

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 3033

SB

147

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HCS CSSB 147(FIN)
() Publish Date: _____

Revision Date/Time (Note if correction) _____ Dept. Affected: Fish and Game
Title Sport Fishing Facility Revenue Bonds RDU Sport Fisheries
Component Sport Fisheries
Sponsor Senator Ralph Seekins
Requester House Finance Committee Component No. 464

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel			10.1	10.1	10.1	10.1
Contractual	200.0	350.0	1,182.8	1,182.8	1,182.8	1,182.8
Supplies			111.8	111.8	111.8	111.8
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	200.0	350.0	1,304.7	1,304.7	1,304.7	1,304.7
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (1024)	1,612.1	6,448.2	6,448.2	6,448.2	6,448.2	6,448.2

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	150.0	262.5	978.5	978.5	978.5	978.5
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1024 Fish and Game Fund	50.0	87.5	326.2	326.2	326.2	326.2
TOTAL	200.0	350.0	1,304.7	1,304.7	1,304.7	1,304.7

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates and authorizes the Sport Fishing Facility Revenue Bond sale for up to \$69 million in revenue bonds to finance the building of a new hatchery in Fairbanks, rebuilding of the Fort Richardson hatchery in Anchorage, and hatchery-related needs in Southeast Alaska.

Passage of this legislation will establish a framework that will allow ADF&G to (1) issue revenue bonds for the construction/enhancement of sport fish hatcheries; and (2) establish a new sport fishing facility surcharge.

(Continued on Page 2)

Prepared by: Tom Lawson, Director
Division: Division of Administrative Services
Approved by: McKie Campbell, Commissioner
Agency: Alaska Department of Fish and Game

Phone: 465-5999
Date/Time: 5/3/05 11:32 AM
Date: 5/3/2005

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FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HCS CSSB 147(FIIN)

ANALYSIS CONTINUATION

Upon passage of this legislation, the State of Alaska's State Bond Committee will issue revenue bonds on behalf of ADF&G's Division of Sport Fish. The Committee will issue up to \$69 million in revenue bonds to fund the construction/enhancement of the hatcheries. Bond proceeds will be used to pay for construction and also for costs of issuing bonds and providing an advance funded debt service reserve account. The annual debt service on the bond is shown in a separate fiscal note submitted by the Department of Revenue.

ADF&G has submitted a one-time CIP funding request that will allow the Division of Sport Fish to use bond funds for construction of a new hatchery in Fairbanks, rebuilding the Fort Richardson hatchery in Anchorage, and addressing additional hatchery-related needs in Southeast Alaska.

Sport fishing license surcharges established in the legislation have been structured so as to generate roughly \$6 million annually – the same amount required to pay debt service on the bond. These revenues will be used, in combination with federal funds, to pay back the bond debt issued by the State Bond Committee. The authority of the department to collect the surcharge will terminate on December 31 of the calendar year in which the bond debt is retired. The department expects to implement the surcharges in January 1, 2006, which allows the department to collect 25 percent of the net surcharges in FY2006, but the full net amount in FY2007 and beyond.

Beginning in FY06, \$200,000 will be expended to replace Southeast Sustainable Salmon Fund monies, which will no longer be available to fund Crystal Lake Hatchery operations. In FY07, a new program to provide king salmon smolt for release in the Haines area will be funded at an operational cost of \$150,000.

Increases to current sport fish hatchery program operational expenditures at Elmendorf and Fort Richardson hatcheries will not occur until FY08, at which time the new facilities in Fairbanks and Anchorage are scheduled to be completed and producing fish. This increased operational cost is estimated to be \$954,700. No additional positions will be required as existing positions will be reassigned as needed to operate the two new facilities.

All operational funds will be 75% Federal Aid matched with 25% Fish and Game Fund.

License Category	# Sold CY 2003	Proposed Fee	Potential SF Revenue Increase
Resident Sport Fishing	115,197	\$9.00	\$1,036,773
Resident Sport Fishing/Hunting	44,153	\$9.00	\$397,377
Resident Fishing/Hunting/Trapping	6,068	\$9.00	\$54,612
Nonresident Military Sport Fishing	4,210	\$8.50	\$35,785
Nonresident Military Fishing/Small Game	254	\$8.50	\$2,159
Nonresident 1-day Sport Fishing	109,622	\$10.00	\$1,096,220
Nonresident 3-day Sport Fishing	52,933	\$15.00	\$793,995
Nonresident 7-day Sport Fishing	84,314	\$25.00	\$2,107,850
Nonresident 14-day Sport Fishing	23,491	\$30.00	\$704,730
Nonresident Annual Sport Fishing	12,403	\$45.60	\$558,135
Revenue Provided by Resident Anglers			\$1,488,762
Revenue Provided by Non-Resident Anglers			\$5,298,874
Potential Gross Revenue Generated			\$6,787,636
Adjust new revenues for vendor payments (-5%)			\$6,448,254

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 147
(S) Publish Date: 4/1/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Sport Fishing Facility Revenue Bond RDU: Revenue Programs & Services
Component: Treasury Management
Sponsor: Senator Seekins
Requester: Senate Labor and Commerce Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel	10.0					
Contractual	1,388.6					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		5,821.5	5,914.7	5,916.8	5,916.8	5,914.3
TOTAL OPERATING	1,398.6	5,821.5	5,914.7	5,916.8	5,916.8	5,914.3

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

FUND SOURCE	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Fish and Game Fund		5,821.5	5,914.7	5,916.8	5,916.8	5,914.3
Revenue Bond proceeds	1,398.6	0.0				
TOTAL	1,398.6	5,821.5	5,914.7	5,916.8	5,916.8	5,914.3

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill creates and authorizes the Sport Fishing Facility Revenue Bond sale of up to \$69 million in revenue bonds to finance construction of fisheries projects that benefit sport fishers. This fiscal note and analysis contemplates 20-year level debt service and a 5.5% interest rate/true interest cost, a negotiated sale, and credit ratings in the A category. The financing could take place 60 to 90 days after authorization became effective.

Financing assumptions include debt service beginning in FY07, interest earnings on bond proceeds of \$1,561,000, a 5.5% interest rate/true interest cost, underwriting spread of \$483,000, bond insurance cost of \$405,621, and other costs of issuance of \$500,000. Up to \$6,000,000 of bond proceeds will be placed in a reserve to secure the bonds. This balance will be invested with annual earnings offsetting debt service and the principal balance used for the final payment on the bonds.

Prepared by: Deven Mitchell Phone 465-3750
Division: Treasury Division Date/Time 3/29/05 10:50 AM
Approved by: Tom Boutin, Deputy Commissioner Date 3/29/2005
Agency: Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 147
(S) Publish Date: 4/1/05

Revision Date/Time (Note if correction) _____ Dept. Affected: Fish and Game
Title Sport Fishing Facility Revenue Bonds RDU Sport Fisheries
Component Sport Fisheries
Sponsor Senator Seekins
Requester Senate Labor and Commerce Com. Component No. 464

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1024)	1,553.4	6,213.5	6,213.5	6,213.5	6,213.5	6,213.5
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates and authorizes the Sport Fishing Facility Revenue Bond sale for up to \$69 million in revenue bonds to finance the building of a new hatchery in Fairbanks, rebuilding of the Fort Richardson hatchery in Anchorage, and hatchery-related needs in Southeast Alaska.

Passage of this legislation will establish a framework that will allow ADF&G to (1) issue revenue bonds for the construction/enhancement of sport fish hatcheries; and (2) establish a new sport fishing facility surcharge.

