

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2902

repair, restoration, or upgrading of existing vessels and gear, for purchase of entry permits and gear, and for construction and purchase of vessels.

Section 5. Effective date of July 1, 2006.

ALASKA DIVISION OF INVESTMENTS
Department of Commerce, Community, & Economic Development

Commercial Fishing Revolving Loan Fund
Historical Summary
(Dollars in Thousands)

AS 16.10.300 -.370; enacted in 1972

3 AAC 80.010 -.900

<i>Purpose</i>	<i>Eligibility</i>
SECTION A: \$300,000 Maximum	
Purchase limited entry permits; upgrade existing vessels and gear to improve the quality of Alaska seafood.	Possesses a crewmember or commercial fishing license or a permit for the year immediately preceding date of application, and any other two of the past five years, and, has been actively participating in the fishery during those periods.
SECTION B: \$100,000 Maximum	
Purchase limited entry permits, vessels or gear; repair, restore or upgrade existing vessels or gear; upgrade existing vessels and gear to improve the quality of Alaska seafood.	Because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities available other than commercial fishing, or; Is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska.
SECTION C: \$300,000 Maximum	
Purchase quota shares for the halibut or sablefish fisheries.	For any two of the past five years, possessed a crewmember or commercial fishing license or a permit and actively participated in a fishery for which the license or permit was issued; Qualifies as a transferee for quota shares, and; Is not eligible for financing from other commercial lenders.
SECTION D: \$30,000 Maximum	
Provide loans to satisfy past due federal tax obligations.	Has had a crewmember or commercial fishing license or a permit for the year immediately preceding the date of application and at least two of the past five years, and has actively participated in the fishery during those periods; Because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities available other than commercial fishing, or; Is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska.
SECTION E: \$2,000,000 Maximum	
Provide loans to qualified Community Quota Entity (CQE) communities for the purchase of Quota Shares	CQE is certified by NMFS and is eligible to hold Quota shares. CQE is in good standing with the state and federal government. CQE is not eligible for financing from other recognized commercial lending institutions.
SECTION II: \$300,000 Maximum	
Refinance debts incurred by a borrower to purchase a commercial fishing vessel or gear.	Qualifies for a loan under section A, B, or C.

Terms: Interest rate: Fixed rate at Prime plus 2%, not to exceed 10.5%. (Product quality improvement is Prime rate minus 2%)
 Maximum loan term: 15 years

Statistics as of June 30, 2005

Total appropriations to RLF:	60,201.0	Last appropriation RLF: FY85	3,710.0
Total appropriations from RLF:	(87,313.5)		
Net of appropriations:	<u>(27,112.5)</u>		
Total number of loans committed:	6,152	Number of accounts outstanding:	2,580
Total dollars committed:	382,104.9	Principal amount outstanding:	86,190.0

ALASKA DIVISION OF INVESTMENTS
Department of Commerce, Community, & Economic Development

Commercial Fishing Revolving Loan Fund
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(Dollars in Thousands)

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Total appropriations from RLF:	<u>-89,168.4</u>		
Net of appropriations:	<u><u>-28,967.4</u></u>		
Total number of loans committed:	6,159	Number of accounts outstanding:	2,580
Total dollars committed:	382,558.7	Principal amount outstanding:	86,190.0

HB

304

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAY 06 2006
 SENATE FINANCE COMMITTEE

DATE: 5/2/06

FURTHER:

 DATE TURNED
 IN TO OFFICE: 6 May 2006

Finance Committee considered CS FOR HOUSE BILL NO. 304(FIN) am

HB 304 COMMERCIAL FISHING LOAN PROGRAM

"An Act relating to the commercial fishing loan program; 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

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
DECD	5/1/06			✓	#3

 APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>Gov Beebe</i>	✓			
<i>Rep Hill</i>			✓	
<i>Rep [unclear]</i>			✓	
<i>Rep [unclear]</i>			✓	
<i>Rep [unclear]</i>	✓			
COCHAIR: <i>Gov Miller</i>	✓			
COCHAIR: <i>Rep Green</i>	✓			

FISCAL NOTE

REPORTED OUT
MAY 06 2006
SENATE FINANCE COMMITTEE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 304(FIN) am
(S) Publish Date: 5/2/06

Revision Date/Time (Note if correction): 5/01/06 Dept. Affected: Commerce
Title: Commercial Fishing Loan Program RDU: Investments (122)
Component: Investments
Sponsor: Coghill
Requester: Sena' Resources Component No.: 383

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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 (1036)	0.0	(21.8)	(42.9)	(63.2)	(82.5)	(100.9)
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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 (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would make several changes to the Commercial Fishing Revolving Loan Fund (CFRLF). Two of the changes would result in fewer loans being made that would reduce the amount of interest earned by the fund. Section 1 of the bill would reduce the amount of vessel and gear refinancing allowed from \$300,000 to \$200,000. The department estimates that this would result in one less loan each year totaling \$200,000. A 9% interest rate and a 9.6% delinquency rate were used in the calculation.

Section 3 of the bill would reduce the total amount that a borrower could have in outstanding loans at any given point in time from \$930,000 to \$400,000. The department estimates that this would result in one less loan per year totaling \$68,213. A 9% interest rate and a 9.6% delinquency rate was also used in this calculation.

Prepared by: Greg Winegar, Director
Division: Investments
Approved by: William C. Noll, Commissioner
Agency: Commerce, Community, and Economic Development

Phone: (907) 465-2510
Date/Time: 5/1/06 1:44 PM
Date: 5/1/2006

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House Bill 304 Commercial Fishing Loan Program

SPONSOR STATEMENT

This bill is a product of my philosophical belief that government should not compete with the private sector. I want to make sure that any loan program the State administers is the source of last resort.

This bill would require someone applying for a loan through the Commercial Fishing Resolving Loan Fund (CFRLF) for repair, restoration, or upgrading of vessels and gear, for the purchase of entry permits and gear, and for construction and purchase of vessels to be ineligible for financing from other recognized commercial lending institutions. While the division currently utilizes this practice I want it codify it to make it a permanent statutory requirement.

HB 304 reduces the amount of loans for refinancing a debt to \$200,000 per person, down from \$300,000. It increases the loan limit for past due federal tax obligations from \$30,000 to \$35,000. And it limits all loans, including purchase of entry permits and gear, vessel purchases, repair of existing vessels, and federal tax debt for one person to \$400,000. That limit now totals \$930,000. The bill reduces security of a loan from 90% to 80% of the appraised value of the collateral. HB 304 changes the interest rate to prime rate plus two percentage points and keeps the cap at 10 ½%.

This bill has been in work in progress. I have been working with the department diligently for the last year to clarify and tighten requirements in the Commercial Fishing Resolving Loan Program.

ALASKA STATE HOUSE OF REPRESENTATIVES

**Contact:**

Interim Address:

3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

HB 304 Commercial Fishing Loan Program

SECTIONAL

Section 1. Provides another qualification, that being the person is not eligible for financing from other recognized commercial lending institutions, for an individual for the repair, restoration, or upgrading of existing vessels and gear, for the purchase of entry permits and gear, and for the construction and purchase of vessels if the individual has been a state resident for a continuous two years immediately preceding the date of the application.

This section adds a requirement that the applicant is not eligible for financing from another source that is a state financial institution, federally chartered financial institution, or the Commercial Fishing and Agricultural Bank.

It also eliminates one category of applicants for a loan to pay federal tax obligations. With the change the applicant must show lack training or lack of employment opportunities in the area other than commercial fishing or is economically dependent on commercial fishing as a livelihood and commercial fishing has been a traditional way of life.

It reduces the refinance obligation limit from \$300,000 to \$200,000.

Section 2. The bill originally changed the prime rate from a fixed 10.5 % interest rate to a sliding "prime rate plus two percentage points". However, House Resources amended it back to the 10.5% ceiling. Prime rate in AS 44.88.599 is defined as "the lowest United States money center prime rate of interest that is published in the Wall Street Journal."

It reduces the percent of appraised value of the collateral that can be loaned to secure a loan from 90% to 80% of the appraised value of the collateral.

Section 3. This section increases the amount of the total balance of federal tax loans from \$30,000 to \$35,000.

Excluding the purchase of fishing quotas by community quota entities, the total outstanding loans for a borrower may not exceed \$400,000.

Section 4. AS 16.10.315 is repealed. This provision required the department to allocate at least 10 percent of the money appropriated annually for loans of \$35,000 or less made for

repair, restoration, or upgrading of existing vessels and gear, for purchase of entry permits and gear, and for construction and purchase of vessels.

Section 5. Effective date of July 1, 2006.

Rep. John Coghill

From: Wittman, Michael [Michael.Wittman@farm-credit.com]
Sent: Friday, April 21, 2006 12:50 PM
To: Rep. John Coghill
Subject: CS HB304 (FIN)

Dear Representative Coghill:

Northwest Farm Credit Services (NWFCs) is interested in CS HB 304 (FSH), which addresses the Alaska Commercial Fishing Revolving Loan Fund (CFRLF). It is our understanding that the Committee Sponsor Substitute Bill that was introduced in the House Fisheries Committee was the collaborative efforts of the Sponsor—Representative Coghill, the CFRLF and Alan Austerman, Fisheries Policy Advisor, Office of the Governor, State of Alaska.

NWFCs has over \$12 million in outstanding loans to 57 Alaskan residents, and we actively seek out new business with qualified commercial fishermen in the State. However, we readily acknowledge that there are loan applicants who are not eligible and/or creditworthy by our statutory, regulatory, or internal standards; and it seems appropriate that the State of Alaska attempt to serve those individuals with public funds. The proposed CS HB 304 (FSH) as originally introduced appeared to help clarify that purpose and intent.

We view the CS HB 304 (FIN), as rational and constructive adjustments and clarifications to a public program which in recent years has overlapped into areas and activities well-served by private lenders.

We are concerned by the potential effects of the amendments introduced by the House Resources Committee.

We especially are concerned with the seeming uncertainty as to the interest rate(s) to be charged by the CFRLF. We suggest that public funds in this instance should most appropriately be viewed as a vehicle providing access to credit by eligible residents rather than as a means of offering a potential bargain to a chosen few. Whether or not the State of Alaska is actively borrowing at any particular point in time, there is a cost which can be imputed to any use of public funds; a cost which will generally reflect the broader funds market indices. We urge that CFRLF loan pricing policies be mandated to reflect those imputed costs.

We ask that the Legislature adopt CS HB 304 (FSH) as it was passed out of the Finance Committee.

Thank-you for your consideration.

Sincerely,

Michael G. Wittman
Vice President
Northwest Farm Credit Services

5/1/2006

Fisheries Branch
1900 W Nickerson St. Suite 215
Seattle, WA 98119
206 691-2010 direct
206 691-2005 fax
206 849-9908 mobile

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Senior Bank Administration
MAC K3212-051
P.O. Box 196127
Anchorage, AK 99519

Wells Fargo Bank N.A.

April 21, 2006

Rep. John Coghill
Alaska House of Representatives
State Capital Room 204
Juneau, Alaska 99801-1182

Re: CS HB 304 (FIN)

Dear Representative Coghill:

Wells Fargo Bank, Alaska Region, is interested in CS HB 304 (FIN) which addresses the Alaska Commercial Fishing Revolving Loan Fund (CFRLF). Specifically, we support the removal of an interest rate cap on loans made by this fund as proposed in the current version supported by the Finance Committee.

Wells Fargo Bank is actively involved in lending to commercial fishermen throughout the state. Many of our key store locations are situated in areas that have significant commercial fishing activities. As a market rate lender in this industry we view a rate cap as arbitrary and see it as an unfair advantage in a situation that should allow fair competition.

We ask that the Legislature adopt CS HB 304 (FIN) as it was passed out of the Finance Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Brenner".

James L. Brenner
Senior Vice President
Senior Regional Credit Officer

ALASKA DIVISION OF INVESTMENTS
Department of Commerce, Community, & Economic Development

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(Dollars in Thousands)

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<i>Purpose</i>	<i>Eligibility</i>
SECTION A: \$300,000 Maximum	
Purchase limited entry permits; upgrade existing vessels and gear to improve the quality of Alaska seafood.	<i>All Sections: Must be an Alaska resident for a continuous period of the past 2 years immediately preceding the date of application, and;</i> Possesses a crewmember or commercial fishing license or a permit for the year immediately preceding date of application, and any other two of the past five years, and, has been actively participating in the fishery during those periods.
SECTION B: \$100,000 Maximum	
Purchase limited entry permits, vessels or gear; repair, restore or upgrade existing vessels or gear; upgrade existing vessels and gear to improve the quality of Alaska seafood.	Because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities available other than commercial fishing, or; Is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska.
SECTION C: \$300,000 Maximum	
Purchase quota shares for the halibut or sablefish fisheries.	For any two of the past five years, possessed a crewmember or commercial fishing license or a permit and actively participated in a fishery for which the license or permit was issued; Qualifies as a transferee for quota shares, and; Is not eligible for financing from other commercial lenders.
SECTION D: \$30,000 Maximum	
Provide loans to satisfy past due federal tax obligations.	Has had a crewmember or commercial fishing license or a permit for the year immediately preceding the date of application and any other two of the past five years, and has actively participated in the fishery during those periods; Because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities available other than commercial fishing, or; Is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska.
SECTION E: \$2,000,000 Maximum	
Provide loans to qualified Community Quota Entity (CQE) communities for the purchase of Quota Shares.	CQE is certified by NMFS and is eligible to hold Quota shares. CQE is in good standing with the state and federal government. CQE is not eligible for financing from other recognized commercial lending institutions.
SECTION 11: \$300,000 Maximum	
Refinance debts incurred by a borrower to purchase a commercial fishing vessel or gear.	Qualifies for a loan under section A, B, or C.

