

ALASKA LEGISLATURE

2629

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

195

HJR

46

HFIN

FILE

ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	February 29, 2004	June 30, 2003
Assets		
Cash and temporary investments	\$ 1,314.9	637.8
Receivables, prepaid expenses and other assets	464.7	381.6
Investments —		
Marketable debt securities	9,242.2	9,082.1
Preferred and common stock	15,864.4	12,750.3
Real estate	2,160.2	2,057.1
Alaska certificates of deposit	202.4	196.8
Total investments	27,469.2	24,086.3
TOTAL ASSETS	\$ 29,248.8	25,105.7
Liabilities		
Accounts payable	\$ 1,290.2	220.3
Income distributable to the State of Alaska	0.0	691.1
TOTAL LIABILITIES	1,290.2	911.4
Fund Balances		
Reserved — principal:		
Contributions and appropriations	23,191.5	22,988.0
Unrealized appreciation/depreciation on invested assets	3,678.6	1,106.3
Total reserved	26,870.1	24,094.3
Unreserved:		
Realized earnings account	1,088.5	100.0
TOTAL FUND BALANCES	27,958.6	24,194.3
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,248.8	25,105.7

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 7, 2004

FURTHER REFERRALS:

Date of Committee Action: 4.14.04

The FINANCE Committee considered:

HJR 46

HOUSE JOINT RESOLUTION NO. 46

CONST. AM: PF APPROPS/INFLATION-PROOFING

Proposing amendments to the Constitution of the State of Alaska relating to the principal of the Alaska permanent fund; limiting appropriations from the Alaska permanent fund to amounts equal to that part of the market value of the fund that exceeds the principal based on an averaged percent of the fund market value.

Recommends it be replaced with HCS or CS for _____ (_____)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Depts.:

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

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
REV				✓
GOV		✓		

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

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>K. Meyer</i>	Meyer				X
<i>Mil. Hawk</i>	Hawker			X	
<i>Spates</i>	Spates				✓
<i>Saul</i>	Saul			✓	
<i>Chenault</i>	Chenault		✓		
<i>Fate</i>	Fate				✓
<i>Chenault</i>	Chenault		✓		
Chair: <i>Al Harris</i>	Harris			X	
Chair: <i>D. Williams</i>	Williams	X		X	

For

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HJR 46
() Publish Date: _____

Revision Date/Time (Note if correction):
Title Const. Am: PF Approps/Inflation-Proofing

Dept. Affected: Revenue
RDU AK Permanent Fund Corporation
Component AK Permanent Fund Corporation

Sponsor House Finance Committee
Requester House Finance Committee

Component No. 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) const: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HJR 46 would ask voters in the next general election whether to approve a constitutional amendment that limits appropriations from the Alaska Permanent Fund to the lesser of 5% of the Fund's market value or the market value of the Fund above principal. Principal is defined as \$22,988,019,019.78 plus the deposits and appropriations made to the principal after June 30, 2003.

HJR 46 would not affect the budgeted costs to manage and invest the Permanent Fund, nor would it change the amount of income earned by Permanent Fund investments.

See the attached schedule for financial projections of the Fund comparing the "Status Quo" to a 5% POMV spending limit.

Prepared by: Robert D. Storer, Executive Director Phone 465-2047
Division Alaska Permanent Fund Corporation Date/Time 4/12/2004
Approved by: Steve Porter, Deputy Commissioner Date 4/12/2004
Agency Department of Revenue



Alaska Permanent Fund Corporation

Financial projection comparison of the Alaska Permanent Fund under status quo versus POMV spending limit beginning in FY05 (retaining principal distinction).

\$ millions

Status Quo	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY05-FY15 Totals
Contributions & appropriations (principal)	24,456	25,390	26,290	27,203	28,139	29,099	30,081	31,079	32,098	33,131	34,184	
Unrealized appreciation/depreciation on assets	3,488	3,561	3,520	3,725	3,765	4,033	4,094	4,408	4,479	4,824	5,150	
Realized earnings account (REA, after payouts)	1,965	2,770	3,575	4,037	4,669	5,137	5,842	6,376	7,179	7,789	8,472	
Total market value end of year (after payouts)	29,909	31,722	33,385	34,965	36,573	38,268	40,017	41,863	43,755	45,743	47,806	47,806
Total dividend appropriation	595	695	919	1,119	1,204	1,239	1,305	1,332	1,412	1,449	1,514	12,782
Transfer status quo inflation-proofing (REA to Principal)	620	643	666	689	713	737	762	788	813	840	866	8,138
POMV - 5% (beginning in FY05)	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY05-FY15 Totals
Contributions & appropriations (principal)	23,836	24,128	24,362	24,586	24,810	25,033	25,254	25,466	25,673	25,867	26,055	
Unrealized appreciation/depreciation on assets	3,488	3,538	3,460	3,614	3,607	3,813	3,820	4,056	4,065	4,316	4,542	
Realized earnings account (REA, after payouts)	1,862	2,630	3,545	4,226	5,054	5,684	6,530	7,172	8,059	8,731	9,450	
Total market value end of year (after payouts)	29,187	30,295	31,367	32,427	33,471	34,530	35,604	36,694	37,796	38,914	40,047	40,047
5 year average market value lagged one year	26,333	26,896	28,038	29,701	31,506	32,774	33,907	35,039	36,174	37,313	38,460	
Total available for appropriation	1,317	1,345	1,402	1,485	1,575	1,639	1,695	1,752	1,809	1,866	1,923	17,807
payout 50% lump sum dividend	658	672	701	713	786	819	848	876	904	933	961	8,904
payout 50% for government services	658	672	701	743	788	819	848	876	904	933	961	8,904

Assumptions:

- Both scenarios show payouts after inflation.
- POMV payout assumes calculation methodology is 5% of the ending market value (pre payout) for the first five of the last six fiscal years.
- Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Spring 2004 revenue forecast, financial statements through 02/29/04. All payouts are assumed to happen at fiscal year end, all dollar values in millions.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HJR 46
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title Constitutional amendment relating to the RDU Elections
principal of the AK permanent fund limiting appropriations Component Elections
 Sponsor House Finance Committee
 Requester House Finance Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	1.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Leonard G. Jones Phone 465-3051
 Division Division of Elections Date/Time 4/8/04 5:02 PM
 Approved by: Laura A. Glaiser, Director Date 4/8/2004
 Agency Office of the Lt. Governor, Division of Elections

HOUSE JOINT RESOLUTION NO. 46

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 4/7/04

Referred: Finance

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to the
2 principal of the Alaska permanent fund; limiting appropriations from the Alaska
3 permanent fund to amounts equal to that part of the market value of the fund that
4 exceeds the principal based on an averaged percent of the fund market value.

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

6 * Section 1. Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

7 Section 15. Alaska Permanent Fund. (a) At least twenty-five per cent of all
8 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
9 payments and bonuses received by the State shall be placed in a permanent fund, the
10 principal of which shall be used only for those income-producing investments
11 specifically designated by law as eligible for permanent fund investments. Only
12 amounts equal to that part of the market value of the fund that exceeds the
13 principal may be appropriated, subject to (b) of this section. The principal of the
14 fund equals \$22,988,019,019.78 plus the sum of the following deposits made
15 between June 30, 2003, and the date the principal is being determined:

1 (1) all deposits to the fund made under this subsection; and
2 (2) all appropriations made to the principal [ALL INCOME FROM
3 THE PERMANENT FUND SHALL BE DEPOSITED IN THE GENERAL FUND
4 UNLESS OTHERWISE PROVIDED BY LAW].

5 * Sec. 2. Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding a
6 new subsection to read:

7 (b) Appropriations from the permanent fund for a fiscal year may not
8 exceed five percent of the average of the market values of the fund on June 30 for the
9 first five of the six fiscal years immediately preceding that fiscal year.

10 * Sec. 3. Article XV, Constitution of the State of Alaska, is amended by adding a new
11 section to read:

12 Section 30. Transition. (a) On the effective date of the 2004 amendment
13 relating to the Alaska permanent fund (art. IX, sec. 15), the unencumbered,
14 unappropriated balance of the earnings reserve account established under
15 AS 37.13.145(a) is added to the Alaska permanent fund, but not as part of the
16 principal.

17 (b) The 2004 amendment relating to the Alaska permanent fund first applies to
18 appropriations for fiscal year 2006. Appropriations from the permanent fund for fiscal
19 year 2005 are subject to Section 15 of Article IX as that section read on June 30, 2004.

20 * Sec. 4. The amendments proposed by this resolution shall be placed before the voters of
21 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
22 State of Alaska, and the election laws of the state.

HJR 46 : PF Approps / Inflation-Proofing

by House Finance / Introduced 4.7.04

FN	\$	GOV	21	4.8.04
FN	Ø	DOR	109	4.12.04

Alaska State Legislature

House Finance Committee

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BILL WILLIAMS

Co-Chair

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State Capitol, Room 507

Juneau, AK 99801-1182

Sponsor Statement

House Joint Resolution 46

Proposing amendments to the Constitution of the State of Alaska relating to the principal of the Alaska permanent fund; limiting appropriations from the Alaska permanent fund to amounts equal to that part of the market value of the fund that exceeds the principal based on an average percent of market value.

HJR 46 proposes an amendment to the constitution that would create a modified Percent of Market Value (POMV) endowment approach to managing the permanent fund.

The amendment would limit appropriations from the fund to up to 5% of the total market value of the fund, averaged over a 5-year period. However, if there is not sufficient market value above principal to payout the 5% calculation, the payout would be restricted to the amount equal to that part of the market value of the fund that exceeds principal.

HJR 46 would protect the principal of the permanent fund by defining the dollar amount, down to the penny, as of June 30, 2003.

The principal will grow over time with the 25% mineral lease rentals, royalties, etc. that will continue to be automatically deposited into it. Further, the principal could grow by legislative appropriation.

This modified POMV approach with a 5% spending limit and protection of the principal assures that over time, only *real* (net of inflation) income of the fund can be appropriated and that the fund's principal will not be touched.

HJR

47

HFIN

FILE

HJR 47 - PF Approps / Inflation Proofing

by House Finance / Introduced 4.7.04

- different title than HJR 46 : permits approps
for cost of administering the Fund, dividends
and public education

FN	\$	GOV	21	4.8.04
FN	Ø	DOR	109	4.12.04

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HJR 47
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
Title Constitutional amendment relating to the RDU Elections
principal of the AK permanent fund limiting appropriations Component Elections
Sponsor House Finance Committee
Requester House Finance Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	1.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Leonard G. Jones Phone 465-3051
Division: Division of Elections Date/Time 4/8/04 5:00 PM
Approved by: Laura A. Glaiser, Director Date 4/8/2004
Agency: Office of the Lt. Governor, Division of Elections

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HJR 47
() Publish Date: _____

Revision Date/Time (Note if correction): _____
Title Const. Am: PF Approps/Inflation-Proofing
Sponsor House Finance Committee
Requester House Finance Committee

Dept. Affected: Revenue
RDU AK Permanent Fund Corporation
Component AK Permanent Fund Corporation
Component No. 109

Expenditures/Revenues (Thousands of Dollars)

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

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Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

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ANALYSIS: (Attach a separate page if necessary)

HJR 47 would ask voters in the next general election whether to approve a constitutional amendment that limits appropriations from the Alaska Permanent Fund to the lesser of 5% of the Fund's market value or the market value of the Fund above principal. Principal is defined as \$22,988,019,019.78 plus the deposits and appropriations made to the principal after June 30, 2003. HJR 47 would only allow appropriations from the Fund for operating costs, dividends and education spending. HJR 47 would not affect the budgeted costs to manage and invest the Permanent Fund, nor would it change the amount of income earned by Permanent Fund investments.

See the attached schedule for financial projections of the Fund comparing the "Status Quo" to a 5% POMV spending limit.