(Continued on Page 2)

Prepared by: Tom Lawson, Director
Division: Division of Administrative Services
Approved by: Wayne Regelin, Acting Commissioner
Agency: Alaska Department of Fish and Game

Phone: 465-5999
Date/Time: 3/29/05 4:29 PM
Date: 3/29/2005

FISCAL NOTE # 2

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SB 147

ANALYSIS CONTINUATION

Upon passage of this legislation, the State of Alaska's State Bond Committee will issue revenue bonds on behalf of ADF&G's Division of Sport Fish. The Committee will issue up to \$69 million in revenue bonds to fund the construction/enhancement of the hatcheries. Bond proceeds will be used to pay for construction and also for costs of issuing bonds and providing an advance funded debt service reserve account. The annual debt service on the bond is shown in a separate fiscal note submitted by the Department of Revenue.

ADF&G has submitted a one-time CIP funding request that will allow the Division of Sport Fish to use bond funds for construction of a new hatchery in Fairbanks, rebuilding the Fort Richardson hatchery in Anchorage, and addressing additional hatchery-related needs in Southeast Alaska.

Sport fishing license surcharges established in the legislation have been structured so as to generate roughly \$6 million annually – the same amount required to pay debt service on the bond. These revenues will be used, in combination with federal funds, to pay back the bond debt issued by the State Bond Committee. The surcharge will be terminated by regulation when the ADF&G Commissioner determines that the surcharge is no longer necessary to fund sport fishery enhancement facilities or to repay revenue bonds issued for construction or renovation of sport fishery enhancement facilities. The department expects to implement the surcharges on January 1, 2006, which allows the department to collect 25 percent of the net surcharges in FY2006, but the full net amount in FY2007 and beyond.

License Category	# Sold CY 2003	Proposed Fee	Potential SF Revenue Increase
Resident Sport Fishing	115,197	\$8.50	\$979,175
Resident Sport Fishing/Hunting	44,153	\$8.50	\$375,301
Resident Fishing/Hunting/Trapping	6,068	\$8.50	\$51,578
Nonresident Military Sport Fishing	4,210	\$8.50	\$35,785
Nonresident Military Fishing/Small Game	254	\$8.50	\$2,159
Nonresident 1-day Sport Fishing	109,622	\$8.50	\$931,787
Nonresident 3-day Sport Fishing	52,933	\$15.00	\$793,995
Nonresident 7-day Sport Fishing	84,314	\$25.00	\$2,107,850
Nonresident 14-day Sport Fishing	23,491	\$30.00	\$704,730
Nonresident Annual Sport Fishing	12,403	\$45.00	\$558,135
Revenue Provided by Resident Anglers			\$1,406,053
Revenue Provided by Non-Resident Anglers			\$5,134,441
Potential Gross Revenue Generated			\$6,540,494
Adjust new revenues for vendor payments (-5%)			\$6,213,469

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSSB 147(FIN)
(S) Publish Date: 4/20/05

Revision Date/Time (Note if correction) _____ Dept. Affected: Fish and Game
Title: Sport Fishing Facility Revenue Bonds RDU: Sport Fisheries
Component: Sport Fisheries
Sponsor: Senator Ralph Seekins
Requester: Senate Rules Committee Component No. 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel			10.1	10.1	10.1	10.1
Contractual	200.0	350.0	1,182.8	1,182.8	1,182.8	1,182.8
Supplies			111.8	111.8	111.8	111.8
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	200.0	350.0	1,304.7	1,304.7	1,304.7	1,304.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1024)	1,553.4	6,213.5	6,213.5	6,213.5	6,213.5	6,213.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	150.0	262.5	978.5	978.5	978.5	978.5
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1024 Fish and Game Fund	50.0	87.5	326.2	326.2	326.2	326.2
TOTAL	200.0	350.0	1,304.7	1,304.7	1,304.7	1,304.7

Estimate of any current year (FY2005) cost: 0.0

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POSITIONS

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Temporary						

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

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(Continued on Page 2)

Prepared by: Tom Lawson, Director
Division: Division of Administrative Services
Approved by: McKie Campbell, Commissioner
Agency: Alaska Department of Fish and Game

Phone: 465-5999
Date/Time: 4/20/05 8:00 AM
Date: 4/20/2005

FISCAL NOTE # 3

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSSB 147(FIN)

ANALYSIS CONTINUATION

Upon passage of this legislation, the State of Alaska's State Bond Committee will issue revenue bonds on behalf of ADF&G's Division of Sport Fish. The Committee will issue up to \$69 million in revenue bonds to fund the construction/enhancement of the hatcheries. Bond proceeds will be used to pay for construction and also for costs of issuing bonds and providing an advance funded debt service reserve account. The annual debt service on the bond is shown in a separate fiscal note submitted by the Department of Revenue.

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Revenue Provided by Non-Resident Anglers			\$5,134,441
Potential Gross Revenue Generated			\$6,540,494
Adjust new revenues for vendor payments (-5%)			\$6,213,469

HOUSE FINANCE COMMITTEE

DATE: 5-2-05

Amendment: 2

MEMBER

Favor

Oppose

HAWKER	✓	
HOLM	✓	
JOULE	✓	
KELLY	✓	
MOSES	✓	
STOLTZE		✓
WEYRAUCH	✓	
CROFT		✓
FOSTER	✓	
CHENAULT	✓	
MEYER	✓	

9

2

passes

AMENDMENT #1

Withdrawn

5/2/05

OFFERED IN HOUSE FINANCE
TO: CSSB 147(FIN)

BY REPRESENTATIVE MIKE KELLY

Page 3, line 23

Delete: "\$8.50"

Insert: "\$7.50"

Accepted 5/2/05

SB 147 (FIN)

Wojcik

Amendment # 2

Page 3

Line 23

delete

8.50

Insert

~~8.00~~ 9.00

Line 24

delete

8.50

Insert

~~8.00~~ 9.00

Line 25

delete

8.50

Insert

~~8.00~~ 9.00

Line 29

delete

8.50

Insert

10.00

HOUSE FINANCE COMMITTEE

passes 6-5

DATE: 5-2-05

Amendment: 2 amendments
amendment to #2

MEMBER

Favor

Oppose

FOSTER		✓
HAWKER	✓	
HOLM	✓	
JOULE		✓
KELLY	✓	
MOSES	✓	
STOLTZE		✓
WEYRAUCH	✓	1
CROFT		✓
MEYER	✓	
CHENAULT		✓

6

5

CS FOR SENATE BILL NO. 147(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/19/05
Referred: Rules

Sponsor(s): SENATORS SEEKINS, Wilken, Ben Stevens, Cowdery

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for a sport fishing facility charge on sport fishing licenses;
2 providing for the construction and renovation of state sport fishing facilities and for
3 other projects beneficial to the sport fish resources of the state as a public enterprise;
4 and authorizing the issuance of revenue bonds to finance those projects."

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

6 * Section 1. AS 16.05.100 is amended to read:

7 Sec. 16.05.100. Fish and game fund established. There is created a
8 revolving "fish and game fund," which shall be used exclusively for the following:

9 (1) to carry out the purposes and provisions of this title, except
10 AS 16.51 and AS 16.52, or other duties that may be delegated by the legislature to the
11 commissioner or the department;

12 (2) to pay the principal and interest on revenue bonds issued under
13 AS 37.15.765 - 37.15.799 to finance the construction and renovation of fisheries
14 rehabilitation, enhancement, and development projects that benefit sport fishing;

1 and

2 (3) [AND (2)] to carry out the [SUCH] purposes and objectives within
3 the scope of this title except AS 16.51 and AS 16.52 as may be directed by the donor
4 of any such funds.

5 * Sec. 2. AS 16.05.130 is amended by adding new subsections to read:

6 (e) Money accruing to the state from the sport fishing facility surcharge
7 imposed under AS 16.05.340(j) shall be deposited in a separate account known as the
8 Alaska sport fishing enterprise account within the fish and game fund. Money in the
9 enterprise account shall be allocated to sport fishing facilities intended to directly
10 benefit license purchasers. Money in the enterprise account may be pledged to pay the
11 principal and interest on revenue bonds issued under AS 37.15.765 - 37.15.799. The
12 commissioner shall seek authority for the transfer of amounts determined under
13 AS 37.15.783 from the enterprise account to the redemption fund established in
14 AS 37.15.770.

