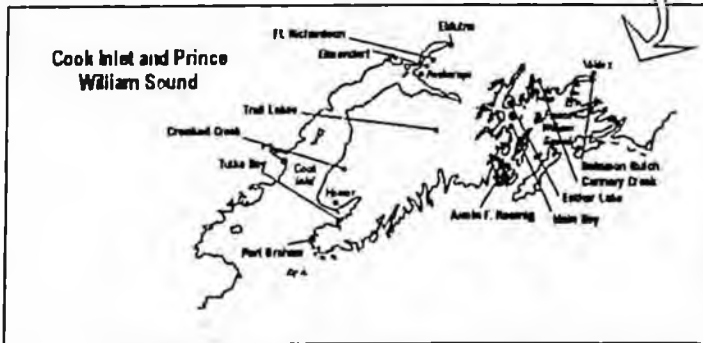
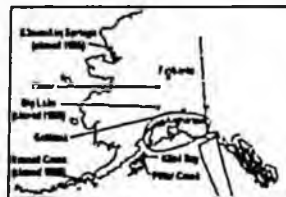
### **Regional Aquaculture Associations Formed:**

- ◆ NSRAA—Sitka
- ◆ SSRAA—Ketchikan
- ◆ PWSAC—Cordova
- ◆ KRAA—Kodiak
- ◆ CIAA—Soldotna

### **Other PNP Hatcheries established include:**

- ◆ DIPAC—Juneau
- ◆ VFDA—Valdez
- ◆ Armstrong-Keta—Baranof Island
- ◆ Deer Mountain—Ketchikan Indian Corporation
- ◆ Tamgas Creek—Mellakatia
- ◆ KNFC - Kake
- ◆ Prince of Wales Hatchery - Klawock

**Locations of Hatcheries  
in  
Prince William Sound,  
Interior, and Southcentral Alaska:**



Credit: ADFG Website

**Locations of Hatcheries  
in Southeast Alaska**



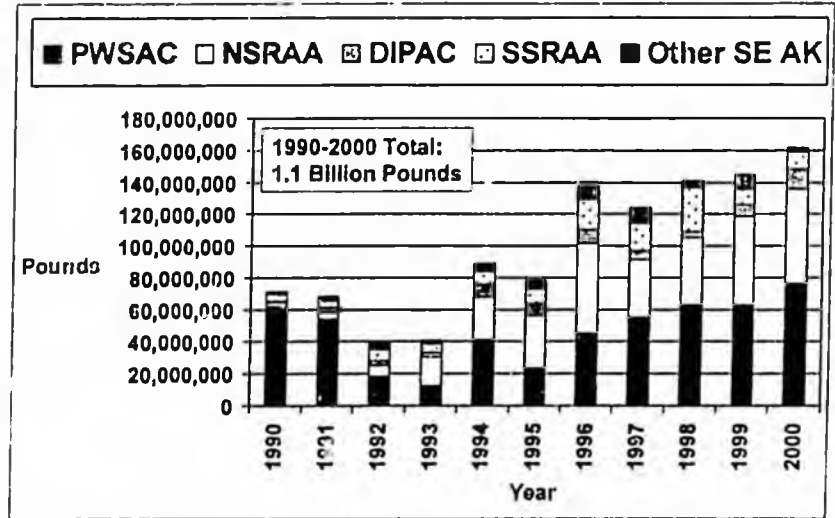
Credit: ADFG Website

## Alaska Salmon Enhancement

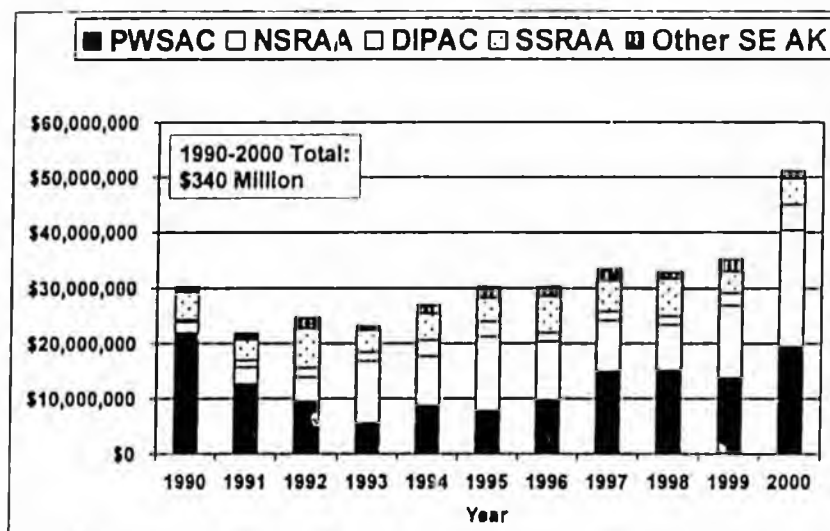
- I. Commercial Fishing**
- II. Processing**
- III. Personal Use, Sport and  
Subsistence**
- IV. Hatchery Operations**