Prepared by: Robert D. Storer, Executive Director Phone 465-2047
Division Alaska Permanent Fund Corporation Date/Time 4/12/2004
Approved by: Steve Porter, Deputy Commissioner Date 4/12/2004
Agency Department of Revenue



Alaska Permanent Fund Corporation

Financial projection comparison of the Alaska Permanent Fund under status quo versus POMV spending limit beginning in FY05 (retaining principal distinction).

\$ millions

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY05-FY15</u>
Status Quo												Totals
Contributions & appropriations (principal)	24,456	25,390	26,290	27,203	28,139	29,099	30,081	31,079	32,098	33,131	34,184	
Unrealized appreciation/depreciation on assets	3,488	3,561	3,520	3,725	3,765	4,033	4,094	4,408	4,479	4,824	5,150	
Realized earnings account (REA, after payouts)	1,965	2,770	3,575	4,037	4,669	5,137	5,842	6,376	7,179	7,789	8,472	
Total market value end of year (after payouts)	29,909	31,722	33,385	34,965	36,573	38,268	40,017	41,863	43,755	45,743	47,806	47,806
Total dividend appropriation	595	695	919	1,119	1,204	1,239	1,305	1,332	1,412	1,449	1,514	12,782
Transfer status quo Inflation-proofing (REA to Principal)	620	643	666	689	713	737	762	788	813	840	866	8,138
POMV - 5% (beginning in FY05)												Totals
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5 year average market value lagged one year	26,333	26,896	28,038	29,701	31,506	32,774	33,907	35,039	36,174	37,313	38,460	
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payout 50% lump sum dividend	658	672	701	743	788	819	848	876	904	933	961	8,904
payout 50% for government services	658	672	701	743	788	819	848	876	904	933	961	8,904

Assumptions:

- Both scenarios show payouts after inflation.
- POMV payout assumes calculation methodology is 5% of the ending market value (pre payout) for the first five of the last six fiscal years.
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Alaska State Legislature

House Finance Committee



State Capitol, Juneau, Alaska 99801-1182

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State Capitol, Room 507

Juneau, AK 99801-1182

Sponsor Statement

House Joint Resolution 47

Proposing amendments to the Constitution of the State of Alaska relating to the principal of the Alaska permanent fund; limiting appropriations from the Alaska permanent fund to amounts equal to that part of the market value of the fund that exceeds the principal based on an average percent of market value; and permitting appropriations from the permanent fund only for costs of administering the fund, a program of dividend payments for state residents, and public education

HJR 47 proposes an amendment to the constitution that would create a modified Percent of Market Value (POMV) endowment approach to managing the permanent fund.

The amendment would limit appropriations from the fund to up to 5% of the total market value of the fund, averaged over a 5-year period. However, if there is not sufficient market value above principal to payout the 5% calculation, the payout would be restricted to the amount equal to that part of the market value of the fund that exceeds principal.

HJR 47 would protect the principal of the permanent fund by defining the dollar amount, down to the penny, as of June 30, 2003.

The principal will grow over time with the 25% mineral lease rentals, royalties, etc. that will continue to be automatically deposited into it. Further, the principal could grow by legislative appropriation.

HJR 47 limits appropriations from the payout to only being used for the following purposes: 1) costs of administering the permanent fund, 2) dividends to state residents, and 3) public education.

This modified POMV approach with a 5% spending limit and protection of the principal assures that over time, only *real* (net of inflation) income of the fund can be appropriated and that the fund's principal will not be touched.

ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	February 29, 2004	June 30, 2003
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Total investments	27,469.2	24,086.3
TOTAL ASSETS	\$ 29,248.8	25,105.7
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Accounts payable	\$ 1,290.2	220.3
Income distributable to the State of Alaska	0.0	691.1
TOTAL LIABILITIES	1,290.2	911.4
Fund Balances		
Reserved — principal:		
Contributions and appropriations	23,191.5	22,988.0
Unrealized appreciation/depreciation on invested assets	3,678.6	1,106.3
Total reserved	26,870.1	24,094.3
Unreserved:		
Realized earnings account	1,088.5	100.0
TOTAL FUND BALANCES	27,958.6	24,194.3
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,248.8	25,105.7



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original documents after microfilm reproductions have been made.

William J. Carter

Signature of Camera Operator

5/18/2005

Date

SB

1

SFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SSSB 1
 (S) Publish Date: 3/2/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title "An Act relating to the base student allocation RDU K-12 Support
used in the formula for state funding of public education..." Component Foundation Program
 Sponsor Senator Wilken
 Requester Health, Education and Social Services Component No. 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	18,940.6	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	18,940.6	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	18,940.6	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Dc not abbreviate)						
TOTAL	18,940.6	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the base student allocation from \$4,169 to \$4,263. A \$94 Increase to the Base Student Allocation.

Prepared by: Eddy Jeans, School Finance Manager
 Division: Education and Support Services
 Approved by: _____
 Agency: Education & Early Development

Phone 465-8679
 Date/Time 2/27/04 9:08 AM
 Date 2/27/2004

School District	Increase to Basic Need	Change to Floor	Net Increase	Local Contribution Increase
Alaska Gateway	113,562	(45,425)	68,137	-
Aleutian Region	23,264	(9,306)	13,958	-
Aleutians East Borough	87,454	-	87,454	20,114
Anchorage	6,324,611	-	6,324,611	1,454,661
Annette Island	48,113	-	48,113	-
Bering Strait	485,653	-	485,653	-
Bristol Bay Borough	42,967	-	42,967	9,882
Chatham	49,953	-	49,953	-
Chugach	30,680	-	30,680	-
Copper River	126,891	-	126,891	-
Cordova	79,672	-	79,672	18,325
Craig	123,766	-	123,766	28,466
Delta/Greely	171,741	-	171,741	-
Denali Borough	104,288	-	104,288	23,986
Dillingham	100,456	-	100,456	23,105
Fairbanks N. Star Borough	2,008,226	-	2,008,226	461,892
Galena	331,390	(132,556)	198,834	76,220
Haines Borough	53,849	-	53,849	12,385
Hoonah	34,173	-	34,173	7,859
Hydaburg	16,749	-	16,749	3,853
Iditarod Area	97,318	(6,555)	90,763	-
Iditarod Borough	724,400	-	724,400	166,612
	27,966	-	27,966	6,433
	82,275	-	82,275	-
	1,327,602	-	1,327,602	305,349
	344,587	-	344,587	79,255
	28,924	-	28,924	6,653
	418,639	-	418,639	96,287
	121,421	-	121,421	-
	140,564	(56,225)	84,339	32,329
	979,893	(391,957)	587,936	-
	509,479	-	509,479	-
	1,938,904	-	1,938,904	445,948
	110,565	-	110,565	25,430
	140,310	-	140,310	32,271
	422,755	-	422,755	-
	523,247	-	523,247	120,346
	6,232	(2,493)	3,739	1,434
	99,163	-	99,163	22,808
	37,205	(7,901)	29,304	-
	41,169	-	41,169	9,469
	200,374	-	200,374	46,086
	22,457	(8,983)	13,474	-
	59,988	(23,996)	35,992	-
	188,552	-	188,552	-
	21,411	(38)	21,373	4,924
	79,249	(31,700)	47,549	18,228
	134,699	(41,446)	93,253	-
	58,062	-	58,062	13,354
	23,776	-	23,776	5,468
	108,055	(43,222)	64,833	-
	205,289	-	205,289	-
	117,442	(46,977)	70,465	-
	44,368	-	44,368	-
	45,538	-	45,538	-
Total	19,789,336	(848,780)	18,940,556	3,579,432

**THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES**

Department of Education and Early Development

Prepared by Mindy Lobaugh

Prepared 3/03/04

\$407 Increase to Base Allocation - \$4,576

School District	Increase to Basic Need	Change to Floor	Net Increase	Local Contribution Increase
Alaska Gateway	491,700	(138,486)	353,214	-
Aleutian Region	100,728	(40,292)	60,436	-
Aleutians East Borough	378,660	-	378,660	87,092
Anchorage	27,384,222	-	27,384,222	6,298,371
Annette Island	208,319	-	208,319	-
Bering Strait	2,102,774	-	2,102,774	-
Bristol Bay Bcrough	186,040	-	186,040	42,789
Chatham	216,288	-	216,288	-
Chugach	132,837	-	132,837	-
Copper River	549,409	-	549,409	-
Cordova	344,961	-	344,961	79,341
Craig	535,880	-	535,880	123,252
Delta/Greely	743,601	-	743,601	-
Denali Borough	451,542	-	451,542	103,854
Dillingham	434,956	-	434,956	100,040
Fairbanks N. Star Borough	8,695,192	-	8,695,192	1,999,894
Galena	1,434,850	(573,340)	860,910	330,016
Haines Borough	233,154	-	233,154	53,628
Hoonah	147,961	(15,628)	132,333	34,031
Hydaburg	72,520	(20,687)	51,833	16,680
Iditarod Area	421,367	(138,174)	285,193	-
Juneau Borough	3,136,497	-	3,136,497	721,394
Kake	121,087	(28,110)	94,977	27,850
Kashunamiut	358,235	-	358,235	-
Kenai Peninsula Borough	5,748,236	-	5,748,236	1,322,095
Ketchikan Gateway Borough	1,491,988	-	1,491,988	343,157
Klawock	125,234	(21,024)	104,210	28,804
Kodiak Island Borough	1,812,616	-	1,812,616	416,902
Kuspuk	525,730	(31,163)	494,567	-
Lake & Peninsula Borough	608,815	(82,846)	545,769	139,981
Lower Kuskokwim	4,242,727	(1,697,090)	2,545,637	-
Lower Yukon	2,205,936	-	2,205,936	-
Mat-Su Borough	8,395,039	-	8,395,039	1,930,859
Nenana	478,722	-	478,722	110,106
Nome	607,512	-	607,512	139,728
North Slope Borough	1,830,441	-	1,830,441	-
Northwest Arctic Borough	2,265,549	-	2,265,549	521,076
Pelican	28,984	(10,793)	16,191	6,206
Petersburg	429,353	-	429,353	98,751
Pribilof	161,091	(7,901)	153,190	-
Saint Mary's	178,254	-	178,254	40,999
Sitka Borough	867,578	-	867,578	199,543
Skagway	97,236	(38,895)	58,341	-
Southeast Island	259,735	(103,894)	155,841	-
Southwest Region	816,389	-	816,389	-
Tanana	92,703	(38)	92,665	21,321
Unalaska	343,133	(137,253)	205,880	78,921
Valdez	583,219	(220,854)	362,365	-
Wrangell	251,396	-	251,396	57,821
Yakutat	102,946	(22,619)	80,327	23,677
Yukon Flats	467,855	(187,142)	280,713	-
Yukon/Koyukuk	888,858	-	888,858	-
Yup'it	508,498	(137,564)	370,934	-
Alyeska Central School	192,104	-	192,104	-
Mt. Edgecumbe High School	197,167	-	197,167	-
Total	85,683,622	(3,630,393)	82,053,229	15,498,177

G:\DistSup\05\Foundation\Fiscal Notes\4576\Increase-19

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SSSB 1
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
Title "An Act relating to the base student allocation RDU K-12 Support
used in the formula for state funding of public education:..." Component Foundation Program
Sponsor Senator Wilken
Requester Health, Education and Social Services Component No. 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	82,053.2	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	82,053.2	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	82,053.2	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	82,053.2	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the base student allocation from \$4,169 to \$4,576. A \$407 Increase to the Base Student Allocation.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679
Division: Education Support Services Date/Time 3/10/04 8:06 AM
Approved by: _____ Date 3/10/2004
Agency: Education & Early Development