Terms: Interest rate: Fixed rate at Prime plus 2%, not to exceed 10.5%. (Product quality improvement is Prime rate minus 2%)
 Maximum loan term: 15 years

Statistics as of June 30, 2005

Total appropriations to RLF:	60,201.0	Last appropriation RLF: FY85	3,710.0
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Total number of loans committed:	6,159	Number of accounts outstanding:	2,580
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170 foreclosures
4.97% delinquency



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

Financial Services Branch
7600 Sand Point Way N.E.
BIN C15700, Building 1
Seattle, WA 98115

We are accepting applications for the Halibut and Sablefish Fisheries Quota Shares Loan Program (HSQS Loan Program) for fiscal year 2006. We encourage you to submit your loan application. If approved, you will have upwards of four years to utilize your NMFS loan.

Our loans have competitive rates and can extend up to 25 years. Payments are due on a quarterly basis and prepayments are allowed without penalty. Primary collateral is the Quota Shares, and a Preferred Ship Mortgage may be required if you own a U.S. Coast Guard documented vessel (see attached letter from Michael Grable for explanation). Guarantees may also be required.

Please complete the following forms enclosed with this letter (If this is a joint application, each applicant must fill out and sign the enclosed forms.)

- 1) Our application, NOAA Form 88-1
- 2) Tax Information Authorization Form
- 3) Certification Regarding Lobbying Form (extra form for co-applicant)
- 4) Applicant for Funding Assistance Form (extra form for co-applicant)

In addition, please provide the following:

- Proof of U.S. citizenship. (Photocopy of a birth certificate or U.S. passport.)
If this is a joint application, both parties must provide proof of citizenship.
- Copy of Transfer Eligibility Certificate (TEC) issued by the RAM Division. If you need to obtain a TEC, contact the RAM Division at 1-800-304-4846. Be advised that the RAM Division will not issue a hired skipper card or allow quota share to be leased by a fisherman that is approved for a loan through our program. The RAM Division can be reached at 1-800-304-4846.
- Copies of complete personal and/or business tax returns for 2003, 2004 and 2005.
- Personal Balance Sheet. (see attached example)



Printed on Recycled Paper



- Copies of recent bank statements showing cash on hand. Please include IRAs or other investment accounts as well.
- Copy of tax assessment or appraisal showing your home's value. Please provide the same for any additional properties you may own.
- List of typical monthly living expenses. Examples - mortgage/rent, utilities, food, auto payments, auto insurance, health insurance, credit cards, other consumer loans, student loans, child support and misc. expenses.
- A brief outline of your fishing experience and any other information you feel is relevant in our review of your experience and skills as a fisherman.
- What type of IFQ do you intend to purchase?
- Indicate how you intend to fish the Quota Shares, (i.e. - on your own vessel or someone else's vessel).
 - If on your own vessel, provide your estimate of costs for fuel, bait, food and crew wages to fish the NMFS financed Quota Shares.
 - If on someone else's vessel, provide the percentage of gross revenues you expect to receive from your Quota Shares.
- Name of fish processor you plan to deliver to. If available, please provide contact name and phone number.
- Copy of U.S. Coast Guard Certificate of Ownership for each vessel you own.
- Your acknowledgement that you will be aboard any and all vessels on which Quota Shares financed under this program is fished at the time such Quota Shares are fished.
- Employer references for applicant and spouse. (unless 100% of your income is self-employment income)
- Three personal references. Provide names and phone-numbers.

Please provide your return address on all correspondence to this office. Also provide U.S. phone-numbers and/or e-mail addresses that we may contact you at from the months of February - September.

For further information you may contact us at (206) 526-6122. Our fax-number is (206) 526-8306. You may also e-mail us at NW_Finance@noaa.gov

The Fisheries Finance Program (FFP) is a direct government loan program authorized under Title XI of the Merchant Marine Act of 1936, as amended, that receives an annual loan authority from Congress to provide long-term loans to the aquaculture, mariculture, and commercial fisheries industries.

Eligible Projects

	Finance and Refinance	Refinance Only
Aquaculture & Mariculture Facilities		
New construction	XX	
Purchase Existing	XX	
Reconstruction	XX	
Fisheries Shore-side Facilities		
New construction	XX	
Purchase Existing	XX	
Reconstruction	XX	
Fishing Vessels		
New construction		XX
Purchase Existing	XX	
Reconstruction		
No increased fishing capacity	XX	
Reconstruction		
Increased fishing Capacity		XX

Availability

Congress normally authorizes funds for use during the first quarter of the calendar year.

Is there a maximum or minimum loan amount?
 No. The loan amount cannot exceed 80% of the eligible project cost. The only constraint is the amount of loan authority Congress authorizes for the

FFP on an annual basis, and the annual loan priorities.

What are the benefits of the FFP?

Long-term, fixed rate loans with interest rates 2% over the U.S. Treasury's cost of funds. Call the Regional Financial Services Office in your area for current rates.

Loan maturities up to 25 years, but not exceeding the economic useful life of your project. With a fixed-rate, long-term loan you know what your payments will be for the life of the loan.

FFP loans may be prepaid at anytime without penalty.

If you financed the purchase, construction, reconstruction or reconditioning of your project with a short-term lender, you may want to refinance that short-term loan with a long-term loan over a longer period of time.

If you paid for the purchase, construction, reconstruction or reconditioning of your project out of your own funds, a FFP loan can be used to reimburse a portion of what you paid.

Most financing available to the fishing industry restricts the term to meet the needs of the financial institution not the fisheries borrower. Additionally, most available financing is variable rate rather than fixed rate.

FFP financing considers the useful life of the fishery asset in determining the term and establishes a fixed rate for the term of the loan.

A fixed rate can save money and will stabilize

cash flows. The increased term allows you to repay the loan over the earnings life of the fishery asset.

What are the eligibility requirements?

- ✓ Must be a U.S. citizen.
- ✓ Good earnings record, net worth, and liquidity behind project.
- ✓ Fully secured with borrower's assets.
- ✓ Principals' personal guarantees. Non-recourse credit is not available.
- ✓ Good credit record.
- ✓ Strong primary collateral.

You should have at least a 3-year history of owning or operating the fisheries project which will be the subject of your proposed application or a 3-year history owning or operating a comparable project.

What is not eligible?

- ✓ No venture capital.
- ✓ No start-up projects or new business ventures.

How do I apply for a FFP loan?

Contact the Regional Financial Services Office in your area. A loan officer will be glad to discuss or review your project with you to determine its eligibility under the program.

Northeast Region
 NOAA Fisheries, Financial Services
 11-15 Parker Street, Suite 204
 Gloucester, MA 01930-1169
 Phone: 978-281-9203 Fax: 978-281-9375

Southeast Region
 NOAA Fisheries, Financial Services
 9721 Executive Center Dr. N.
 St. Petersburg, FL 33702-2419
 Phone: 727-570-5377 Fax: 727-570-5380

Northwest Region
 NOAA Fisheries, Financial Services
 7600 Sand Point Way, N.E. (BIN C15700)
 Bldg. 1, Seattle, WA 98115-6349
 Phone: 206-526-6122 Fax: 206-526-6306
 Email: nw.finance@noaa.gov





NOAA FISHERIES

NATIONAL MARINE FISHERIES SERVICE

WE ARE NOW REVIEWING
APPLICATIONS FOR OUR HALIBUT AND
SABLEFISH QUOTA SHARE LOAN
PROGRAM FUNDING FOR 2008

BENEFITS OF LOAN PROGRAM

What are the eligibility requirements?

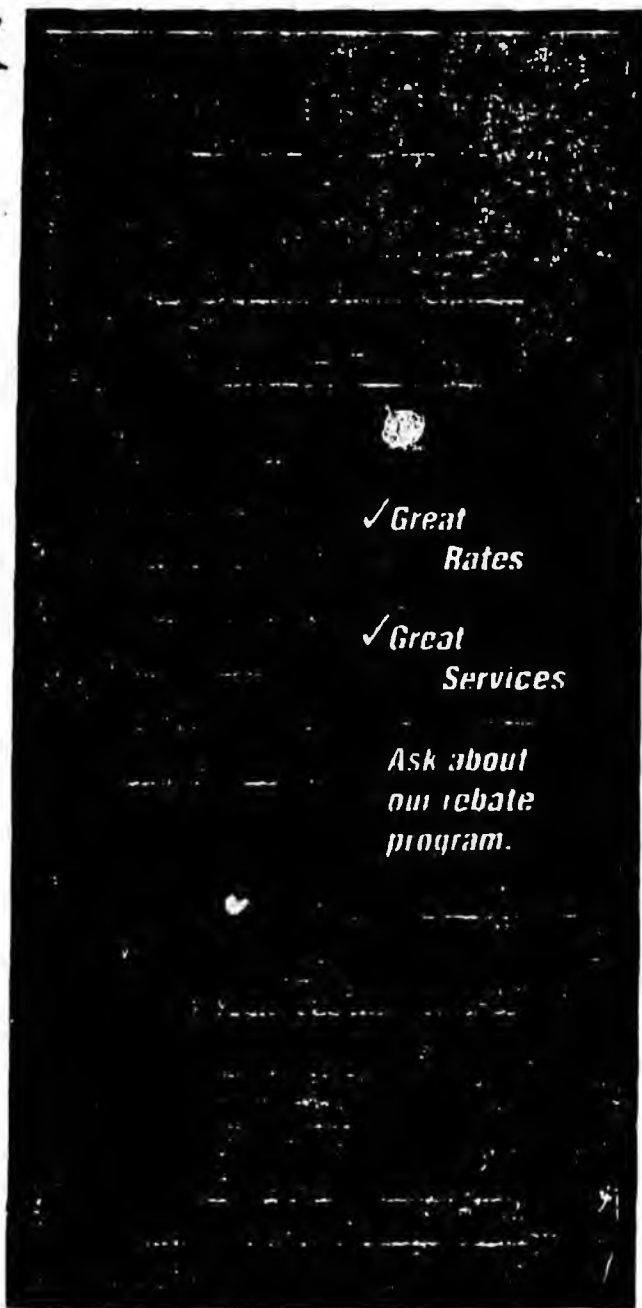
- Must be a U.S. Citizen
- Currently own less than 50,000 IFQ lbs.
- Have a Transfer Eligibility Certificate from RAM or can qualify for one.
- Up to 80% Financing for IFQ Purchase or Re-financing
- Competitive Fixed Rates up to 25 years: Example As of 10/10/05 15 yr @ 6.615% - 25 yr @ 6.71%
- No Prepayment penalties

How do I learn more about the program or get
an application??

Contact Us @ 206-526-8122 Or
Email nw.finance@noaa.gov

Also ask about our Vessel
Loan Program!

Boats/Permits/IFQs



✓ Great Rates

✓ Great Services

Ask about our rebate program.

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SALEM, WA 98107
E-mail: gsmarine@aol.com

BOX SCORE

Species	Fishery	Asking Price*	Offer	State Value*
Salmon	SE DRIFT	38	36	34.2*
S	PWS DRIFT	35	53*	48.4
S	COOK INLET DRIFT	36	30	39.6
S	AREA M DRIFT	100	50*	55.5
S	BRISTOL BAY DRIFT	80	78	72.6*
S	SE SEINE	63	55	51.4*
S	PWS SEINE	25	24	23.6*
S	COOK INLET SEINE	N/A	12	11.9
S	KODIAK SEINE	21	21	16.7*
S	CHIGNIK SEINE	185	175	160.8
S	AREA M SEINE	40	40	28.8*
S	YAKUTAT SET NET	N/A	N/A	13.1
S	PWS SET NET	N/A	N/A	61.5*
S	COOK INLET SET	11	10	11.7*
S	KODIAK SET NET	N/A	20	37.8
S	AREA M SET NET	N/A	N/A	49.3
S	BRISTOL SET NET	20	18	16.4*
S	KUSKOKWIN GILLNET	5	N/A	5.8
S	LOWER YUKON	N/A	7	8.5*
S	POWER TROLL	32	30	28.9*
S	HAND TROLL	10*	10*	7.3*
Herring	SAN FRANCISCO	10	N/A	N/A
H	SE GILLNET	10	N/A	11*
H	PWS GILLNET	N/A	N/A	59.4
H	KODIAK GILLNET	10	N/A	6.3
H	NORTON SOUND	4.5	4	1.9
H	SITKA SEINE	310	N/A	292.5*
H	PWS SEINE	N/A	12	12.8
H	COOK INLET SEINE	18	N/A	23
H	KODIAK SEINE	20	N/A	17.1*
H	SE POUND SOUTH	10	9*	12.9
H	SE POUND NORTH	39.5	N/A	49.1
H	PWS POUND	4	4*	2.1
Shellfish	SE DUNGY 75 POT	14.9	13.5	14.3
S	SE DUNGY 150 POT	30	28	28.8
S	SE DUNGY 225 POT	45	N/A	45.3
S	SE DUNGY 300 POT	62.5	60	58.9
S	SE TANNER	65	N/A	67.5*
S	SE RED KING/TANNER	150	100	106.4
S	SE BROWN KING/TANNER	180	N/A	N/A
S	SE RED/BRN KING/TANNER	225	N/A	221.6
S	SE BROWN KING	135	N/A	N/A
S	SE POT SHRIMP	21	N/A	20.4*
S	KODIAK TANNER	40*	32	36.5*
S	PUGET SOUND DUNGY	34	32	N/A
Longline	CHATHAM	N/A	290	266.4*
Longline	CLARENCE	270	N/A	272.5
Longline	PWS ← 35'	31	N/A	25.7
Dive	URCHIN	7	N/A	6.8
Dive	CUCUMBER	8.5	N/A	8.8
Dive	GEOLOCK	70	60	43.5

Prices APRIL vary in accordance with market conditions. * in thousands
+ denotes an increase from last month. N/A denotes No Activity
- denotes a decrease from last month.



seiners, trollers, and gill, drift, and set nets—harvest salmon in both coastal and river fisheries. In every fishery there are different issues, challenges, and opportunities.