15 (f) Proceeds received from the sale of bonds issued under AS 37.15.765 -
16 37.15.799, other than the proceeds used to pay the cost of issuance and administration
17 and the proceeds deposited in the bond reserve account, shall be deposited in a special
18 account in the fish and game fund to be known as the Alaska sport fishing construction
19 account. The construction account serves as a capital construction fund that shall be
20 used for any purpose for which bonds may be issued, including the payment of cost of
21 issuance and administration and arbitrage rebate. The commissioner also may transfer
22 money in the construction account to the redemption fund. Upon completion of the
23 purposes for which the bonds are issued, the commissioner shall transfer any
24 unexpended and unobligated bond proceeds to the Alaska fish and game revenue bond
25 redemption fund to pay outstanding principal, interest, or redemption premium, if any,
26 owing on the bonds.

27 * Sec. 3. AS 16.05.340(i) is amended to read:

28 (i) If the commissioner determines that residents of the state are entitled to
29 obtain licenses for sport fishing, including sport fishing for anadromous king salmon,
30 in Yukon, Canada, for the same fees that are charged to residents of Yukon for
31 comparable sport fishing licenses, the commissioner may adopt regulations

1 authorizing residents of Yukon to receive

2 (1) nonresident annual sport fishing licenses for the fees [FEE] charged
3 to residents under (a) and (j) of this section for a resident sport fishing license; and

4 (2) nonresident anadromous king salmon annual tags for the fee
5 charged to residents under (a) of this section for a resident anadromous king salmon
6 tag.

7 * Sec. 4. AS 16.05.340 is amended by adding a new subsection to read:

8 (j) In addition to the fees for a sport fishing license set out in (a) and (d) of this
9 section, each person who purchases a sport fishing license shall pay a sport fishing
10 facility surcharge as set out in this subsection for the purpose of providing funding for
11 sport fishing facilities. A person who is eligible for a \$5 resident hunting, trapping,
12 and sport fishing license under (a)(6) of this section or a free license under
13 AS 16.05.341 is exempt from payment of the surcharge imposed under this subsection.
14 The surcharge authorized by this subsection shall take effect on the date established by
15 regulation by the commissioner. The authority of the department to collect the
16 surcharge under this subsection terminates on December 31 of the calendar year in
17 which the principal amount of the bonds issued under AS 37.15.765 - 37.15.799,
18 together with the interest on them and any interest owing on unpaid installments of
19 interest, and all other obligations with respect to the bonds, are fully met and
20 discharged. The amount of the surcharge attached to each sport fishing license must
21 be clearly disclosed on the sport fishing license. The amount of the sport fishing
22 facility surcharge to be paid for each sport fishing license is

- 23 (1) resident sport fishing license \$ 8.50
- 24 (2) resident hunting and sport fishing license..... 8.50
- 25 (3) resident hunting, trapping, and sport fishing license 8.50
- 26 (4) nonresident 14-day sport fishing license 30.00
- 27 (5) nonresident seven-day sport fishing license 25.00
- 28 (6) nonresident three-day sport fishing license 15.00
- 29 (7) nonresident one-day sport fishing license..... ~~8.50~~
- 30 (8) nonresident annual sport fishing license..... 45.00
- 31 (9) special nonresident military small game and sport fishing

*Amended
Amend. 2*

*9.00
9.00
9.00*

10.00

1 license.....8.50 /

2 (10) special nonresident military sport fishing license.....8.50 /

3 * Sec. 5. AS 37.15 is amended by adding new sections to read:

4 **Article 5A. Sport Fishing Facility Revenue Bonds.**

5 **Sec. 37.15.765. Bond authorization.** (a) For purposes of providing the
6 money to be used to construct and renovate sport fishing facilities under
7 AS 16.05.092, including the costs of bond issuance and administration, the issuance
8 and sale of revenue bonds of the state is authorized, subject to (b) of this section. The
9 bonds are to be issued by the state bond committee, as provided in AS 37.15.765 -
10 37.15.799, as part of the sport fisheries rehabilitation, enhancement, and development
11 program under AS 16.05.092, a public enterprise of the state. The net proceeds of the
12 sale of the bonds remaining after payment of costs of issuance and administration and
13 any making deposits to the bond reserve account described in AS 37.15.770(b) shall
14 be paid into the Alaska sport fishing construction account of the fish and game fund.
15 The bond proceeds shall be segregated and accounted for separately. Accrued interest
16 paid on the bonds shall be deposited in the bond redemption fund established under
17 AS 37.15.770.

18 (b) The state bond committee may not issue more than \$69,000,000 in revenue
19 bonds, excluding refunding bonds issued under AS 37.15.790.

20 (c) The bonds do not constitute a general obligation of the state.
21 Authorization for the bonds by the voters of the state or the legislature is not required.

22 (d) The state bond committee may enter into agreements with other state
23 agencies as necessary or convenient to implement AS 37.15.765 - 37.15.799.

24 (e) The state bond committee may contract for the services of underwriters,
25 paying agents, trustees, bond printers, rating agencies, bond insurance, credit
26 enhancement providers, accountants, financial advisors, and bond counsel, and other
27 services as are necessary to accomplish the bond issuance and sale.

28 **Sec. 37.15.770. Bond redemption fund established.** (a) There is established
29 a special fund of the state, known as the Alaska fish and game revenue bond
30 redemption fund, which is a trust fund for paying and securing the payment of the
31 principal of and interest and redemption premium, if any, on the bonds and which

1 shall be, at all times, completely segregated and set apart from all other funds of the
 2 state. The committee, on behalf of the state, may obligate and bind the state to set
 3 aside and pay into the bond redemption funds, on a monthly or other periodic basis, as
 4 a first priority, money in the Alaska sport fish enterprise account and, as a subordinate
 5 priority, other money legally available in the fish and game fund, sufficient to pay the
 6 principal of and interest and redemption premium, if any, on the bonds. The bond
 7 redemption fund may be drawn upon only for the purpose of paying the principal of
 8 and interest and redemption premium, if any, on the bonds, together with related
 9 trustee fees, if any.

10 (b) The committee may provide in the bond resolution for the creation of a
 11 bond reserve account within the redemption fund to further secure the repayment of
 12 principal and interest on the bonds. Amounts deposited in the reserve account shall be
 13 derived from bond proceeds or other money legally available from state sources.

14 (c) Money in the bond redemption fund may be invested in the same manner
 15 and on the same conditions as permitted for investment of money belonging to the
 16 state or held in the treasury under AS 37.10.070; however, the committee may agree
 17 with the bondholders to further limit these investments. Earnings on investments must
 18 be retained in the bond redemption fund.

19 **Sec. 37.15.773. Bond terms.** (a) The bonds may be issued and sold at public
 20 or negotiated sale in the manner, in the amounts or series, and at the time or times that
 21 the committee determines. The bonds, or each series of them, shall be sold at the price
 22 and upon the terms, conditions, and covenants set by the committee after considering
 23 market conditions. Interest rates may be fixed or variable.

24 (b) The bonds mature at the time or times fixed by the committee. The bonds
 25 may be subject to redemption before their fixed maturities, in the manner and under
 26 the conditions established by the committee, with or without a premium or premiums.
 27 The bonds may be in denominations determined by the committee and may be issued
 28 in fully or partially registered form. The bonds must be

29 (1) payable as to principal and interest at the place or places
 30 determined by the committee;

31 (2) signed on behalf of the state in the manner provided by the

1 committee;

2 (3) issued under and subject to the terms, conditions, covenants, and
3 protective features safeguarding payment of the bonds and relating to the funding of
4 projects as found necessary by the committee, including covenants requiring the
5 setting aside and maintenance of certain reserves to secure the payment of principal
6 and interest, all under regulations and conditions of the committee.