Prepared 3/4/04

SSSB1 - \$407 Increase to

Base Student Allocation of \$4576

School District	Increase to Basic Need	Change to Floor	Net Increase	Increase in Local Cap
Alaska Gateway	491,700	(138,486)	353,214	-
Aleutian Region	100,728	(40,292)	60,436	-
Aleutians East Borough	378,660	-	378,660	87,092
Anchorage	27,384,222	-	27,384,222	6,298,371
Annette Island	208,319	-	208,319	-
Bering Strait	2,102,774	-	2,102,774	-
Bristol Bay Borough	186,040	-	186,040	42,789
Chatham	216,288	-	216,288	-
Chugach	132,837	-	132,837	-
Copper River	549,409	-	549,409	-
Cordova	344,961	-	344,961	79,341
Craig	535,880	-	535,880	123,252
Delta/Greely	743,601	-	743,601	-
Denali Borough	451,542	-	451,542	103,854
Dillingham	434,956	-	434,956	100,040
Fairbanks N. Star Borough	8,695,192	-	8,695,192	1,999,894
Galena	1,434,850	(573,940)	860,910	330,016
Haines Borough	233,154	-	233,154	53,626
Hoonah	147,961	(15,628)	132,333	34,031
Hydaburg	72,520	(20,687)	51,833	16,680
Iditarod Area	421,367	(136,174)	285,193	-
Juneau Borough	3,136,497	-	3,136,497	721,394
Kake	121,087	(26,110)	94,977	27,850
Kashunamiut	356,235	-	356,235	-
Kenai Peninsula Borough	5,748,236	-	5,748,236	1,322,095
Ketchikan Gateway Borough	1,491,988	-	1,491,988	343,157
Klawock	125,234	(21,024)	104,210	28,804
Kodiak Island Borough	1,812,616	-	1,812,616	416,902
Kuspuk	525,730	(31,163)	494,567	-
Lake & Peninsula Borough	608,615	(62,846)	545,769	139,981
Lower Kuskokwim	4,242,727	(1,697,090)	2,545,637	-
Lower Yukon	2,205,936	-	2,205,936	-
Mat-Su Borough	8,395,039	-	8,395,039	1,930,859
Nenana	478,722	-	478,722	110,106
Nome	607,512	-	607,512	139,728
North Slope Borough	1,830,441	-	1,830,441	-
Northwest Arctic Borough	2,265,549	-	2,265,549	521,076
Pelican	26,984	(10,793)	16,191	6,206
Petersburg	429,353	-	429,353	98,751
Pribilof	161,091	(7,901)	153,190	-
Saint Mary's	178,254	-	178,254	40,999
Sitka Borough	867,578	-	867,578	199,543
Skagway	97,236	(38,895)	58,341	-
Southeast Island	259,735	(103,894)	155,841	-
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Tanana	92,703	(38)	92,665	21,321
Unalaska	343,133	(137,253)	205,880	78,921
Valdez	583,219	(220,854)	362,365	-
Wrangell	251,396	-	251,396	57,821
Yakutat	102,946	(22,619)	80,327	23,677
Yukon Flats	467,855	(187,142)	280,713	-
Yukon/Koyukuk	888,856	-	888,856	-
Yupit	508,498	(137,564)	370,934	-
Alyeska Central School	192,104	-	192,104	-
Mt. Edgecumbe High School	197,167	-	197,167	-
Total	85,683,622	(3,630,393)	82,053,229	15,498,177

FYI -
SB 1

needs a

"do pass"
recommendation if
it's reported out

Sen.
Wilken
→

IF THE MINDY
WANT
PASS OUT

SB 1

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

SENATE FINANCE
COMMITTEE #1
Amendment Number: 1
Bill Number: SB1
Sponsor: Green Date: 3/1/04
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE
TO: SS SB 1

BY SENATOR GREEN

adopted

Page 1, line 6:

Delete: "\$4,263"

Insert: "\$4,576"

SENATE FINANCE COMMITTEE
3/4/2004 COMMITTEE ACTION

Bill Number	SB 1		
Amendment	# 1		
Motion	adpt		
<i>Motion by</i>	Green		
<i>Objection by</i>	B Wilken		
<i>Removed</i>	✓		
<i>Second Objection by</i>			
<i>Committee Member</i>	Y	<u>Vote</u>	N
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stevens			
Co-Chair Green			
Co-Chair Wilken			
<i>Tally</i>			
<i>Yea</i>			
<i>Nay</i>			
<i>Absent</i>			
<i>MOTION</i>	ADOPTED		

GARY WILKEN

SENATOR
Fairbanks

Interim:
1851 Fox Ave.
Fairbanks, Alaska 99701
Tel: 451-5501 (from Fbks)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714

Alaska State Legislature

Senate

During Session:
State Capitol Building
Juneau, Alaska 99801-1182
Tel: 451-5501 (from Fbks)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
Website: www.garywilken.com
E-Mail: Senator.Gary.Wilken@legis.state.ak.us

SPONSOR STATEMENT

Sponsor Substitute for Senate Bill 1 Increase Amount of Base Student Allocation

The public K-12 Education Funding Formula is based on a specific dollar amount per student. Sponsor Substitute for Senate Bill 1 increases the current base student allocation by \$94, establishing the per student dollar at \$4,263.

Sponsor Substitute for Senate Bill 1 recognizes that inflation has an impact on public school funding. The proposed increase in the base student dollar is based on a 2.25 percent rate of inflation for 2003. The \$94 raise in the student dollar will help our local school boards to address a portion of the financial dilemma facing all 53 school districts.

In addition to the normal financial pressures that confront our local schools, this year Alaska school districts are struggling with unforeseen high expenditures. A four to five percent increase in PERS/TRS contribution as well as extraordinary high increases in health care costs has forced many local school boards to propose school budgets with millions of dollars in cuts. The suggested reductions will negatively impact the quality of education offered to over 132,000 students statewide. Sponsor Substitute for Senate Bill 1 offers a starting point to discuss the overall financial needs of our school system. I welcome you to join in this discussion.

Please join me in endorsing and passing Sponsor Substitute for Senate Bill 1.

February 27, 2004

Proudly Representing the Golden Heart of Alaska

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/12/04

FURTHER: Finance

Date of 5-Day Notice: 2/24/04
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3.1.04

Health, Education and Social Services Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 1

SB 1 INCREASE AMT OF BASE STUDENT ALLOCATION

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

- Same Title
- New Title

House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	2/27	✓			1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>				✓
<i>[Signature]</i>	✓			✓
CHAIR: <i>[Signature]</i>			✓	

Guss
Guss

Dyson



Alaska State Legislature

Please enter into the record my testimony to the

Senate Finance

committee name

Committee on

SB 1

, dated

3-3-04

bill # / subject

public hearing date

I believe education is extremely important and should be the top priority of this legislature. Anything less than the adequate, full-funding of our education system is a disservice to our educators and children.

Children are not only a miracle at birth, they continue to be a miracle for the rest of their lives. Every child, whether he/she comes from a financially secure family or is a ward of the state, deserves the same educational opportunities. We have been told that our children are our greatest resource. We even tell our children the same thing. However, our actions and current legislation to not show this. It is time to put children *first* and stop finding excuses for not funding education to level it should be. \$4600 is a small price when compared to the damage that has been done to the education system in Alaska and the Kenai Peninsula over the past 8 years. A quality education costs money. Trying to reduce the state's operating budget by inadequately funding education needs to stop.

Stop just telling our children how important they are and start showing them by putting our money where our mouth is.

Thank you.

Signed:

Jeanne R. Hammond
Testifier

Representing (optional)

P.O. Box 7100 Nikiski, AK 99635

Address

776-8561

Phone number

FAX MEMO

Please forward!

Corinne Schleich
 5055 Fernwood Dr.
 Wasilla, AK 99654
 PH (907) 373-0623
 FAX (907) 373-0655
 arcticloon@pci.net

TO: All House Finance & Senate Finance
 FAX: Committee members
 DATE: March 3, 2004
 RE: Education Funding

I'm an 11 year old girl living in Wasilla. Most of this tax stuff is about losing great activities for kids, so here is one kid's point of view.

My favorite sports are basketball and soccer. If you can't find a way to pay for these then I won't be able to do them and my friends won't either! Nobody will get exercise and we won't be able to do science Olympiad, music, and other things that help us grow. It would be better if everyone paid a little amount of money so those things can continue. My class has 30 kids in it and so it is harder to learn. My school and class is great except for that. Please think about everyone in this situation, including me and my friends! I know I don't handle the money in this house or in this state but if I did I would rather pay and have a really good school.

Sincerely,

Corinne Schleich

SENATE FINANCE COMMITTEE

SIGN-IN

SB 1-INCREASE AMT OF BASE STUDENT ALLOCATION

NAME: Carol Rose Subject/Bill No: SB 1
Co./Dept./Title: AASB Phone: 6-1083
Address: 316 W. 11th St Juneau Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: Jan Carlisle Subject/Bill No: SB 1
Co./Dept./Title: _____ Phone: 7894746
Address: 15580 Glacier Hwy Juneau Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: Mary Francis Subject/Bill No: SB 1
Co./Dept./Title: ACSA Phone: 586-9702
Address: 326 4th St. Juneau Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: Mary Hakala Subject/Bill No: SB 1
Co./Dept./Title: Alaska Kids Count Phone: 780-4640
Address: 1606 Laurle Juneau Zip: _____
Do you wish to testify? Yes No Respond To Questions

SB

14

SFIN

FILE

SB 14

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

SB

20

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 20
 (S) Publish Date: 2/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title An Act extending the termination date of the BRU Occupational Licensing (117)
Board of Marine Pilots; and providing for an effective date. Component Occupational Licensing
 Sponsor Senator Theriault
 Requester Senate Labor and Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	78.5	78.5	78.5	78.5	78.5	
Travel	15.9	15.9	15.9	15.9	15.9	
Contractual	17.0	17.0	17.0	17.0	17.0	
Supplies	0.1	0.1	0.1	0.1	0.1	
Equipment	0.0	0.0	0.0	0.0	0.0	
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	111.5	111.5	111.5	111.5	111.5	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (1156)	111.5	111.5	111.5	111.5	111.5	
----------------------------------	--------------	--------------	--------------	--------------	--------------	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156- Receipt Supported Services	111.5	111.5	111.5	111.5	111.5	
TOTAL	111.5	111.5	111.5	111.5	111.5	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Board of Marine Pilots to June 30, 2007. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2004 Operating Budget request. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by: Edgar Blatchford, Commissioner
 Agency: Department of Community & Economic Development

Phone (907) 465-2144
 Date/Time 2/5/03 4:18 PM
 Date 2/5/2003

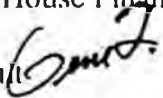
Alaska State Legislature

SENATOR
GENE THERRIAULT

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119 N. Cushman, Suite 101
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While in session
State Capitol
Juneau, Alaska
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Senate

To: Members of the House Finance Committee
From: Senator Therriault 
Date: March 25, 2003
Subject: Senate Bill 20

This memo is to address comments and concerns that were brought up in House Finance on March 19th on Senate Bill 20 extending the Board of Marine Pilots. I understand that the main concern that was brought forth during the committee hearing was the possibility of adding an exemption from having a marine pilot on board foreign flagged pleasure vessels greater than 300 tons. When I first introduced this piece of legislation I also considered the possibility of allowing this exemption, but after listening to both sides of the issue I decided that the foreign flagged pleasure craft exemption had too many unanswered questions. The following outlines answers to some of the concerns that were brought up in the House Finance Committee:

- Advocates for adding exemption language state that they do not want Alaska Marine Pilots on board their vessels for two reasons, privacy and the ability to have additional space on board for guests.
 - Foreign Flagged vessels have the ability to change flagging before entering Alaskan waters. To do so, they would simply need to remove their vessel from foreign registry and follow the directions listed in the enclosed packet to be placed under a US flag. If the exemption is requested for space and privacy, this seems to be a fairly simple solution.
- The US Coast Guard has tighter control over US flagged vessels than foreign flagged vessels and has suggested that the Alaska State Legislature refrain from adding language exempting foreign flagged pleasure crafts over 300 gross tons.
 - US flagged vessels operating in US waters have staffing requirements such as a licensed master and mate. Foreign flagged vessels do not follow these requirements; instead, they follow the laws of the nation under which they are flagged. The Coast Guard has a greater ability to monitor US flagged vessel due to documentation requirements. Adding the exemption could possibly put fewer restrictions on foreign flagged pleasure vessels than similar US flagged ships.