The state controls the number of boats under a limited entry permit system and regulates harvests through restrictions on boat size, gear type, and timing of openings. Alaska's biological salmon management has been very successful; the Marine Stewardship Council (an international non-profit group promoting well-managed fisheries) has recognized Alaska's management as "sustainable." The salmon industry is still one of Alaska's top employers, with thousands of jobs in fishing and processing and many more in other businesses that depend indirectly on salmon fishing.

What's the Problem?

The prices fishermen are paid for their catches have plummeted. From the peak in the 1980s to the bottom in 2002, total annual earnings in the salmon fisheries plummeted by two thirds. And as salmon prices and fishermen's earnings fell, so did the value of limited entry permits. Overall permit values declined about two thirds, with losses varying among fisheries. And if we adjust those figures for inflation—to show the change in purchasing power over time—the fall in both earnings and permit values is even steeper, near 75 percent.

Unable to cover their costs, thousands of salmon permit holders—both residents and non-residents—quit fishing. But Alaskans have been hardest hit. The number of resident permit holders actively fishing dropped 40 percent between

1988 and 2002, compared with 27 percent among non-residents. The decline among Alaskans was bigger because the small-scale operators who are most affected by lower prices—seiners and hand-trollers—are predominantly Alaskans.

The causes of the decline are complex and vary by fishery. The biggest has been competition from farmed salmon, but smaller sockeye harvests, changes in the food industry, and an economic slowdown in Japan (historically Alaska's most important market) have also contributed. Since hitting lows in 2002, total earnings are up—but not in all fisheries.

Why Restructure?

Restructuring can have many goals—but keep in mind that it is not an attempt to improve conservation: Alaska's



IFQ Loans

When you need to build your fishing business, come to First Bank.

Our IFQ lenders understand the fishing business and can offer competitive rates and terms to help your business grow. Please call one of our fishing loan professionals to find out how First Bank can help you.

Juneau	586-8001	Palmer	772-4277
Sitka	747-8836	Ketchikan	228-4476

ALASKA DIVISION OF INVESTMENTS
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
MEMORANDUM

TO: Greg Winegar
Lending Branch Manager

FROM: Lujan Fedotov
Anchorage Lending Section Supervisor

DATE: February 21, 2006

SUBJECT: Interest rate survey

Per your request I conducted a survey of several lenders who make commercial fishing loans. The following information was received on February 21, 2006 via telephone conversations:

FARM CREDIT, Erik Olson, Sr Credit Officer, Seattle, Washington, 206-691-2000

TYPES OF LOANS: Farm Credit is a private cooperative with \$5 billion in assets, \$90 million in net revenues, returning .7% to shareholders in 2005. Farm Credit finances quota shares, vessel upgrades, vessel refinances, vessel upgrades or other valid purposes for fishermen, processors, or commercial fishing-related businesses for individuals who live in Oregon, Washington, and Alaska, Idaho, and Montana. Farm Credit specializes in all types of loans, including investment properties, residential properties, etc for commercial fishers and families.

IFQs: 5-15 year term, 1% fee + \$300 - \$500 verification/filing fees charged at closing, rates variable or fixed, with a maximum 50% of value of IFQs as collateral value.

VESSELS: 10 years on existing, 15 years on new vessels, 1% fee + \$300 - \$500 verification/filing fees charged at closing, rates variable or fixed. Maximum collateral LTV is 60% on a new vessel and 50% on existing vessels.

RATES: Current interest rate for an average borrower P + 2%, currently 9.25%, and can tie the rate to LIBOR as well. Rates are fixed or variable and vary, dependent upon borrower strength, use of a pricing card, which includes liquidity, debt/asset ratio, production/liability ratio, LTV, and earning/debt coverage ratio. Funds are purchased from AgAmerica or from Western Farm Credit Bank in California.

OTHER INFO: According to Mr Olson, vessel upgrades, IFQ purchases, vessel purchases, and family transfers (where the younger generation is buying all or part of a parent's fishing business) are currently the most active loan requests. They can make construction loans and have technical help available to borrowers.

WEB SITE: www.farm-credit.com

WELLS FARGO BANK, Jon Stavig, Cordova - 424-3258
e-mail: jon.k.stavig@wellsfargo.com

TYPES OF LOANS: IFQs, vessel purchases, vessel refinances, upgrades. Most active types of loans this season are vessel purchases, repowering, and working capital.

IFQs: 5-7 year term, 50% LTV, 1% loan fee, variable rates, typically P + 2%, currently 9.25%, variable.

IFQ/VESSEL COMBO: 7-10 year term, 50% LTV, 1% loan fee, variable rates, typically P + 2% currently 9.25%, variable.

VESSELS: 7-10 year max term for existing vessels, 10-year term for new vessels. Vessel financing is 75% LTV, 1% loan fee, Prime + 2% currently 9.25%, variable.

OTHER: Jon states that the general attitude in the local PWS fishery economy is that the drift fleet will be fine this year, but the salmon seine fishery will likely face challenges with the hatcheries in cost recovery mode. Those who participate in the bottom fisheries will continue to be strong.

RATES: Most loans are variable rate of P + 2% currently 9.25%.

WEB SITE: Wells Fargo has a web site at www.wellsfargo.com,

FIRST NATIONAL BANK ALASKA, Mike Dye, Branch Manager, Homer, Alaska - 225-5801
e-mail: mdye@fnbalaska.com

TYPES OF LOANS: IFQs and vessels on a case-by-case basis to strong borrowers or to those who have long term relationships with FNBA and/or other collateral to pledge as security.

TERMS: Vary, will base loan on 50% Loan-to-Value of IFQs or vessel, 1% bank fee + closing costs, term usually 5-7 years.

RATES: Most loans are variable rates. Variable rate is commonly P + 2%, currently 6.25%.

FNB has had little change in rates and terms in the past year except the increasing prime interest rate.

WEB SITE: www.fnbalaska.com has no information concerning commercial fishing loans.

CFAB. Bob Clark, VP, Anchorage, Alaska – 276-2007 e-mail: robert@cfabalaska.com

- TYPES OF LOANS:** Permits, quota shares, vessels, tourism, processing plants in Alaska, lenders
- PERMITS:** 1% loan fee, variable rates, currently 7.5%, no set Loan-to-Value.
- IFQs:** 1% loan fee, variable rates, currently 7.25 %, with 50% Loan-to-Value. (This is the only rate that has changed since 2005)
- VESSEL/PERMIT:
OR IFQ COMBO** 1% loan fee, variable rates, currently 8.0%
- VESSEL ONLY:** 1% loan fee, variable rates, currently 9.0%
- FEES/TERMS:** CFAB requires that borrowers purchase 2% (cap of \$2500) of Class B preferred stock. Term is usually 10-12 years. Smaller loan amounts have shorter terms. Interest rate base for CFAB is 6.0%, same as 2005.
- Interest rate can change at any time. Payments are fixed for 3-year periods. Interest rates are set based on base rate plus a percentage with collateral being the determining factor.
- PATRONAGE
REBATE:** Borrowers receive up to 1% check back from CFAB annually. The CFAB Board decides annually what percentage borrowers will receive.
- SOURCE OF FUNDS:** Spokane Bank of Cooperatives (blended bond rate)
- OTHER INFO:** Most active loan types are salmon permits & boats with most activity in PWS and SE fisheries. IFQ market is tight. A few tourism loans are being done.
- WEB SITE:** www.cfabalaska.com is informative and has applications on-line

NORTHRIM BANK. Herman White, Anchorage – 261-3558

- TYPES OF LOANS:** Northrim Bank is not making direct commercial fishing loans, refers commercial fishing business to CFAB.
- Note:** Originally called Northrim Bank to talk to Stephen Street, formerly of ABDC, about loans and interest rates. Stephen Street resigned Northrim a week ago.

NMFS Financial, Paige Parasiche, Loan Officer, 7800 Sand Point Way NE, Bin C15700,
Bldg. 1, Seattle, WA 98115 - 206-526-6122

TYPES OF LOANS: Quota Share purchases and refinances, vessels, Aquaculture, and Shore-based processors. \$5,000,000 has been designated as IFQ financing and \$59,000,000 has been designated for vessels/processors.

VESSELS: Most vessels are \$2,000,000 or over in purchase price.

IFQs: Purchases are 80% Loan-to-Value, must pay 20% down in cash. Refinances are 80% Loan-to-Value. Not able to do the new crab quota shares yet, but talking about it.

TERMS: Term is up to 25 years. Little change in interest rates from 2005. Rates are fixed - based on T-Bill rate (at www.treas.gov) + 2% (interest rate currently 6.57% for 10 years and 6.72% for 20 years - up about .25% from 2005). Prequalifications are issued with no set time limit to find quota shares to purchase. Most IFQ borrowers are Alaska, Washington, or Oregon residents.

OTHER: Funding is seasonal with NMFS Financial. They receive funding in March each year - \$5,000,000 for quota and this year and last year for quota shares + \$59,000,000 for vessels. Commitments are issued when funding is available.

There is no prepayment penalty, but there is a default rate on a case-by-case basis. Borrowers lose their "initial issue" status if financed by NMFS Financial. If a borrower owns more than 50,000 pounds of quota shares, he is ineligible for financing. Borrowers cannot own a vessel larger than 60'.

NMFS Financial records a vessel mortgage on all quota share loans. Equity in the vessel is the collateral for the mortgage.

There are few changes in the program over the past year.

WEB SITE: None

SENATE COMMITTEE REPORT

DATE: 4/25/06

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/1/06

Resources Committee considered CS FOR HOUSE BILL NO. 304(FIN) am

HB 304 COMMERCIAL FISHING LOAN PROGRAM

"An Act relating to the commercial fishing loan program; 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

CS Senate Bill:

- Same Title
- New Title

SCS House Bill:

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

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CCSEA	5/1	✓			3

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:

Elton
Dyson
Stedman
B. Stevens

Wagner

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

HB

306

HFIN

FILE

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FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 306(RES)
(h) Publish Date: 4/21/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title: Convey Hatcher Pass to Mat-Su Borough RDU: Resource Development
Sponsor: Rep. Stoltze Component: Title Acquisition and Defense
Requester: (H) RES Component No.: 2459

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING						
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL						

Estimate of any current year (FY2006) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This legislation allows DNR to convey title to approximately 200 acres within the Hatcher Pass Public Use Area to the Matanuska-Susitna Borough under the Municipal land entitlements statute (AS 29 65)

There is no anticipated significant fiscal impact associated with the implementation of this proposed legislation. DNR will use existing municipal entitlement and land planning staff to process the Borough's request for transfer of the parcel

Prepared by: Dick Mellus, Acting Director Phone: 907-269-8625
Division: Mining, Land & Water Date Time: 4/17/2006
Approved by: Michael L. Menge Date: 4/17/2006
Agency: Natural Resources

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for:
Department of Public Safety
Department of Law



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE STATE REPRESENTATIVE

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 306 (RES)

Convey Hatcher Pass to Mat-Su Borough

"An act making certain land available for selection by the Matanuska-Susitna Borough."

The Matanuska-Susitna Borough has been working with the Department of Natural Resources to convey land ownership of Borough and State lands. One particular piece of land is located within the Hatcher Pass Public Use Area. This parcel is on the southern boundary of the public use area, and is actually outside of the real natural entrance to the area. In order to convey this land, its public use designation must first be removed.