7 (c) The committee may pledge to the payment of the principal of and interest
8 on bonds issued by the committee part or all of the legally available money or other
9 assets on hand in the Alaska sport fishing enterprise account and, on a subordinate lien
10 basis, other legally available money in the fish and game fund; the proceeds of the sale
11 of bonds; and money on hand in the bond redemption funds. Revenue of the Alaska
12 sport fishing enterprise account and fish and game fund if so pledged, must be paid
13 into the bond redemption fund, as appropriate.

14 (d) If the committee finds it reasonably necessary, the committee may select a
15 trustee or trustees for the holders of the bonds, for the safeguarding and disbursement
16 of any of the money in the bond redemption funds created by AS 37.15.770, or for
17 duties with respect to the enforcement, authentication, delivery, payment, and
18 registration of the bonds as the committee may determine. The committee shall fix the
19 rights, duties, powers, and obligations of the trustee or trustees.

20 (e) In its determination of all matters and questions relating to the issuance
21 and sale of the bonds and the fixing of their maturities, terms, conditions, and
22 covenants as provided in (a) - (d) of this section, the decisions of the committee shall
23 be those that are reasonably necessary for the best interests of the state and its
24 inhabitants and that will accomplish the most advantageous sale of the bonds.
25 Decisions of the committee, as expressed in a bond resolution, are final and are
26 conclusively considered to comply with the requirements of state law.

27 (f) A bond resolution may provide that the bonds issued must contain a recital
28 that they are issued under AS 37.15.765 - 37.15.799, and a bond containing this recital
29 is conclusively considered to be valid and to have been issued in conformity with
30 AS 37.15.765 - 37.15.799.

31 **Sec. 37.15.777. Bond resolution.** The committee shall authorize the issuance

1 of bonds by adopting a resolution and shall prepare all other documents and
2 proceedings necessary for the issuance, sale, and delivery of the bonds or any part or
3 series of them. The bond resolution may provide for delegation of authority to
4 establish the final terms of the bonds, including the terms identified in AS 37.15.773,
5 upon reasonable conditions established by the committee.

6 **Sec. 37.15.780. Pledge of the state.** The state pledges to and agrees with the
7 holders of bonds issued by the committee under AS 37.15.765 - 37.15.799 that the
8 state will not limit or alter the rights and powers vested in the committee by
9 AS 37.15.765 - 37.15.799 to fulfill the terms of any contract made by the committee
10 with the holders or in any way impair the rights and remedies of the holders until the
11 principal amount of the bonds, together with the interest on them with interest on
12 unpaid installments of interest, are fully met and discharged. The committee may
13 include this pledge and agreement of the state in a contract with the holders.

14 **Sec. 37.15.783. Amounts required for payments.** The committee shall,
15 before June 30 of each year or from time to time within the year, as appropriate,
16 beginning with the year in which the bonds are issued, certify to the commissioner of
17 revenue and the commissioner of fish and game the amounts required in the current
18 fiscal year and the next ensuing fiscal year by the bond resolution or resolutions to be
19 paid out of the Alaska sport fishing enterprise account into the bond redemption fund
20 and to be paid into and maintained in any reserve fund or account or other fund or
21 account created by the bond resolution or resolutions, and shall also certify to the
22 commissioners the last date or dates upon which payments may be made.

23 **Sec. 37.15.787. Purposes and sufficiency of revenue.** The proceeds of
24 bonds may be used for the purposes described in AS 16.05.092. Bonds may not be
25 issued unless the committee first finds that revenue to be derived from revenue
26 dedicated to the Alaska sport fishing enterprise account will be sufficient, together
27 with other available money, to comply with all covenants of the bond resolutions.

28 **Sec. 37.15.790. Refunding.** (a) The committee may refund the bonds or any
29 part of them at or before their maturities or redemption dates by the issuance of
30 refunding revenue bonds of the state if, in the opinion of the committee, refunding is
31 advantageous to and in the best interest of the state and its inhabitants.

1 (b) The issuance of refunding bonds need not be authorized by the voters of
2 the state or by an act of the legislature. The committee shall adopt the resolution or
3 resolutions and prepare all other documents and proceedings necessary for the
4 issuance, exchange or sale, and delivery of the refunding bonds. All provisions of
5 AS 37.15.765 - 37.15.799, applicable to revenue bonds are applicable to the refunding
6 bonds and to the issuance, sale, or exchange of refunding bonds, except as otherwise
7 provided in this section.

8 (c) Refunding bonds may be issued in a principal amount sufficient to provide
9 money for the advance or current refunding of all bonds to be refunded and interest on
10 the refunded bonds and, in addition, for the payment of all costs of issuance and
11 administration of the refunding bonds. These expenses also include the difference in
12 amount between the par value of the refunding bonds and any amount less than par for
13 which the refunding bonds are sold; the premium, if any, necessary to be paid in order
14 to call or retire the outstanding bonds and the interest accruing on them to date of the
15 call or retirement; and other such costs. The committee is authorized to incur such
16 expenses.

17 (d) The committee may contract with a refunding trustee to hold the proceeds
18 of refunding bonds in trust until the proceeds, together with earnings on the proceeds,
19 are applied to pay the principal of, premium, if any, and interest on the bonds to be
20 refunded. Until the refunding bond proceeds are applied, the proceeds may be
21 invested in direct obligations of, or obligations guaranteed by, the United States or an
22 agency or corporation of the United States whose obligations constitute direct
23 obligations of, or obligations guaranteed by, the United States.

24 **Sec. 37.15.793. Bonds as legal investments.** The bonds are legal investments
25 for all banks, trust companies, savings banks, savings and loan associations, and other
26 persons carrying on a banking business, all insurance companies and other persons
27 carrying on an insurance business, and all executors, administrators, trustees, and other
28 fiduciaries. The bonds may be accepted as security for deposits of all money of the
29 state and its political subdivisions.

30 **Sec. 37.15.799. Definitions.** In AS 37.15.765 - 37.15.799,

31 (1) "Alaska sport fishing construction account" means the Alaska sport

1 fishing construction account established in the fish and game fund under
2 AS 16.05.130(f);

3 (2) "Alaska sport fishing enterprise account" means the Alaska sport
4 fishing enterprise account established in the fish and game fund under
5 AS 16.05.130(e);

6 (3) "bond redemption fund" means the Alaska fish and game revenue
7 bond redemption fund established in AS 37.15.770;

8 (4) "bond resolution" means the resolution or resolutions adopted by
9 the committee under AS 37.15.777 authorizing the issuance of bonds;

10 5) "bonds" means the revenue bonds authorized in AS 37.15.765 -
11 37.15.799;

12 (6) "commissioner of revenue" means the principal executive officer of
13 the Department of Revenue as provided in AS 44.25.010, or a successor;

14 (7) "commissioner of fish and game" means the principal executive
15 officer the Department of Fish and Game as provided in AS 44.39.010, or a successor;

16 (8) "committee" means the state bond committee created in
17 AS 37.15.110 or any other committee, body, department, or officer of the state that
18 succeeds to the rights, powers, duties, and obligations of the state bond committee by
19 lawful act of the legislature;

20 (9) "costs of issuance and administration" means all costs associated
21 with issuance and administration of Alaska sport fishing facility revenue bonds, and
22 refunding bonds, including costs of bond printing, official statements, financial
23 advisors, travel costs, rating agencies, bond insurance, letters and lines of credit for
24 credit enhancement, underwriters, legal services, paying agents, bonds registrars, bond
25 and escrow trustees, arbitrage rebate, and all other costs, including administrative
26 costs, both direct and indirect.