- There was a recent incident off the coast of Alaska where a Japanese flagged container vessel collided with a US flagged fishing vessel. The US flagged fishing vessel notified the Coast Guard of the collision and the extensive damage done. The damaged US vessel was monitored all of the way back to Dutch Harbor. The Coast Guard then tracked the Japanese flagged vessel, which retreated to international waters. There is very little the Coast Guard can do to foreign flagged vessels after leaving US waters because they need direct assistance from the US State Department, which usually does not intervene unless there is bodily harm. The foreign flagging of a vessel reduces liability and ability for situations like this to be resolved by the US Coast Guard.

A. VESSEL NAME: Insert name by which you wish the vessel to be known. If applying to change the vessel's name, insert the old vessel name in parenthesis.

B. OFFICIAL NUMBER and HIN: Insert the official number awarded by the Coast Guard for all but Initial Issue cases. If the vessel has an assigned Hull Identification Number (HIN) it should also be shown.

C. MANAGING OWNER: Name the owner to whom the Coast Guard should send correspondence and notices, together with that person's Social Security number. A Social Security or TAX I.D. number IS REQUIRED. A telephone number is not required but is helpful. NOTE: Only an owner may be the managing owner. For vessels owned in a trust arrangement, one of the trustees should be shown as managing owner. For vessels owned by an LLC, the name of the LLC should be shown.

D. ADDRESS OF MANAGING OWNER: Show your mailing address. If your physical (street) address is different from your mailing address, show BOTH addresses.

E. NAME(S) AND SOCIAL SECURITY NUMBER(S) OR TAX I.D. NUMBER(S) of all persons (other than managing owner) who own an interest in the vessel. If no owners other than the managing owner, leave blank.

F. HAILING PORT: Insert name of place and state exactly as it is or will be marked on the vessel. The hailing port must be a place in the United States. Commonly known abbreviations are acceptable. (e.g., NY, NY) NOTE: A Certificate of Documentation together with any endorsement(s) thereon becomes immediately invalid once a designated hailing port changes.

G. CITIZENSHIP: Check the appropriate box(es) to show the type of entity which own(s) the vessel and to certify that the

owner(s) meet the citizenship requirements for that type of entity.

INDIVIDUAL: Includes native born and naturalized U.S. citizens. Special rule for aliens lawfully admitted for permanent residence for purposes of owning and operating fishing vessels off the coast of California ONLY until Oct. 1, 2000. Such persons must contact us for further guidance.

JOINT VENTURE/ASSOCIATION: Attach a list naming all joint venturers/members. The percentage held by each need not be shown.

TRUST: All trustees and each beneficiary with an enforceable interest must be citizens. Attach a list naming all trustees, other than managing owner and any beneficiary only if they have an enforceable interest.

PARTNERSHIP or LIMITED LIABILITY COMPANY (LLC): Check if general or limited and other applicable block AND attach a list of all general partners or members if an LLC. All partners or members of an LLC must be U.S. Citizens.

CORPORATION: ALL blocks (A through F) must be completed.

CORPORATIONS QUALIFIED UNDER 46 CFR 68.01 OR OWNED BY A NOT-FOR-PROFIT OIL RECOVERY COOPERATIVE:

Attach a copy of the Certificate of Compliance or Letter of Qualification issued by the Director, NVDC.

H. ENDORSEMENTS: Check the appropriate block(s) to indicate the endorsement(s) for which application is made.

I. PRIMARY SERVICE: Check only ONE primary service the vessel will be used for.

J. PURPOSE OF APPLICATION: Check applicable blocks to show purposes of application. If vessel has never been documented, check Block #4 and provide ALL requested information which is known about the vessel's place and year of build, hull material, approximate length and previous

names and numbers. If this information is unknown, please indicate.

K. CERTIFICATION: Complete as appropriate. The law provides severe penalties for false statements against both the person (including agents) making the statement and against the vessel for which it is made.

VESSEL MARKING INSTRUCTIONS

Every documented vessel must be marked with its official number, name and hailing port. Operation of a documented vessel without proper markings is a violation of U.S. regulation. All exterior markings must be in clearly legible letters of the Latin alphabet or Roman or Arabic numerals not less than four inches in height.

BOW MARKINGS (required for commercial vessels only): The name of a commercial vessel must be marked on a clearly visible exterior part of both bows and on the stern of the vessel. If the vessel has a square bow, the name may be marked on some clearly visible exterior part of the bow in order to avoid obliteration.

STERN MARKINGS (commercial vessels): The name and hailing port of the vessel must be marked on some clearly visible exterior part of the stern.

RECREATIONAL VESSEL MARKINGS: The name and hailing port must be marked together on some clearly visible exterior part of the hull.

OFFICIAL NUMBERS: The six or seven digit official number awarded by the U.S. Coast Guard must be permanently marked in block type Arabic numerals not less than three (3) inches high on some clearly visible interior structural part of the hull. The number must be preceded by the abbreviation "NO.", and must be affixed in a manner which would make alteration, removal, or replacement obvious.

NOTE:

1. REQUIREMENT FOR SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER: The requirement to supply this information is codified in Chapter 125, Title 46, U.S. Code.

U.S. Department
of Transportation

United States
Coast Guard



Director
National Vessel Documentation Center

792 T J Jackson Drive
Falling Waters, WV 25419
Staff Symbol: NVDC
Phone: 800-799-8362
304-271-2400
FAX: 304-271-2405

REV 7/02

GENERAL GUIDELINES FOR EXCHANGE or RETURN TO DOCUMENTATION

General forms only. Contact this office for vessel specific issues. Please see the regulations at 46 CFR Part 67. FAXES OR COPIES MADE ON THIN THERMO-FAX PAPER WILL BE REJECTED.

CG-1258: Application for Initial Issue, Exchange or Replacement of Certificate of Documentation; Redocumentation - Completed by new OWNER(s); submit ONE with original signatures.

CG-1340: Bill of Sale - Completed by seller; submit two--ONE MUST HAVE ORIGINAL SIGNATURES; one may be a copy. Signature of seller(s) must be acknowledged before a notary public. If information has been altered in any way, it may be rejected.

Satisfaction of Mortgage or Form CG-4593 (Application, Consent and Approval for Exchange)- If the vessel is subject to a mortgage, submit EITHER (1) Satisfaction of Mortgage (completed by mortgagee NOT vessel owner) in duplicate—ONE must have original signatures; OR, (2) Form CG-4593 signed by both the owner and mortgagee submitted.

Chain of Title - Simplified Method* - For vessels returning to documentation, ownership may be established from state title OR state or foreign registration. A copy of the title or registration must be provided WITH the bill(s) of sale from the owner shown on this paperwork to the applicant. If the boat had a foreign registry similar to U.S. Documentation, a copy of the registry and evidence of removal from foreign registry in addition to the bill of sale must be provided.

**Simplified method does not apply to Coastwise vessels of over 200 ITC gross tons. Complete chain of title from the last documented owner and citizenship evidence from each must be submitted. Form MA-899 may be used to establish citizenship and will be sent upon request.*

Return existing Certificate of Documentation if available.

FEES - MUST ACCOMPANY PAPERWORK AND ARE NOT REFUNDABLE:

Application for Exchange or Redocumentation\$84.00 *
Approval of Exchange if covered by a mortgage 24.00

* ADD endorsement fee: Coastwise 29.00
Fishery 12.00
Recreation or Registry NO CHARGE

NOTE: When more than one endorsement is requested, pay only the single highest endorsement rate--\$29.00 MAXIMUM.

Bill of Sale (per page for original only)\$8.00
Mortgages (per page for original only)\$4.00

Check or money order payable to U.S. COAST GUARD or credit card authorization MUST accompany application.

DEPARTMENT OF
TRANSPORTATION
U.S. COAST GUARD
CG-1258 (REV. 9-97)

**APPLICATION FOR INITIAL ISSUE, EXCHANGE,
OR REPLACEMENT OF CERTIFICATE OF
DOCUMENTATION; REDOCUMENTATION**

THIS SECTION FOR COAST GUARD USE ONLY

CASE NUMBER:

CHECK #:

FEE: \$

NOTE: FILING THIS APPLICATION DOES NOT ENTITLE A VESSEL TO DOCUMENTATION OR TO ANY CHANGES SOUGHT ON A CERTIFICATE OF DOCUMENTATION. OFFICIAL NUMBERS DESIGNATED ON THE BASIS OF THIS APPLICATION ARE NOT TRANSFERABLE. ONLY A CURRENT CERTIFICATE OF DOCUMENTATION IS VALID FOR VESSEL OPERATION.

I. COMPLETE FOR ALL APPLICATIONS

A. VESSEL NAME

B. OFFICIAL NUMBER (IF AWARDED)
AND HULL IDENTIFICATION
NUMBER IF ANY

APPROVED:

DATE:

C. NAME OF MANAGING OWNER

D. ADDRESS OF MANAGING OWNER

TELEPHONE NUMBER (OPTIONAL):

SOCIAL SECURITY OR TAX ID NUMBER

SHOW PHYSICAL ADDRESS IF DIFFERENT FROM MAILING ADDRESS

E. NAMES AND SOCIAL SECURITY OR TAX ID NUMBERS OF ALL OTHER OWNERS

F. HAILING PORT INCLUDING STATE
(TO BE MARKED ON VESSEL)

ATTACH SHEET LISTING ADDITIONAL OWNERS IF NECESSARY

G. CITIZENSHIP (SEE INSTRUCTIONS REGARDING STATUS OF ALIENS LAWFULLY ADMITTED FOR PERMANENT RESIDENCE) **VESSEL OWNED:**

- BY ONE OR MORE INDIVIDUALS
 BY JOINT VENTURE OR ASSOCIATION

I (WE) CERTIFY THAT ALL OWNERS OF THIS VESSEL ARE CITIZENS OF THE UNITED STATES

- IN A TRUST ARRANGEMENT

I (WE) CERTIFY THAT ALL MEMBERS OF THIS (JOINT VENTURE) (ASSOCIATION) ARE CITIZENS OF THE UNITED STATES, ELIGIBLE TO DOCUMENT THE VESSELS COVERED BY THIS APPLICATION WITH THE ENDORSEMENT(S) SOUGHT IN THEIR OWN RIGHT.

- BY A PARTNERSHIP OR LIMITED LIABILITY COMPANY
A. GENERAL PARTNERSHIP OR LIMITED LIABILITY COMPANY (LLC)
B. LIMITED PARTNERSHIP

I (WE) CERTIFY THAT ALL TRUSTEES AND ALL BENEFICIARIES WITH AN ENFORCEABLE INTEREST IN THIS TRUST ARRANGEMENT ARE CITIZENS OF THE UNITED STATES, ELIGIBLE TO DOCUMENT VESSEL WITH THE ENDORSEMENT(S) SOUGHT IN THEIR OWN RIGHT.