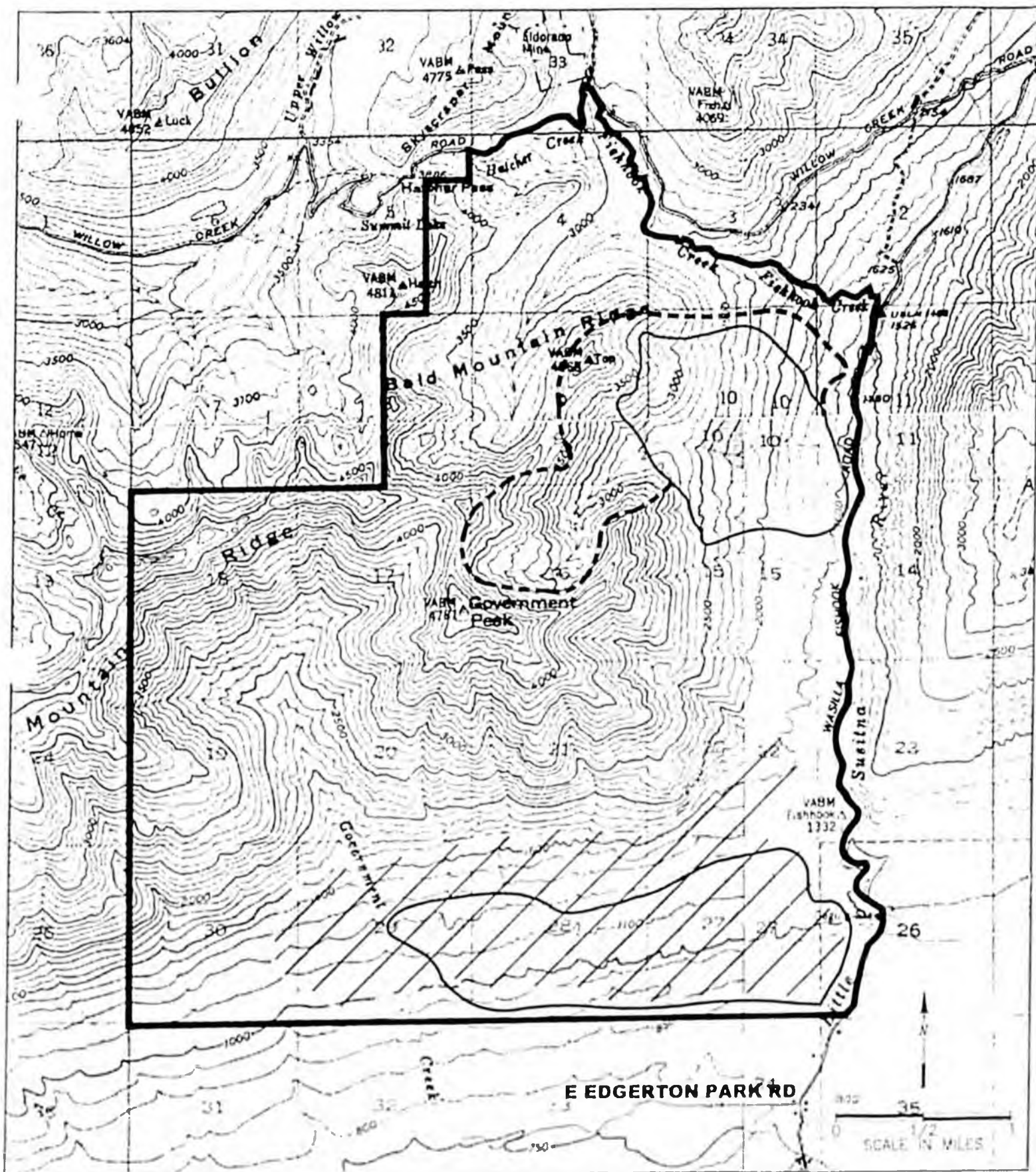
The provisions of HB 306 will make the acreage on the southern border of the Hatcher Pass Public Use Area available to the Matanuska-Susitna Borough.

- The Matanuska-Susitna Borough may only select the acreage described in the legislation.
- The acreage of land must have been selected on or before January 1, 2007, or it will remain in the Hatcher Pass Public Use Area unless otherwise specified by law.
- Any of the land selected shall remain available for conveyance until all administrative and judicial appeals have been exhausted.
- Qualified voters in the Matanuska-Susitna Borough must approve the conveyance of the land.
- Establishes a 600-foot setback from the ordinary high water of the Little Susitna River.

I ask for your consideration and support of HB 306.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK



COMMUNITY DEVELOPMENT/LMD - April 14, 2006

- Future alpine expansion (600 acres)
- Alpine ski area (700 acres)
- Special Land Use District Boundary
- Residential development area (1100 acres)
- Area of nordic ski trail, recreation trail & equestrian trail system (1400 acres)





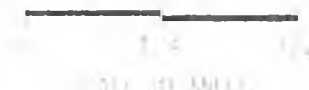
Community Development/MD 7 11 1988



Formerly Owned



Unimproved Potential Development Areas



1/4 MILE

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND & WATER
OFFICE OF THE DIRECTOR

FRANK H. MURKOWSKI, GOVERNOR

550 WEST 7TH AVENUE, SUITE 1070
ANCHORAGE, ALASKA 99501-3576
PHONE: (907) 269-8600
FAX: (907) 269-8904

May 23, 2005

The Honorable Bill Stoltze
600 E. Railroad Ave.
Wasilla, AK 99654

RE: HB 306

Dear Representative Stoltze:

The Department of Natural Resources supports this legislation that would authorize the conveyance of 200 acres of land to the Matanuska-Susitna Borough. The land that would be conveyed under this legislation is located at the southern boundary of the Hatcher Pass Public Use Area and below a canyon which is the real natural entrance to the area. The area identified for conveyance is described in the Hatcher Pass Management Plan, as Amended (1989), for possible development as a village (community center) with residential areas, multiple use trails and other recreational opportunities.

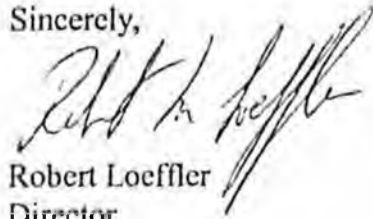
Since the Matanuska-Susitna Borough has taken over efforts to develop this area, they have been successful in obtaining funds for development and are actively working with private industry to turn this area into a multiple-use recreational and residential area. In order to better facilitate this, we feel it is important to support conveyance of this land to them. In addition, the area adjoins approximately 3,000 acres of land that has already been conveyed to them for similar purposes.

The Borough and the state are presently involved in an exchange process that will return over 14,000 acres of current Borough owned land that has been designated by the legislature for other uses. These areas are in areas such as the Willow Creek State Recreation Area, numerous state game refuges, and land within recreational river corridors. These are all areas very important for the recreational and habitat protection needs of the state. The land the Borough will be getting in this exchange are from other areas that will not have development restrictions, or if restrictions exist, are not as limiting as those currently owned by the Borough within the legislative designated areas.

By removing the public use designation from this small area within the Hatcher Pass Public Use Area and authorizing us to convey this land to the Borough, the exchange process will be allowed to be completed, important land that deserves and should be protected will be under state ownership and management, and land suitable for development will be made available to the Borough.

We strongly support passage of HB 306 which will approve the conveyance of a small portion of the existing Hatcher Pass Public Use area to the Matanuska-Susitna Borough.

Sincerely,



Robert Loeffler
Director

cc: Senator Green
Senator Huggins
Representative Gatto
Representative Kohring
Representative Neuman
John Duffy, Borough Manager

*Deleted
Sec. 1
4-27-06
Amended*

CS FOR HOUSE BILL NO. 306(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 4/21/06
Referred: Finance

Sponsor(s): REPRESENTATIVE STOLTZE

A BILL

FOR AN ACT ENTITLED

1 "An Act making certain land available for selection by the Matanuska-Susitna
2 Borough."

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

4 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 FINDINGS OF FACT. The legislature finds that making the lands specified in sec.
7 2(b) of this Act available to the Matanuska-Susitna Borough for selection and conveyance
8 under AS 29.65 is consistent with the testimony and position of the Department of Natural
9 Resources at the time the Hatcher Pass Public Use Area was created. Furthermore, the
10 selection is consistent and compatible with the Hatcher Pass Management Plan, as amended.

11 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 AVAILABILITY OF HATCHER PASS PUBLIC USE AREA LAND FOR
14 SELECTION AND CONVEYANCE TO THE MATANUSKA-SUSITNA BOROUGH. (a)

1 Notwithstanding the reservation of land, designation of the reserved land as the Hatcher Pass
 2 Public Use Area, and assignment of control and management of the land to the Department of
 3 Natural Resources made by AS 41.23.130, the land in (b) of this section, intended to
 4 accommodate alpine, Nordic, and resort development, is available to the Matanuska-Susitna
 5 Borough for selection and conveyance under AS 29.65 or AS 38.05.810, and subject to
 6 AS 38.05.035 and 38.05.945.

7 (b) Subject to authorization by a majority of the qualified voters in the borough voting
 8 on the question at a general or special election, the Matanuska-Susitna Borough may select
 9 the following land within Township 19 North, Range 1 East, Seward Meridian, that is part of
 10 the Hatcher Pass Public Use Area:

11 Section 26: W1/2SW1/4 west of the line of ordinary high water of the Little
 12 Susitna River; and

13 Section 27: E1/2E1/2

14 Totaling 200 acres more or less.

15 (c) Land described in (b) of this section that

16 (1) has not been selected by the Matanuska-Susitna Borough before January 1,
 17 2007, shall remain in the Hatcher Pass Public Use Area;

18 (2) is selected by the Matanuska-Susitna Borough but not conveyed by the
 19 Department of Natural Resources shall remain available for conveyance to the Matanuska-
 20 Susitna Borough until all administrative and judicial appeals regarding the failure to convey
 21 the selected land have been exhausted; and

22 (3) is not ultimately conveyed to the Matanuska-Susitna Borough following
 23 the exhaustion of all administrative and judicial appeals shall remain in the Hatcher Pass
 24 Public Use Area unless otherwise specified by law.

25 (d) That portion of the land selected under (b) of this section that lies within 600 feet
 26 of the line of ordinary high water of the Little Susitna River may not be developed or
 27 improved, except for trails, and may not be transferred from public ownership.

28 (e) The commissioner of natural resources shall promptly notify the revisor of statutes
 29 of the conveyance made by the Department of Natural Resources to the Matanuska-Susitna
 30 Borough of land described in (b) of this section.



MATANUSKA-SUSITNA BOROUGH

Borough Manager's Office

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 745-9689 • Fax (907) 745-9669

jduffv@matsugov.us

January 28, 2006

The Honorable Bill Stoltze
State Representative
State of Alaska
State Capitol Building
Juneau, Alaska 99801

Dear Representative Stoltze:

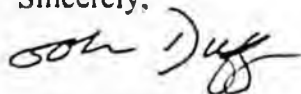
Thank you again for introducing HB306 the legislation regarding the land transfer to the Matanuska-Susitna Borough within the Hatcher Pass area. This land transfer will allow for the development of a community based Nordic ski facility as well as commercial and residential development. The project will have long term positive impacts by creating local employment and business opportunities as well as providing our youth with a place to recreate. Indeed, a recently completed economic impact assessment of the project has found that the project will create 1,350 long-term construction jobs and between 185 to 490 long term jobs when in operation. Our local school district has indicated that the project will be ideal for hosting training and regional and statewide competitive events. The recreation and tourism related benefits are immeasurable.

To recap, the land transfer and removal of the Public Use Area designation for approximately 200 acres of land is necessary in order to provide sufficient lands for the proposed Olympic class Nordic and Biathlon ski trail system, multiple purpose trails, and residential development. The Borough and State of Alaska, Department of Natural Resources previously co-authored development management guidelines to protect the environment and uses of the area while maximizing the development and recreational potential of these lands. These guidelines are found within the Hatcher Pass Management Plan, as amended. Moreover the Borough, working with local citizens and developer, has developed a Special Use District which will further guide development of the project. Thus, more than adequate land use and development protections will be available to properly manage this important asset.

As reported by the media, a small part of the lands, about twenty acres, are no longer needed for the proposed commercial village as the hotel, lodge and ancillary commercial development will be relocated to the middle of the project area and away from the Little Susitna River. The twenty acres however, are still required to provide access to the development and to properly manage the entire development area and the recreational trails that may be developed on the property.

The Hatcher Pass ski area project has been a goal of the Borough and State of Alaska for over twenty years and is now very close to fruition. I have attached our Assembly's resolution that identifies this project as one of the Borough's top priorities. Your leadership in sponsoring the HB306 and working to obtain its passage is a critical element in the ultimate success of the project and is greatly appreciated. Thank you for your support. Please do not hesitate to contact me at 907-7435-9689 if you require any additional information.

Sincerely,

A handwritten signature in cursive script that reads "John Duffy".

John Duffy
Borough Manager

cc: Senator Huggins

Attachments: Assembly Resolution
Project Map



This legislation would make approximately 200 acres available to the Mat-Su Borough in the Hatcher Pass Public Use Area. The Mat-Su Borough, in concert with the private sector, is developing a portion of the area into a regional Alpine and Nordic ski area along with housing and commercial development.

Transfer of this land to the Borough is consistent with the purposes of the Municipal Land Act (AS 29.65) which provides for the transfer of land to municipalities to encourage economic growth and self-sufficiency. Because the land is located within a legislatively created Public Use Area, approval by the legislature is necessary.

Background

The Hatcher Pass Public Use Area was established by the Alaska Legislature in 1986. In its entirety it totals about 5,200 acres. The area was established to: 1) provide for public recreation activities; 2) protect and enhance the fishery and wildlife resources, including fishing, grazing, hunting, and trapping; and, 2) protect the water quality and scenic resources with the area.

What the public use area did not allow was "disposal" of the land. Even a conveyance to a municipal government for a public purpose or to foster economic development is considered to be a disposal.

In 1989 the Hatcher Pass Management Plan was amended to provide for the development of the Government Peak sub-unit of Hatcher Pass into a ski resort along with residential and some commercial development. While allowing development, rules were put in place to protect the values of the area.

Since the Public Use Area was created and the Management Plan adopted much has happened. The state, through the Department of Natural Resources, has turned over development of the ski area project to the Borough, the Borough has assumed management and ownership of the lease for the area, and the Borough has obtained ownership of land outside of the Public Use Area that will support the development of area with numerous recreational opportunities along with some residential and commercial activities.

