

**ALASKA LEGISLATURE**

**2403**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

# STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND  
ECONOMIC DEVELOPMENT  
REGULATORY COMMISSION OF ALASKA

TONY KNOWLES, GOVERNOR

701 WEST EIGHTH AVENUE, SUITE 300  
ANCHORAGE, ALASKA 99501-3469  
PHONE: (907) 276-6222  
FAX: (907) 276-0160  
TTY: (907) 276-4533

February 15, 2002

The Honorable Gene Therriault  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Re: SB 280, "An Act permitting grants to certain regulated public utilities for water quality enhancement projects and water, wastewater, and solid waste systems."

Dear Senator Therriault:

This is in response to the questions raised in your February 15, 2002 regarding regulated public utilities. In that letter, you ask whether requiring utilities to be regulated by the Regulatory Commission of Alaska in order to be eligible for a grant will ensure that the benefits of the grant are passed on to ratepayers.

All public utilities that serve 10 or more customers for compensation must be certificated by the RCA. All certificated utilities are subject to a public convenience and necessity determination and a fit, willing and able requirement before they can operate as a public utility. Certificated public utilities are subject to economic regulation (rate review) by the RCA if they are privately owned or do not otherwise meet the exemption criteria in AS 42.05.711. The Commission regulates pipelines and utilities to assure reasonable and just rates to the consumer with fair rates of return to the utilities.

Ensuring that the benefits of the grant are passed on to ratepayers will primarily be the responsibility of the agency administering the grant. For an economically regulated utility, the Commission would have the opportunity to assess the benefits of the project through the rate review process, after the project is completed and in use.

Letter to Senator Therriault  
February, 15, 2002  
Page 2 of 2

You also ask whether regulated utilities get any depreciation or rate of return on grant funds. The answer is no. In traditional ratemaking, depreciation allows the utility to recover the funds it invested to purchase plant that is used and useful in delivering service. Consumers compensate utilities through rates for the costs incurred by a utility to deliver service. Grant-funded plant acquisitions are not allowed in rates because they do not represent an investment by the utility. To require ratepayers to reimburse a utility for grant monies and allow the utilities to earn a return on an investment they have not made would result in higher utility rates for the ratepayer.

I hope the above provides the information you seek. If you have any questions, please call me at (907) 263-2112. I will be in Juneau next Tuesday and Wednesday, and will be available at the hearing to answer any additional questions.

Sincerely,

REGULATORY COMMISSION OF ALASKA

  
G. Nanette Thompson, Chair



# Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email [mayor@co.fairbanks.ak.us](mailto:mayor@co.fairbanks.ak.us)

February 19, 2002

The Honorable Senator Gene Theriault  
119 N. Cushman, Suite 101  
Fairbanks, AK 99701

Dear Senator Theriault:

I am writing you to give my support to Senate Bill 280, which would allow privately owned, public utilities to receive water and wastewater grants through the Department of Environmental Conservation.

The Fairbanks North Star Borough is a second-class Borough and, as such, has limited powers in providing for water and wastewater utilities. These utilities can only be provided through citizen approved service areas.

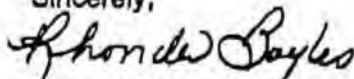
Two out of the 117 service areas within the Borough have elected to provide some level of water and wastewater utility. Neither service area can afford the cost of providing quality utility functions nor can they afford major, necessary improvements. This has resulted in health and safety issues that must be addressed. One service area in particular, Ballaine Lake, has already raised their property taxes to the maximum mill rate allowed by statute. In order to improve their current wastewater process, they must turn to a privately owned, public utility company.

The Fairbanks North Star Borough government has acquired funding to assist these two service areas, however, this assistance takes time. Had the local public utility companies been in a place to provide this assistance, improvements could have been expedited.

Senate Bill 280 would help privately owned, public water and wastewater utility companies to improve the existing infrastructure without placing the entire burden on the ratepayer. In our Borough, expansion of services as a result of SB 280 would allow improvements to areas with marginal, current systems, or no systems at all, such as Badger Road and Farmers Loop.

Please add my support to this critical legislation. The Fairbanks North Star Borough Assembly and I will be submitting a resolution in support of SB 280 within the next two weeks.

Sincerely,

  
Rhonda Boyles, Mayor



February 13, 2002

Senator Ben Stevens  
Chair, Senate Labor and Commerce Committee  
Sent by fax: 907-465-3884

RE: SB 280

Fairbanks Sewer & Water, Inc. (FSW) was formed in 1996 to acquire Golden Heart Utilities, Inc. from the City of Fairbanks when the City divested itself of its utilities. Simultaneously, FSW acquired College Utilities Corporation, which owns and operates the water and wastewater system on the west side of Fairbanks. FSW is the parent of both Golden Heart Utilities and College Utilities, which serve a combined 8,500 customers.

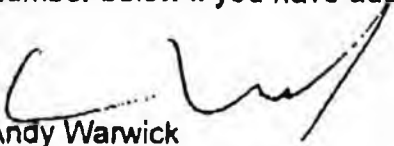
In 2000 we asked the Legislature to allow our water and wastewater utilities to participate in the State's low interest revolving loan fund, which the Legislature accomplished through HB304. Because utilities must be regulated by the Regulatory Commission of Alaska as a condition of participation, all of the benefits of the program are passed on to the ratepayers through lower rates.

Currently Fairbanks is the only community in the State that cannot participate in the State's water and wastewater grant program under AS 46.03.030(b), as under current law, privately owned, public water and wastewater utilities are not eligible. SB280 remedies this inequity in the same manner as HB304 mentioned above. Fairbanks was eligible to participate when the utility was owned by the City of Fairbanks. SB280 provides the same benefits to the Fairbanks ratepayers that they enjoyed under City ownership by including privately owned water and wastewater utilities in the State's water and wastewater grant program if the utilities are regulated by the Regulatory Commission of Alaska. Regulation insures that all of the economic benefits of the grants are passed on to the ratepayers.

SB280 will:

1. Reduce the burden to our ratepayers of critical improvements to our water and wastewater systems. Like all utilities in Alaska, improvements are necessary for the continued reliability of the system.
2. Increase the ability of the utility to expand its water and wastewater system to include families and businesses that utilize wells and septic systems. The vast majority of Fairbanks residents are not hooked up to a public water and wastewater system. In some cases this causes sanitary problems that could be avoided by our utility system.
3. Provide benefits to our ratepayers that other ratepayers in Alaska enjoy.

Thank you for the opportunity to comment on this bill. I can be reached at the telephone number below if you have additional questions.



Andy Warwick  
Chair of Board of Directors  
Fairbanks Sewer & Water, Inc.  
907-456-1566

Introduced by: Mayor Thompson  
Date: February 25, 2002

**RESOLUTION NO. 3976**

**A RESOLUTION OF THE CITY OF FAIRBANKS IN SUPPORT OF  
SENATE BILL 280, AND SETTING AN EFFECTIVE DATE**

**WHEREAS**, Senate Bill 280 would amend current law to permit state grants to regulated private utilities for water quality enhancement and supply, as well as sewage and solid waste facilities; and

**WHEREAS**, regulation by the Regulatory Commission of Alaska ("RCA") insures that all of the economic benefits of the grants are passed on to the rate paying public; and

**WHEREAS**, currently Fairbanks is the only community that can not participate in this grant program due to the divestiture of the Municipal Utilities System.

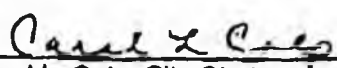
**NOW, THEREFORE, BE IT RESOLVED** that the City Council supports Senate Bill 280, and urges its adoption by the legislature of the State of Alaska.

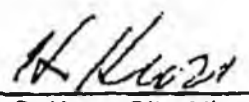
Passed and Approved this 25<sup>th</sup> day of Feb, 2002.

  
STEVE M. THOMPSON, MAYOR

AYES:  
NAYS:  
ABSTAIN:  
ABSENT:  
ADOPTED: February 25, 2002  
ATTEST:

APPROVED AS TO FORM

  
Carol L. Cole, City Clerk

  
Herbert P. Kuss, City Attorney

# STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND  
ECONOMIC DEVELOPMENT  
REGULATORY COMMISSION OF ALASKA

TONY KNOWLES, GOVERNOR

701 WEST FIFTH AVENUE, SUITE 300  
ANCHORAGE, ALASKA 99501-3469  
PHONE: (907) 276-6222  
FAX: (907) 276-0160  
TTY: (907) 276-4533

April 8, 2002

The Honorable Senator Gene Therriault  
Alaska State Senate  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182  
Faxed to 907-465-3884 (attention Wilda Rodman)

Re: SB 280

Dear Senator Therriault:

You asked whether the owners of a utility that received grant funding under this proposed legislation would receive a profit based on those grant funds if the utility was ever sold. The brief answer is no, for the two reasons explained below.

First, any grant funds received by a utility are considered contributed capital and, with limited exception, a regulated utility is not permitted to recover contributed capital from its customers. The utility is also, with the same limited exceptions, not permitted to count the contributed capital as a portion of its investment in establishing the amount of return on its investment it may recover from its customers. AS 42.05.471(b). Utilities must account for contributed capital in a manner in which it is clearly identified or excluded from the utility's rate base under the uniform system of accounts prescribed by regulations. Utilities with annual revenues in excess of \$100,000 are also required to maintain continuing property records that reflect this treatment. AS 42.05.461.

Second, market value for a utility, similar to unregulated enterprises, is generally established using the net present value of expected future cash flows the purchasing entity will receive. The cost of purchasing a utility in excess of the net book value of the selling utility's assets (an acquisition adjustment) usually constrains market value. The new owner of a utility should know that they will not automatically be allowed to recover the acquisition adjustment from its customers through rates and will set the price accordingly.

Senator Therriault

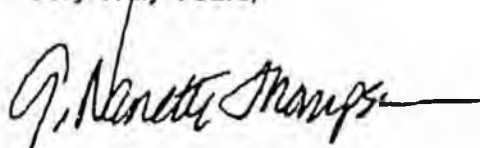
April 8, 2002  
Page 2

Either the stock or assets of a utility can be sold, and depending on the nature of the transaction, the prescribed uniform system of accounts will require the book value of the seller's plant to be carried forward by the purchaser rather than revaluing the assets to market value. At the time of the utility's next overall rate review, the RCA is directed by statute to establish the ratebase for the new owner using the lower of the purchase price or the value on the selling utilities' books. The book value represents the remaining value of the plant after the depreciation already paid by the utilities' customers has been deducted and the purchase price represents the market value of the utility. The statute requires rate base to be set at that value if lower so that the customers of the new utility are not paying for plant value the utility did not acquire.

The RCA has allowed acquisition adjustments to be recovered from ratepayers by the utility when the new owner provides evidence of public interest, like lower rates as the result of the acquisition. The RCA carefully scrutinizes proposed acquisition adjustments that utilities seek to recover through rates. The RCA's role is not to determine the purchase price in a utility sale, that is left to the parties. Rather, we regulate the amount of the purchase price that the utility will be allowed to recover from its ratepayers.

I hope this information is helpful to you. Please contact me if you need any further information.