I (WE) CERTIFY THAT ALL PARTNERS IN THIS PARTNERSHIP (MEMBERS OF THIS LLC) ARE CITIZENS OF THE UNITED STATES ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT, AND THAT THE PARTNERSHIP LLC MEETS THE FOLLOWING EQUITY REQUIREMENTS: EQUITY OWNED BY U.S. CITIZENS,
 AT LEAST 50% MORE THAN 50% LESS THAN 75% 75% OR MORE

I (WE) CERTIFY THAT ALL GENERAL PARTNERS IN THIS PARTNERSHIP ARE CITIZENS OF THE UNITED STATES, ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT AND THAT THE PARTNERSHIP MEETS THE FOLLOWING EQUITY REQUIREMENTS, EQUITY INTEREST OWNED BY CITIZENS OF THE U.S. ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT WITH THE ENDORSEMENT SOUGHT.
 AT LEAST 50% MORE THAN 50% LESS THAN 75% 75% OR MORE

- VESSEL OWNED BY A CORPORATION

D. NUMBER OF DIRECTORS NECESSARY TO CONSTITUTE A QUORUM _____

A. STATE OF INCORPORATION _____

E. NUMBER OF ALIEN DIRECTORS _____

B. CITIZENSHIP OF PRESIDENT (AND OTHER CHIEF EXECUTIVE OFFICER, IF ANY) _____

F. PERCENTAGE OF STOCK OWNED BY U.S. CITIZENS ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT, WITH THE ENDORSEMENT(S) SOUGHT ON THIS APPLICATION (APPLIES TO ALL TIERS OF OWNERSHIP.)
 LESS THAN 50% AT LEAST 50% MORE THAN 50% LESS THAN 75% 75% OR MORE

C. CITIZENSHIP OF CHAIRMAN OF THE BOARD _____

- VESSEL OWNED BY A CORPORATION QUALIFIED AND APPLYING UNDER 46 CFR 68.01 (BOWATER)

CURRENT CERTIFICATE OF COMPLIANCE ATTACHED. I (WE) CERTIFY THAT THE CORPORATE STRUCTURE HAS NOT CHANGED SINCE ISSUANCE OF THAT CERTIFICATE, AND THAT THE VESSEL, IF SELF-PROPELLED, IS LESS THAN 500 GROSS TONS.

- VESSEL OWNED OR OPERATED BY NOT-FOR-PROFIT OIL RECOVERY COOPERATIVE

COPY OF CURRENT LETTER OF QUALIFICATION ATTACHED. I (WE) CERTIFY THAT THE INFORMATION ON FILE WITH REGARD TO COOPERATIVE AND ISSUANCE OF THAT LETTER REMAINS UNCHANGED.

H. ENDORSEMENTS FOR WHICH APPLICATION IS MADE. (IF MORE THAN ONE, INDICATE ESTIMATED PERCENTAGE FOR EACH.)

- RECREATIONAL COASTWISE FISHERY COASTWISE (BOWATER ONLY)

- REGISTRY OIL SPILL RESPONSE

- COASTWISE UNDER CHARTER TO AN ENTITY QUALIFIED TO ENGAGE IN COASTWISE 46 APP USC 802. COPY OF CHARTER ON FILE WITH U.S.C.G.

I. PRIMARY SERVICE

- | | | |
|--|--|--|
| <input type="checkbox"/> COMMERCIAL FISHING BOAT | <input type="checkbox"/> PASSENGER (6 OR FEWER) | <input type="checkbox"/> SCHOOL SHIP |
| <input type="checkbox"/> FISH PROCESSING VESSEL | <input type="checkbox"/> PASSENGER (MORE THAN 6) | <input type="checkbox"/> TANK BARGE |
| <input type="checkbox"/> FREIGHT SHIP | <input type="checkbox"/> PASSENGER BARGE (6 OR FEWER) | <input type="checkbox"/> TANK SHIP |
| <input type="checkbox"/> FREIGHT BARGE | <input type="checkbox"/> PASSENGER BARGE (MORE THAN 6) | <input type="checkbox"/> TOWING VESSEL |
| <input type="checkbox"/> INDUSTRIAL VESSEL | <input type="checkbox"/> PUBLIC FREIGHT | <input type="checkbox"/> UNCLASSIFIED VESSEL |
| <input type="checkbox"/> MOBILE OFFSHORE DRILLING UNIT | <input type="checkbox"/> PUBLIC TANKSHIP/BARGE | <input type="checkbox"/> RECREATIONAL |
| <input type="checkbox"/> OIL RECOVERY | <input type="checkbox"/> PUBLIC VESSEL, UNC | |
| <input type="checkbox"/> OFFSHORE SUPPLY VESSEL | <input type="checkbox"/> RESEARCH VESSEL | |

J. PURPOSE OF APPLICATION

1. EXCHANGE OF CERTIFICATE OF DOCUMENTATION.
2. REPLACEMENT OF LOST, WRONGFULLY WITHHELD OR MUTILATED CERTIFICATE OF DOCUMENTATION.
3. RETURN TO DOCUMENTATION FOLLOWING DELETION, NAME OF VESSEL WHEN LAST DOCUMENTED: _____
4. APPLICATION FOR OFFICIAL NUMBER AND FIRST CERTIFICATE OF DOCUMENTATION. VESSEL _____
- WAS BUILT AT _____ IN _____ MONTH/YEAR
OR
- IS UNDER CONSTRUCTION AT _____ AND IS SCHEDULED FOR COMPLETION IN _____
- HULL MATERIAL: WOOD STEEL FIBROUS REINFORCED PLASTIC ALUMINUM CONCRETE.
- OTHER (DESCRIBE) _____
- APPROXIMATE LENGTH OF VESSEL _____
- PREVIOUS NAMES, NUMBERS, OR FOREIGN REGISTRATIONS OF VESSEL _____

K. CERTIFICATION: I (WE) CERTIFY THAT:

- (A) I AM (WE ARE) A CITIZEN(S) OF THE UNITED STATES AND LEGALLY AUTHORIZED TO EXECUTE THIS APPLICATION IN THE CAPACITY SHOWN;
- (B) THAT THE VESSEL(S) TO WHICH THIS APPLICATION APPLIES;
- (i) HAS (HAVE) BEEN MARKED OR WILL BE MARKED
- IN ACCORDANCE WITH THE DIRECTIONS IN THE INSTRUCTION SHEET (CG-1258-A) FOR THIS APPLICATION;
- (ii) WILL AT ALL TIMES REMAIN UNDER THE COMMAND OF A U.S. CITIZEN, UNLESS DOCUMENTED SOLELY WITH A RECREATIONAL ENDORSEMENT.
- (iii) WILL NOT BE OPERATED IN A TRADE NOT AUTHORIZED BY THE ENDORSEMENT(S) ON THE CERTIFICATE(S) OF DOCUMENTATION;
- (iv) HAS NOT BEEN REBUILT SINCE LAST DOCUMENTATION
- (v) THE VESSEL IS NOT TITLED UNDER A STATE OR IS TITLED UNDER THE LAWS OF _____
- (C) THE NAME(S) OF THE VESSEL(S) WILL NOT BE CHANGED WITHOUT APPROVAL FROM NATIONAL VESSEL DOCUMENTATION CENTER; AND
- (D) (WE) WILL PROMPTLY NOTIFY THE NATIONAL VESSEL DOCUMENTATION CENTER UPON A CHANGE IN ANY OF THE INFORMATION OR REPRESENTATIONS IN THIS APPLICATION.

PRINTED OR TYPED NAME	SIGNATURE	CAPACITY (E.G., OWNER, AGENT, TRUSTEE, GENERAL PARTNER, CORPORATE OFFICER)
_____	_____	_____

DATE: _____

PRIVACY ACT STATEMENT

IN ACCORDANCE WITH 5 U.S.C. 553a, THE FOLLOWING INFORMATION IS PROVIDED TO YOU WHEN SUPPLYING PERSONAL INFORMATION TO THE U.S. COAST GUARD.

1. AUTHORITY. SOLICITATION OF THIS INFORMATION IS AUTHORIZED BY 46 U.S.C., CHAPTERS 121 AND 125; 46 U.S.C. APP. 802 AND 883.
2. THE PRINCIPAL PURPOSES FOR WHICH THIS INFORMATION IS TO BE USED ARE:
 - (1) TO DETERMINE CITIZENSHIP OF THE OWNER OF THE VESSEL FOR WHICH APPLICATION FOR DOCUMENTATION IS MADE; AND
 - (2) TO DETERMINE ELIGIBILITY OF THE VESSEL TO BE DOCUMENTED WITH THE TRADE ENDORSEMENT SOUGHT.
3. THE ROUTINE USES WHICH MAY BE MADE OF THIS INFORMATION INCLUDE RELEASE TO LAW ENFORCEMENT OFFICIALS, TO THE GENERAL PUBLIC UNDER FREEDOM OF INFORMATION ACT, AND TO PUBLISH INFORMATION ABOUT U.S. DOCUMENTED VESSELS.
4. DISCLOSURE OF THE INFORMATION REQUESTED ON THIS FORM IS VOLUNTARY, HOWEVER, FAILURE TO PROVIDE THE INFORMATION REQUESTED WILL RESULT IN DENIAL OF THE APPLICATION FOR DOCUMENTATION, WHICH MAY PREVENT THE OWNER FROM OPERATING THE VESSEL(S) IN A SPECIFIED TRADE.

THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 30 MINUTES. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR MAKE SUGGESTIONS FOR REDUCING THE BURDEN TO: NATIONAL VESSEL DOCUMENTATION CENTER, 792 T J JACKSON DRIVE, FALLING WATERS, WEST VIRGINIA 25419, OR OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, ATTENTION: DESK OFFICER FOR DOT/USCG, OLD EXECUTIVE OFFICE BUILDING, WASHINGTON, DC 20503.



U.S. Department of Transportation
Maritime Administration

DECLARATION OF CITIZENSHIP FOR VESSEL RECORDATION PURPOSES

(Section 40, Shipping Act, 1916, as amended,
46 U.S.C. 838, 40 Stat. 902, as amended)

I. VESSEL^{1/}

A. NAME:

B. OFFICIAL NUMBER:

II. ENTITY ON BEHALF OF WHICH DECLARATION IS MADE

A. NAME:

B. ADDRESS:

C. STATE WHERE INCORPORATED, ORGANIZED, CHARTERED, OR RESIDING:

D. LEGAL NATURE (*check appropriate entry*)

Individual

Association

Corporation

Mutual Savings Bank/Insurance Co.

Partnership/Joint venture

Other (*specify*)

E. CAPACITY (*check appropriate entry*)

Purchaser/Transferee

Mortgagee

Trustee-mortgagee

III. DECLARATION:

I hereby declare that I am legally authorized to make this declaration on behalf of the entity named above, and that this transaction does not violate the provisions of 46 U.S.C. 808 and 835 (*if applicable*) because said entity meets the applicable criteria set forth on the reverse of this form and i therefore a citizen of the United States within the meaning of 46 U.S.C. 802.

SIGNATURE

DATE

NAME OF PERSON SIGNING(*Print*): _____

PENALTY FOR FALSE STATEMENT: Any person who knowingly makes a false statement of a material fact in this declaration shall be guilty of a misdemeanor and subject to a fine of not more than \$5,000 or to imprisonment for not more than five years, or both (46 U.S.C. 838).

^{1/} If two or more vessels are involved, attach schedule of vessel names and official numbers.

DECLARATION OF CITIZENSHIP - CITIZENSHIP CRITERIA

A. INDIVIDUAL. An individual is a citizen by virtue of birth in the United States, birth abroad of U.S. citizen parents, by naturalization during minority through the naturalization of a parent, by marriage (if a woman) to a U.S. citizen prior to September 22, 1922, naturalized, or as otherwise authorized by law.

B. CORPORATION. A corporation is a citizen if (a) it is incorporated under the laws of the United States or of a state, territory, district or possession thereof; (b) its president or other chief executive officer and its chairman of the board are United States citizens; (c) no more of its directors than a minority of the number necessary to constitute a quorum are non-citizens; and (d) the controlling interest in the corporation is owned by United States citizens or, if the vessel is documented for coastwise trade, at least 75 percent of the interest in the corporation is owned and controlled by U.S. citizens.