## **I. Commercial Fisheries**

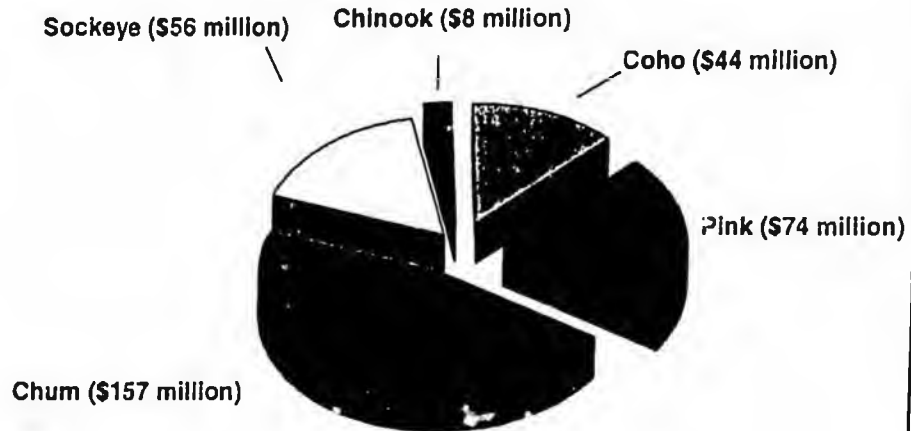
## Commercial Common Property Harvest of PNP Salmon



## Ex-vessel Value of PNP Salmon



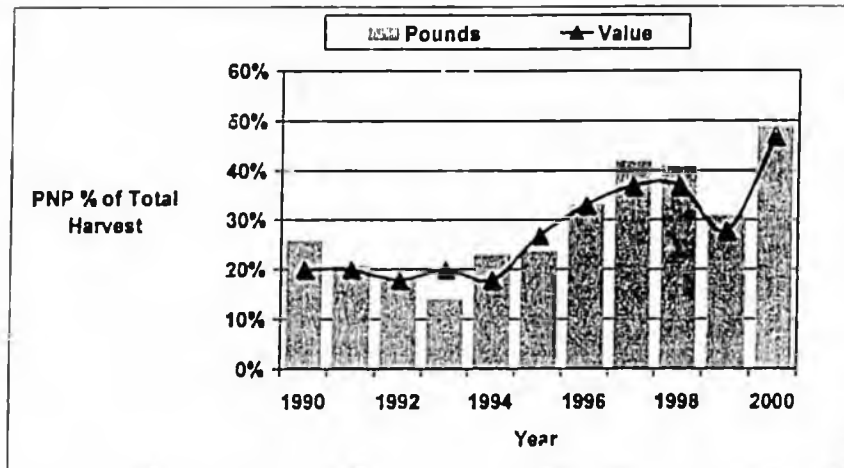
**PNP Salmon Ex-vessel Value  
PWS and SE AK  
1990-2000 Total**