Very Truly Yours,



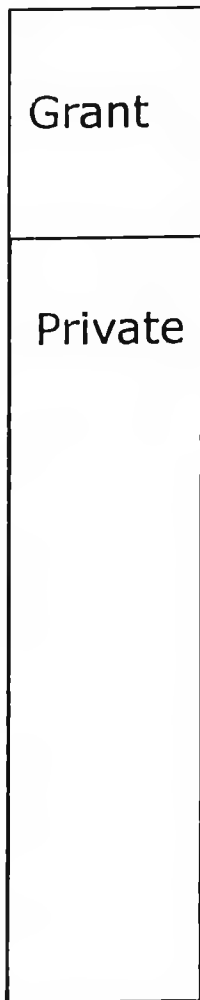
G. Nanette Thompson  
Chair

GNT:dea

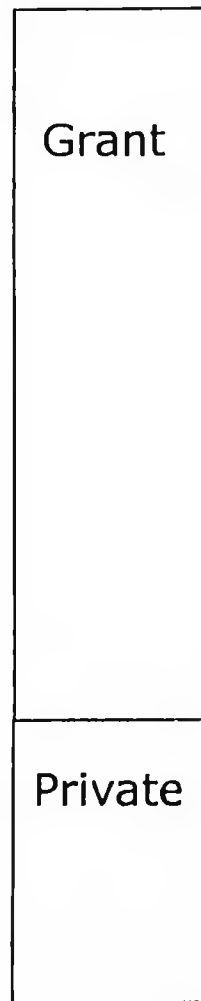
\$10 Million



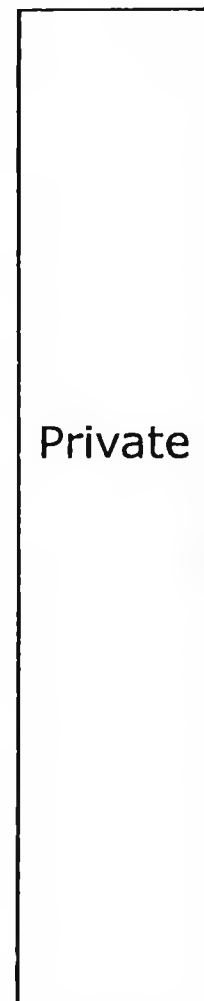
1



2



3



SB 280-WATER/SEWER/WASTE GRANTS TO UTILITIES  
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Don Easton Subject/Bill No: SB 280  
Co./Dept./Title: AK Dept. of Env. Conservation Phone: 465-5135  
Address: 410 Willoughby Ave, Juneau Zip: 99801  
Do you wish to testify?  Yes  No  Respond To Questions

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

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

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

SB 280-WATER/SEWER/WASTE GRANTS TO UTILITIES  
SENATE FINANCE COMMITTEE

SIGN-IN

✓ NAME: Dan Easton Subject/Bill No: CSSB-280  
Co./Dept./Title: Dept. of Env. Conservation Phone: 465-5135  
Address: 410 Willoughby, Tunoon, AK Zip: 99801

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions





**SB**

**282**

SFIN

FILE

**SENATE FINANCE COMMITTEE REPORT**

DATE: 2/27/02

REPORTED OUT  APR 02 2002  SENATE FINANCE COMMITTEE
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FURTHER:

DATE TURNED IN TO OFFICE: 04/03/02

Finance Committee considered **SENATE BILL NO. 282**

*SB 282 ALASKA SEAFOOD MARKETING INSTITUTE/TAX*

"An Act relating to the membership of the board of directors of the Alaska Seafood Marketing Institute; extending the termination dates of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute and of the salmon marketing tax; and providing for an effective date."  
and recommends:

- be replaced with CS SB 282 (FIN)
- adopt previous CS CS FORTHCOMING
- 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	3/1/02	1,800.0		

**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>Alana Quilty</i>	✓			
<i>John Hoff</i>	✓			
<i>Robert J. Simon</i>	✓			
COCHAIR:				
COCHAIR: <i>Peter Kelly</i>	✓			

# FISCAL NOTE

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

APR 02 2002

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS SB 282 (L&C)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title Reauthorization of the 1% Salmon Tax BRU Alaska Seafood Marketing Institute (126)  
 Component Alaska Seafood Marketing Institute  
 Sponsor Senator Stevens  
 Requester Senate Finance Component No. 393

**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	226.0	226.0	226.0	226.0	226.0	226.0
Travel	74.0	74.0	74.0	74.0	74.0	74.0
Contractual	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0
Supplies	32.0	32.0	32.0	32.0	32.0	32.0
Equipment	1.0	1.0	1.0	1.0	1.0	1.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</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						
1156 Receipt Supported Services	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
<b>TOTAL</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</b>	<b>1,800.0</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:  X

**POSITIONS**

Full-time	18	18	18	18	18	18
Part-time						
Temporary						

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

The Receipt Supported Services fund source stated here is derived from the collection of the 1% Salmon Marketing Tax. The 1% Salmon Marketing Tax is calculated on the actual Annual Harvest ex-vessel value of all salmon harvested in Alaska in any given year. Because of the varying cyclic nature of the salmon harvests from year to year, an average salmon ex vessel harvest value of \$180,000,000 per year of which 1% Salmon Marketing Tax equals \$ 1,800,000 has been used as the estimated collectable revenue for ASMI.

The estimated expenditures are based on a percentage ratio .

Prepared by: Barbara Belknap, Director Phone 907-465-5570  
 Division Alaska Seafood Marketing Institute Date/Time 3/1/02 3:55 PM  
 Approved by: Deborah B. Sedwick, Commissioner Date 3/1/2002  
 Agency Department of Community & Economic Development

ADOPTED

SENATE FINANCE  
COMMITTEE #1  
Amendment Number: #1  
Bill Number: SB 287  
Sponsor: Austerman Date: 3/2/02  
Logged In By: Mindy

22-LS1436J.3  
Utermohle  
3/28/02

AMENDMENT

Sponsored by  
Sen. Austerman

OFFERED IN THE SENATE  
TO: CSSB 282(L&C)

- 1 Page 1, lines 1 - 2:
- 2 Delete "extending the termination dates of certain activities and salmon
- 3 marketing programs of the Alaska Seafood Marketing Institute and"
- 4 Insert "delaying the repeal"
- 5
- 6 Page 3, lines 26 - 29:
- 7 Delete all material.
- 8
- 9 Renumber the following bill section accordingly.

Proof of Final  
CS 4/3/02

22-LS1436/L

OK'd 9:45 am  
4/3/02

CS FOR SENATE BILL NO. 282(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATOR STEVENS

A BILL

FOR AN ACT ENTITLED

1 "An Act delaying the repeal of the salmon marketing tax; expanding the allowable use  
2 of that tax for the salmon marketing programs of the Alaska Seafood Marketing  
3 Institute; relating to the Alaska Seafood Marketing Institute's salmon marketing  
4 committee; and providing for an effective date."

#1

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

6 \* Section 1. AS 16.51.100 is amended to read:

7 Sec. 16.51.100. Duties of board. The board shall

8 (1) conduct programs of education, research, advertising, or sales  
9 promotion designed to accomplish the purposes of this chapter;

10 (2) promote all species of seafood and their by-products that are  
11 harvested in the state and processed for sale;

12 (3) develop market-oriented quality specifications for Alaska seafood  
13 [SEAFOODS] to be used in developing a high quality image for Alaska seafood in  
14 domestic and world markets, and adopt and distribute recommendations regarding the

L

1 handling of seafood from the moment of capture to final distribution;

2 (4) prepare market research and product development plans for the  
3 promotion of all species of seafood and their by-products that are harvested in the state  
4 and processed for sale;

5 (5) submit an annual report to the governor describing the activities of  
6 the institute and notify the legislature that the report is available;

7 (6) develop marketing programs based on the "inspection" and  
8 "premium quality" seals designed under AS 17.20.066 and use the seals in advertising  
9 and promotion efforts of the institute;

10 (7) collect, organize, distribute, and make available to the public  
11 information on prices paid and market conditions for raw salmon and salmon products  
12 and provide this information on a regular and timely basis to all salmon fishermen  
13 who hold permits under AS 16.43 and to all nonprofit salmon enhancement  
14 organizations that hold a permit under AS 16.10.400;

15 (8) cooperate with commercial salmon fishermen, fishermen's  
16 organizations, seafood processors, the Alaska Fisheries Development Foundation, the  
17 Fisheries Industrial Technology Center, state and federal agencies, and other relevant  
18 persons and entities to investigate market reception to new salmon product forms and  
19 develop commodity standards and future markets for salmon products;

20 (9) establish a salmon marketing committee to assist and advise the  
21 board in administering the [DOMESTIC] salmon marketing program that is funded  
22 through the tax collected under AS 43.76.110 - 43.76.130; the committee shall consist  
23 of seven persons selected by the board, as follows:

24 (A) four persons shall be engaged in commercial salmon  
25 fishing and hold salmon permits under AS 16.43, of whom

26 (i) one person shall be a member of the board of  
27 directors of the institute; and

28 (ii) three persons shall be Alaska residents from  
29 different salmon administrative areas established by the Alaska  
30 Commercial Fisheries Entry Commission; and

31 (B) three persons shall be engaged in processing of salmon, of

whom

(i) one person shall be a member of the board of directors of the institute;

(ii) one person shall be a salmon processor who is not on the board of directors of the institute and who has an annual payroll in the state of more than \$2,500,000; and

(iii) one person shall be a salmon processor who is not on the board of directors of the institute and who has an annual payroll in the state of \$50,000 - \$2,500,000.

\* Sec. 2. AS 43.76.120(d) is amended to read:

(d) The salmon marketing tax collected under this section shall be deposited in the general fund. The legislature may appropriate revenue generated by the salmon marketing tax to the Alaska Seafood Marketing Institute for the purpose of supporting the institute's salmon marketing program under AS 16.51 [AS 16.51.100(7) - (9) AND THE INSTITUTE'S DOMESTIC SALMON MARKETING PROGRAM]. Except as otherwise provided in an appropriation by the legislature, the amount of the allocation made to the institute's salmon marketing program under AS 16.51.100(7) and (8) should not exceed 10 percent of the total amount of salmon marketing tax revenue appropriated for the institute.

\* Sec. 3. The uncodified law of the State of Alaska enacted in sec. 9, ch. 55, SLA 1993, as amended by sec. 1, ch. 111, SLA 1998, is amended to read:

Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed June 30, 2008 [2003].

\* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

#!  
Section  
deleted

# 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 282: Alaska Seafood Marketing Institute Salmon Marketing Tax**

Senate Bill 282 extends the termination date for the 1% domestic salmon marketing tax to the year 2008. In 1993, the legislature enacted the 1% tax to raise revenues to market Alaska's salmon in the United States. The tax is paid by commercial salmon harvesters at the rate of 1% of the value of salmon that is removed from the state or transferred to a buyer in the state. The tax must be reinstated every five years by the state legislature; this will be the second extension since its enactment. Senate Bill 282 also permits the revenue to be used in all of ASMI's current salmon marketing programs.

ASMI receives no state funding and is the only non-regulatory state agency that is industry supported. The major components of its' budget are the 1% salmon marketing tax, a .3% seafood processors tax, and funding from two federal grant programs. As the generic marketing agency for all of Alaska's seafood, AMSI utilizes these funds to promote the quality and superiority of Alaska seafood products and to increase worldwide consumption. Over the last six years, they have worked with 34 distributor partners and 60 hotel and restaurant foodservice partners. Last year, ASMI arranged retail promotions with more than 56 major grocery store chains (about 7,000 stores). Through their marketing efforts, more than twenty-five million pounds of Alaska seafood sold directly through their domestic foodservice and retail promotions last year.

**CS for SB 282(L&C): Alaska Seafood Marketing Institute/Salmon Marketing Tax**

**Sectional Analysis**

<b>Section</b>	<b>Statute</b>	<b>Existing</b>	<b>CSSB 282</b>	<b>SB 282</b>
1	16.51.100 (9)	Establishes a salmon marketing committee to assist ASMI in administering the DOMESTIC salmon marketing program, funded by the 1% salmon marketing tax.	Removes "DOMESTIC" which will allow the salmon marketing committee to assist ASMI in administering the salmon marketing program in both the DOMESTIC and INTERNATIONAL markets.	Same as existing statute.
2	43.76.120 (d)	Allows the legislature to appropriate revenue generated by the 1% salmon marketing tax for the purpose of the DOMESTIC salmon marketing program under ASMI.	Removes "DOMESTIC" which will allow the legislature to appropriate revenue generated by the 1% salmon marketing tax for the purpose of both the DOMESTIC and INTERNATIONAL salmon marketing programs under ASMI.	Same as existing statute.
3	Uncodified Law	Repeals AS 43.76.110 - .130, establishing the 1% salmon marketing tax, on June 30, 2003.	Extends the termination date for the salmon marketing tax to June 30, 2008.	Extends the termination date for the salmon marketing tax to the year 2008.
4	Uncodified Law	Repeals AS 16.51.100 (7)-(9), establishing the salmon marketing program, to June 30, 2004.	Extends the termination date for the salmon marketing program to June 30, 2009.	Extends the termination date for the salmon marketing program to June 30, 2009.
	16.51.020	Establishes the ASMI board of directors, consisting of 25 voting members - eight seafood processors, eight commercial fish harvesters, and 1 layperson.	Same as existing statute.	Reduces the ASMI board of directors from 25 to 13 by attrition, while maintaining the ratio of membership representations. Board members are phased out as their terms expire.