NOTE: (1) The controlling interest in a corporation is owned and controlled by United States citizens only if (i) title to at least a majority of the stock is vested in United States citizens free of any trust or fiduciary obligation in favor of any person who is not a United States citizen; (ii) at least the majority of the voting power is vested in United States citizens; (iii) there is no contract or understanding through which it is arranged that the majority of the voting power may be exercised directly or indirectly on behalf of any person who is not a United States citizen; and (iv) there are no other means whatsoever by which control of the corporation is conferred upon or permitted to be exercised by any person who is not a United States citizen.

(2) Seventy-five percent of the interest in a corporation is owned and controlled by United States citizens only if (i) the title to at least 75 percent of the stock of said Corporation is vested in citizens of the United States free from any trust or fiduciary obligation in favor of any person not a citizen of the United States; (ii) that such proportion of the voting power of said Corporation is vested in citizens of the United States; (iii) that through no contract or understanding is it so arranged that more than 25 percent of the voting power of said Corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; and (iv) that by no means whatsoever, is any interest in said Corporation in excess of 25 percent conferred upon or permitted to be exercised by any person who is not a citizen of the United States.

C. PARTNERSHIP/JOINT VENTURE. A partnership or a joint venture is a citizen of the United States if requisite ownership and control is vested in United States citizens pursuant to 46 U.S.C. 802.

D. ASSOCIATION. An association is a citizen if the requisite ownership is vested in United States citizens pursuant to 46 U.S.C. 802.

E. MUTUAL SAVINGS BANK/INSURANCE COMPANY. A mutual savings bank or mutual insurance company is one which has no directors, the duties of the directors being exercised by the trustees, and which is not authorized to issue stock. Such an entity is a citizen if (a) its president or other chief executive officer and the chairman of its board of trustees are United States citizens; (b) no more of the trustees than a minority of the number necessary to constitute a quorum are non-citizens; (c) at least the majority of the voting power and control in the entity is vested in the board of trustees free from any trust or fiduciary obligation whatsoever by which control of the corporation is conferred upon or permitted to be exercised by any person who is not a United States citizen.

F. TRUSTEE-MORTGAGEE. A trustee-mortgagee is a citizen if it is approved under the provisions of 46 U.S.C. 808 and 835.

G. If you check "Other" please submit full details of the legal arrangement or character with supporting documents attached. Direct contact with the Maritime Administration at an early date is recommended.

NOTE: Questions concerning the construction and interpretation of the above criteria should be directed to the Maritime Administration.

Alaska State Legislature

SENATOR
GENE THERRIAULT

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax: (907) 488-4271

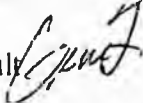


Senate

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

Sponsor Statement

Senate Bill 20: "An Act extending the termination date of the Board of Marine Pilots; and providing for an effective date."

Sponsor: Senator Gene Therriault 

Under AS 08.03.010 (10) the Board of Marine Pilots (BMP) will terminate on June 30, 2003. A report released by the Legislative Budget and Audit Committee recommended that the Legislature extend the board's termination date to June 30, 2007. House Bill 32 does just that.

The regulation and licensing of qualified marine pilots benefit the public's safety and welfare. The steady increase in tourist passenger ships in recent years has made BMP's role increasingly more important. The board provides reasonable assurance that the individuals licensed to pilot passenger and cargo ships in Alaskan waters are qualified to do so.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



GOLDBELT
SEADROME
MARINE COMPLEX

February 7, 2003

The Honorable Ceno Theriault
Senate President
State Capitol
Juneau, AK 99801-1182

Dear Senator Theriault:

I am writing in support of the proposed change to the marine pilotage law concerning foreign flagged yachts. As manager of the Seadrome Marine Complex a docking facility owned by Goldbelt in downtown Juneau, I have observed vessels that become very frustrated with the current regulations and head for friendlier ports. Our customer base is made up of small cruise vessels, day boats and yachts. This past year, approximately 25% of our moorage business came from yachts and transient vessels. Most of these vessels travel from the east coast specifically to visit Alaska while others are on their maiden voyage after leaving one of the boat builders in the Puget Sound area.

We have noticed a steady increase of yachts visiting Alaska over the past five years and hear about many more that decide not to make the trip because of the costly pilotage requirements. Although I have no way of knowing the potential market that is discouraged from visiting Alaska because of the current regulations, my feeling is that it is considerable. The limited availability of pilots is also problematic for vessels such as yachts with an ever-changing schedule.

The independent yacht visitor has a comparably greater positive economic impact by spending days if not weeks in Alaska and spreading their purchasing power over numerous businesses and communities. This positively impacts a wide variety of businesses from groceries to carpet cleaners and flower shops and fuel companies.

I urge you to consider an exemption or similar action to allow this market to reach its potential in Alaska. Many businesses and communities throughout the region will realize the benefits.

Best regards,

Jeff White
Manager
Seadrome Marine Complex



DAVID L. SOKOL
302 SOUTH 36TH STREET
SUITE 400
OMAHA, NEBRASKA 68131

June 14, 2002

The Honorable Tony Knowles
State Capitol
P. O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles:

I would like to bring to your attention a situation which I believe may have been caused inadvertently; however, it has the potential to significantly impact the economy of several southeastern communities in Alaska.

Several years ago I had the privilege of being a guest on a private motor yacht that cruised the waterways of southeastern Alaska, primarily in the areas between Ketchikan, Sitka and Juneau. I, and the other seven guests, had a wonderful time shopping in Sitka and Juneau, fishing and sightseeing in some of America's most beautiful waterways. Following on this experience, two years ago I had the opportunity to purchase my own boat and it was our intention to spend this summer in southeastern Alaska. Unfortunately, when my captain was preparing the cruise this spring he came across *Alaska Statute 08.62.180* which deals with marine pilotage requirements in Alaska. While we are familiar with typical pilotage requirements in other states and countries, this law is unique, in our understanding, in that it essentially requires full time pilotage not just in and out of harbors, but also throughout the waterways. Further, there are no qualification exemptions for demonstrated captain proficiency.

As such, pursuant to this statute we must essentially hire a pilot from one of the two companies providing this service for the entirety of our cruise. I contacted both of these firms in Ketchikan and was informed that the cost would be \$1,400.00 to \$2,200.00 per day depending on our schedule. This would equate to approximately \$72,000.00 for our summer cruise. Because of this requirement we have altered our plans and we are going to spend the summer in British Columbia. This is obviously a severe disappointment given that I am an American citizen.

I do fully understand the need for appropriate pilotage requirements under certain circumstances; however I believe that this statute's lack of flexibility is unreasonable. By way of example, our boat is approximately 135 feet in length and we have three licensed captains as part of our seven-person crew. Our captain is fully licensed to 1600 gross

Page Two
Governor Tony Knowles
June 14, 2002

tons and is intimately familiar with the Alaskan waterways. Under *AK 08.62.180* those qualifications are irrelevant; however, in British Columbia we received a pilotage exemption in less than two weeks.

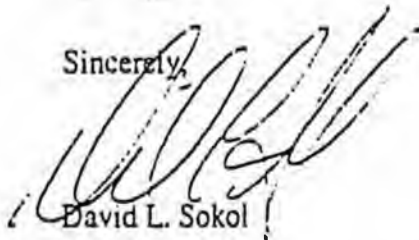
We would recommend to you a change in *AK 08.62.180* to either allow an exemption process for qualified captains or to place a reasonable length limitation (possibly 200 feet or less) exemption for pleasure craft with properly licensed captains. While the statute currently has gross tonnage limitations, I believe you will find such measurements inconsistent and difficult to administer due to the many tonnage conventions utilized in the United States and Internationally.

The real damage caused by making these pilotage requirements unreasonable is to the small towns of southeast Alaska. I have become aware of eleven vessels that have chosen to not cruise in Alaskan waters this summer. I am certain there are others as well. In our own case we would have had 48 guests (6 cruises with 8 guests) over the summer, seven crew living with the boat all summer, fuel, food, fishing licenses, tackle, airline traffic, souvenir shopping, restaurants, cabs, etc. Just our boat alone would have generated over \$250,000 in economic activity in Ketchikan, Sitka and Juneau. If we assume 20 boats avoid Alaska because of unnecessary pilotage requirements, \$5,000,000 of economic activity will be lost.

Please understand, we are fully in favor of proper safety and environmental standards, and we wish for Alaskan waterways to be kept clean and safe for all future generations. Providing reasonable exemptions, as is done throughout the rest of the United States and around the world, will not require these standards to be lessened.

I recognize that since this will require a legislative solution, you cannot resolve this situation for this summer. I hope that something can be done before next spring. Please call me if I can provide additional information, or if I can help you in dealing with this situation.

Sincerely,



David L. Sokol

CC: Peter Christensen, Pilot Coordinator
Board of Marine Pilots
P. O. Box 110806
Juneau, AK 99811-0806

LEGAL SERVICES

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

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

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St, Rm. 329

MEMORANDUM

July 10, 2002

SUBJECT: Marine Pilotage Requirements (Work Order No. 23-LS0015)

TO: Representative Brian Porter
Attn: Jennifer Strickland

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is in response to your request for comments on a proposal to amend the requirement that certain vessels employ marine pilots when present in certain waters of Alaska.

The State of Alaska has adopted the policy to "prevent the loss of lives and property, and to protect the marine environment of the state by requiring compulsory pilotage on the inland and coastal water of and adjacent to the state." Section 1(a), ch. 89, SLA 1991.

All vessels navigating certain waters of Alaska are required to employ a state licensed marine pilot.¹ The Board of Marine Pilots has defined the mandatory pilotage waters of the state (waters where a vessel is required to employ a marine pilot) in regulations set out under 12 AAC 56.090 - .100. The inland and near shore waters of Southeast Alaska are mandatory pilotage waters. 12 AAC 56.100(1).

Under AS 08.62.180, several classes of vessels are exempt from the marine pilot requirement. The following vessels are not required to employ a state licensed marine pilot:

- (1) vessels subject to federal pilot requirements under 46 U.S.C. 8502 except as provided in AS 08.62.185;
- (2) fishing vessels, including fish processing and fish tender vessels, registered in the United States or in British Columbia, Canada;
- (3) vessels propelled by machinery and not more than 65 feet in length over deck, except tugboats and towboats propelled by steam;

¹ AS 08.62.160 states:

Mandatory employment of licensed pilots. A vessel subject to this chapter navigating the inland or coastal water of or adjacent to the state as determined by the board in regulation shall employ a pilot holding a valid license under this chapter. The board shall define the mandatory pilotage water of the state.

Representative Brian Porter

July 10, 2002

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(4) vessels of United States registry of less than 300 gross tons and towboats of United States registry and vessels owned by the State of Alaska, engaged exclusively

(A) on the rivers of Alaska; or

(B) in the coastwise trade on the west or north coast of the United States including Alaska and Hawaii, and including British Columbia, Yukon Territory, and Northwest Territories, Canada;

(5) vessels of Canada, built in Canada and manned by Canadian citizens, engaged in frequent trade between

(A) British Columbia and Southeastern Alaska south of 58 degrees, 10 minutes North latitude, if reciprocal exemptions are granted by Canada to vessels owned by the State of Alaska and those of United States registry; or

(B) northern Alaska north of 68 degrees, 7 minutes North latitude and Yukon Territory or Northwest Territories;

(6) pleasure craft of United States registry; and

(7) pleasure craft of foreign registry of less than 300 gross tons as measured under 46 C.F.R. 69.51 - 69.75.

AS 08.62.180.

In his letter to you, Mr. David L. Sokol has stated that the marine pilotage requirements place a substantial economic burden on a vessel that he owns and would like to operate in Southeast Alaska. Mr. Sokol would like to use his vessel to make six cruises to Alaska annually with a total of 48 guests on those cruises. The vessel is approximately 135 feet in length and has a crew of seven. The cost of employing a marine pilot is estimated to be about \$72,000 for the six cruises. In order to exempt his vessel and other similarly situated vessels from the marine pilot requirement, Mr. Sokol proposes that AS 08.62.180 be amended to "either allow an exemption process for qualified captains or to place a reasonable length limitation (possibly 200 feet or less) exemption for pleasure craft with properly licensed captains."