27 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 DUTY OF COMMISSIONER OF REVENUE TO NOTIFY AND REVISOR'S
30 INSTRUCTIONS. (a) The commissioner of revenue shall notify the lieutenant governor and
31 the revisor of statutes of the date that the principal amount of the bonds issued under

1 AS 37.15.765 - 37.15.799, enacted by sec. 5 of this Act, together with the interest on them
2 and any interest owing on unpaid installments of interest, and all other obligations with
3 respect to the bonds, are fully met and discharged.

4 (b) The revisor of statutes shall replace the pertinent text of AS 16.05.340(j), enacted
5 by sec. 4 of this Act, with the calendar year of the date provided under (a) of this section.

SB 16 FINANCE COMMITTEE NOTES

*GOOD AFTERNOON, FOR THE RECORD, MY NAME IS DOUG LETCH, AIDE TO SENATOR GARY STEVENS.

*SB 16 IS BEING BROUGHT FORWARD IN AN EFFORT TO UPDATE OBSOLETE STATUTES RELATED TO THE POWERS AND DUTIES OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

*THE KEY PROVISION IN THIS BILL IS THE REMOVAL OF THE BURDENSOME REQUIREMENT THAT THE DEPARTMENT CONDUCT A COST-BENEFITS ANALYSIS FOR ALL PROJECTS. THIS REGULATION PLACES THE DEPARTMENT AT A HUGE DISADVANTAGE BECAUSE IT MAKES EVERY PROJECT, NO MATTER HOW SMALL, SUBJECT TO A COST-BENEFIT ANALYSIS. THIS PROVISION HAS BEEN USED BY OPPONENTS OF D-O-T PROJECTS AS THE BASIS OF LITIGATION INTENDED TO STOP PROJECTS VITAL TO THE SAFETY AND ECONOMIC WELL-BEING OF OUR CITIZENS--- SIGNIFICANTLY INCREASING PROJECT COSTS. A NOTABLE EXPAMPLE IS THE ON-GOING COURT CASE INVOLVING THE CONSTRUCTION OF A BRIDGE CONNECTING ILIAMNA WITH NONDALTON.

*SOME OF THE BILL'S OTHER PROVISIONS AMMOUNT TO HOUSE KEEPING. WITH ME TODAY TO TALK ABOUT THESE PROVISIONS AND ANSWER SPECIFIC QUESTIONS ON THE BILL IS JEFF OTTESEN OF THE DEPARTMENT. THANK YOU.

ALASKA STATE SENATE

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Senator Ralph Seekins
District D

Senate Bill 147 Sponsor Statement

“An Act providing for a sport fishing facility surcharge on sport fishing licenses; providing for the construction and renovation of state sport fishing facilities and for other projects beneficial to the sport fish resources of the state as a public enterprise; and authorizing the issuance of revenue bonds to finance those projects.”

Alaska has an ever-growing demand for fish stocks. More people want to fish. Resident populations are growing. Tourist demand for recreational opportunity is increasing. And, at the same time, sport fish production is decreasing. Alaska's only sport fish hatcheries are located at Ft. Richardson and Elmendorf A.F.B. Both are more than 30 years old and nearing the end of their useful life.

To make matters worse, biomass production will soon plummet. Hatcheries require warm water to enhance growth in baby fish. Waste heat from the Ft. Richardson and Elmendorf power plants has provided that energy for many years. Both power plants will be shutting down hot water production in October. As a result, biomass production will suffer greatly at the same time that demand is increasing.

We can fix this problem and plan for years to come. Senate Bill 147 provides for the renovation and expansion of the Ft. Richardson and Elmendorf facilities to meet south central needs. Furthermore, it will also provide for a new hatchery in Fairbanks to meet the demands of the interior regions.

It won't be cheap but it is affordable. Federal funds have been procured to meet increased demand due to military expansion. Other capital costs will be met by a simple revenue bond package. A modest “fishery enhancement fee” will be added to the price of a fishing license until the bonds are paid off. The combined price of a fishing license and the enhancement fee will still be a bargain – especially when a person can actually expect to catch fish.

Alternatively, we could do nothing. But doing nothing is not an acceptable option for it only leads to substantially reduced fish stocks in our lakes and streams. Our current fresh water hatcheries will be out of commission soon. With passage of Senate Bill 147 we can avoid disaster, satisfy current needs and provide modern facilities that can be expanded to meet expected demand for generations to come.

Anchorage Area and Fairbanks Area Production Comparison - Present and Future with

Species	Production Stage	Size Grams	Anc. Area Current Production #s Fish (1)	Fbks Area Current Production #s Fish (1)	Anc. Area Proposed Increase #s Fish (2)	Fbks Area Proposed Increase #s Fish (2)	Anchorage Area Proposed Biomass Increase Kgs Fish (3)	Fairbanks Area Proposed Biomass Increase Kgs Fish (3)
Arctic Char	Catchable	120	40,000	24,000	40,000	48,000	4,800	5,760
	Fingerling	4	50,000		75,000	1,500	300	6
	Subcatchable	40		30,000		19,000	0	760
							0	0
Arctic Char Total			90,000	54,000	115,000	68,500	5,100	6,526
Chinook Salmon	Catchable	120	1,100,000	40,000	135,000	74,000	16,200	8,880
	Smolt	13	1,700,000		2,550,000		33,150	
Chinook Salmon Total			1,800,000	40,000	2,685,000	74,000	49,350	8,880
Coho Salmon	Fingerling	4	200,000	220,000	300,000	40,000	1,200	160
	Smolt	23	940,000		1,410,000		32,430	
Coho Salmon Total			1,140,000	220,000	1,710,000	40,000	33,630	160
Grayling	Catchable	120	25,000	25,000	37,500	40,000	4,500	4,800
	Fingerling	4	50,000	40,000	75,000	10,000	300	40
Grayling Total			75,000	65,000	112,500	50,000	4,800	4,840
Lake Trout	Catchable	120	0	0	0	0	0	0
	Subcatchable	40	0	0	0	0	0	0
Lake Trout Total			0	0	0	0	0	0
Rainbow Trout							0	0
	Catchable Fingerling	120 4	200,000 1,000,000	100,000 600,000	290,000 1,500,000	200,000 210,000	34,800 6,000	124,000 840
Rainbow Trout Total			1,200,000	700,000	1,790,000	410,000	40,800	24,840
Grand Total			4,305,000	1,079,000	6,412,500	642,500	133,680	45,246

Notes:

- (1) Current annual production goals by area, numbers of fish - best case but not achievable
- (2) Proposed annual production goals by area, numbers of fish - new facilities
- (3) Proposed annual production goals by area in kilograms (kgs x 2.2 = lbs) fish - new facilities
- (4) Current production goals by area in kilograms (kgs x 2.2 = lbs) fish - not presently achievable w/o heat
- (5) Proposed production goals by area in kilograms (kgs x 2.2 = lbs) fish - to show % increase
- (6) Current production goal statewide in kilograms (kgs x 2.2 = lbs) fish - showing % distribution
- (7) Proposed production goal statewide in kilograms (kgs x 2.2 = lbs) fish - showing % distribution

Current Biomass Goal	88,655 kgs (4)	Current Biomass Goal	22,534 kgs (4)
Anchorage Area		Fairbanks Area	
Increase Biomass to	133,680 kgs (5)	Increase Biomass to	45,246 kgs (5)
Percentage Increase	151%	Percentage Increase	201%

2004-08 Target Biomass Kgs (6)	111,189	2008 Target Biomass Kgs (7)	178,926
% Anc.	80%	% Anc.	75%
% Fairbanks	20%	% Fairbanks	25%

Sport Fishery Enhancement Surcharge Proposal

The Division of Sport Fish is seeking to sustain and enhance the opportunities and the social and economic benefits that recreational fisheries provide. Hatchery production is key to meeting these objectives. However, our hatchery facilities are aging and are unable to meet current or future demands. In order to rebuild and refurbish the state's hatchery infrastructure, and thereby ensure sport fishing opportunity, ADF&G is proposing a sport fishery enhancement surcharge on sport fishing licenses. Without the revenues generated by this surcharge, sport fishing opportunity will be in jeopardy.