**Alaska State Chamber of Commerce**

**Position 2002 - 13**

**Alaska Seafood Marketing Institute**

The Alaska State Chamber of Commerce supports the existing mechanisms of funding for the Alaska Seafood Marketing Institute budget, and all other sources of state funding.

**Rationale:**

The commercial fishing industry is one of the largest private sector employers in the State of Alaska and is the second largest revenue producing industry in the State of Alaska. The seafood industry in Alaska accounts for more than 47% of private sector employment opportunities in Alaska. Fish products represent approximately 40% of Alaska's international exports and over 75,000 people receive all or part of their income from the commercial fishing and the seafood processing industry.

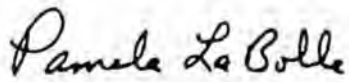
Stable funding provides for a rational decision-making approach to the allocation of fishery resources to both recreational and commercial fishers alike. These allocations are based on Alaska Department of Fish and Game fisheries management data and input from all fishing groups.

Additionally, successful marketing of Alaska seafood resources will help stabilize fishery income to the industry and State of Alaska. Successful marketing will help the industry compete in a global economy that is heavily subsidized by foreign government.

ADOPTED

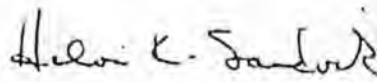
February 12, 2002

BY



Pamela La Bolle  
President

BY



Helvi Sandvik  
Chair



### **CS SB 282 (L&C)**

## **Reauthorizing the 1% salmon marketing tax and salmon marketing programs of the Alaska Seafood Marketing Institute (ASMI)**

Sponsored by Senator Ben Stevens

Reinstates for a five year period the 1% salmon marketing tax paid by Alaska salmon fishermen, and used to fund ASMI salmon marketing programs. The tax sunsets June 30, 2003.

ASMI's programs are funded by the seafood industry with help from federal grants. These grants are matched with industry dollars.

United Fishermen of Alaska, Alaska State Chamber of Commerce, Alaska Federation of Natives, and Bristol Bay Economic Development Corporation are among the organizations that support this industry funding mechanism.

The reauthorization this fiscal year enables ASMI to go forward with marketing plans for Alaska salmon in the 2003 season.

CS SB 282 (L&C) changes existing law by lifting the restriction on spending the salmon marketing tax exclusively on domestic marketing, allowing the ASMI board the flexibility to determine the most effective way to spend the dollars and leverage federal funds. The ASMI board supports this provision.

The original version of the bill, SB 282, provided for reducing the size of the ASMI board. The Senate Labor and Commerce Committee, chaired by the bill's sponsor, approved a committee substitute that leaves the size of the board as it is. The ASMI board supports retaining a board of 25 to increase seafood industry involvement and representation.



P.O. Box 762 • Kodiak • AK • 99615  
Phone: (907) 486-6899 • Fax: (907) 486-7058 • Email: [kodiak@unitedsalmon.org](mailto:kodiak@unitedsalmon.org)

---

February 15, 2002

Senator Ben Stevens  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Stevens,

I am writing to convey the support of the United Salmon Association for the changes to the Alaska Seafood Marketing Institute that you are proposing in SB 282. USA has long supported restructuring ASMI to make it a more effective and accessible organization.

In particular, I would like to convey our support for changes to Alaska law to allow ASMI to lobby for the interests of fishermen in the federal arena. In recent years, USA has identified several issues that require treatment at the federal level. These include, but are not limited to, access to USDA price support programs; access to USDA marketing funds; participation in free trade negotiations; and access to federal food aid programs. Many of ASMI's current marketing goals would be complimented by progress in these areas, and we would like to empower the agency to pursue these issues.

Additionally, we support any and all efforts to bring control of the money generated by the 1% tax on salmon harvesters back into the hands of ASMI's Salmon Marketing Committee. It is important that the harvesting community have directional control of those funds in order to assure support for the tax into the future.

Lastly, we would like to see changes to the rules governing the use of the 1% tax monies so it would be permissible to use them for foreign, as well as domestic, marketing. Again, we believe that oversight of this use must rest in the hands of the Salmon Marketing Committee.

We are encouraged by all of the forward movement in the legislature on the issue of salmon this year, and appreciate your efforts to help strengthen Alaska's salmon industry.

Please feel free to contact us with any questions.

Respectfully,  
Thom Wischer  
Chairman  
USA/Kodiak



# UNITED FISHERMEN OF ALASKA

February 21, 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  
Chair  
Senate Labor and Commerce Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Re: SB 282 Alaska Seafood Marketing Institute/Tax

Dear Senator Stevens,

United Fishermen of Alaska supports passage of elements of this bill to allow renewing the harvester salmon 1% assessment for marketing, authorizing ASMI to lobby for federal funds, and allowing the ASMI board to spend the assessment for marketing worldwide.

As you are aware, the Alaska salmon industry is facing challenges due to imports of farmed fish, the value of the Japanese yen, the lagging Japanese economy, and inefficiencies in the present harvesting structure. It is import to signal to Alaska's fishery markets and our competitors that we are serious about marketing our product; renewing the assessment now rather than waiting until the last minute in 2003 sends the right message.

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

Copy: Senator Alan Austerman

#### MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea 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  
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association  
Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association  
Prince William Sound Aquaculture Corporation • Pura Seina Vessel Owners Association • Seafood Producers Cooperative  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Quillan

# POM Database

4 per page

Master List

Labels

Goto Constituent Database

Find All

Find

Sort

Import New POMS

Transfer new POM info to Constituent Database

Title Mrs.

First Name Julie

Middle A

Last Name Decker

Suffix

Address 1 2138

Address 2 Po Box 2138

City Wrangell

State AK

Zip 99929

Telephone Number 874-3110

Affiliation individual commercial fishermen

Reg Voter Y

Constituency N

Distribution 5

match X

ascension

email

Date POM Sent 02/21/2002

Bill Number SB 282

Response Supports

Subject

Message 1 My husband Gig and I would like to support SB282. Gig has been a commercial salmon fisherman for 30 years and I went with ASMI on its China Trade Mission last October. ASMI does an excellent job with the funds it has.

Message 2

issue

nameadd DeckerJulie2138

home phone

ascension

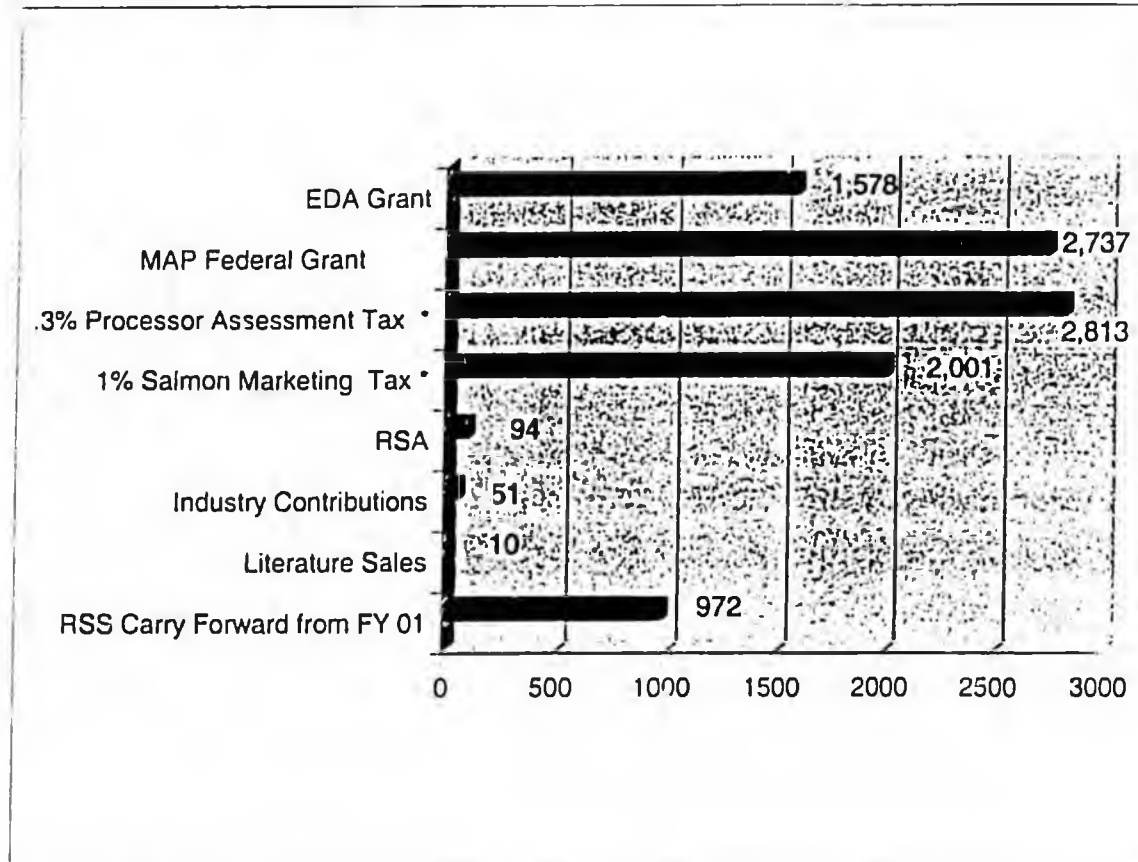
namelast Decker



## Sources of ASMI Revenue FY 02

RSS Carry Forward from FY 01	972	9%
Literature Sales	10	0%
Industry Contributions	51	0%
RSA	94	1%
1% Salmon Marketing Tax *	2,001	20%
.3% Processor Assessment Tax *	2,813	27%
MAP Federal Grant	2,737	27%
EDA Grant	1,578	15%
	<b>10,256</b>	<b>100%</b>