Either approach proposed by Mr. Sokol could be made to work so that his vessel would be exempt from the marine pilot requirement. An exemption based solely on the qualifications of the vessel's captain would be a significant departure from the current policy of exempting classes of vessels based on vessel characteristics. Also, it may be difficult to establish workable criteria that could be used to exempt vessels from the pilotage requirement based on the qualifications of the vessel's captain. All of the vessels subject to the marine pilotage requirement are required to have qualified officers on board the vessel. If a qualified officer was all that is necessary to exempt a vessel from the pilotage requirement then how would that exemption not be applicable to small pleasure vessels such as Mr. Sokol's as well as to large cruise ships, merchant ships, and tankers.

Any exemption from the mandatory pilotage requirement would best be tied to the characteristics of the vessel. Exemptions based on the use of the vessel and the length or

Representative Brian Porter
July 10, 2002
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tonnage of the vessel would seem to be most appropriate. Additional requirements as to the licensure, training, experience, or skills of the captain of the vessel may also be appropriate.

Additional information would be required before language could be drafted to exempt Mr. Sokol's vessel from the marine pilotage requirement. State law already wholly exempts pleasure craft of United States registry from the pilotage requirement. See AS 08.62.180(6). If the vessel in question does not qualify for this exemption, then it is either not a pleasure craft or it is not a United States registered vessel. State law also exempts a foreign registered vessel from the pilotage requirement if it is a pleasure craft of less than 300 gross tons. See AS 08.62.180(7). If the vessel does not qualify for this exemption for foreign registered pleasure craft then it either is not a pleasure craft or is larger than 300 gross tons.

Though there is nothing mentioned in Mr. Sokol's letter about the status of the guests on his vessel, there is a possibility that they may be paying guests. If they are indeed paying guests then the vessel may not qualify as a pleasure craft. Under federal vessel documentation requirements, a vessel that is operating under a recreational endorsement (formerly referred to as a pleasure vessel license) may be operated only for pleasure. 46 U.S.C. 12109(c) and 46 U.S.C. 12110(c). A vessel carrying passengers for hire is not a pleasure vessel. If the vessel at issue here is not a pleasure craft (but is instead a very small cruise ship) then the exemptions for pleasure craft under AS 08.62.180(6) and (7) will not provide a useful starting point and an exemption for the vessel must be created by amending another existing provision of AS 08.62.180 or by creating an entirely new exemption.

If you wish to proceed with developing an exemption to cover vessels such as that owned by Mr. Sokol, it will be necessary to obtain additional specific information regarding the purpose for which the vessel is used, the size of the vessel in length and/or tonnage, the country in which masters of the vessel are licensed, and nation of registry. It would also be useful to involve the marine pilot coordinator in the Department of Community and Economic Development in the development of any exemption from the mandatory pilotage requirement because of the possibility for inadvertent adverse consequences to the pilotage system in the state if the exception is not precisely drafted. The marine pilot coordinator would also be able to provide invaluable expertise and assistance on complicated and arcane federal requirements regarding vessel documentation, master and crew licensing, and vessel measurement conventions and on the degree of skill and knowledge necessary to safely navigate Southeast Alaska.

If I may be of further assistance, please advise.

GU:bjc
02-112.pjc

2003 REAUTHORIZATION OF ALASKA'S BOARD OF MARINE PILOTS

The State of Alaska requires the use of marine pilots with extensive local knowledge in Alaskan waters for foreign vessels, oil tankers and non tanker vessels above a certain size. The goals of this requirement are twofold: 1) protect Alaskan waters and shorelines from oil spills and 2) facilitate waterborne commerce in Alaska's coastal communities.

Marine pilots are required to form associations to provide for the dispatch of pilots and to coordinate the training of new pilots to make sure that they maintain proficiency in their regions. There are three regions in Alaska roughly covering Southeast Alaska, Southcentral Alaska out to Kodiak, and Western Alaska all the way up to the North Slope. Pilots may have their licenses removed by the Board if they are found to be not competent.

Relations between Pilots and industry were contentious in the past and this caused an instability that was unacceptable to the State of Alaska. Because of this fact in 1995 under the leadership of Senator Drue Pearce, an historic compromise was reached on the organization of marine pilotage in Alaska which has worked well over the past ten years.

Alaska's marine pilots are asking this upcoming Alaska Legislature to reauthorize the Board for another 5 years and to maintain the fair balance of forces contained in current law. The elements of this balance are:

- 1) Marine Pilots file a tariff with the Board of Marine Pilots however in most cases, they negotiate special bulk rates with shipping and tourism companies.
- 2) If the shipping industry believes a proposed tariff is too high, they can appeal the increase to the board and have the tariff overturned. In the vast majority of cases, the parties reach a negotiated agreement, but in several appeals to the Board, the shipping industry has been successful in having the tariff overturned, in which case the parties return to negotiations.
- 3) This semi-regulated rate setting is justified because in no case can pilots go on strike and negatively impact Alaska's economy.
- 4) The shipping interests pushed for the provisions in the law which allow for the formation of competing associations within the regions which affords the shipping industry the possibility of seeking competitive bids for services. Since this legislation passed, two groups existed and were later united in Western Alaska, and in Southeast two groups existed to provide competition until this year when they were united.
- 5) Pilots must have extensive knowledge of their regions and pilots cannot transfer between regions until they are fully trained in the specific requirements for operating safely for a specific region.

This arrangement has served Alaska well over the past ten years and we encourage the Legislature to reauthorize the Board and to maintain the fair balance between commercial interests and the protection of Alaska's coastline.

Contact: Paul Fuhs 907-351-0407

Washington State

RCW 88.16.070**Vessels exempted and included under chapter – Fee – Penalty.**

A United States vessel on a voyage in which it is operating exclusively on its coastwise endorsement, its fishery endorsement (including catching and processing its own catch outside United States waters and economic zone for delivery in the United States), and/or its recreational (or pleasure) endorsement, and all United States and Canadian vessels engaged exclusively in the coasting trade on the west coast of the continental United States (including Alaska) and/or British Columbia shall be exempt from the provisions of this chapter unless a pilot licensed under this chapter be actually employed, in which case the pilotage rates provided for in this chapter shall apply. However, the board shall, upon the written petition of any interested party, and upon notice and opportunity for hearing, grant an exemption from the provisions of this chapter to any vessel that the board finds is a small passenger vessel or yacht which is not more than five hundred gross tons (international), does not exceed two hundred feet in length, and is operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia. Such an exemption shall not be detrimental to the public interest in regard to safe operation preventing loss of human lives, loss of property, and protecting the marine environment of the state of Washington. Such petition shall set out the general description of the vessel, the contemplated use of same, the proposed area of operation, and the name and address of the vessel's owner. The board shall annually, or at any other time when in the public interest, review any exemptions granted to this specified class of small vessels to insure that each exempted vessel remains in compliance with the original exemption. The board shall have the authority to revoke such exemption where there is not continued compliance with the requirements for exemption. The board shall maintain a file which shall include all petitions for exemption, a roster of vessels granted exemption, and the board's written decisions which shall set forth the findings for grants of exemption. Each applicant for exemption or annual renewal shall pay a fee, payable to the pilotage account. Fees for initial applications and for renewals shall be established by rule, and shall not exceed one thousand five hundred dollars. The board shall report annually to the legislature on such exemptions. Every vessel not so exempt, shall while navigating the Puget Sound and Grays Harbor and Willapa Bay pilotage districts, employ a pilot licensed under the provisions of this chapter and shall be liable for and pay pilotage rates in accordance with the pilotage rates herein established or which may hereafter be established under the provisions of this chapter: PROVIDED, That any vessel inbound to or outbound from Canadian ports is exempt from the provisions of this section, if said vessel actually employs a pilot licensed by the Pacific pilotage authority (the pilot licensing authority for the western district of Canada), and if it is communicating with the vessel traffic system and has appropriate navigational charts, and if said vessel uses only those waters east of the international boundary line which are west of a line which begins at the southwestern edge of Point Roberts then to Alden Point (Pat's Island), then to Skipjack Island light, then to Turn Point (Stuart Island), then to Kelleet Bluff (Henry Island), then to Lime Kiln (San Juan Island) then to the intersection of one hundred twenty-three degrees seven minutes west longitude and forty-eight degrees twenty-five minutes north latitude then to the international boundary. The board shall correspond with the Pacific pilotage authority from time to time to ensure the provisions of this section are enforced. If any exempted vessel does not comply with these provisions it shall be deemed to be in violation of this section and subject to the penalties provided in RCW 88.16.150 as now or hereafter amended and liable to pilotage fees as determined by the board. The board shall investigate any accident on the waters covered by this chapter involving a Canadian pilot and shall include the results in its annual report.

[1996 c 144 § 1; 1995 c 174 § 1; 1987 c 194 § 2; 1977 ex.s. c 337 § 6; 1971 ex.s. c 297 § 3; 1967 c 15 § 3; 1935 c 18 § 4; RRS § 9871-4.]

NOTES:

Intent – 1987 c 194: "The legislature intends to provide a limited exemption from the provisions of this chapter for a specified class of small vessels registered as passenger vessels or yachts. It is not the intent of the legislature that such an exemption shall be a precedent for future exemptions of vessels from the provisions of this chapter." [1987 c 194 § 1.]

Severability – 1977 c 337: See note following RCW 88.16.005.

WAC 363-116-360 Exempt vessels. (1) Under the authority of RCW 88.16.070, application may be made to the board of pilotage commissioners to seek exemption from the pilotage requirements for the operation of a limited class of small passenger vessels or yachts, which are not more than five hundred gross tons (international), do not exceed two hundred feet in length, and are operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia. For purposes of this section, any vessel carrying passengers for a fee, including yachts under charter where both the vessel and crew are provided for a fee, shall be considered a passenger vessel.

The owners or operators of the vessel for which exemption is sought must:

(a) Complete and file with the board a petition requesting an exemption at least sixty days prior to planned vessel operations in the Puget Sound pilotage district where possible. Petitions filed with less than sixty days notice may be considered by the chair at the chair's discretion.

(b) The petition requesting exemption shall be on a board-approved form which shall include a description of the vessel, the contemplated use of vessel, the proposed area of operation, the names and addresses of the vessel's owner and operator, the dates of planned operations, and such other information as the board shall require on its petition form.

(c) Pay the appropriate initial application or renewal fee with the submittal of the petition, which is listed in subsection (5) of this section.

(2) All petitions for exemption filed with the board shall be reviewed by the chair, who shall make a recommendation to the board to be considered at its next regularly or specially scheduled meeting. Consistent with the public interest, the chair may grant an interim exemption to a petitioner subject to final approval at the next board meeting, where special time or other conditions exist. Any grant of an interim exemption may contain such conditions as the chair deems necessary to protect the public interest in order to prevent the loss of human life and property and to protect the marine environment of the state of Washington.

Such conditions may include a requirement that the vessel employ the services of a pilot on its initial voyage into Puget Sound waters or that the master of the vessel at all times hold as a minimum, a United States government license as a master of ocean or near coastal steam or motor vessels of not more than sixteen hundred gross tons or as a master of inland steam or motor vessels of not more than five hundred gross tons, such license to include a current radar endorsement.

(3) The recommendation of the chair shall be considered at the next regular or specially scheduled meeting of the board. Interested parties shall receive notice and opportunity for hearing at that time, provided that the party notifies the board at least five days in advance of the meeting of its desire for hearing.