Sport Fishing Opportunities are at Stake

With many of our wild stocks already fully utilized, hatcheries play an important role in Alaska by providing additional stocks for angling by sport fishermen.

Production from our hatcheries:

- Generates roughly \$45 million annually for Alaska's economy.
- Accounts for between 10-15% of all the angling effort in Alaska.
- Reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks.

Hatchery operations are essential and must continue. Without an increase in revenues, we will be forced to reprioritize our expenditures in order to address our aging hatchery infrastructure. This reprioritization will result in reduced expenditures on other programs that are essential, such as our:

- Ability to monitor wild stocks and fisheries statewide.
⇒ Resulting in more conservative management and potential lost fishing opportunity.
- Ability to assess and restore damaged habitats statewide.
⇒ Resulting ultimately in reduced production and associated loss of sport fishing opportunity.
- Ability to support management activities statewide.
⇒ Resulting in reduced public outreach.

Invest Now to Protect Current and Future Opportunities

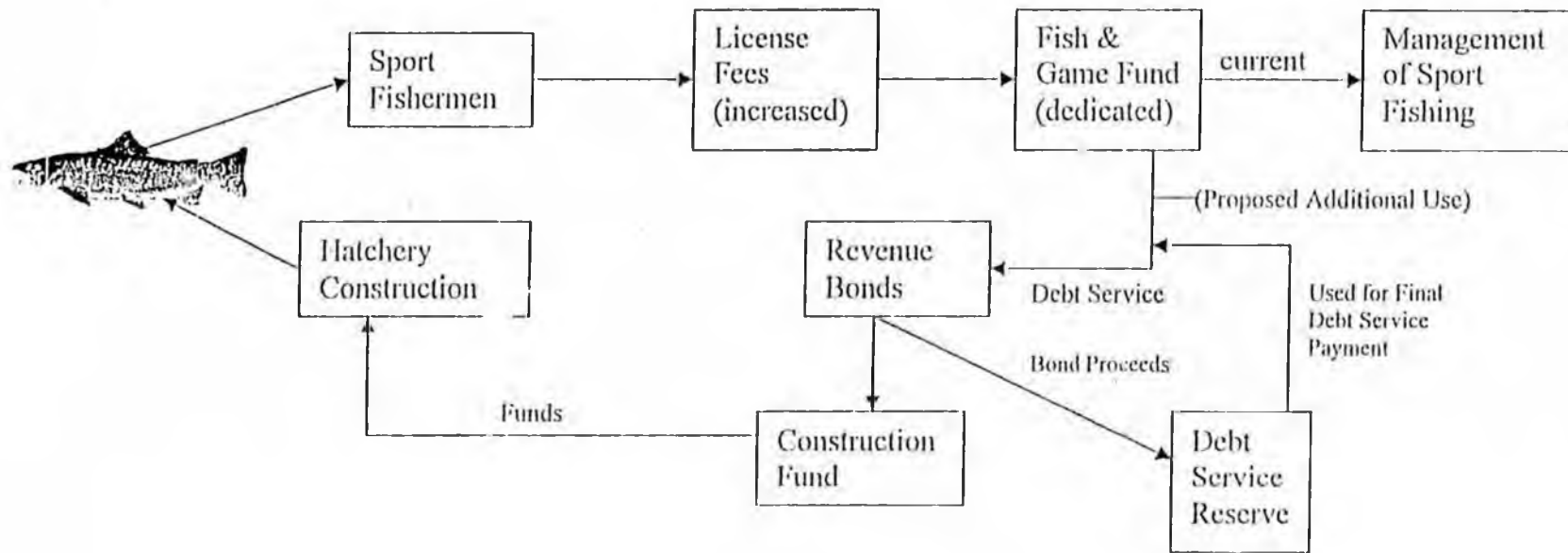
We estimate that we will need \$6 million in additional revenues annually to adequately address our aging hatchery infrastructure. To generate this revenue, we propose a modest surcharge on both non-resident and resident sport fishing license fees. These funds will be used to leverage other federal funds to meet the needs.

Failure to address this problem in a timely manner will demand increased expenditures to maintain aging facilities; increase pressure on wild stocks (many of which are fully allocated); and increase our need to monitor and assess wild stocks and associated fisheries.

Funding Construction with Revenue Bonds

As the Fish and Game Fund is dedicated per federal law, and the enhancement of fishing opportunity spurs license fee collection, the use of revenue bonds is an appropriate financing tool. The sport fish portion of the Fish and Game Fund is a discreet component that will be pledged to repayment of the bonds that will be used to fund construction. The direct benefactors of the fish raised at these hatcheries over the coming decades will be paying a portion of the hatcheries' cost through a surcharge on licensing fees.

SPORT FISH REVENUE BONDS



Sport Fishery Enhancement Surcharge Proposal

The Division of Sport Fish is seeking to sustain and enhance the opportunities and the social and economic benefits that recreational fisheries provide. Hatchery production is key to meeting these objectives. However, our hatchery facilities are aging and are unable to meet current and future demands. In order to rebuild and refurbish the state's hatchery infrastructure, and thereby ensure sport fishing opportunity, ADF&G is proposing a sport fishery enhancement surcharge on sport fishing licenses. Without the revenues generated by this surcharge, sport fishing opportunity will be in jeopardy.

We need \$6.0 million in additional revenues annually to adequately address our aging hatchery infrastructure. Revenues generated by the enhancement surcharge will be used to build a new hatchery in Fairbanks, rebuild the Fort Richardson hatchery in Anchorage, and address hatchery-related needs in Southeast Alaska. To generate this revenue, we propose a modest surcharge on both non-resident and resident sport fishing licenses. These funds will be used to leverage other federal funds to meet the needs.

Before an enhancement surcharge can be imposed on sport fishing license holders, the Alaska Legislature must first pass legislation establishing a surcharge and authorizing the Commissioner of the Alaska Department of Fish and Game (ADF&G) to implement the surcharge by regulation. Simultaneously, the Legislature must also pass legislation giving the Division of Sport Fish the authority to bond for the construction of new hatcheries. Revenues generated by the enhancement surcharge will be used in combination with federal funds for annual debt service on the bond. The surcharge will be terminated by regulation when the ADF&G Commissioner determines that the surcharge is no longer necessary to fund sport fishery enhancement facilities or to repay revenue bonds issued for construction or renovation of sport fishery enhancement facilities.

Enhancement Surcharge Rates Necessary to Meet Annual \$6.0M Bond Payment:

License Category	Number Sold in CY 2003	Proposed Fee	Potential SF Revenue Increase
Resident Sport Fishing	115,197	\$8.50	\$979,175
Resident Sport Fishing/Hunting	44,153	\$8.50	\$375,301
Resident Fishing/Hunting/Trapping	6,068	\$8.50	\$51,578
Nonresident Military Sport Fishing	4,210	\$8.50	\$35,785
Nonresident Military Fishing/Small Game	254	\$8.50	\$2,159
Nonresident 1-day Sport Fishing	109,622	\$8.50	\$931,787
Nonresident 3-day Sport Fishing	52,933	\$15.00	\$793,995
Nonresident 7-day Sport Fishing	84,314	\$25.00	\$2,107,850
Nonresident 14-day Sport Fishing	23,491	\$30.00	\$704,730
Nonresident Annual Sport Fishing	12,403	\$45.00	\$558,135
Revenue Provided by Resident Anglers			\$1,406,053
Revenue Provided by Non-Resident Anglers			\$5,134,441
Potential Revenue Generated			\$6,540,494
Adjust New Revenues for Vendor Payments (-5%)			\$6,213,469

Sport Fishery Enhancement Surcharge FAQ's

Why are hatcheries important?