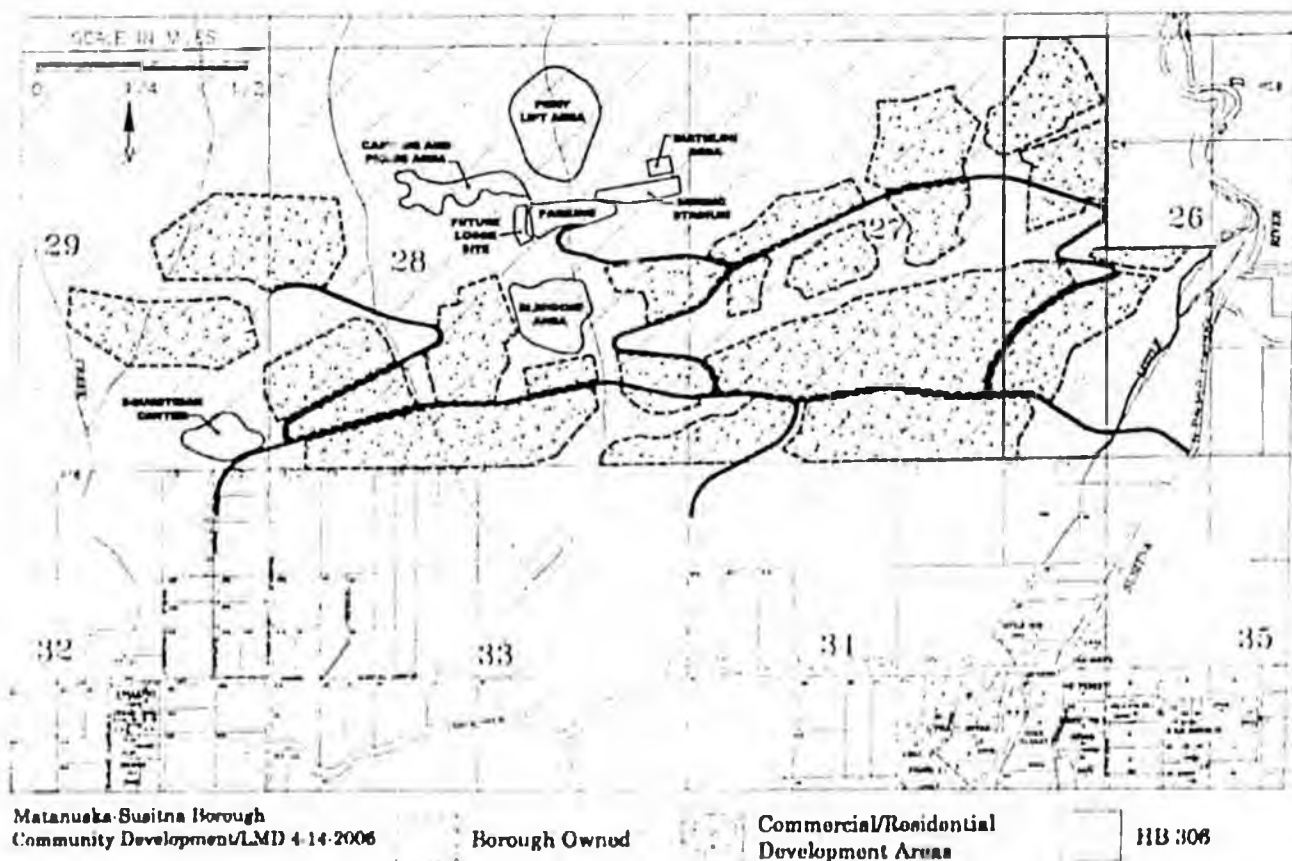
The Borough continues to take steps to ensure that the Hatcher Pass area is developed at a level of quality, taking fullest advantage of the area's unique attributes, including diverse recreation opportunities, taking advantage of the areas spectacular setting, great views, quality land and proximity to two of Southcentral Alaska's population centers. This commitment began with the Borough fully endorsing the Hatcher Pass Management Plan in 1989, and continues today as we complete the final stages of adopting a Special Land Use District (zoning) for the entire development and recreation area. Obtaining this final 200 acres of land is one of the last key pieces for turning this project into reality.

Request

The Borough is requesting that the legislature authorize a conveyance of 200 acres of land to the Borough at the southern end of the existing Public Use Area by adopting HB 306. We have consistently stated, and the proposed legislation clearly states, that the transfer of this land to the Borough shall be subject to Hatcher Pass Management Plan. This includes some development restrictions, as well as water body and wetland buffers that will ensure that water quality and quantity is maintained in the Little Susitna watershed.

This request is wholly consistent with the public record when representatives of the Department of Natural Resources testified before the legislature that development was envisioned to occur in the area when the Hatcher Pass Public Use Area was created. The Hatcher Pass Management Plan was amended, specifically to deal with the proposed development of the ski area in the 1980's and the lease area, when originally issued by DNR, included the area covered by this legislation.

The Borough now owns 3,000 acres immediately adjacent to the land involved with this legislation and approximately 150 acres at the base of Government Peak where the Alpine ski area base facilities will be located. Once you cross the Little Susitna River from the Hatcher Pass Road this parcel will be the gateway or entrance to the South Side development and recreation area. This legislation will consolidate land ownership with the Borough instead of having a small piece of the development area also owned by the state and is a key component to the Borough for the development and management of the area.



Amended: 12/06/05
Adopted: 12/06/05
Motion to Amend Previously Adopted Passed: 12/15/05
Amended: 12/15/05
Adopted: 12/15/05

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 05-151(AM)

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING STATE LEGISLATIVE PRIORITIES FOR THE MATANUSKA-SUSITNA BOROUGH FOR THE YEAR 2006.

WHEREAS, the 24th session of the Alaska State Legislature will reconvene in January 2006; and

WHEREAS, the Matanuska-Susitna Borough remains the fastest growing community in the State of Alaska and is predicted to maintain above average growth rates for the next decade; and

WHEREAS, to meet the needs of the Borough's growing population, to help diversify the local economy, and to develop an efficient and effective transportation and educational system the Assembly has determined the State legislative priorities for the year 2006.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly hereby sets the following State legislative operating budget priorities to provide property tax relief for the residents of the Matanuska-Susitna Borough:

1. Property tax relief in the form of municipal assistance/revenue sharing/community dividends
2. Full funding of mandated Senior Citizen and Disabled Veterans tax exemption programs

3. Foundation funding - minimum base student allocation of \$5,347
4. Full funding of the Teachers and Public Employee Retirement System shortfall
5. Full funding of pupil transportation assistance
6. Increased funding of the Alaska State Department of Transportation and Public Facilities operations and maintenance budget

BE IT FURTHER RESOLVED, that the Matanuska-Susitna Borough Assembly hereby sets the following capital project State legislative priorities for the Matanuska-Susitna Borough for the year 2006:

1. Emergency full funding for roof replacement and major renovation of Su-Valley High School
2. Hatcher Pass road and infrastructure improvements
3. Restoration of the \$50 million to the Statewide Transportation Improvement Program (STIP) for projects within the Borough
4. Matanuska River erosion management
5. Funding for construction of portables in the amount of \$2.6 million

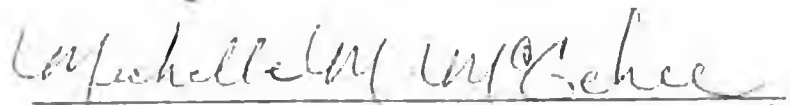
BE IT FURTHER RESOLVED, that the Matanuska-Susitna Borough Assembly hereby sets the following additional State legislative priorities for the Matanuska-Susitna Borough for the year 2006:

1. Re-Authorization of the School Construction Debt Reimbursement program
2. Hatcher Pass land transfer
3. Expansion of correctional facilities within the Borough
4. Increased response to community threats posed by Meth labs
5. Expansion of residential treatment centers within the Borough

ADOPTED by the Matanuska-Susitna Borough Assembly this 6 day of December, 2005.


TIMOTHY J. ANDERSON, Borough Mayor

ATTEST:


MICHELLE M. MCGEHEE, CMC, Borough Clerk
(SEAL)

PASSED UNANIMOUSLY: Woods, Allen, Colberg, Kvalheim, Bettine, Colver, and Vehrs

AMEND PREVIOUSLY ADOPTED PASSED UNANIMOUSLY DECEMBER 15, 2005:
Woods, Allen, Kvalheim, Bettine, Colver, and Vehrs



J.L. PROPERTIES, INC.
REAL ESTATE INVESTMENT & DEVELOPMENT

January 10, 2006

Via Hand Delivery

Mr. John Duff
Borough Manager
Marianuska-Susitna Borough
350 East Dahlia Ave.
Palmer, Alaska 99645

Dear John:

Over the last several months we have received a great deal of public comment and reaction to our proposed development of the Hatcher Pass Recreational Community. In general, much of the response has been supportive. The one component of the Plan which has generated the largest negative concern has been our proposed development of a commercial "Village" area in the vicinity of the Little Su River entrance. Ironically, we note that the commercial village was, in our assessment, the most marginal economic component of the Plan. In fact, our economic models show no net revenue derived from the initial investment in the commercial area, nor any revenue attributable to downstream land sales.

While we believe the Village site could be developed in an aesthetic and environmentally sensitive fashion, we are also mindful that success of the entire venture requires a broad consensus of public support. Our fear is that opposition to one small component of the aggregate development not distract from the community support for the broader Project.

In light of the foregoing, we propose to modify our Plan as follows:

1. J.L. to reserve an alternative site for the possible development of a Lodge Convention facility. You will note in the attached drawing that we have identified a parcel of approximately 10 acres adjacent to the Hatcher Chalet as a lodge site.
2. MSB to retain fee interest in the area previously designated for the Village site (Specifically, those areas identified as "A" and "B" under your Development Plan.) MSB to agree to maintain current use restrictions on that portion of parcel for a minimum of 10 years. MSB subsequently acts through appropriate public process to allow development within the area. J.L. to have first option to lease or buy property through public process for the Project here.

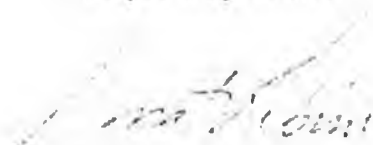
3. JL to revise Project Budget to reallocate former costs of Village development.

We believe this adjustment responds to the public concern regarding development within the Little Star river corridor, while at the same time preserving the opportunity to develop a lodge and regional convention facility.

We understand that only a fraction--perhaps even a small one at that--of the community objected to development of the Village as originally proposed. That said, JL requires a broad consensus of public support to undertake the overall Project, and if we can accommodate public concerns without impeding the economic integrity of our Proposal, we would strongly prefer to do so.

We look forward to your thoughts.

Respectfully Yours,



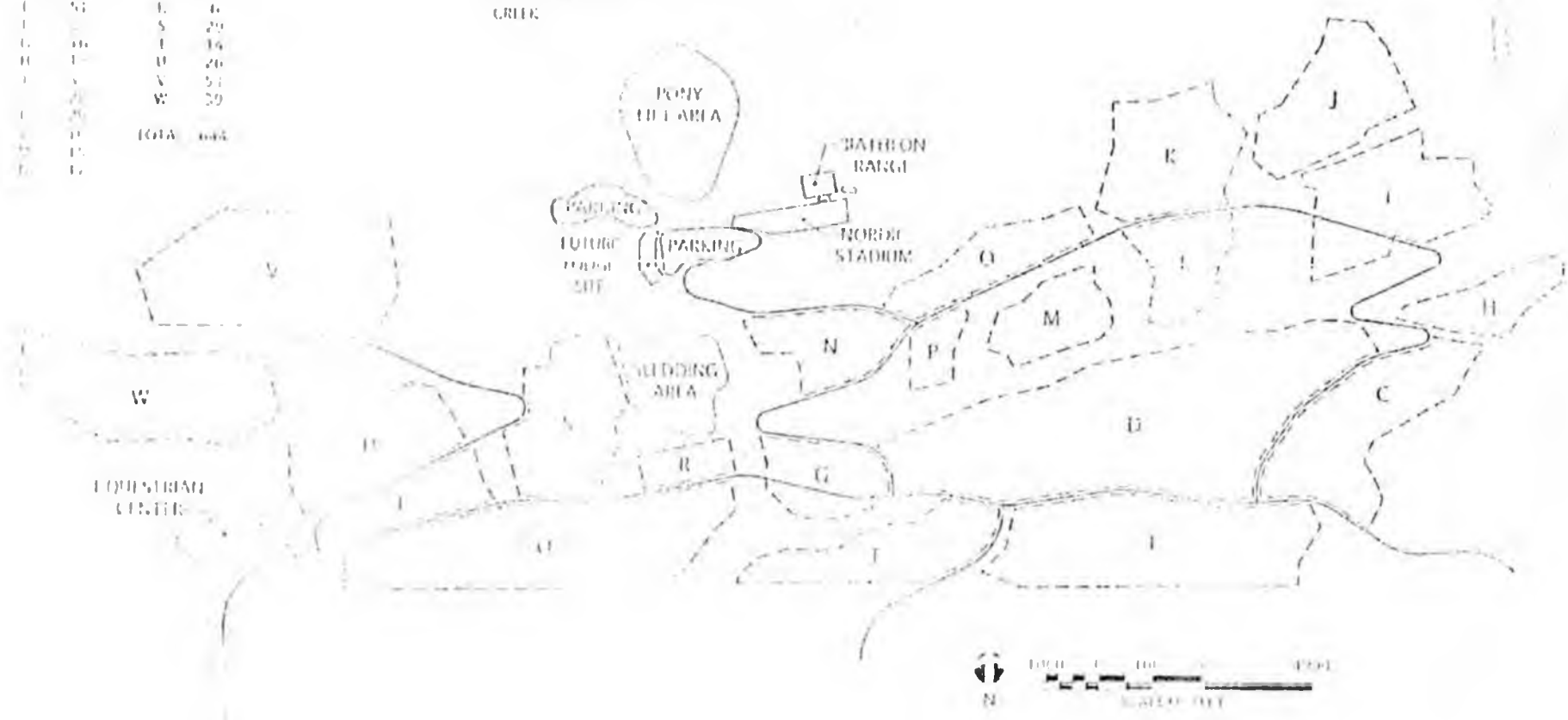
Jonathan B. Rubini
Chief Executive Officer

RR:dl

DEVELOPMENT AREA SUMMARY

AREA	ACRES	AREA	ACRES
C	27	O	17
CC	5	P	8
D	102	Q	56
E	51	R	6
F	2	S	29
G	16	T	14
H	1	U	26
I	5	V	51
J	28	W	29
K	25	TOTAL	668
L	10		
M	1		