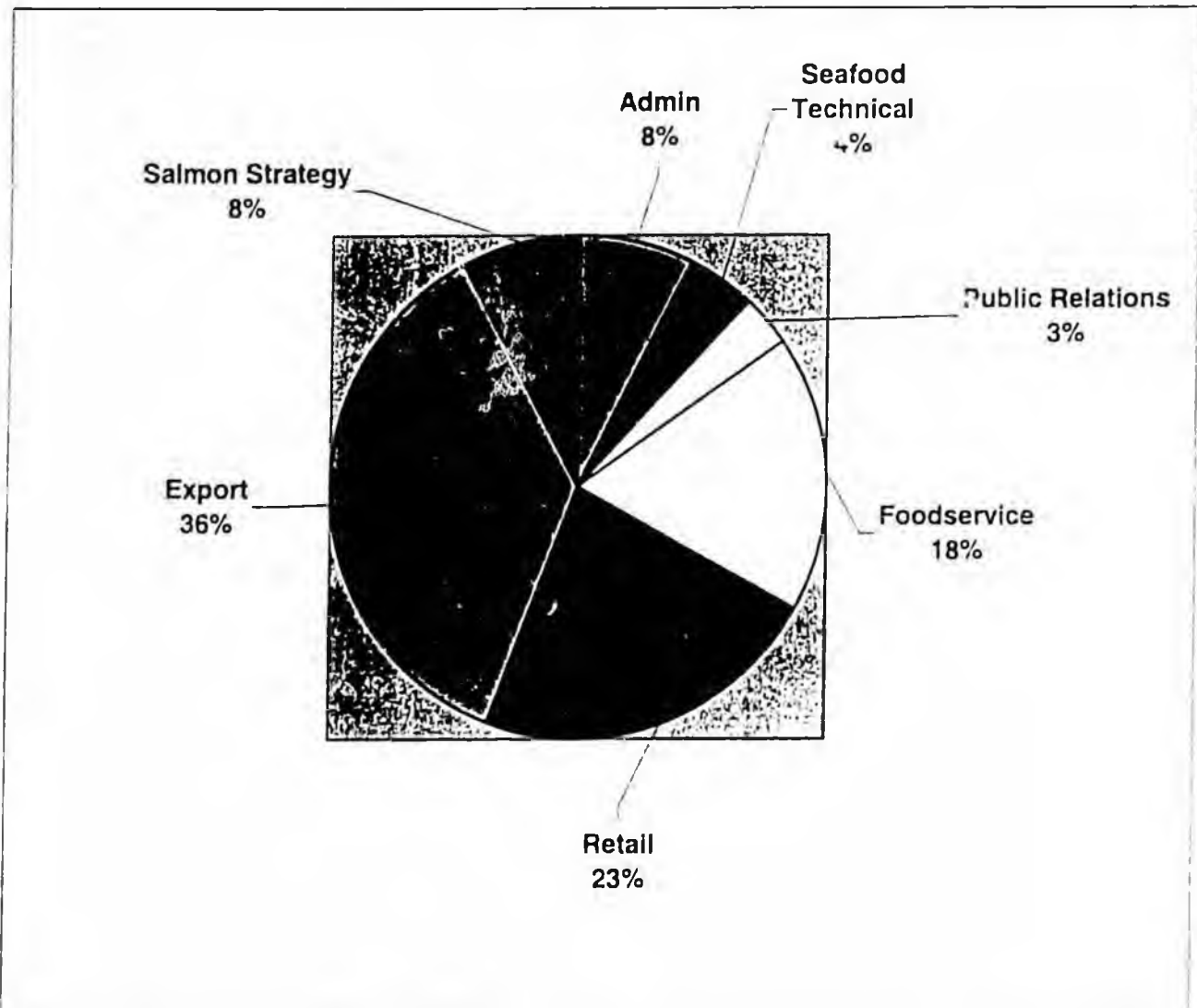
*Note: \* The Fish Revenues are projected*





## Allocation of ASMI Revenue FY 02

Admin	739	8%
Seafood Technical	439	4%
Public Relations	335	3%
Foodservice	1,728	18%
Retail	2,266	23%
Export	3,582	36%
Salmon Strategy	753	8%
	9,842	100%





**Last year more than 50,000,000 pounds of Alaska Seafood was sold directly through ASMI foodservice and retail promotions**

**Export Foodservice**

**1,307,061 pounds of Alaska seafood sold through ASMI export foodservice promotions overseas in FY 01**

9,912 chefs exposed to Alaska seafood through promotions and seminars overseas

248 promotional partners for export foodservice program

22 new promotional partnerships established

38.8% increase in pounds of value-added seafood sold

**Export Retail**

**23,864,957 pounds of Alaska seafood sold through ASMI export retail promotions overseas in FY 01**

8,617 stores conducting ASMI promotions overseas

272 new promotional partners for export retail program

38.8 change in pounds of value added seafood sold at retail

+76% volume and percentage change in sales of canned salmon (UK)

**Domestic Foodservice Program**

**More than 11.5 million pounds of Alaska seafood sold through domestic foodservice promotions in FY 01**

35 working accounts, with 4,786 units (excludes those served by broadline foodservice distributors)

15 new promotional partners

35,000 chefs exposed to ASMI and Alaska seafood through promotions and educational seminars

**Domestic Retail Program**

**More than 13 million pounds of fresh and frozen Alaska seafood sold through domestic retail promotions in FY 01**

3 million pounds of this was value-added product

58 grocery chains with 7,103 stores involved in ASMI promotions

Added six new retail chains (1,443 stores) as partners for promoting all species of Alaska seafood

Sales figures were up 6.8% over last year for sales of value-added Alaska seafood items through national home delivery service promotion

**U.S. marketing efforts are enhanced by a strategic salmon initiative funded by federal EDA grant funds. In FY 01 this initiative achieved 145 million impressions: key messages about Alaska Salmon were delivered that many times through radio, newspaper, magazine, and TV. An expenditure of \$900,000 generated media coverage valued at \$19.7 million.**

## **Did you know that....**

- **In 2000, the Alaska Seafood brand ranked Number 3 among branded food items on menus of the top 500 restaurant chains in the U.S.**
- **The Marine Stewardship Council (MSC) validated Alaska's salmon fishery management in September 2000, certifying Alaska salmon fisheries as sustainable. Promotions of MSC-certified Alaska salmon were held in Europe and the United States in the summer of 2001. Alaska's salmon fishery is the largest fishery certified to date and the only salmon fishery in the world to be certified.**
- **More fresh and frozen sockeye than ever before entered the U.S. market last year.**
- **Alaska seafood valued at \$67.8 million was sold as a direct result of ASMI retail promotions in Japan during FY 01.**
- **A single ASMI event in the Japanese port city of Shiogama drew 9000 consumers and 170 representatives of the Japanese seafood trade.**
- **New laws in effect in Japan and the European Union require seafood labels at the retail level to state the country where the product originated and whether it is wild or farmed. This aids ASMI's effort to differentiate and reposition Alaska products in the market.**
- **New markets are opening up for fresh and fresh/frozen Alaska salmon. In the UK, major retailer Tesco is using frozen Alaska keta salmon to create kabobs with two types of sauce that are sold at chilled retail service counters.**
- **At the world's largest seafood tradeshow, the European Seafood Exposition, ASMI's Alaska pavilion generated \$50 million in seafood sales and over 400 trade leads.**
- **In France, four national foodservice distributors now carry Alaska keta and pink salmon fillets and portions on a year-round basis. Surimi consumption is at an all-time high.**
- **European salmon smokers are beginning to return to wild Alaska salmon after years of using farmed salmon. In 2001, the biggest salmon smoker in Germany, a company that has been using coho and king, is considering adding sockeye salmon to the range of products.**

### **Alaska Seafood Industry Facts**

- Alaska's 4,584,200,000 pound commercial fish harvest in the year 2000 had an ex-vessel value of \$1,050,884,000.
- About half the U.S. commercial seafood harvest comes from Alaska. The nation's top port in terms of volume is Dutch Harbor/Unalaska with landings in 2000 of 699.8 million pounds valued at \$124.9 million. The number two port in terms of value is Kodiak, with landings of 289.6 million pounds valued at \$94.7 million.
- Alaskans own about 79% of the total number of active commercial fishing entry permits. About half of these 11,118 Alaskan-owned permits are held by rural residents.
- Anchorage is Alaska's largest fishing village, with 903 commercial fishing permit holders and 36 fish processors. The seafood industry directs about \$250 million a year to the economy of Anchorage, the state's major commercial hub.
- Seafood industry taxes and license fees provided more than \$52 million to the state treasury in FY 01. Additional revenue is received through property tax assessments of vessels and seafood plants, corporate income tax, locally levied fish taxes, local sales taxes and marine motor fuel taxes.
- The seafood industry accounts for 47% of the private sector employment in Alaska. More than 15,000 Alaskans worked in seafood harvesting in 1999, and about 8,500 worked for seafood processors. Eleven seafood processors rank among the state's top 100 employers. Earnings to fish processors were about \$2.4 billion in 1999.
- Alaska produces 90-95% of the U.S. commercial salmon harvest, and is the world's top producer of wild salmon. Alaska's carefully managed salmon fishery has been certified as sustainable by the Marine Stewardship Council (MSC).
- Seafood is Alaska's number one export, valued at over \$1 billion in 2000. For comparison, oil and gas exports amounted to \$572 million. Japan imported Alaska seafood valued at \$710 million. Much of the \$133 million worth of seafood exported to Korea is also re-exported to Japan. In 2001, seafood exports appeared to be up 21% compared to the previous year, totaling slightly over \$1 billion through the third quarter.



## ASMI Programs

ASMI has four core programs: Export, Domestic (U.S.) Marketing, Seafood Technical (quality information and education), and Public Relations. A new program, Alaska Salmon Strategic Marketing, was established in September 2000, made possible by an EDA grant for salmon marketing in the U.S.

### Export

Promotional activities are conducted in more than a dozen countries around the world. Overseas marketing representatives based in Japan, China, Taiwan, Europe and Australia market "Alaska" brand seafood products through foodservice and retail promotions, public relations, trade and consumer advertising, and trade education. ASMI has received support for this program since 1988 from the USDA Market Access Program, and it was originally limited to salmon promotion. Four years ago the federal government opened the door to marketing the full range of Alaska seafood products.

### Domestic Marketing

The retail and foodservice programs boost sales of all species of Alaska seafood.

The retail program arranges promotions in partnership with major grocery store chains. There are all-species promotions and canned salmon promotions placed in retail stores each year, supported with advertising and public relations. More than 56 chains (about 7,000 stores) participated in retail promotions last year. Four field representatives serve this program. ASMI retail also works with the nation's largest home delivery service, which stocks six branded Alaska seafood products.

The foodservice program works with national foodservice distributors and restaurant/hotel chains, conducting customized promotions to boost Alaska seafood awareness and sales. Over the last six years ASMI has worked with 34 distributor partners (companies that move millions of pounds of Alaska seafood each year), and 60 hotel and restaurant foodservice partners (chains that represent from 1 to 1700 restaurants). The number of promotional partners has grown steadily. Through the Culinary Institute of America, ASMI trains prominent executive chefs in Alaska seafood use, resulting in Alaska products being added to menus of large chains and institutions across the country.

ASMI initiated a Kids' Marketing Program for restaurants serving Alaska seafood, and a Takeout program to position Alaska seafood in the deli section of stores that sell ready-to-eat meals, and in restaurants providing takeout service.

### **Seafood Technical**

Seafood quality assurance is the focus of this program. ASMI develops market-oriented quality specifications that promote a high quality image for Alaska seafood in the marketplace. It also adopts and disseminates recommendations for the handling of seafood from the moment of capture to final distribution, using education and training as its primary tools. This program offers technical assistance and support to the industry and to all other ASMI programs in the areas of scientific and regulatory issues including food safety, product labeling, environmental concerns, and importation requirements in overseas markets.

### **Public Relations**

The public relations program supports the marketing programs by responding to inquiries and information requests from industry members, news media, businesses, government agencies and the general public. It uses industry newsletters, press releases, recipe releases, televised Alaska seafood segments, information kits, trade show booths, and the newly restructured website ([www.alaskaseafood.org](http://www.alaskaseafood.org)) as its primary tools. It also oversees the Salmon Market Information Service (ASMI has a statutory obligation to provide information about the salmon market to the salmon fleet,) and is a major sponsor of the Symphony of Seafood held each year.

### **Alaska Salmon Strategic Initiative**

This program was initiated in September 2000 to help the Alaska salmon industry by developing and executing an Alaska salmon marketing plan to boost sales. Public relations activities include: radio and television segments featuring Alaska salmon, public service announcements for national television broadcast, press kits to newspapers and magazines resulting in editorial coverage, recipe releases to newspapers, promotion of value-added products, and trade and consumer advertising highlighting the attributes of wild Alaska salmon. It is funded by a federal EDA grant through the Trade Adjustment Assistance Act.