The Alaska Department of Fish and Game (ADF&G) Division of Sport Fish currently owns and operates two hatcheries in Anchorage. These hatcheries produce sport fish that are stocked in creeks and lakes from Kodiak and Southcentral Alaska all the way up into Alaska's Interior. Production from these hatcheries contributes roughly \$45 million annually to Alaska's economy; accounts for between 10-15% of all the angling effort in Alaska; and reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks.

Why does the State of Alaska need to build/refurbish its hatcheries?

The two existing hatcheries (one at Fort Richardson and one at Elmendorf Air Force Base) are over 30 years old and have deteriorated to the point where they can no longer meet current, let alone future projected production demand. Failure to address these infrastructure issues will result in significant loss of hatchery production, and as a result, sport fishing opportunity.

How does ADF&G's Division of Sport Fish propose to address this problem?

ADF&G proposes building a new hatchery in Fairbanks, rebuilding the Fort Richardson hatchery in Anchorage, and addressing additional hatchery-related needs in Southeast Alaska. The new hatcheries in Fairbanks and Anchorage will be designed to meet projected demand in Southcentral and Interior Alaska over the next 25 years.

How much will it cost and where will the money come from?

Various funding sources will be used to finance this package. ADF&G has already received some federal funds for the new hatchery in Fairbanks and anticipates additional federal funds in the future. In addition to the federal funding, ADF&G estimates that it will cost roughly \$63 million to build these new hatcheries and make hatchery-related improvements in Southeast Alaska. These funds will be generated by the issuance of revenue bonds.

Who will issue the revenue bonds?

The State of Alaska's State Bond Committee will issue revenue bonds on behalf of ADF&G's Division of Sport Fish. The Committee will issue up to \$69 million in revenue bonds to fund the construction of the hatcheries.

How come the revenue bond authorization is greater than the construction cost?

Bond proceeds will be used to pay for construction and also for costs of issuing bonds and providing an advance funded debt service reserve account. The debt service reserve account is a security feature found on nearly all revenue bonds whereby an amount equal to one year's worth of payments is deposited in a pledged account to ensure bond purchasers they would have at least a

one year window to seek remedy if a given revenue system failed. This money is then used to make the final payment on the bond issue.

How will the revenue bonds be paid back?

In order to meet the \$6 million annual debt payments on the bond, ADF&G proposes a new sport fish enhancement surcharge on sport fishing licenses. The proposed surcharge has been structured so that it will generate roughly \$6 million annually – the same amount required to pay debt service on the bond. These revenues will be used, in combination with federal funds, to pay back the bond debt.

Why won't these revenue bonds impact the State's credit?

These bonds will be limited obligations of the State with a pledge of the sport fish portion of the dedicated Fish and Game Fund. The only source of repayment for purchasers of these bonds will be the sport fish portion of the Fish and Game Fund, and no commitment or pledge of the State's General Fund will be made. This same type of bond is used by the State for the Alaska International Airports System (\$427.1 million outstanding) and by many municipalities for a variety of enterprise fund activity (\$513.8 million outstanding).

Is it worth the cost?

Production from the Division's hatchery program contributes roughly \$45 million annually to Alaska's economy. Over the life of this bond issue, this translates into roughly \$1 billion. When you compare the \$69 million cost to the \$1 billion return, this is a good deal.

How will ADF&G pay for the additional increase in operating costs?

ADF&G already spends \$1.9 million annually to fund the operation of our two sport fish hatcheries in Anchorage and estimates that it will cost an additional \$1 million annually to operate these new facilities. We will use available federal aid and surcharge fees to finance these additional costs.

How will different regions of Alaska benefit from this proposal?

This is a statewide proposal that is a win-win situation for everyone. Sport anglers in Southcentral and the Interior will benefit directly because they will have two new hatcheries designed to meet current and future demands tailored to meet their specific stocking needs.

ADF&G currently spends \$750,000 annually in Southeast to support private non-profit hatcheries that produce fish and provide sport fishing opportunities. ADF&G plans to spend \$200,000 annually for the next 20 years from the revenues generated by the enhancement surcharge to further expand sport fishing opportunities in Southeast – bringing our total annual expenditure to roughly \$1 million.

Residents from rural Alaska will also benefit. When anglers are fishing in stocked lakes and creeks, they are fishing on hatchery-produced fish. If the hatchery fish are no longer available or ceased to exist, then sport fishing pressure would shift to wild stocks, many of which are located in rural

areas. This could result in increased harvest and eventually more restrictive harvest limits. Subsistence fishermen are not required to purchase a sport fishing license.

How many of the hatchery fish will be harvested by commercial fishermen?

Our stocking program is designed to minimize commercial harvest. As a result, a very low percentage of the stocked fish are commercially harvested. In Cook Inlet, for example, sport and personal use fishermen caught 96% (53,600) of all kings harvested that were released from ADF&G hatcheries. Commercial fishermen caught 4% (2,153). The main reason the commercial harvest is so low is that the vast majority of adult kings have entered fresh water drainages by the time the major commercial fisheries begin, and are unavailable for harvest by this user group.

What impact will this surcharge have on charter operators or sport fish guides?

Imposing an enhancement surcharge on non-residents will not have a negative impact on Alaska's charter boat/sport fish guide industry. ADF&G has increased license and tag fees several times over the last two decades, and license/tag sales and guided sport fish efforts have continued to grow despite these increases. There is no correlation between changes in license/tag fees and the number of licenses/tags sold, or in the number of angler days of fishing effort with guides. Therefore, ADF&G is confident that this surcharge will not result in a significant decline in the number of licenses/tags sold or in the number of anglers that pay to fish with a guide.

Proposed Fairbanks Hatchery

Goal: To construct a hatchery in Fairbanks to meet the expected stocking needs of Interior Alaska beyond 2008.

Estimated capital cost: \$25 million. This will be paid for using a combination of federal and state funds. State funds will primarily support the hatchery production facilities (\$15 million) and will come from a bond repaid using the Fish and Game fund via a proposed license fee surcharge. The visitors/education and research center facilities (\$10 million) will come from federal funds.

Hatchery Design: State-of-the-art water re-circulation round tank design. Includes visitors/education and research center in an architecturally pleasing building.

Location: In Fairbanks on the Chena River adjacent to Pioneer Park.

Estimated production capacity:	Rainbow Trout	Catchable	200,000
		Fingerling	210,000
	Grayling	Catchable	40,000
		Fingerling	10,000
	Coho salmon	Fingerling	40,000
	Chinook salmon	Catchable	74,000
	Arctic Char	Catchable	48,000
		Sub-catchable	19,000
		Fingerling	<u>1,500</u>
			642,500

Timeline: Construction to be completed in 2007. First production in 2008.

Proposed Anchorage Hatcheries

Goal: To expand hatchery production facilities in Anchorage to meet the expected stocking needs of southcentral Alaska beyond 2008.

Estimated capital cost: \$45 million. This will be paid for using state funds that will come from a bond repaid using the Fish and Game Fund via a proposed license fee surcharge.

Hatchery Design: State-of-the-art water re-circulation round tank design.

Location: The hatchery will be located in Anchorage at the current Fort Richardson Hatchery location. A separate education/information/visitors center will be located at the existing Elmendorf Hatchery location.

Estimated production capacity:	Rainbow Trout	Catchable	290,000
		Fingerling	1,500,000
	Grayling	Catchable	37,500
		Fingerling	75,000
	Coho salmon	Fingerling	300,000
		Smolt	1,410,000
	Chinook salmon	Catchable	135,000
		Smolt	2,550,000
	Arctic Char	Catchable	40,000
		Fingerling	<u>75,500</u>
			6,413,000

Timeline: Construction to be completed in 2007. First production in 2008.