- DEVELOPMENT AREA BOUNDARY
- COLLECTOR ROAD
- CREEK (ASSEMBLY CREEK)





Hatcher Pass

Preliminary Development Plan



JL PROPERTIES, INC.
REAL ESTATE DEVELOPMENT & MANAGEMENT

April 2005

Project Summary

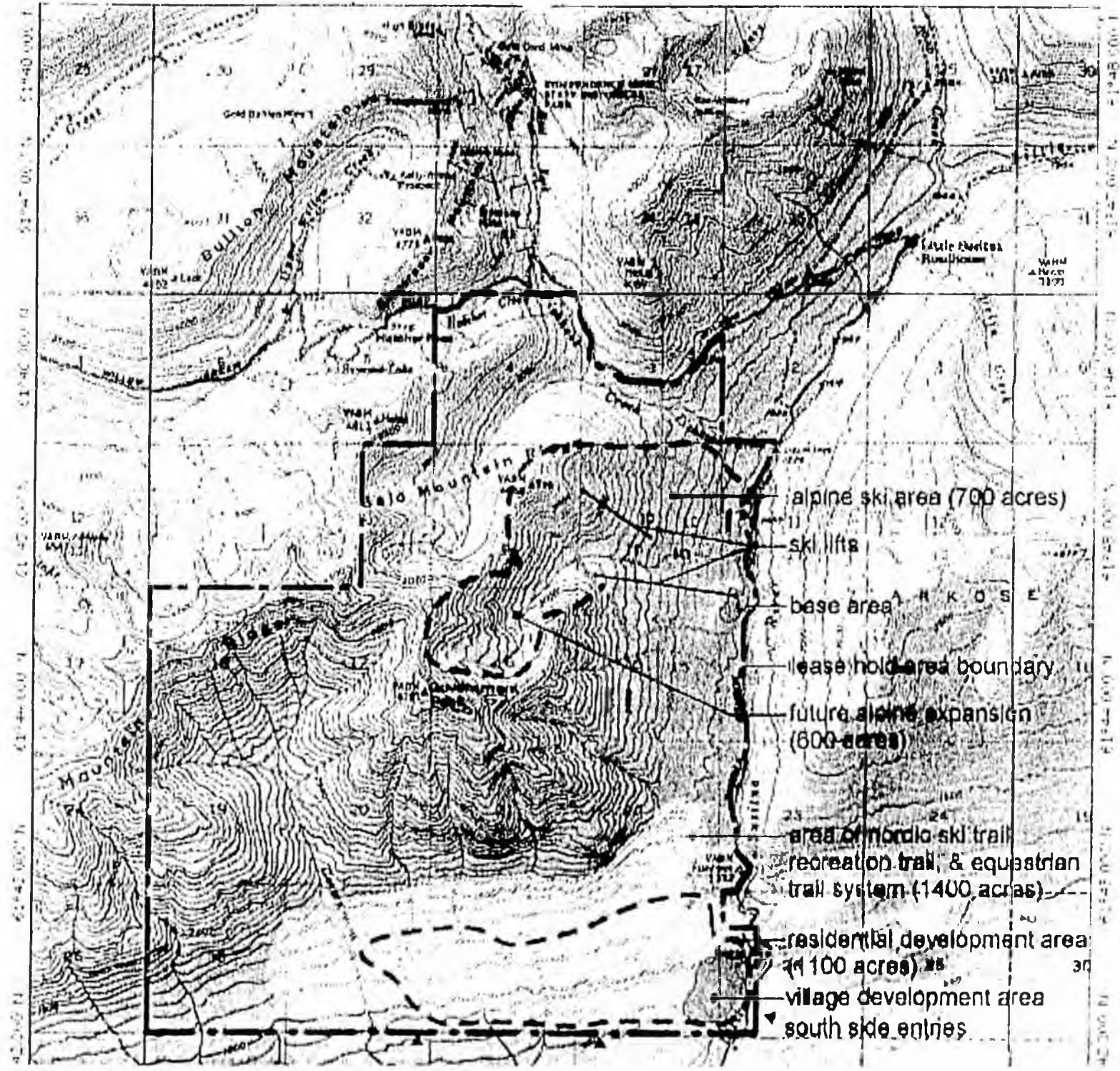
- o Satisfies MSB's goal of providing a regional Alpine ski area and an extensive Nordic Ski system with associated amenities
- o Provides a recreation-based community that will enhance the lifestyle of South central Alaska residents and encourage visitors to the region with a variety of year-round recreational opportunities
- o Developer is committed to strict design standards, sensitive to the stewardship of the area's unique environmental attributes
- o Project leverages MSB lands to maximize recreational and economic benefits
- o Project requires limited financial investment from MSB



Project Scope

Project involves the development of four inter-dependent elements:





alpine ski area (700 acres)

ski lifts

base area

lease hold area boundary

future alpine expansion
(600 acres)

area of nordic ski trails,
recreation trails, & equestrian
trail system (1400 acres)

residential development area
(1100 acres)

village development area

south side entries

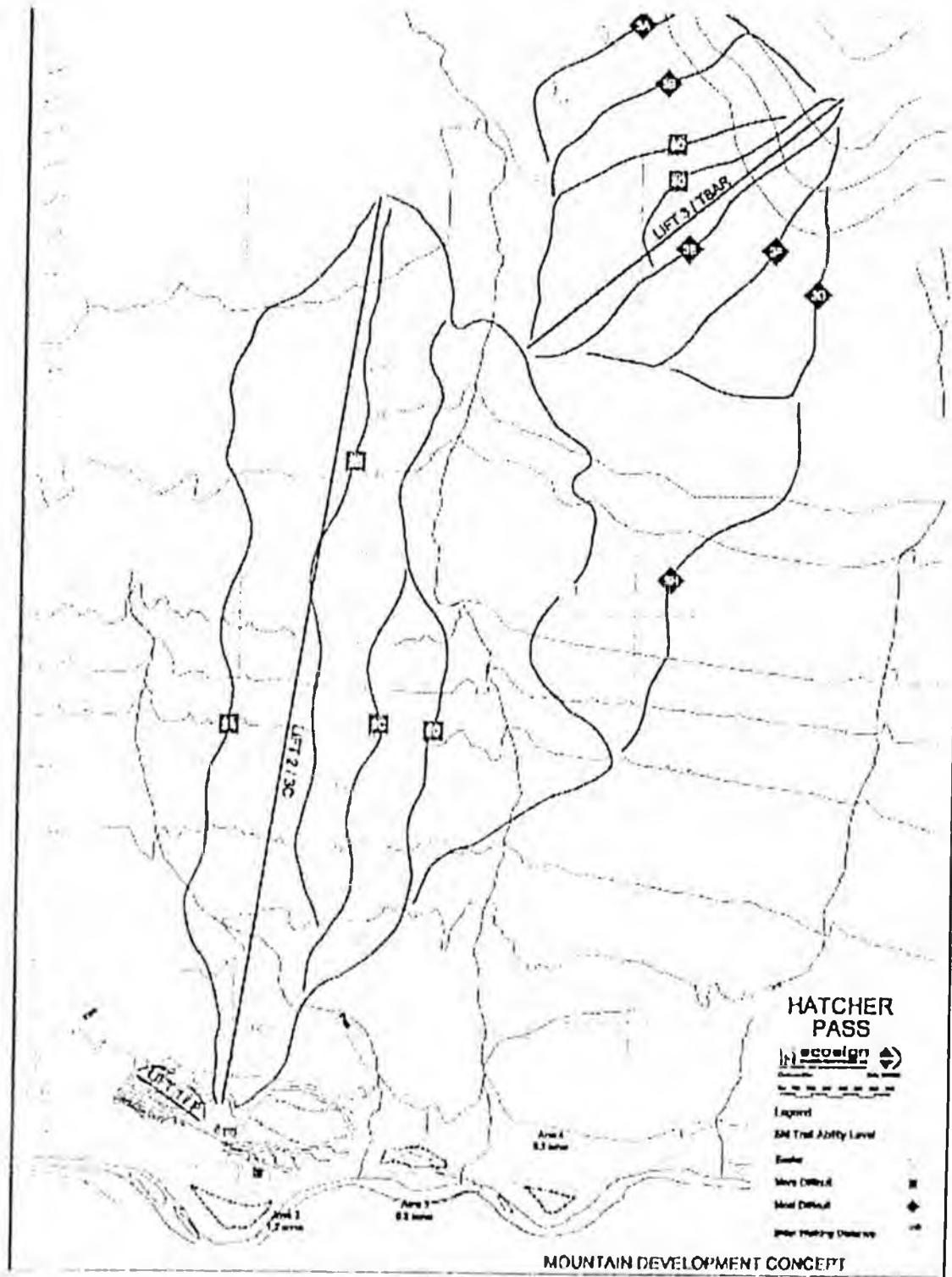
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Alpine Ski Area & Visitor Center

- o Designed as a regional ski resort
- o Day lodge/visitor center
- o Detachable high speed quad lift (upgrade from ERA report)
- o T-Bar Lift
- o Platter lift and "Magic Carpet" lift
- o Maintenance building
- o Capacity of 2,300 skiers per day
- o Ski area will rise from 1,500-foot level to 3,500-foot level
- o Phase 1 ski trail balance includes 17.6% beginner, 70.6% intermediate, & 11.8% advanced
- o Snow making and lighting coverage
- o Base parking for approx. 450 cars, with supplemental parking via shuttle bus from Village Area
- o Ability to expand ski terrain in future





Southside Residential Area

- o 450 residential lots ranging from 1-5 acres, lying within development pods separated by large open space areas developed over 25 years
- o Strict design guidelines will ensure an appropriate standard of architecture and landscaping
- o All homes and other buildings will be constructed to blend within the natural environment
- o Nearly all lots will border extensive trail system, connecting residents to natural environment and direct access to unique amenities
- o Southside development plan provides 68% open space overall
- o Primary access across Little Susitna bridge



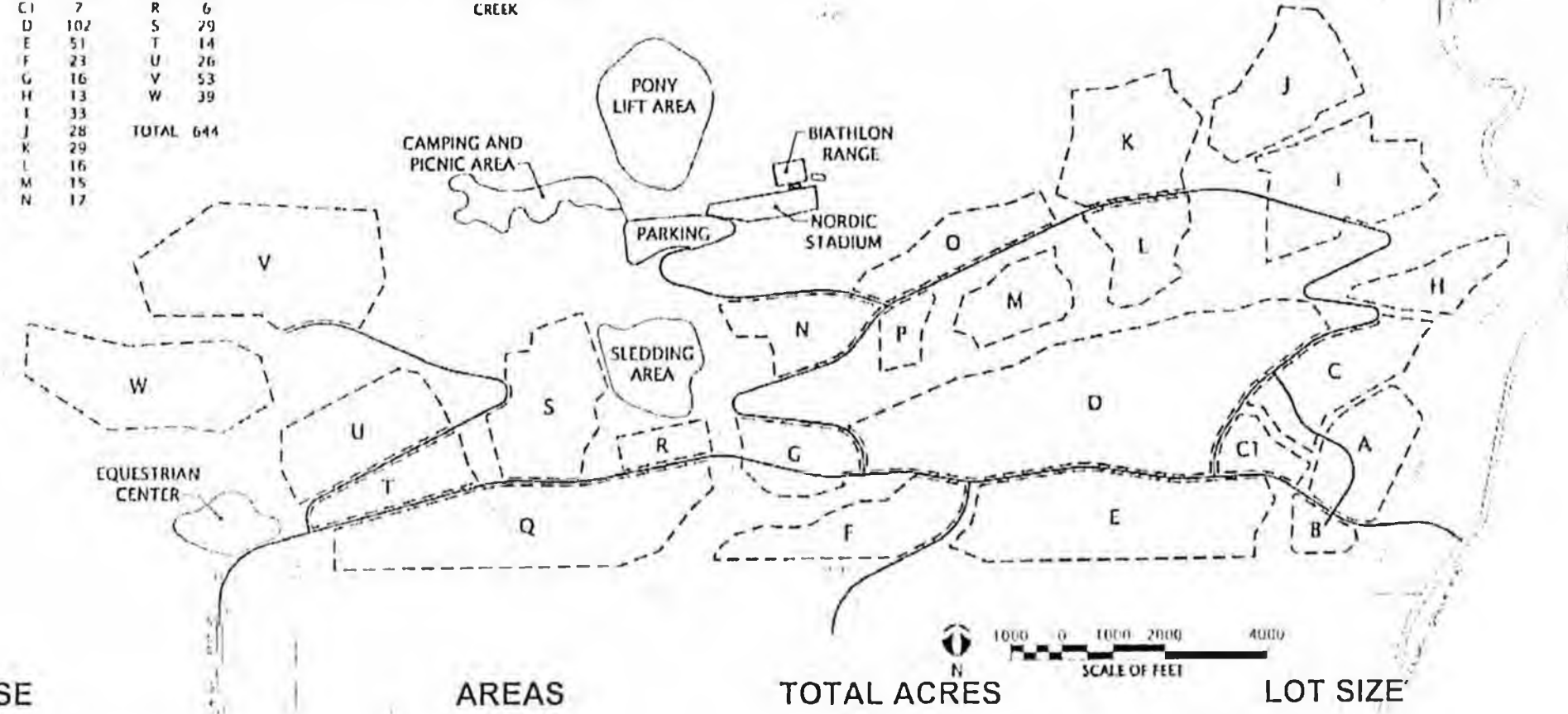
DEVELOPMENT AREA SUMMARY

AREA	ACRES	AREA	ACRES
A	20	O	17
B	5	P	6
C	23	Q	56
C-1	7	R	6
D	102	S	29
E	51	T	14
F	23	U	26
G	16	V	53
H	13	W	39
I	33		
J	28	TOTAL	644
K	29		
L	16		
M	15		
N	17		