## ASMI'S CURRENT MARKETING PARTNERS - JANUARY 2002

### Domestic Foodservice

- Alliant Foodservice: broadline foodservice distributor
- Bill Knapps Restaurants: over 50 units based in Michigan
- Byerlys/Lunds: 19 upscale retail stores in Midwest
- C.A. Muer: upscale seafood chain based in Detroit, Michigan
- Carrows: 141-unit family-style restaurant chain
- Chart House: 58-unit steakhouse
- Culinary Institute of America (CIA): California and New York campus sponsorships
- Club Corporation: 120 private clubs across the U.S.
- Dennys: more than 1,700 restaurants nationwide
- Fresh Fish Company: largest seafood restaurant in Denver, Colorado
- Food Services of America: broadline foodservice distributor, corporate headquarters, Seattle, Washington; Portland, Oregon
- Fultons Crab House: annual Seafood Alaska month; Orlando, Florida
- Holland America Chefs Forum: seafood training at CIA
- Hyatt Hotels: 135 properties
- Ivars: Pacific northwest seafood chain
- Lindblad Expeditions: five 70-passenger cruise ships
- Long John Silvers: 33 restaurants based in southeast
- McCormick & Schmicks: 25-unit seafood chain nationwide
- Mallards Restaurant: joint promotion with O'Briens Supermarkets, Modesto, California
- Marie Callenders: 155 units across the Western U.S.
- Marriott Hotels: 215-property promotion extending into Canada
- Max & Ermas: based in midwest, more than 61 units
- Pappas: 52-unit restaurant chain in Houston, Texas
- Pennsylvania State University: training seminar for multi-sector dining facilities
- Rubios Baja Grille: based in San Diego, California, 125 units, expanding to new markets including Portland and Denver
- Rubys Diner: 31 units based out of Southern California
- Ryans: 312-unit chain in Greer, South Carolina
- ServiceMaster: seafood training at CIA
- Sodexo: non-commercial sector with over 4,900 outlets
- Stillwater Grill: independent restaurant in central Michigan
- Sysco: broadline foodservice distributor, corporate headquarters plus 15 regional divisions
- Walt Disney World: on-going multi-property training
- Westin Hotels: 70 properties
- Wyndham Hotel: 200-property hotel chain based out of Dallas, Texas

### Training Key Chefs

Alaska seafood seminars are conducted at the prestigious Culinary Institute of America (CIA) in California. These events lead to Alaska seafood being added to the menus of national chain

restaurants. Alaska seafood education was provided at a special session for chefs working in the cruise ship industry.

2001 CIA Seminar Participants: U.S. Army, Phoenix Restaurant Group, H.E.B. Grocery, Sea World Adventure Park, Darden Restaurants, California Sushi Academy, Disneys Wilderness Lodge, Royal Caribbean Cruise Lines, P.F. Changs China Bistro, Ameristar Casinos

### **Domestic Retail**

Alaskan Brewing Company (possible summer grilling promo)  
Fetzer Winery (promotions in California)  
General Mills (retail & foodservice)  
McCormick's (Alaska Seafood Cookbook)  
Mondavi Winery (Lent promotion)  
Reynolds (Alaska Seafood Cookbook)  
Southern Women Shows (fall shows)  
Schwan's (consumer sweepstakes)  
Andronicos (8 stores) Lent fresh pollock promo  
A. & J.'s Lent fresh cod promo  
Basha's Lent canned salmon promo  
Big Y (47) "Night of Lite Laughter with Joan Rivers" - cookbook promo kick-off  
Bi-Lo (290)  
Bruno's (152) (Southern Women Shows)  
Byerly's/Lunds (19) Lent fresh and canned salmon promos  
Costco (350)  
Cub Foods - (44) Seafood Test Section - "Lose for Lent" promo  
D&W (26) Tailgate party contest - Lent Seafood Cooking Clinics  
Farmer Jack (103) Internet microsite - recipe contest  
Fiesta Mart (43) Banners & bi-lingual recipes - Lent Canned coupon  
Food Lion, Salisbury North Carolina (1,136)  
Fred Meyer, Portland, Oregon (135) Cooking schools  
Furr's (69)  
Gerland's (16)  
Giant Carlisle (173)  
H.E.B. (268) Holiday - crab promo, Lent - whitefish promo, Summer - grilling promo  
Harris Teeter (149)  
Hen House (28)  
IGA stores in Georgia, Florida and South Carolina (75)  
Ingle's (208)  
King Soopers/City Mkts (122) Lent whitefish promo  
Kroger Corporate (3,133); Atlanta, Georgia; Cincinnati, Ohio (99 stores); Detroit, Michigan; Houston, Texas; Indianapolis, Indiana (141 stores); Louisville, Tennessee; Nashville, Tennessee :  
Memphis, Tennessee; Roanoke, Virginia.  
Larry's Markets - Lent fresh salmon promo

Lowe's Foods (86)  
MDI (Galaxy Foods) (168)  
Meijer (263)  
Mid-Mountain KVAT (Food City) (87)  
Mollie Stones - Lent fresh cod promo  
Pavilions (Safeway) (43) Lent canned salmon promo  
Penn Traffic (366) Lent recipe contest  
Piggly Wiggly (107)  
Price Chopper (106)  
Publix - Atlanta, Georgia (637)  
QFC - Bellevue, Washington (88) Lent salmon & canned salmon demos  
Rainbow Foods (46) Lent canned and fresh salmon demos  
Raley's (149) Lent canned salmon demos  
Ralph's (426) Lent salmon and canned salmon promo  
Randall's/Tom Thumb (121)  
Safeway Corporate (1,672); Eastern Division; Portland, Oregon; Seattle, Washington  
SAM'S Club (500) Grand Store Opening demos  
Save Mart (98) Cook from frozen promo  
Smith's (116) Lent Whitefish Promo  
Stater Bros. Lent canned and frozen salmon promo  
The Fresh Market (25)  
Trader Joe's (140)  
Vons - Safeway (285)  
WalMart (760)  
Wegman's (59) pot-caught cod promo  
Whole Foods, Southern Division 29 units operating under the names Fresh Fields and Whole Foods throughout Washington, D.C., Georgia, Maryland, Virginia, North Carolina, New Jersey and Pennsylvania. (140)  
Winn-Dixie (all divisions -1,182)

SB 282-ALASKA SEAFOOD MARKETING INSTITUTE/TAX  
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Silk Aspelund Subject/Bill No: SB 282  
Co./Dept./Title: COFU - Exec. Dir. Phone: 424 3447  
Address: P.O. Box 939, Cordova, AK Zip: 99574  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Barbara Belknap Subject/Bill No: 282  
Co./Dept./Title: Executive Director - ASMI Phone: 465-5560  
Address: Tuneau Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Jerry McCune Subject/Bill No: SB 282  
Co./Dept./Title: United Fishermen of ALASKA Phone: 586-2820  
Address: 211 45th Suite 110 99801 Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Kathy Hansen Subject/Bill No: SB 282  
Co./Dept./Title: SE AK Fishermans Alliance Phone: 586-6652  
Address: 9369 North Dgk Hwy Tunear Zip: 99801  
Do you wish to testify?  Yes  No  Respond To Questions

SITE: Kodiak LIO

COMMITTEE: Senate Finance

DATE: 03/04/02

SUBJECT OF MEETING:

SB 282 - ASMI

UPDATE #: 3



## PLEASE SIGN IN

DO YOU WANT

PRINT YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

TO TESTIFY?

Y or N

PRINT YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	TO TESTIFY? Y or N
Bruce Schactler			Y SB 282
		Phone #:	
Chris Berns			N SB 282
		Phone #:	
		Phone #:	
		Phone #:	
		Phone #:	

**SB**

**288**

SFIN

FILE

SB 288

was referred to the  
Senate Finance  
Committee

Hearing(s) were held

The bill did not move  
from Committee

**SB**

**289**

SFIN

FILE

SB 289

was referred to the  
Senate Finance  
Committee

Hearing(s) were held

The bill did not move  
from Committee

**SB**

**291**

**HFIN**

**FILE**

Received in the Senate \_\_\_\_\_  
(date/time)

Received in the House \_\_\_\_\_  
(date/time)

### CONFERENCE COMMITTEE REPORT

Date Appointed: April 16, 2002

MR. PRESIDENT:  
MR. SPEAKER:

The CONFERENCE COMMITTEE considered:

CS FOR SENATE BILL NO. 291(RLS)

"An Act making supplemental and other appropriations; amending appropriations; and providing for an effective date."

and

HOUSE CS FOR CS FOR SENATE BILL NO. 291(FIN) am H  
(same title)

and recommends that

#### CONFERENCE CS FOR SENATE BILL NO. 291

be adopted.

- |  |                                 |                                |   |
|--|---------------------------------|--------------------------------|---|
| <input type="checkbox"/> Letter of Intent: | <input type="checkbox"/> Senate | <input type="checkbox"/> House | <input type="checkbox"/> Conference Committee |
| <input type="checkbox"/> Fiscal Note(s):   | <input type="checkbox"/> Senate | <input type="checkbox"/> House | <input type="checkbox"/> Conference Committee |

_____	_____	_____
_____	_____	_____

Senate Conferrees:

Senator Donley, Chair

Senator Wilken

Senator Hoffman

House Conferrees:

Representative Mulder

Representative Williams

Representative Crott

Return Conference Committee Bill with Report and attachments to the Senate Secretary's Office.

April 17, 2002

The Honorable Brian Porter  
Speaker  
House of Representatives  
Juneau, Alaska

The Honorable Rick Halford  
President  
Alaska State Senate  
Juneau, Alaska

Dear Mr. Speaker and Madame President

The Conference Committee considering:

CS FOR SENATE BILL NO. 291(RLS)

"An Act making supplemental and other appropriations;  
amending appropriations; and providing for an  
effective date."

HOUSE CS FOR CS FOR SENATE BILL NO. 291(FIN) am H

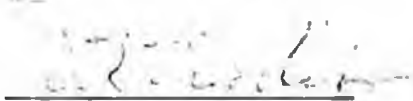
"An Act making supplemental and other appropriations;  
amending appropriations; and providing for an  
effective date."

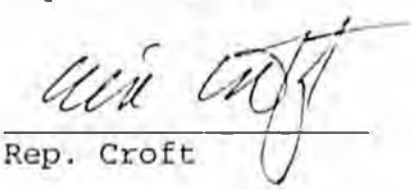
Respectfully requests limited powers of free conference on the  
following specific points:

Section 9

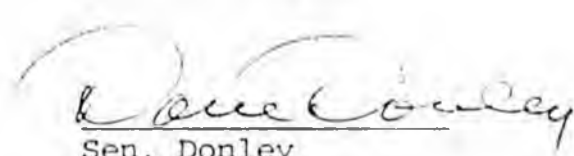
HOUSE MEMBERS:

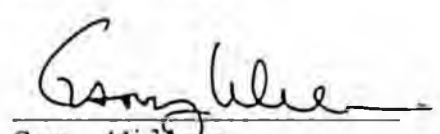
  
Rep. Mulder

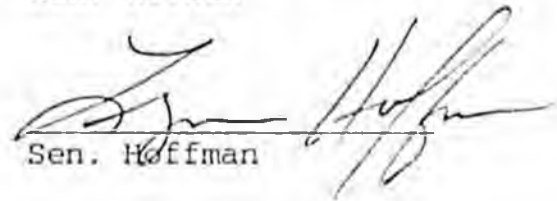
  
Rep. Williams

  
Rep. Croft

SENATE MEMBERS

  
Sen. Donley

  
Sen. Wilken

  
Sen. Hoffman

Adopted  
AMEND #1

AMENDMENT

By Rep. Mulder

TO: HCS SB 291 (FIN) work draft \B

Page 3 following line 24, insert:

"It is the intent of the legislature that the supplemental grant provided in this section be matched 30% from the Alaska Tourism Industry Association by June 30, 2002."

Explanation: This will assure that the industry will continue to support the state funds as they have agreed to in current statute.

*Adopted*

*Amends #2*

22-GS2102 B.1  
Utermohle  
4/10.02

AMENDMENT

*Rep. HARRIS*

OFFERED IN THE HOUSE

TO: HCS CSSB 291(FIN), Draft Version "B"

1 Page 2, line 14, following "AFFAIRS.":

2       Insert "(a)"

3

4 Page 2, following line 17:

5       Insert a new subsection to read:

6       "(b) The sum of \$145,000 is appropriated from the general fund to the Department of  
7 Military and Veterans' Affairs, office of the commissioner, for the fiscal year ending June 30.  
8 2002, for costs of the state defense force to maintain a temporary checkpoint at the Yukon  
9 River Bridge."