(4) The board shall annually, or at any other time when in the public interest, review any exemptions granted to the specified class of small vessels to ensure that each exempted vessel remains in compliance with the original exemption and any conditions to the exemption. The board shall have the authority to revoke such exemption when there is not continued compliance with the requirements for exemption.

(5) Fee Schedule for Petitioners for Exemption

	3 Months or Less	1 Year or Less	Annual Renewal
A. Yachts			
Up to 100 feet LOA	\$ 300	\$ 500	\$ 200
Up to 200 feet LOA	500	750	300
B. Passenger Vessels			
Up to 100 feet LOA	750	1000	400
Up to 200 feet LOA	1250	1500	500

[Statutory Authority: RCW 88.16.070 and 1995 c 174, 97-12-018, § 363-116-360, filed 5/28/97, effective 6/28/97. Recodified as § 363-116-360, 97-08-042, filed 3/28/97, effective 3/28/97. Statutory Authority: RCW 88.16.070, 93-07-077, § 296-116-360, filed 3/18/93, effective 4/18/93; 90-20-039, § 296-116-360, filed 9/25/90, effective 10/26/90; 88-09-015 (Order 88-6, Resolution No. 88-6), § 296-116-360, filed 4/13/88.]

RCW 88.16.005

Legislative declaration of policy and intent.

The legislature finds and declares that it is the policy of the state of Washington to prevent the loss of human lives, loss of property and vessels, and to protect the marine environment of the state of Washington through the sound application of compulsory pilotage provisions in certain of the state waters.

The legislature further finds and declares that it is a policy of the state of Washington to have pilots experienced in the handling of vessels aboard vessels in certain of the state waters with prescribed qualifications and licenses issued by the state.

It is the intent of the legislature to ensure against the loss of lives, loss or damage to property and vessels, and to protect the marine environment through the establishment of a board of pilotage commissioners representing the interests of the people of the state of Washington.

It is the further intent of the legislature not to place in jeopardy Washington's position as an able competitor for waterborne commerce from other ports and nations of the world, but rather to continue to develop and encourage such commerce.

[1977 ex.s. c 337 § 1.]

NOTES:

Severability — 1977 ex.s. c 337: "If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected." [1977 ex.s. c 337 § 18.]

RCW 88.16.150

General penalty -- Civil penalty -- Jurisdiction -- Disposition of fines -- Failure to inform of special directions, gross misdemeanor.

(1) In all cases where no other penalty is prescribed in this chapter, any violation of this chapter or of any rule or regulation of the board shall be punished as a gross misdemeanor, and all violations may be prosecuted in any court of competent jurisdiction in any county where the offense or any part thereof was committed. In any case where the offense was committed upon a ship, boat or vessel, and there is doubt as to the proper county, the same may be prosecuted in any county through any part of which the ship, boat or vessel passed, during the trip upon which the offense was committed. All fines collected for any violation of this chapter or any rule or regulation of the board shall within thirty days be paid by the official collecting the same to the state treasurer and shall be credited to the pilotage account: PROVIDED, That all fees, fines, forfeitures and penalties collected or assessed by a district court because of the violation of a state law shall be remitted as provided in chapter 3.62 RCW as now exists or is later amended.

(2) Notwithstanding any other penalty imposed by this section, any person who shall violate the provisions of this chapter, shall be liable to a maximum civil penalty of ten thousand dollars for each violation. The board may request the attorney general or the prosecuting attorney of the county in which any violation of this chapter occurs to bring an action for imposing the civil penalties provided for in this subsection.

Moneys collected from civil penalties shall be deposited in the pilotage account.

(3) Any master of a vessel who shall knowingly fail to inform the pilot dispatched to said vessel or any agent, owner, or operator, who shall knowingly fail to inform the pilot dispatcher, or any dispatcher who shall knowingly fail to inform the pilot actually dispatched to said vessel of any special directions mandated by the coast guard captain of the port under authority of the Ports and Waterways Safety Act of 1972, as amended, for the handling of such vessel shall be guilty of a gross misdemeanor.

[1995 c 174 § 2. Prior: 1987 c 485 § 5; 1987 c 202 § 247; 1977 ex.s. c 337 § 8; 1969 ex.s. c 199 § 41; 1967 c 15 § 7; 1935 c 18 § 10; RRS § 9871-10; prior: 1888 p 179 § 27.]

NOTES:

Intent -- 1987 c 202: See note following RCW 2.04.190.

Severability -- 1977 ex.s. c 337: See note following RCW 88.16.005.

STATE OF WASHINGTON
BOARD OF PILOTAGE COMMISSIONERS
2911 2nd Avenue, Suite 100
Seattle, Washington 98121
(206) 515-3904
(206) 515-3969 FAX

PETITION FOR VESSEL EXEMPTION FROM PILOTAGE REQUIREMENTS

_____ (DATE) _____ NEW _____ RENEWAL

1. Applicant:

Name _____

Address _____

Telephone _____

2. Owner of vessel, if different from applicant:

Name _____

Address _____

Telephone _____

3. Name of vessel and country of registry:

4. Type and use of vessel, including length (LOA) and gross tonnage (International):

5. Length of time sought for exemption when vessel will be exclusively in the waters of the Puget Sound Pilotage District and lower British Columbia:

6. Purpose of visit:

7. Names and addresses of captain, crew and passengers: (use additional sheets if necessary)

8. Experience of master and crew in waters of Puget Sound and lower British Columbia: (attach any government licenses)

9. Identities of the captain and/or crew who speak English:

10. Type and quantity of fuel and any other potentially environmentally damaging substances on board:

11. Brief description of navigational aids on board:

12. Brief description of communications equipment: (list accessible VHF channels)

13. List any propulsion, navigation or communication equipment not currently operational:

Marine Exchange of Alaska

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ASVTS: GMDSS as a Maritime Security Tool: ASVTS Graphics

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ASVTS as a Maritime Security Tool

NMFS
 Authorizes Alternative Satellite System
 Automated Secure Vessel Tracking System

GMDSS (Global Marine Distress Signaling System) as a Maritime Security Tool

Published in Pacific Maritime September 2002

Fortunately, there are already easy, low cost and timely options in place that can help provide Maritime Domain Awareness now. Vessels equipped with GMDSS (Global Marine Distress Signaling System) are capable of automatically sending their vessel's position on a regular or modified schedule to a centralized tracking system for dissemination to the Coast Guard and other federal, state and private entities charged with addressing maritime security. The International Maritime Organization (IMO) has prescribed all vessels over 300 gross tons engaged in international trade be equipped with GMDSS to aid notification of maritime emergencies. Polling of vessels' positions can be initiated when a vessel provides its 96 hour Advance Notice of Arrival, which for many vessels is 2,000 miles offshore. The position information on participating vessels can be compared to other data sources, such as satellite imagery, to identify vessels that have no correlating advance notice of arrival or vessel tracking information. These few vessels, the needles in the haystack, become the focus of interest and become subject to additional control measures exercised by the Coast Guard, such as prior boarding, interception at sea, etc. The fastest and least expensive way to bring this Maritime Domain Awareness tool on line is to tap the maritime community who has a "shared commitment" to aid homeland security. The non-profit Maritime Information Service of North America's (MISNA) network of marine exchanges can use available secure chart display software such as Secure Asset Reporting System (SARS) to process and disseminate the GMDSS generated vessel position reports to the Coast Guard and other agencies to aid Maritime Domain Awareness. As the equipment, organizational infrastructure and software are all in place, this vessel tracking system can be in place in a matter of months. The cost to the marine industry would be minimal, averaging less than \$30 per month/ per vessel for the satellite communication fees incurred in sending position reports. MISNA refers to this vessel location system as the "Automated Secure Vessel Tracking System".

When implemented it will complement the existing and developing VTS and AIS systems, providing the long range strategic input needed for Maritime Domain Awareness. Example of ASVTS Tracking.

The satellite component uses the IMO approved Inmarsat worldwide satellite communications network to send and receive messages. Once the owner/operator authorizes access, a vessel tracking entity such as MISNA can remotely, through a satellite transmission, download a program into the transceiver directing it to periodically transmit the vessel's position to a satellite. The information is then relayed from the satellite to a Land User Terminal to the end user, i.e. marine exchange, via e-mail for display on a chart or database and further dissemination to authorized entities. As the proposed legislation also addresses the tracking of domestic vessels, there are a number of other satellite or other communications equipment vessel tracking options available for a reasonable fee.



Ed Page is the Executive Director of the Marine Exchange of Alaska, and was previously the Captain of the Port of Los Angeles/Long Beach

Reporting Service have been testing this system for the last year on CG vessels, the Alaska Marine Highway System ferries, tug boats, fishing vessels and a cruise ship. It works!

Coast Guard personnel are already fully tapped assigning their limited and stretched work force to operate their vessels and aircraft, conduct security boardings, inspect ships, and patrol our ports. They are not in the position to now stand up a nationwide vessel tracking system. The added information/data management workload can quickly and adequately be done by the Maritime Information Service of North America and member marine exchanges that can serve as the "trusted agents".

As President Bush has stated, we must push our borders further out. Requiring vessels to operate transponders only when operating in U.S. navigable waters, extending 12 miles off our shores is not providing adequate Maritime Domain Awareness. International maritime law and Freedom of Navigation issues may lead the U.S. to hesitate to require the operation of transponders out to our territorial sea limit of 200 miles, or a vessel's position some 2,000 miles offshore when it provides its 96 hour advance notice of arrival. Security processing incentives can lead vessel owners and operators to keep their transponders on at all times, even when they are in foreign ports and waters. A vessel cooperating with the U.S. ASVTS program can receive "express lane" privileges, and receive a lower security threat risk rating. The old adage "Time is Money" applies. A majority of vessels will voluntarily cooperate.



The above provides a straightforward and easy way to implement Maritime Domain Awareness option. While this is not the panacea and many other maritime security issues remain to be addressed, the proposed Maritime Information Service of North America's ASVTS can address one of the more vexing aspects of our homeland defense issues today.



SOUTHEAST CONFERENCE

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

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol, Room 107
Juneau, AK 99801-1082

Re: Exemptions from Marine Pilotage Statutes for Large Yachts

Dear Senator Therriault:

On behalf of the Southeast Conference we would like to voice our support for changes to state pilotage laws to allow private foreign flagged yachts up to 200 feet in length to cruise in Alaskan waters without a marine pilot aboard. Current law requires foreign vessels over 300 tons to employ a state licensed marine pilot from one of the pilot associations. These associations are quite busy in the typical summer season servicing the large contingent of cruise ships that deploy in Alaska. It is appropriate for these ships to have state licensed pilots aboard as they are quite large, operate principally at night, and have a much greater potential for significant damage to other vessels and the environment. We believe that the language in the current law reached too far down in size to a ship type for which the perceived protection to state waters is out of scale related to its costs and inconvenience to the vessels. Adding the pilotage requirement on a 300-ton motor yacht in the same fashion as on a 100,000 ton cruise ship, adds about \$1800 per day in fees, plus the costs to carry an extra unfamiliar person on what is usually a pleasure charter. On these yachts, a pilot is typically underutilized as these vessels operate with a much more relaxed itinerary, daytime cruising, and with longer stays on anchor and in port calls. Because of the added costs, and especially the burden of eliminating a berth in very limited capacity vessels, charters' are motivated to cruise elsewhere around the world, to the detriment of our port communities and businesses who could benefit from this traffic. The state of Washington currently allows waivers to state pilotage requirements for this type of vessel, so they are getting some of the business that would otherwise come to our state.

Southeast Conference members include representatives from most Southeast community governments, Chambers of Commerce, visitor's bureaus, non-profits, utilities, businesses, and concerned citizens. (We currently have over 100 members, including 28 communities, 9 Chambers of Commerce, 9 Native Organizations, 18 non-profits and community organizations, and 9 transportation organizations.) Our goals include developing strong economies, improving the region as a good place to live and work, and encouraging and assisting in responsible development in the tourism sector.