LEGEND

- - - - - DEVELOPMENT AREA BOUNDARY
- COLLECTOR ROAD
- ~~~~~ CREEK EASEMENT
- ~~~~~ CREEK

Southside Development Plan



USE	AREAS	TOTAL ACRES	LOT SIZE
Village Center	A,B	25	NA
Multi-Family	C-1	7	6,000 SF
Single Family	C,D,E,F,G,Q,R,S,T	320	40,000 SF
Single Family Large Lot	H,L,M,N,O,P	84	2 Acre
Single Family Estate Lot	I,J,K,V	143	5 Acre
Single Family Equestrian	U,W	65	2 Acre
TOTAL		644	

Nordic Ski Trail System with Stadium & Chalet

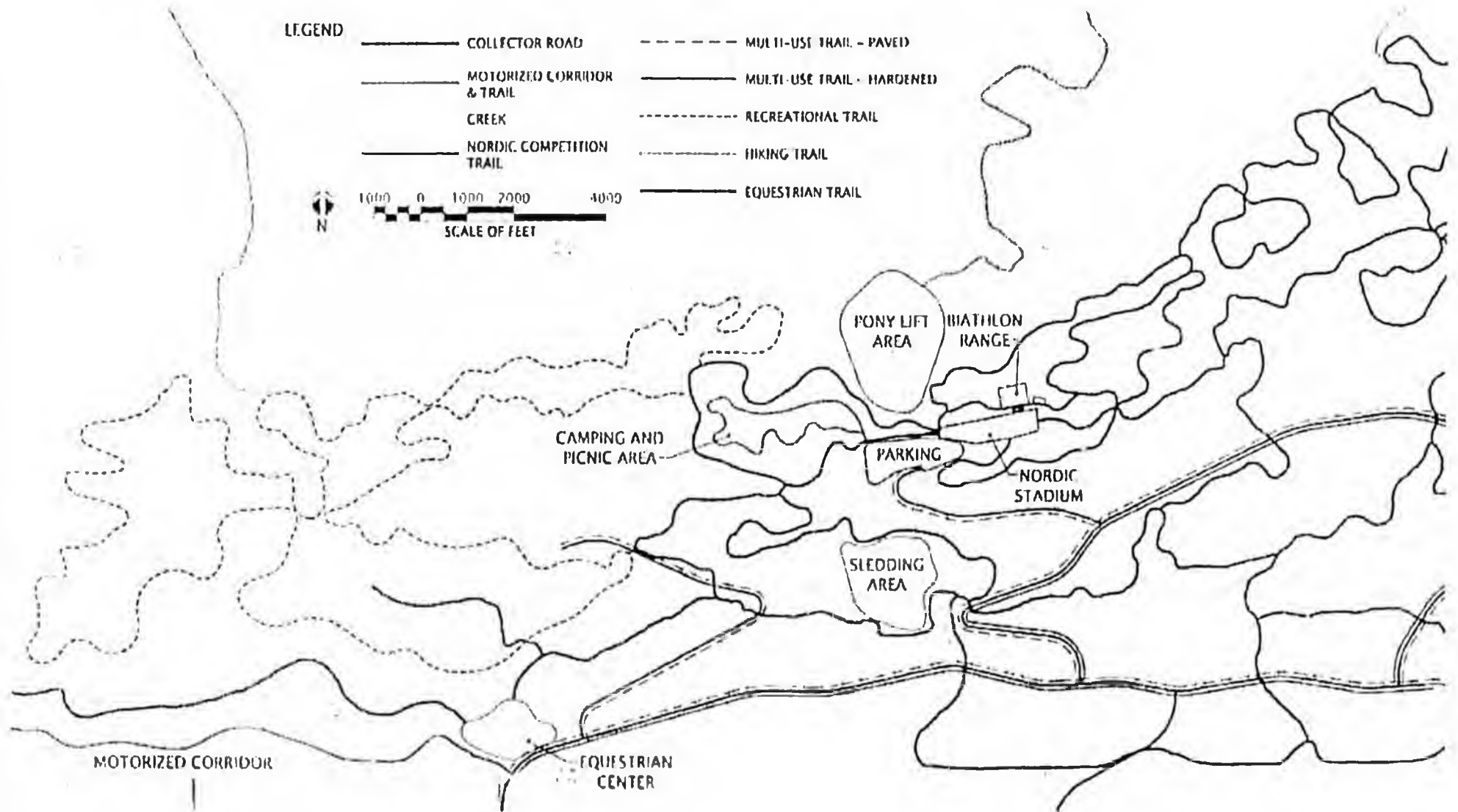
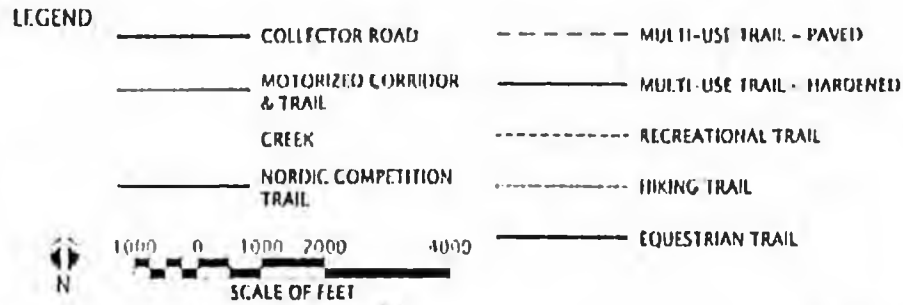
Nordic Ski Trail System:

(designed by Olympian Bill Spencer)

- o Extensive trail system for a variety of year-round uses
- o Trails designed to host competitive races at the high school, collegiate, and international levels
- o Design will utilize bypasses and cutoffs creating less demanding loops for recreational use
- o Stadium will provide base for recreational trails and start/finish area for competitive events
- o Nordic Competition Trails
- o Recreational Trails
- o Multi-Use Trails
- o Motorized Trails
- o Hiking Trails
- o Equestrian Center & Trails
- o Sledding Hill



Southside Area Trail System



HB

307

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 307(RES)
(H) Publish Date: 1/3/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title: Knik River Public Use Area RDU: Resource Development
Component: Claims, Permits and Leases
Sponsor: Rep. Stoltze Component No.: 2460
Requester: (H) RES

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	92.1	127.2	70.8	70.8	70.8	70.8
Travel	2.0	2.0	2.0	2.0	2.0	2.0
Contractual	75.2	16.2	14.0	14.0	14.0	14.0
Supplies	7.5	4.0	2.0	2.0	2.0	2.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	176.8	149.4	88.8	88.8	88.8	88.8

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	176.8	149.4	88.8	88.8	88.8	88.8
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	176.8	149.4	88.8	88.8	88.8	88.8

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 Budget proposal:

POSITIONS

Full-time	2	2	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill establishes the Knik River Public Use Area. The legislation would require DNR to prepare and adopt a land management plan, and manage the area consistent with the purposes established in the legislation and the plan. The costs to DMLW would include expenses related to preparation of the land management plan, public notice and review, adoption and printing of the plan, as well as ongoing management of the public use area.

Prepared by: Dick Myers, Acting Director
Division: Mining, Land and Water
Approved by: Max Menge, Commissioner
Agency: Natural Resources

Phone: 907-269-6661
Date/Time: 3/24/2006
Date: 3/24/2006

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

FISCAL NOTE #1

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. CSHB 307(RES)

ANALYSIS CONTINUATION

Plan Preparation and Adoption

(We have assumed that this process will take two years to complete.)

PERSONAL SERVICES COST - \$113.4 total (for 18 months)

One Natural Resource Specialist (NRS) III (range 18) - 9 Mo. FY07, 9 Mo. FY08 - total 18 months at \$6.3/month = \$113.4 - for plan preparation, review and adoption.

TRAVEL, CONTRACTUAL, SUPPLIES

Travel would be minimal at \$1.0 in FY07 and \$1.0 in FY08 as most of the public meetings would be in the Mat-Su Borough.

Contractual costs in FY07 would be for a User Survey (\$36.0), scoping and draft plan ads, public notice printing, room rentals, and the preparation and distribution of newsletters and a draft management plan (\$9.5).

Contractual costs in FY08 would be for follow up public meetings room rental, printing and distribution of the final adopted plan (\$2.0).

Other contractual costs include \$7.0 for office space, telephones, core service charges and related expenses for the new position in FY07, and \$2.5 in FY08.

Supplies are budgeted at \$2.0 per year. FY07 includes one-time start-up costs for new computers and office equipment of \$9.5.

Management of Public Use Area

(We have assumed that the permitting and management begin in FY07 and will be ongoing.)

PERSONAL SERVICES COST - \$70.8/year

One Natural Resource Specialist (NRS) II (range 16) @ \$5.9/month - 6 months in FY07 and 12 months/year in FY08 and beyond.

TRAVEL, CONTRACTUAL, SUPPLIES

Travel would be minimal (assumed at \$1.0/year) as the management activities would be in the Mat-Su Borough.

Annual contractual includes \$7.0/year for office space, telephones, core service charges and related expenses for the new position. Other annual contractual costs would be for professional services as needed (\$2.0). FY09 and beyond includes contractual costs of \$5.0/year for a dedicated vehicle for use by the NRS I for field presence.

Supplies are budgeted at \$2.0 per year. FY07 includes one-time start-up costs for new computers and office equipment of \$9.5.

SECRET

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 307(RES)
(H) Publish Date: 4/3/06

Revision Date/Time (Note if correction): _____ Dept Affected: Natural Resources
Title: Knik River Public Use Area RDU: Resource Development
Component: Claims, Permits and Leases
Sponsor: Rep. Stoltze
Requester: (H) RES Component No.: 2460

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Supplies	7.5	4.0	2.0	2.0	2.0	2.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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Prepared by: Dick Mylius, Acting Director Phone: (907)269-8600
 Division: Mining, Land and Water Date/Time: 3/24/2006
 Approved by: Mike Menge, Commissioner Date: 3/24/2006
 Agency: Natural Resources

FISCAL NOTE #1

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. CSHB 307(RES)

ANALYSIS CONTINUATION

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Supplies are budgeted at \$2.0 per year. FY07 includes one-time start-up costs for new computers and office equipment of \$9.5

Withdrawn 4-6-06

24-LS0737\S.2

Bullock

4/6/06

New # 1

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE WEYHRAUCH

TO: CSHB 307(RES)

1 Page 1, line 1, following "Area":

2 Insert "; and relating to hunting in marine park units of the Alaska state park
3 system"

4

5 Page 1, following line 2:

6 Insert a new bill section to read:

7 **** Section 1. AS 41.21.302(d) is amended to read:**

8 (d) The commissioner may not prohibit hunting within a marine park unit
9 of the Alaska state park system. The commissioner may not restrict the exercise of
10 fishing, hunting, or trapping rights permitted under law or under a regulation of the
11 Board of Fisheries or the Board of Game within a marine park unit of the Alaska state
12 park system."

13

14 Page 1, line 3:

15 Delete "Section 1"

16 Insert "Sec. 2"

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law



Session:
Alaska State Capitol, Rm 501
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-1928

District:
600 E Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

Explanation of Changes HB 307 to CSHB 307(RES)

Section 1:

Page 1, Line 14-15

Included nonmotorized vehicle opportunities to the purposes of the public use area.

Section 2:

Page 2 Line 19

Deleted the provision that would have the Army Corps of Engineers assist DNR with identifying wetland areas within the public use area.

Section 3:

Page 3, Line 7-8

Inserted language to make the allowable activities in the public use area compatible with its purposes.

DISTRICT 10

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for:
Department of Public Safety
Department of Law



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE STATE REPRESENTATIVE

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 307 (RES)

Knik River Public Use Area

"An act creating the Knik River Public Use Area."

The Knik River Valley is a destination for many Alaskans looking for outdoor recreational opportunities. The area is utilized by a wide variety of Alaskans for a wide variety of recreational activities.

With the increasing population in South Central Alaska, more and more people are traveling to the Knik River Valley to recreate. This increase has created the need to establish specific management for the area. House Bill 307 will establish a Knik River Public Use Area. The framework set down by this legislation will protect the area's habitat and provide the recreational activities now available for future generations to enjoy.

I ask for your consideration and support of HB 307 so that this area will have the management it needs to continue to be a source of recreational opportunities for all Alaskans.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EELUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

Testimony on CS HB 307
Finance Committee April 5, 2005

I appreciate the revisions that have already been made to HB 307. There are still at least 3 more changes that I would encourage the committee to consider.

- 1) It is very important that a community advisory committee be established to guide the management of the Public Use Area and ensure that the residents concerns and needs are met.
- 2) Historic trails and access routes should be maintained but the spider web of trails created by ORVs and airboats in the wetlands and sensitive areas need to be managed. The extent of these trails, as seen from the air, is shocking. Many of the trails go in circles or have no apparent destination. The continued use of such trails compresses the wetland vegetation, alters hydrology, creates new channels for water movement and destroys plant cover. The cumulative effects of these changes can ultimately have negative affects on habitat. Because of these concerns, Item D2 on page 3 should be deleted or at the very least have the words "as compatible with purposes" inserted into the text.
- 3) Since it is so important to manage activities in the Knik River Basin in an effort to protect the biologic values and the safety and quality of life for the residents in the area, an adequate fiscal note needs to be attached to this legislation. HB 307 needs funding to provide a minimum of 2 on the ground enforcement personnel with citation authority round the clock from April through October, sanitation facilities, education and signage.

Please give serious consideration to making these revisions.