FY2002 FIRST SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	<b>FIRST SUPPLEMENTAL</b>								
3	1	Court System	Judicial Conduct	Legal fees in excess of FY2001 supplemental. Actual amount is \$6829.77.	6.8				6.8
4	2	Comm & Ec Dev	Alaska Science & Technology Foundation	Idaho National Engineering and Environmental Laboratory Grant Contract for Alaska Business Research. Funds are available March 1, 2002.			25.0	Statutory Designated Prog Rcpts	25.0
5	3	Corrections	Palmer Correctional Center	New well including pump and well house as primary water well has failed and is nonrepairable.	172.0				172.0
6	4	Health & Soc Svcs	Medicaid Services	Medicaid Services - Projected to run out April 16. \$4.57m GF is for FY2001 bills paid in FY2002; 1.8m GF is from underfunding last year below low case scenario; 6.34m GF is for caseload at mid-case range and cost increases, particularly for seniors and disabled.	4,570.0	114,760.5	23,903.3	Statutory Designated Prog Rcpts	143,233.8
7	5(a)	Transportation	Marine Highway Stabilization Fund	Marine Highway Stabilization Fund FY02 deficit due to Columbia fire and fuel cost increases. If not funded, Spring/Summer service would need to be drastically cut, reducing revenues during highest revenue season. Ships would be put into lay-up status for extended periods.	2,038.5				2,038.5
8	5(b)	Transportation	Marine Highway System	General Funds deposit into the Marine Highway System Fund to pay for liability insurance increase (see 13(g))	331.1				331.1
9	6(a)	Military & Vets	Disaster Planning & Control	Costs to maintain 24-hour State Emergency Coordination Center (SECC), the agency that coordinates all federal, state and local jurisdictional responses associated with any disaster or event.	125.0				125.0
10	6(b)	Military & Vets	Disaster Planning & Control	Costs to maintain a temporary check point at the Yukon River Bridge	145.0				145.0
11	7	Natural Resources	CIP	Scope change for SLA97, CH50, Sec 15(k), P9, L13 - from prepare and administer the Kalgin Island II, Caribou Hills, S. Ninilchik-Dome View, South Ninilchik Blck timber sales in Kenai Peninsula to Kenai Peninsula to reduce risks from wildfire.					0.0
12	8	Governor	Elections	Costs for printing and mailing a Primary Election Voter Education Guide in time to explain the new law (shifted from FY2003 budget which was amended)	25.0				25.0
13	9	Comm & Ec Dev	Power Cost Equalization & Rural Electrification Fund	Technical correction to add the inadvertently omitted FY02 appropriation from the Power Cost Equalization Endowment fund to the Power Cost Equalization and Rural Electrification Fund (7% of market value)			7,062.2	PCE EF	7,062.2
14	10	Public Safety	Commissioner's Office	For one-time costs associated with response to the September 11, 2001 events, prisoner transport, haz mat equipment, anti-terrorism training, on-call status, etc.	135.0				135.0
15	11	Legislature	Redistricting Board	Additional funds for personal services and board meeting	50.0				50.0
16	12	Community & Economic Development	Qualified Trade Assoc. Contract	Additional tourism marketing efforts to mitigate the economic effects to Alaska from the September 11, 2001, terrorists attacks. Includes Legislative intent that AITA provide a 30% match.	2,000.0				2,000.0

FY2002 FIRST SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
17	13(a)(1)	Transportation	Northern Region Highways & Aviation	Chandalar (James Dalton Hwy) Maintenance Station Replacement- Temporary rental and other costs of vacating the maintenance station due to imminent structural failure.	127.8				127.8
18	13(a)(2)	Transportation	Central Region Highways & Aviation	East Fork (Parks Hwy- S of Cantwell) Maintenance Station Replacement- Temporary rental and other costs of vacating the maintenance station due to imminent structural failure.	21.9				21.9
19	13(a)(3)	Transportation	Central Region Highways & Aviation	Willow (Parks Hwy) Maintenance Station Replacement- Temporary rental and other costs of vacating the maintenance station due to imminent structural failure.	45.5				45.5
20	13(a)(4)	Transportation	Northern Region Highways & Aviation	Norne Maintenance Station Imminent Structural Failure - Temporary rental and other costs of vacating the maintenance station to due imminent failure.	72.0				72.0
21	13(b)	Transportation	Central Region CIP	Funding for the Anchorage Bowl Long- Range Transportation Plan Update for 2025		240.0			240.0
22	13(c)	Transportation	Southeast Region CIP	Title change from West Douglas Highway Extension to Gastineau Channel Second Crossing to match federal project name change					0.0
23	13(d)(1)	Transportation	Central Region Highways and Aviation:	Security and Emergency Access Routes In Anchorage: Revise traffic patterns for enhanced security and emergency routing at the Port of Anchorage Access and access/egress from Elmendorf AFB and Ft. Richardson onto the Glenn Highway.	106.7				106.7
24	13(d)(2)	Transportation	Central Region Highways and Aviation	Liability premium increases as result of Sept. 11, 2001 terrorist attack	40.0				40.0
25	13(d)(3)	Transportation	Northern Region Highway & Aviation	Liability premium increases as result of Sept. 11, 2001 terrorist attack	40.4				40.4
26	13(d)(4)	Transportation	Southeast Region Highways & Aviation	Liability premium increases as result of Sept. 11, 2001 terrorist attack	4.4				4.4
27	13(e)(1)	Transportation	Central Region Highways and Aviation	Contract municipal law enforcement officers for rural airports to meet FAA's mandatory 15 minute response time		30.4			30.4
28	13(e)(2)	Transportation	Northern Region Highways and Aviation	Contract municipal law enforcement officers for rural airports to meet FAA's mandatory 15 minute response time		68.2			68.2
29	13(e)(3)	Transportation	Southeast Region Highways and Aviation	Contract municipal law enforcement officers for rural airports to meet FAA's mandatory 15 minute response time		168.0			168.0
30	13(e)(4)	Transportation	Anchorage Airport	Increase presence and visibility of law enforcement officers at Anc airport		297.0			297.0
31	13(e)(5)	Transportation	Fairbanks Airport	Increase presence and visibility of law enforcement officers at Fbx airport		125.0			125.0
32	13(e)(6)	Transportation	Anchorage International Airport	Security Access Fingerprinting Equipment and Training: Review access control and employee training at Anc airport		75.0			75.0

FY2002 FIRST SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	13(e)(7)	Transportation	Fairbanks International Airport	Security Access Fingerprinting Equipment and Training: Review access control and employee training at Fbx airport		35.0			35.0
33	13(e)(8)	Transportation		Rural Airport Security Access Fingerprinting Equipment and Training: Review access control and employee training at rural airports. Provide automated badging system.		122.1			122.1
34	13(f)(1)	Transportation	Fairbanks Airport	Establish temporary gates and check points at Fairbanks airport			55.0	Internal Airport Revenue Fund	55.0
35	13(f)(2)	Transportation	Anchorage Airport	Liability premium increases as result of Sept. 11, 2001 terrorist attack			318.3	Internal Airport Revenue Fund	318.3
36	13(f)(3)	Transportation	Fairbanks Airport	Liability premium increases as result of Sept. 11, 2001 terrorist attack			77.1	Internal Airport Revenue Fund	77.1
37	13(f)(4)	Transportation	Anchorage Airport	Contract Security and Facilities: Contract for security patrols of airport perimeter, parking garages, terminal, and checkpoints. Also provide security door maintenance at Anc airport.			383.0	Internal Airport Revenue Fund	383.0
38	13(f)(5)	Transportation	Anchorage Airport	Safety: K-9 Bomb dog program			10.0	Internal Airport Revenue Fund	10.0
39	13(f)(6)	Transportation	Fairbanks Airport	Safety: Federal requirement for airport operators and aircraft operators to conduct fingerprint-based criminal history record checks on individuals with unescorted access authority to the Security Identification Display Area of an airport.			5.0	Internal Airport Revenue Fund	5.0
40	13(f)(7)	Transportation	Anchorage Airport	Safety: Federal requirement for airport operators and aircraft operators to conduct fingerprint-based criminal history record checks on individuals with unescorted access authority to the Security Identification Display Area of an airport.			37.0	Internal Airport Revenue Fund	37.0
41	13(g)	Transportation	Marine Highway System	Liability premium increases as result of Sept. 11, 2001 terrorist attack (See 5(b))			331.1	Marine Highway Funds	331.1
42	13(h)(1)	Transportation	Anchorage Airport	Blast Assessment and Explosives Detection Devices: Conduct engineering blast assessment at Anc airport, strengthen perimeter windows (glass) and construct deflection devices in lieu of 300' parking setback		27.2	1.8	Internal Airport Revenue Fund	29.0
43	13(h)(2)	Transportation	Anchorage Airport	Blast Assessment Explosives Detection Devices: Modify existing and new terminal structural configuration and baggage conveyor systems to accommodate new FAA explosive detection devices		103.4	6.9	Internal Airport Revenue Fund	110.3
44									

**FY2002 FIRST SUPPLEMENTAL**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
45	13(h)(3)	Transportation	Fairbanks International Airport	Security Access Control: Install lock/key system for passenger terminal, new security badging system, and construct guard shelters		23.4	1.6	Internal'l Airport Revenue Fund	25.0
46	13(h)(4)	Transportation	Anchorage International Airport	Reconfiguration of North Terminal to meet INS and Customs requirements		39.8	2.7	Internal'l Airport Revenue Fund	42.5
47	14(a)	University	Systemwide Small Planning, Design and Construction	Funding authority needed in excess of the FY02 small project non-gl receipt authority for Lena Point Fisheries and ocean sciences facility for simultaneous excavation with NOAA to prevent disruption and damage to the facility at a later date.			800.0	UA Rcpts	800.0
48	14(b)	University	CIP	Scope Change for Sec 3, Ch 61, SLA 2001 to include UAA Heating, Ventilation, and Air Conditioning Piping Replacement Phases 1-4					0.0
49	15			Lapse Provisions					
50	16			Retroactivity					
51	17			Effective Date					
52				<b>FIRST BILL TOTAL</b>	10,057.1	116,115.0	33,020.0	0.0	159,192.1
53									

*Adopted*

*AMEND #3*

22-GS2102/B.2  
Utermohle  
4/10/02

AMENDMENT

*Williams  
Hansen*

OFFERED IN THE HOUSE

TO: HCS CSSB 291(FIN), Draft Version "B"

- 1 Page 2, line 9:
- 2 Delete "\$1,438,500"
- 3 Insert "\$2,038,500"

*Amended Adopted  
pg 2 4/10/02*

22-GS2102 B  
Utermohle  
4/10/02

HOUSE CS FOR CS FOR SENATE BILL NO. 291(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act making supplemental and other appropriations; amending appropriations; and  
2 providing for an effective date."

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

4 \* Section 1. ALASKA COURT SYSTEM. The sum of \$6,829.77 is appropriated from the  
5 general fund to the Alaska Court System, Commission on Judicial Conduct, for the fiscal year  
6 ending June 30, 2002, for payment of unpaid bills for services received in the fiscal year  
7 ending June 30, 2001.

8 \* Sec. 2. DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT. The  
9 sum of \$25,000 is appropriated from statutory designated program receipts to the Department  
10 of Community and Economic Development, Alaska Science and Technology Foundation, for  
11 research contracts for the fiscal year ending June 30, 2002.

12 \* Sec. 3. DEPARTMENT OF CORRECTIONS. The sum of \$172,200 is appropriated  
13 from the general fund to the Department of Corrections to replace a failed water well and  
14 pump at the Palmer Correctional Center.

1 \* Sec. 4. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. The sum of  
 2 \$143,233,800 is appropriated to the Department of Health and Social Services. Medicaid  
 3 services, to pay for fiscal year 2002 costs above the low-case scenario upon which the fiscal  
 4 year 2002 appropriation was based, for the fiscal year ending June 30, 2002, from the  
 5 following sources:

6	General fund	\$ 4,570,000
7	Federal receipts	114,760,500
8	Statutory designated program receipts	23,903,300

9 \* Sec. 5. MARINE HIGHWAY SYSTEM FUND. (a) The sum of \$1,438,500 is  
 10 appropriated from the general fund to the Alaska marine highway system fund  
 11 (AS 19.65.060).