**Ex-vessel Value of PNP Salmon  
PWS and SE AK  
1990-2000 Total**



## PNP Percent of Total SE and PWS Harvest



### 2000 PNP Economic Impacts – SE and PWS Commercial Fisheries

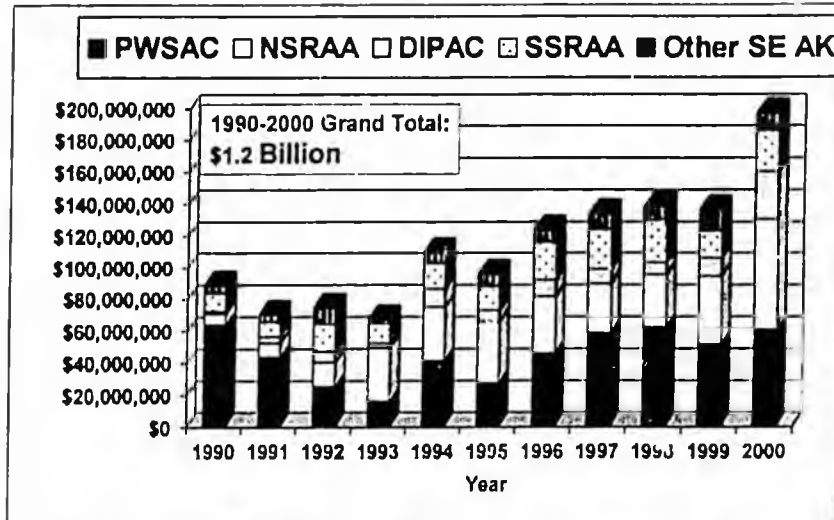
- 160 million pound harvest
- \$50 million ex-vessel value
- Economic Impacts:
  - \$70 million in Total Economic Output
  - 775 jobs

## 2000 Regional Impacts

- **Permit Holder Income from SE and PWS PNP Salmon:**
  - Cordova-Valdez: \$9.3 million
  - Wrangell-Petersburg: \$4.0 million
  - Kenai: \$3.2 million
  - Sitka: \$3.1 million
  - Juneau: \$2.8 million
  - Haines: \$2.2 million
  - Ketchikan: \$1.7 million
  - Anchorage: \$1.5 million
  - Matanuska Susitna: \$0.8 million

## II. Processing Industry

## Wholesale Value of SE and PWS PNP Salmon



## 2000 PNP Economic Impacts - Processors

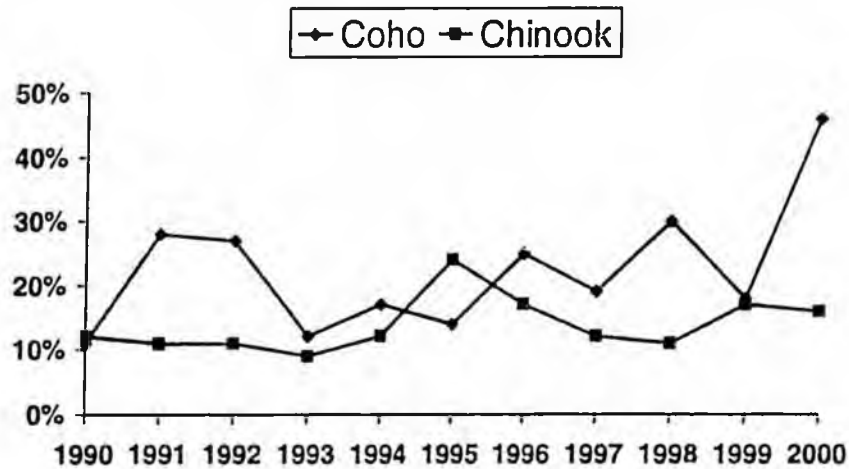
- Record \$196 million in value:
- Economic Impacts:
  - \$200 million in total output
  - 1,800 jobs

## 2000 Regional Impacts

- **Wholesale Value to Processors:**
  - Cordova-Valdez: \$33 million
  - Kenai: \$18 million
  - Sitka: \$13 million
  - Northern SE: \$11 million
  - Ketchikan: \$ 9 million
  - Juneau \$ 5 million
- **Jobs:**
  - Southeast Alaska: 900
  - Valdez-Cordova: 350
  - Kenai: 230

## III. Sport, Personal Use, and Subsistence Fisheries

**PNP % of SE and PWS Sport Fish Harvest,  
1990-2000**



**PWSAC Copper River Personal Use and  
Subsistence Harvest, 1995-2000 Total**

City of Residence	Sockeye Harvest
ANCHORAGE	33,000
FAIRBANKS	28,000
WASILLA	11,100
NORTH POLE	8,900
COPPER CENTER	8,600
GLENNALLEN	8,400
PALMER	7,500
EAGLE RIVER	7,200
GAKONA	4,600
VALDEZ	4,500
DELTA	4,900
TOK	3,100