Thank you
(s) Nancy Haas
PO Box 399
Palmer, AK 99645
907-745-1540

I'm Cecily Fritz with the Knik River Watershed Group

In 1985, the Susitna Area Plan recognized the recreational and biologic values of the Knik River Valley. Since then, use of the area and adjacent residential development have exploded as has disagreement on how the area should be managed. Representative Stoltze thanks you for your willingness to wade into this issue, residents and users (and critters) are at the cusp of realizing something great – something that will bring folks back together and take care of this awesome place. We ask this committee to consider a couple important changes to HB 307:

Page 3 Item D 2 enshrines existing motorized use hampering management of complex issues. For example, existing multiple access points and high use areas affect daily quality of life for residents... and use is going up.

Meanwhile, along the upland trail many springs feed the wetlands and it is seasonally soft and easily disturbed. Last Sunday swans were present in open water near the trail. This is where sheep and moose give birth, salmon spawn, and alpine, woodland and wetland come together. Should this now motorized trail bordering the swamp be grandfathered via legislation or is it deserving of thoughtful planning – for perhaps motorized use during the hunting and winter seasons? These examples illustrate why trail evaluation belongs at the planning, not the legislative, level. Please fix the bill as follows:

Begin Line 13 on page 3 with "As compatible with the purposes identified in 41.23.180..." Then, end the section after the word 'Area' on line 14. It is cleaner and avoids the blanket acceptance of all trails/access points while highlighting the importance of ORV access. It is a good compromise.

Then on page 2 line 8 add: "establish a citizens advisory group" to enhance resident participation.

And we ask this committee to ensure adequate sustainable funding for comprehensive planning and effective management. Expect volunteer efforts to offset public expenditures as folks from groups as diverse as Alaska Extreme Fourwheelers to Mat-Su Birders continue to enthusiastically volunteer.

Thank you all!



Alaska State Legislature

Please enter into the record my testimony to the Finance Committee name

Committee on HB 307 , dated April 2006
Bill/Subject

This current version of HB 307 continues to accommodate "party shooters" who vandalize, pollute, litter and destroy habitat^{and landscapes}. There is no provision to stop them from hauling in trash to shoot up (old batteries are the latest target of choice). They shoot up empty beer bottles and leave the shards all over the ground and in the creek along with bullet casings^{and other junk} and spent shot gun shells^{of dollars}. It cost hundreds of thousands to clean up old "Rambo Best Site" like Knik River Access and Goose Bay Refuge. Lathwood Creek Access takes hours of hard labor by many volunteers to remove the debris of "party shooters". Yet page 2, line 30 to page 3, line 5 prohibits the Commissioner or anyone else from stopping this in KPVA.

Please fix this. Marian Elliott
Signed: _____
Testifier

myself, family and fellow bird-watching citizens
Representing (Optional)

HC31 Box 5196 Wasilla AK 99654
Address

376-5196
Phone number

Testimony re CS for House Bill No. 307, Finance Comm.
April 5, 2006

My name is Loren Karro. I live at 8 1/2 mile Knik River Road, within the boundaries of the proposed Public Use Area, (R16N, 4E, Sec 29 & 30) and my property lies adjacent to DNR land along the river itself. I am a trapper, hiker, hunter, guide, and former Alaska Outdoors Council member. I am in the upper river about five days a week, accessing it by ATV, snowgo, foot, skis, snowshoes or plane. I appreciate the efforts of the legislature in reviewing the Knik River Public Use Area proposal. I know that something needs to be done to protect the wildlife, habitat and scenic beauty, as well as the peace and safety of the local residents and recreationalists. I no longer feel safe accessing the north side of the river, nor do I enjoy it in light of the trash, noise, illegal activities and severe habitat degradation that I encounter. As recently as last week, I was endangered by unsafe target shooting while running my trap line on the South Knik River. And last fall right at dusk, 10 large-tired mud buster trucks drove in a parade right through my property, having cut across the river during low water and searching for a way out.

I believe that with some changes, the proposed bill can be a start to a better, safer management of the Knik River watershed. However, as written the bill cannot work to protect the area from further damage, nor is there any guarantee that resources will be available to educate the public and enforce applicable laws and regulations.

Towards this end, the manager's section of the bill (Sec. 41.23.19 (a)) should specifically mandate that workshops be held, and that a citizen's advisory board be created to ensure continued resident and user input. Also Sec. 41.23.200 (d) (2) should be deleted. ORV use is already ensured in two previous areas of the bill (41.23.18 (3) and 41.23.20 (d) (1)). As written this section precludes any future rehabilitation of a good part of the north side banks and sand dune areas, as well as wet lands along the river and the springs and drainages along the upland Ripper trail. In some areas a single "trail" has spread out to hundreds of feet in width, as users sought to avoid already heavily rutted and flooded tracks. At the very least, the wording might be changed to recognize routes and uses compatible with 41.23.180, such as "As compatible with the purposes identified in 41.23.180, and in collaboration with ORV users, other recreationists and area residents, the commissioner shall preserve and enhance important ORV access corridors."

I am concerned as to how funding for education and enforcement would be allotted under the present act. Because of this, and because I believe that users should pay their share of the costs, I am not averse to changing the designation the north Knik River area into a State Recreation Area. This seems to be the best tool to ensure that proper facilities, on site management and law enforcement are provided. I don't believe that this designation is necessary or advisable for the south Knik River past the so called "man made lake" area around 1 mile Knik River Road, beyond which the river is primarily bordered by private land that restricts access.

As a MUA, the bill creates an area still in need of considerable enforcement activity. The Palmer Trooper Post statistics show that the numbers of incidents that resulted in a case has increased 48% between 2000 and 2005. They have recommended against a community patrol in the Butte area because of the danger and the distance from the Palmer Trooper Post. Burning cars, unsafe firearm discharge, and drug activity control certainly seems to outshine the problems of unsafe or unlawful campfires or motor vehicle usage, but control of all of these are needed. For instance, during the Miller's Reach fire, an extremely dry season when most available public safety resources were tied up, I twice called in to report illegal, large bonfires burning on the north side, in both cases near timbered areas and not on safe sand bars. As the committee vested with the responsibility for assessing and recommending the allotment of financial resources, I am sure that you know the problems inherent in guaranteeing that the funding for increased law enforcement activities is available.

I appreciate your time and efforts at promoting the best possible bill to deal with these problems. This is a beautiful area, rich in wildlife and flora, which many of us quietly enjoy from our windows as well as in more energetic and economically beneficial pursuits. While I enjoyed the sight of a dozen extra swans suddenly moving over to "our" side's swamp habitat last summer, I was saddened to realize that they had been driven out of the Jim Creek area during their nesting time.

Loren J Karro
26239 E Buckshot Ln
Palmer, AK 99645
907-745-3712



Alaska State Legislature

Please enter into the record my testimony to the ___House Finance
Committee on _____HB307 _____, dated __ 040506_____.

To the Chairman and Finance committee,

My name is Scott Hamann I live in Kenai and am a life long Alaskan who grew up in the Valley. As a boy I spent many a summer exploring the Knik area on a off road motorcycle with my trusty .22 slung over my shoulder. Sadly our way of life has become increasingly under attack from those that would restrict access and even the constitutional right to bear arms on public land. It is time to step up and say in legislation that we have the legal right to recreate in our traditional areas with motorized vehicles and guns. I support this bill. Thank you.

Scott Hamann

Signed: _____Scott Hamann, PO Box 934 Kenai, AK 99611

Fax - 907-465-3476

Butte Area Residents

Civic Organization

259 South Alaska Street - Palmer AK 99645 - 907-745-7528 - 907-227-1628
resource@buttealaska.org

April 4, 2006.

**Respect ' Members of the House Finance Committee
Re: HB 307**

We are Brit Lively and Gregory Nilsson, long-time residents and co-founders of Butte Area Residents Civic Organization.

First, we want to thank Rep. Stoltze and this committee for having recognized the shortage of law enforcement resources during past sessions and provided for more Troopers for Ma-Su. That has helped.

Please allocate sufficient funding to really *make a difference in Knik River Valley* with either HB 307, or with creating our proposed Knik River Valley State Recreation Area instead if that is determined to be a better mechanism. (www.buttealaska.org > Issues). *We have not seen a fiscal note for HB 307* and therefore cannot comment on its adequacy for what we think is necessary to turn the Jim Creek badlands into a multi-use recreation destination for local residents and visitors from near and far.

On a trip to Juneau about a month ago I took a folder with presentation material to Co-Chair Meyer and several members of House Resources and Finance. Please add the attachments of my letter to this presentation to make them part of the record as well and distribute. The attachment is a spreadsheet of over 200 "unique" incidents, sightings and anecdotal experiences by only 11 residents which go with spots on the small "Incident" map in our folder. The packet also includes a video of "*Bodenburg Butte in Knik River Valley - Beauty at our Back Door*" and a "*No-Respect*" photo-video of examples of its ugly side in our recreation area. For a PowerPoint presentation of our area and examples of how damage is caused, please go to www.buttealaska.org > Recreation.

May we ask that you request from the Resources Committee the communication from residents and users of the area to demonstrate the lack of quality of life at our homes or on public lands.

While we have thankfully watched the improvements House Resources has made to this Public Use Area legislation since its introduction, it falls short of our initial expectations for the state lands in our neighborhoods. HB 307 is still heavily weighted toward enhancing motorized recreation and allows continuing dangerous activities, including target shooting (you should see the targets - if you can), *locking legitimate users out and discouraging peaceful family recreation*. The weekend party-mood will continue to spill over into our neighborhoods where there's no hiding from noise, dust and gun fire. *There are three well defined access points to this recreation area*. To get there, people drive through residential neighborhoods including those on the Old Glenn Highway, Sullivan/Caudill/Plumley Road, and Maud Road. Map attached. *Once there, we hear them, smell them, choke on their dust and fear for our lives*.

What is sufficient funding? That depends on whom we talked to. One official with recreational enforcement experience thought that for education and law enforcement it would take two years of on-the-ground presence of *5 fully empowered officers* to write tickets and enforce all statutes, using regular and off-road vehicles, to just make a dent into the existing chaos and lawlessness everyone is familiar with. (Cost approx. \$600,000+/- for the first year).

One land manager thought that *2 full-time fully empowered officers* for the first year with off-road equipment supplement by DNR peace officers will be a good step in the right direction. (Cost: \$300,000+/- for the first year)

Additional funding will be required for education including signs, rest rooms, repair of existing

damage by ORVs and 4x4s, and trail enhancement. Sanitary facilities are a must since there are no public restrooms in the vicinity to accommodate up to 3,000 users on a nice weekend. The lack of sanitary facilities is a serious health hazard to residents. (Cost approx. \$150,000 over 3-year period).

Enforcement is key. When enforcement is assured, agencies such as US Fish & Wildlife and private foundations are more likely willing to spend money on enhancing the area, knowing that the facilities and infrastructure they put up will be protected from vandalism. The situation we have now cannot go on, where the community, the state and the borough have put up informational signage only to be destroyed by shooting, burning and blackening out at all public access points of the area.

More federal and private grant money will be available when users pay for their recreation. Motorized and equine use can be very damaging. Even mountain bikes in large numbers can deteriorate trails. I also want to emphasize that in recreation area with adequate public safety protection, user groups and community groups are more willing to share in maintaining and patrolling trails. Community patrols and trail watch groups are more likely willing to be eyes and ears for troopers and rangers when they know that these officers are close by. Several years back, citizens of Butte were willing to start a community patrol, but were advised against it by State Troopers because of the dangers due to the distance to the Palmer Trooper Post.

I believe that the designation of State Recreation Area under AS 41.21 rather than a Public Use Area under AS 41.23 has the built-in mechanism for a user-fee structure (possibly exempting local residents) and provides the assurance to funding organizations that the State of Alaska is serious about the stewardship of its recreational lands so that their investment is protected. Visitors from all over the world would gladly pay a small fee to see and experience the wonders of our area, bringing with them new economic opportunities to our small community in the process.

In this Public Use Area designation, HB 307, do the users expect that the State of Alaska should pay for their recreation, enforcement, infrastructure, maintenance and enhancement? And should we, residents and property owners of Butte, with our service area fees for emergencies, fire and road, be expected to continue to pay for mostly Anchorage, Fort Richardson and Elmendorf people who need to be rescued from their ORV and 4x4 accidents. Are all Alaskans expected to continue enabling a culture of "we can do anything here we're not allowed to anywhere else," leaving residents exhausted after every weekend and slumping down our community?

Please, confirm with Borough and State officials regarding the high cost of emergency services response in Knik River Valley. According to Capt. Casanova who is in charge of Palmer Trooper Post, the amount of incidents which generated a case increased from 840 in 2000 to 1240 in 2005 (over one third) along and off of the Old Glenn Highway (approx. 17 miles) which accesses all points for recreation on state lands. We do not have numbers for those incidents where AST "counseled" people, or where they received or responded to calls for assistance and the offenders had skipped by the time AST arrived. Or ask how many calls for assistance go to Dispatch which deal with the mayhem around here.

It is in your power to restore peace to our community and give us an opportunity for economic growth by helping create a multi-user high-end visitor destination for south-central Alaska. Give us the basics so we can provide facilities and services which will replace the perception of "de Butte" and associated tainted image of its residents with that of a healthy and vibrant community that is ready to meet this positive challenge. Please, give us the chance to shine! Give us respect!

Sincerely,

Gregory S. Nilsson *Rick Lively*
 Brit Lively (907-745-3388) - Gregory Nilsson (907-227-1628, W: 907-894-7124)
 Co-Chairs, Butte Area Residents Civic Organization
 Mail: 269 South Alaska Street, Palmer AK 99645

Encl.: Spreadsheet of Incidents, Access Points Map, Area Map, Land Ownership, ORV Trails in Wetlands
sent via email for clarity