12 (b) The sum of \$331,100 is appropriated from the general fund to the Alaska marine  
 13 highway system fund (AS 19.65.060).

14 \* Sec. 6. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. The sum of  
 15 \$125,000 is appropriated from the general fund to the Department of Military and Veterans'  
 16 Affairs for the fiscal year ending June 30, 2002, for increased operating expenses of the  
 17 department incurred as the result of the terrorist attacks of September 11, 2001.

18 \* Sec. 7. DEPARTMENT OF NATURAL RESOURCES. The unexpended and  
 19 unobligated balance on February 28, 2002, estimated to be \$310,100, of the appropriation  
 20 made by sec. 15(k), ch. 50, SLA 1997 (prepare and administer the Kalgin Island II, Caribou  
 21 Hills, South Ninilchik - Dome View, and South Ninilchik Block timber sales in the Kenai  
 22 Peninsula - \$568,000) is repealed and reappropriated to the Department of Natural Resources  
 23 for Kenai Peninsula wildfire risk reduction for the fiscal years ending June 30, 2002, June 30,  
 24 2003, and June 30, 2004.

25 \* Sec. 8. OFFICE OF THE GOVERNOR. The sum of \$25,000 is appropriated from the  
 26 general fund to the Office of the Governor, division of elections, for the costs of statewide  
 27 primary official election pamphlets for the fiscal year ending June 30, 2002.

28 \* Sec. 9. POWER COST EQUALIZATION. To implement the provisions of sec. 14(a)(1),  
 29 ch. 60, SLA 2000, regarding the fiscal year 2002 appropriation for power cost equalization,  
 30 ~~3.5~~ percent of the market value of the power cost equalization endowment fund  
 31 (AS 42.45.070) as of February 1, 2001, is appropriated from that fund to the power cost

1 equalization and rural electric capitalization fund (AS 42.45.100).

2 \* Sec. 10. DEPARTMENT OF PUBLIC SAFETY. The sum of \$135,000 is appropriated  
3 from the general fund to the Department of Public Safety, Alaska state trooper detachments.  
4 for the fiscal year ending June 30, 2002, for one-time costs associated with response to the  
5 September 11, 2001, events.

6 \* Sec. 11. REDISTRICTING BOARD. (a) The sum of \$50,000 is appropriated from the  
7 general fund to the Legislative Operating Budget for personal services, board member travel,  
8 and other expenses, except as provided in this subsection, of the Redistricting Board for the  
9 period April 1, 2002, through June 30, 2002. Money appropriated by this appropriation may  
10 not be used to pay for legal services for litigation of the case In Re 2001 Redistricting Cases  
11 (Alaska Superior Court Case No. 3AN-01-8914 CI. Consolidated, and related superior court  
12 cases, if any, and Alaska Supreme Court Case No. S-10504, and related supreme court cases,  
13 if any) in the Alaska Superior Court or in the Alaska Supreme Court.

14 (b) It is the intent of the legislature that the Redistricting Board use the remaining  
15 balance of appropriations made to the board for the fiscal year ending June 30, 2002, to pay  
16 for office operations through June 30, 2002, and for legal advice obtained after April 1, 2002,  
17 necessary for the preparation of a new redistricting plan and for preclearance of the new  
18 redistricting plan by the United States Department of Justice.

19 \* Sec. 12. TOURISM INDUSTRY ASSISTANCE PACKAGE. The sum of \$2,000,000 is  
20 appropriated from the general fund to the Department of Community and Economic  
21 Development for the fiscal years ending June 30, 2002, and June 30, 2003, for payment as a  
22 grant under AS 37.05.316 to the Alaska Travel Industry Association for additional tourism  
23 marketing efforts to mitigate the economic effects on the Alaska tourism industry from the  
24 September 11, 2001, terrorist attacks.

25 \* Sec. 13. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a)  
26 The following amounts are appropriated from the general fund to the Department of  
27 Transportation and Public Facilities for temporary rental space and other costs of vacating the  
28 following maintenance stations for the fiscal year ending June 30, 2002:

29	(1) Chandalar	\$127,800
30	(2) East Fork	21,900
31	(3) Willow	45,500

1 (4) Nome 72,000

2 (b) The sum of \$240,000 is appropriated from federal receipts to the Department of  
3 Transportation and Public Facilities for the Anchorage Bow! long-range transportation plan.

4 (c) To comply with a federal project scope change, sec. 100, ch. 2, FSSLA 1999, page  
5 71, lines 32 - 33, is amended to read:

6 ALLOCATIONS

7 Juneau: Gastineau

8 Channel Second 600,000

9 Crossing [WEST

10 DOUGLAS HIGHWAY

11 EXTENSION] (ED 3-4)

12 (d) The following appropriations are made to the Department of Transportation and  
13 Public Facilities from the general fund for the fiscal year ending June 30, 2002, for security  
14 costs as a result of terrorism activity:

15 (1) the sum of \$106,700 is appropriated for central region highways and  
16 aviation for Anchorage traffic pattern revisions;

17 (2) the sum of \$40,000 is appropriated for central region highways and  
18 aviation for liability insurance premium increase;

19 (3) the sum of \$40,400 is appropriated for northern region highways and  
20 aviation for liability insurance premium increase;

21 (4) the sum of \$4,400 is appropriated for southeast region highways and  
22 aviation for liability insurance premium increase.

23 (e) The following appropriations are made to the Department of Transportation and  
24 Public Facilities from federal receipts for the fiscal year ending June 30, 2002, for security  
25 costs as a result of terrorism activity:

26 (1) the sum of \$30,400 is appropriated for central region highways and  
27 aviation for municipal law enforcement presence at rural airports;

28 (2) the sum of \$68,200 is appropriated for northern region highways and  
29 aviation for municipal law enforcement presence at rural airports;

30 (3) the sum of \$168,000 is appropriated for southeast region highways and  
31 aviation for municipal law enforcement presence at rural airports;

1 (4) the sum of \$297,000 is appropriated for Anchorage airport safety for  
2 increased law enforcement presence;

3 (5) the sum of \$125,000 is appropriated for Fairbanks airport safety for  
4 increased law enforcement presence;

5 (6) the sum of \$75,000 is appropriated for Anchorage airport safety for airport  
6 fingerprinting equipment and training;

7 (7) the sum of \$35,000 is appropriated for Fairbanks airport safety for airport  
8 fingerprinting equipment and training;

9 (8) the sum of \$122,100 is appropriated for rural airport fingerprinting  
10 equipment and training.

11 (f) The following appropriations are made to the Department of Transportation and  
12 Public Facilities from the International Airports Revenue Fund (AS 37.15.430) for the fiscal  
13 year ending June 30, 2002, for security costs as a result of terrorism activity:

14 (1) the sum of \$55,000 is appropriated for Fairbanks airport safety for  
15 temporary gates and checkpoints;

16 (2) the sum of \$318,300 is appropriated for Anchorage airport administration  
17 for liability insurance premium increase;

18 (3) the sum of \$77,100 is appropriated for Fairbanks airport administration for  
19 liability insurance premium increase;

20 (4) the sum of \$383,000 is appropriated for Anchorage airport safety for  
21 security patrols of airport perimeter;

22 (5) the sum of \$10,000 is appropriated for Anchorage airport safety for the K-  
23 9 bomb dog program;

24 (6) the sum of \$5,000 is appropriated for Fairbanks airport safety for  
25 fingerprinting of airport and aircraft operator employees;

26 (7) the sum of \$37,000 is appropriated for Anchorage airport safety for  
27 fingerprinting of airport and aircraft operator employees.

28 (g) The sum of \$331,100 is appropriated from the Alaska marine highway system  
29 fund (AS 19.65.060) to the Department of Transportation and Public Facilities marine  
30 highway system, vessel operations, for the fiscal year ending June 30, 2002, for liability  
31 insurance premium increase.

1 (h) The following appropriations are made to the Department of Transportation and  
 2 Public Facilities from the sources described in the amounts stated for the fiscal year ending  
 3 June 30, 2002, for security costs as a result of terrorism activity:

4 (1) the sum of \$27,200 from federal receipts and the sum of \$1,800 from the  
 5 International Airports Revenue Fund (AS 37.15.430) are appropriated for Anchorage airport  
 6 blast assessment;

7 (2) the sum of \$103,400 from federal receipts and the sum of \$6,900 from the  
 8 International Airports Revenue Fund (AS 37.15.430) are appropriated for Anchorage airport  
 9 terminal modifications for baggage conveyor system;

10 (3) the sum of \$23,400 from federal receipts and the sum of \$1,600 from the  
 11 International Airports Revenue Fund (AS 37.15.430) are appropriated for Fairbanks airport  
 12 access control;

13 (4) the sum of \$39,800 from federal receipts and the sum of \$2,700 from the  
 14 International Airports Revenue Fund (AS 37.15.430) are appropriated for Anchorage airport  
 15 north terminal reconfiguration.

16 \* Sec. 14. UNIVERSITY OF ALASKA. (a) The sum of \$800,000 is appropriated from  
 17 university receipts to the University of Alaska for the Fisheries and Ocean Sciences Facility at  
 18 Lena Point.

19 (b) Section 3, ch. 61, SLA 2001, page 71, line 29, through page 72, line 4, is amended  
 20 to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
23 U of A - Anchorage Science/ 24 Biomedical Facilities 25 Renovations/Classroom 26 Renovation/Housing Safety Upgrades/ 27 Pool Replacement <u>and HVAC Piping</u> 28 <u>Replacement Phases 1 - 4</u> (ED 10-25)	10,200,000	10,200,000

29 \* Sec. 15. LAPSE PROVISIONS. (a) The appropriations made by secs. 5 and 9 of this  
 30 Act are for the capitalization of funds and do not lapse.

31 (b) The appropriations made by secs. 3, 13(b), and 14(a) of this Act are for capital

1 projects and lapse under AS 37.25.020.

2 \* Sec. 16. RETROACTIVITY. The appropriation made by sec. 9 of this Act is retroactive  
3 to July 1, 2001.

4 \* Sec. 17. This Act takes effect immediately under AS 01.10.070(c).

*Failed*

*Amendment  
- 5*

AMENDMENT

OFFERED IN HOUSE FINANCE COMMITTEE  
BY REPRESENTATIVE CROFT

TO: HOUSE CS for CS SB 291 (FIN)

Page 6, line 29 Insert

"(c) The sum of \$26,400,000 is appropriated to the University of Alaska for the period April 1, 2002 through June 30, 2003."

Renumber accordingly

**FY2002 FIRST SUPPLEMENTAL**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	<b>FIRST SUPPLEMENTAL</b>								
3	1	Court System	Judicial Conduct	Legal fees in excess of FY2001 supplemental. Actual amount is \$6829.77.	6.8				6.8
4	2	Comm & Ec Dev	Alaska Science & Technology Foundation	Idaho National Engineering and Environmental Laboratory Grant Contract for Alaska Business Research. Funds are available March 1, 2002.			25.0	Statutory Designated Prog Rcpts	25.0
5	3	Corrections	Palmer Correctional Center	New well including pump and well house as primary water well has failed and is nonrepairable.	172.0				172.0
6	4	Health & Soc Svcs	Medicaid Services	Medicaid Services - Projected to run out April 16. \$4.57m GF is for FY2001 bills paid in FY2002; 1.8m GF is from underfunding last year below low case scenario; 6.34m GF is for caseload at mid-case range and cost increases, particularly for seniors and disabled.	4,570.0	114,760.5	23,903.3	Statutory Designated Prog Rcpts	143,233.8
7	5(a)	Transportation	Marine Highway Stabilization Fund	Marine Highway Stabilization Fund FY02 deficit due to Columbia fire and fuel cost increases. If not funded, Spring/Summer service would need to be drastically cut, reducing revenues during highest revenue season. Ships would be put into lay-up status for extended periods.	1,438.5				1,438.5
8	5(b)	Transportation	Marine Highway System	General Funds deposit into the Marine Highway System Fund to pay for liability insurance increase (see 13(g))	331.1				331.1
9	6	Military & Vets	Disaster Planning & Control	Costs to maintain 24-hour State Emergency Coordination Center (SECC), the agency that coordinates all federal, state and local jurisdictional responses associated with any disaster or event.	125.0				125.0
10	7	Natural Resources	CIP	Scope change for SLA97, CH50, Sec 15(k), P9, L13 - from prepare and administer the Kalgin Island II, Caribou Hills, S. Ninilchik-Dome View, South Ninilchik Blck timber sales in Kenai Peninsula to Kenai Peninsula to reduce risks from wildfire.					0.0
11	8	Governor	Elections	Costs for printing and mailing a Primary Election Voter Education Guide in time to explain the new law (shifted from FY2003 budget which was amended)	25.0				25.0
12	9	Comm & Ec Dev	Power Cost Equalization & Rural Electrification Fund	Technical correction to add the inadvertently omitted FY02 appropriation from the Power Cost Equalization Endowment fund to the Power Cost Equalization and Rural Electrification Fund (3.5% of market value)			3,531.1	PCE EF	3,531.1
13	10	Public Safety	Commissioner's Office	For one-time costs associated with response to the September 11, 2001 events, prisoner transport, haz mat equipment, anti-terrorism training, on-call status, etc.	135.0				135.0
14	11	Legislature	Redistricting Board	Additional funds for personal services and board meeting	50.0				50.0
15	12	Community & Economic Development	Qualified Trade Assoc. Contract	Additional tourism marketing efforts to mitigate the economic effects to Alaska from the September 11, 2001, terrorists attacks.	2,000.0				2,000.0

**FY2002 FIRST SUPPLEMENTAL**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
16	13(a)(1)	Transportation	Northern Region Highways & Aviation	Chandalar (James Dalton Hwy) Maintenance Station Replacement- Temporary rental and other costs of vacating the maintenance station due to imminent structural failure.	127.8				127.8
17	13(a)(2)	Transportation	Central Region Highways & Aviation	East Fork (Parks Hwy- S of Cantwell) Maintenance Station Replacement- Temporary rental and other costs of vacating the maintenance station due to imminent structural failure.	21.9				21.9
18	13(a)(3)	Transportation	Central Region Highways & Aviation	Willow (Parks Hwy) Maintenance Station Replacement- Temporary rental and other costs of vacating the maintenance station due to imminent structural failure.	45.5				45.5
19	13(a)(4)	Transportation	Northern Region Highways & Aviation	Nome Maintenance Station Imminent Structural Failure - Temporary rental and other costs of vacating the maintenance station to due imminent failure.	72.0				72.0
20	13(b)	Transportation	Central Region CIP	Funding for the Anchorage Bowl Long- Range Transportation Plan Update for 2025		240.0			240.0
21	13(c)	Transportation	Southeast Region CIP	Title change from West Douglas Highway Extension to Gastineau Channel Second Crossing to match federal project name change					0.0
22	13(d)(1)	Transportation	Central Region Highways and Aviation:	Security and Emergency Access Routes in Anchorage: Revise traffic patterns for enhanced security and emergency routing at the Port of Anchorage Access and access/egress from Elmendorf AFB and Ft. Richardson onto the Glenn Highway.	106.7				106.7
23	13(d)(2)	Transportation	Central Region Highways and Aviation	Liability premium increases as result of Sept. 11, 2001 terrorist attack	40.0				40.0
24	13(d)(3)	Transportation	Northern Region Highways & Aviation	Liability premium increases as result of Sept. 11, 2001 terrorist attack	40.4				40.4
25	13(d)(4)	Transportation	Southeast Region Highways & Aviation	Liability premium increases as result of Sept. 11, 2001 terrorist attack	4.4				4.4
26	13(e)(1)	Transportation	Central Region Highways and Aviation	Contract municipal law enforcement officers for rural airports to meet FAA's mandatory 15 minute response time		30.4			30.4
27	13(e)(2)	Transportation	Northern Region Highways and Aviation	Contract municipal law enforcement officers for rural airports to meet FAA's mandatory 15 minute response time		68.2			68.2
28	13(e)(3)	Transportation	Southeast Region Highways and Aviation	Contract municipal law enforcement officers for rural airports to meet FAA's mandatory 15 minute response time		168.0			168.0
29	13(e)(4)	Transportation	Anchorage Airport	Increase presence and visibility of law enforcement officers at Anc airport		297.0			297.0
30	13(e)(5)	Transportation	Fairbanks Airport	Increase presence and visibility of law enforcement officers at Fbx airport		125.0			125.0
31	13(e)(6)	Transportation	Anchorage International Airport	Security Access Fingerprinting Equipment and Training: Review access control and employee training at Anc airport		75.0			75.0
32	13(e)(7)	Transportation	Fairbanks International Airport	Security Access Fingerprinting Equipment and Training: Review access control and employee training at Fbx airport		35.0			35.0

**FY2J02 FIRST SUPPLEMENTAL**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	13(e)(8)	Transportation		Rural Airport Security Access Fingerprinting Equipment and Training: Review access control and employee training at rural airports. Provide automated badging system.		122.1			122.1
33	13(f)(1)	Transportation	Fairbanks Airport	Establish temporary gates and check points at Fairbanks airport			55.0	Internat'l Airport Revenue Fund	55.0
34	13(f)(2)	Transportation	Anchorage Airport	Liability premium increases as result of Sept. 11, 2001 terrorist attack			318.3	Internat'l Airport Revenue Fund	318.3
35	13(f)(3)	Transportation	Fairbanks Airport	Liability premium increases as result of Sept. 11, 2001 terrorist attack			77.1	Internat'l Airport Revenue Fund	77.1
36	13(f)(4)	Transportation	Anchorage Airport	Contract Security and Facilities: Contract for security patrols of airport perimeter, parking garages, terminal, and checkpoints. Also provide security door maintenance at Anc airport.			383.0	Internat'l Airport Revenue Fund	383.0
37	13(f)(5)	Transportation	Anchorage Airport	Safety: K-9 Bomb dog program			10.0	Internat'l Airport Revenue Fund	10.0
38	13(f)(6)	Transportation	Fairbanks Airport	Safety: Federal requirement for airport operators and aircraft operators to conduct fingerprint-based criminal history record checks on individuals with unescorted access authority to the Security Identification Display Area of an airport.			5.0	Internat'l Airport Revenue Fund	5.0
39	13(f)(7)	Transportation	Anchorage Airport	Safety: Federal requirement for airport operators and aircraft operators to conduct fingerprint-based criminal history record checks on individuals with unescorted access authority to the Security Identification Display Area of an airport.			37.0	Internat'l Airport Revenue Fund	37.0
40	13(g)	Transportation	Marine Highway System	Liability premium increases as result of Sept. 11, 2001 terrorist attack (See 5(b))			331.1	Marine Highway Funds	331.1
41	13(h)(1)	Transportation	Anchorage Airport	Blast Assessment and Explosives Deflection Devices: Conduct engineering blast assessment at Anc airport, strengthen perimeter windows (glass) and construct deflection devices in lieu of 300' parking setback		27.2	1.8	Internat'l Airport Revenue Fund	29.0
42	13(h)(2)	Transportation	Anchorage Airport	Blast Assessment Explosives Deflection Devices: Modify existing and new terminal structural configuration and baggage conveyor systems to accommodate new FAA explosive detection devices		103.4	6.9	Internat'l Airport Revenue Fund	110.3
43	13(h)(3)	Transportation	Fairbanks International Airport	Security Access Control: Install lock/key system for passenger terminal, new security badging system, and construct guard shelters		23.4	1.6	Internat'l Airport Revenue Fund	25.0
44									

**FY2002 FIRST SUPPLEMENTAL**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	13(h)(4)	Transportation	Anchorage International Airport	Reconfiguration of North Terminal to meet INS and Customs requirements		39.8	2.7	Internal'l Airport Revenue Fund	42.5
45	14(a)	University	Systemwide Small Planning, Design and Construction	Funding authority needed in excess of the FY02 small project non-gf receipt authority for Lena Point fisheries and ocean sciences facility for simultaneous excavation with NOAA to prevent disruption and damage to the facility at a later date.			800.0	UA Rcpts	800.0
46	14(b)	University	CIP	Scope Change for Sec 3, Ch 61, SLA 2001 to include UAA Heating, Ventilation, and Air Conditioning Piping Replacement Phases 1-4					0.0
47				Lapse Provisions					
48	15			Retroactivity					
49	16			Effective Date					
50	17								
51				<b>FIRST BILL TOTAL</b>	<b>9,312.1</b>	<b>116,115.0</b>	<b>29,488.9</b>	<b>0.0</b>	<b>154,916.0</b>
52									

AMENDMENT

By Rep. Mulder

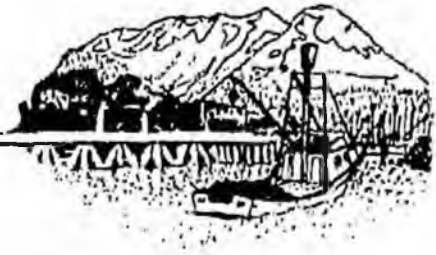
TO: HCS SB 291 (FIN) work draft \B

Page 3 following, line 24, insert:

"It is the intent of the legislature that the supplemental grant provided in this section be matched 30% from the Alaska Tourism Industry Association by June 30, 2002."

Explanation: This will assure that the industry will continue to support the state funds as they have agreed to in current statute.

# CITY OF CORDOVA



April 10, 2002

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

RE: SB 291-Fast Track Supplemental

Dear Representative:

The City of Cordova is asking for your support of SB 291, which contains supplemental funding for the Alaska Marine Highway System (AMHS) to operate through the remainder of the fiscal year.

As you know, Cordova has no road system. Although we enjoy limited daily jet service, because of weather conditions we rely heavily on the AMHS for dependable transportation, especially between the communities of Prince William Sound.

The effects of under funding the AMHS supplemental could be drastic in Cordova. The world-renowned Copper River salmon run begins in late May, and many local businesses use the ferry system to bring their supplies into town to stock their shelves prior to the busy fishing season. Fishermen use the ferry to bring their equipment and crews into Cordova. In addition, the Copper River Delta Shorebird Festival, which attracts birders and scientists from around the world to Cordova in early May, may be impacted. Many of these visitors arrive via the road from Whittier and Valdez, and a disruption of their ferry reservations at this late date could cause cancellations.

Please don't allow our service to be reduced just as our summer season is about to begin. Cordova depends on this seasonal activity to sustain our community throughout the long winter months. Any disruption in service will have an economic impact on all of us. Your support of our road system-the Alaska Marine Highway System-is greatly appreciated.

Sincerely,

Margy Johnson  
Mayor, City of Cordova

22-GS2102AB  
Utermohle  
4/10/02

**HOUSE CS FOR CS FOR SENATE BILL NO. 291(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act making supplemental and other appropriations; amending appropriations; and  
2 providing for an effective date."

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

4 \* **Section 1. ALASKA COURT SYSTEM.** The sum of \$6,829.77 is appropriated from the  
5 general fund to the Alaska Court System, Commission on Judicial Conduct, for the fiscal year  
6 ending June 30, 2002, for payment of unpaid bills for services received in the fiscal year  
7 ending June 30, 2001.

8 \* **Sec. 2. DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.** The  
9 sum of \$25,000 is appropriated from statutory designated program receipts to the Department  
10 of Community and Economic Development, Alaska Science and Technology Foundation, for  
11 research contracts for the fiscal year ending June 30, 2002.

12 \* **Sec. 3. DEPARTMENT OF CORRECTIONS.** The sum of \$172,200 is appropriated  
13 from the general fund to the Department of Corrections to replace a failed water well and  
14 pump at the Palmer Correctional Center.