Proposed Southeast Alaska Hatchery Supplements

Goal: To expand recreational fishing opportunities in southeast Alaska by enhancing private non-profit hatchery production facilities.

Projects:

- Address deferred maintenance issues at the Crystal Lake Hatchery: Cost \$500,000
- Provide \$200,000 a year for the next 10 years for operational costs at the Crystal Lake Hatchery to offset the loss of Southeast Alaska Sustainable Salmon Fund money. This will allow the hatchery to maintain current king salmon stocking programs.
- Provide \$500,000 to Skagway to support increased king salmon production aimed at increasing king salmon fishing opportunities around Skagway.

Estimated cost: \$3.0 million. This will be paid for using state funds. State funds will come from a bond repaid using the Fish and Game fund via a proposed license fee increase. This will bring our total support to southeast Alaska hatchery program to about \$1 million annually.

STATE OF ALASKA

Matanuska Valley
Fish & Game Advisory Committee

Frank H Murkowski, Governor

Wayne Kubat, Chair
PO Box 874867
Wasilla, Alaska 99687
ph. & fax: 376-9568
email: args@mtaonline.net

February 2, 2005

Alaska Department of Fish and Game
Sportfish Division
333 Raspberry Road
Anchorage, Alaska 99518-1599
Attention - Kelly Hepler - Director of Sportfish

Director Hepler,

Dave Rutz, our area sport fish biologist, gave a presentation at our November 17, 2004 Advisory meeting concerning plans to increase the cost of resident and non-resident fishing licenses. The planned increases were about \$5.00 for resident licenses (from \$15.00 to \$20.00) and about \$10.00 for each of the five different classes of non-resident licenses. Dave mentioned that the increased funds would be used entirely for hatcheries and sportfish stocking programs.

A brief discussion followed, which reflected that our committee is supportive of the departments sportfish stocking efforts, and would support a fee increase to continue and improve those programs.

A motion was made to support the above mentioned increases, contingent upon their use for sportfish hatcheries and sportfish stocking programs. The motion also included a request to sunset the fee increases in the event that they didn't get used for their intended purpose.

This motion passed 12-0-0.

Sincerely,

Wayne Kubat, Chair

cc: Acting Commissioner of F&G Wayne Regelin, Senator Lyda Green, Senator Charlie Huggins, Representative Carl Gatto, Representative Vic Kohring, Representative Bill Stoltz, Representative Mark Neuman, Sherry Wright Boards Support

STATE OF ALASKA

Matanuska Valley Fish & Game Advisory Committee

Frank H Murkowski, Governor

Wayne Kubat, Chair
PO Box 874867
Wasilla, Alaska 99687
ph. & fax: 376-9568
email: args@mtaonline.net

February 2nd, 2005

NOW, THEREFORE BE IT RESOLVED that the MATANUSKA VALLEY FISH AND GAME Advisory Committee supports an increase in resident and non-resident hunting license and tag fees, but first we would like to see the following concerns addressed:

1. The serious ungulate declines that we are experiencing in much of Alaska, started about the time of the last license fee increase. Increased hunting and trapping fees in 1993, didn't improve game management or increase hunting and trapping opportunity. What will be done differently this time to assure that the people footing the bill - hunters and trappers - will benefit from the increased cost?
2. We oppose the use of state funds for all of the management plans that seem to be coming online in rural areas. The end result of most of these plans seem to end up with reduced opportunity by excluding non locals, and especially non - residents. Since the average non-resident hunter pays about 28 times the amount of the average resident hunter, excluding them further decreases our funds and only makes matters worse. State funds obtained from hunters should be used to increase opportunity, not reduce it for the benefit of a select few.
3. We think designated funding would work better than just increased license fees across the board. Charging a fee for big game harvest tickets that would provide enough revenue to conduct surveys and predator control programs for that species statewide, makes sense to us. We don't like hunter's moneys being spent on watchable wildlife programs, that often expand at the expense of hunting opportunity. Neither do we agree with funding for insignificant research projects when there isn't enough money to conduct big game surveys.
4. Another concern we have, is how much of Fish and Games budget goes to subsistence? We don't feel hunters should pay for subsistence expenses when most hunters are excluded from participation.
5. We want to thank the department for their efforts towards enacting and defending predator control programs to increase ungulate populations. While they may not be moving as fast as we would like, we do recognize that progress is being made.

Having addressed our concerns in writing above, and hoping for a good faith effort from the department to see that some of these concerns are at least recognized and looked into, The MATANUSKA/SUSITNA Advisory Committee PASSED AND ADOPTED THIS RESOLUTION on January 19th, 2005.

Wayne Kubat/Chairman
PO Box 874867
Wasilla, Alaska 99687
907-376-9568

cc: Acting Commissioner of F&G Wayne Regelin, Senate President Ben Stevens, Senator Lyda Green, Senator Charlie Huggins, Speaker of the House John Harris, Representative Carl Gatto, Representative Vic Kohring, Representative Bill Stoitz, Representative Mark Neuman, Sherry Wright
Boards Support

STATE OF ALASKA

Matanuska/Susitna Valley
Fish & Game Advisory Committee

Frank H Murkowski, Governor

Wayne Kubat, Chair
PO Box 874867
Wasilla, Alaska 99687
ph. & fax: 376-9568
email: args@mtaonline.net

Alaska Department of Fish and Game
Sportfish Division
333 Raspberry Road
Anchorage, Alaska 99518-1599
Attention - Kelly Hepler - Director of Sportfish

Director Hepler,

Dave Rutz, our area sport fish biologist, gave a presentation at our November 17, 2004 Advisory meeting concerning plans to increase the cost of resident and non-resident fishing licenses. The planned increases were about \$5.00 for resident licenses (from \$15.00 to \$20.00) and about \$10.00 for each of the five different classes of non-resident licenses. Dave mentioned that the increased funds would be used entirely for hatcheries and sportfish stocking programs.

A brief discussion followed, which reflected that our committee is supportive of the departments sportfish stocking efforts, and would support a fee increase to continue and improve those programs.

A motion was made to support the above mentioned increases, contingent upon their use for hatcheries and sportfish stocking programs. The motion also included a request to sunset the fee increases in the event that they didn't get used for their intended purpose.

This motion passed 12-0-0.

Sincerely,

Wayne Kubat, Chair



Post Office Box 20761 • Juneau, Alaska 99802

Telephone: (907) 789-2399 • Fax: (907) 586-6020

Dr. Wayne Regelin
Acting Commissioner
Alaska Dept. of Fish & Game
Post Office Box 25526
Juneau, Alaska 99802-5526

January 21, 2005

Dear Dr. Regelin:

The Board of Directors of the Territorial Sportsmen appreciates the staff of the Department taking the time to attend our Board meeting and present the fiscal status of the Division of Wildlife Conservation. Particular emphasis was on the condition of the Fish and Game Fund.

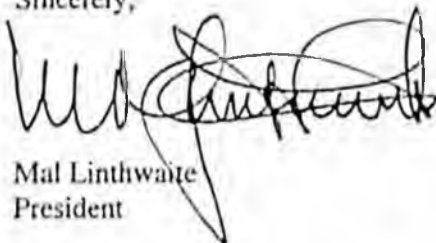
We are all aware of the background of the Fish and Game Fund, the requirement for the creation of the fund for federal matching and other fish and wildlife management purposes. Similarly, we are aware that the Fish and Game Fund is made up of license and other fees from resident and non-resident hunters and fishermen. Your presentation outlined clearly the status of the Fund and the fiscal crisis that is facing the Division. Most importantly, we are concerned that the fiscal situation will mean a diminishment of the services we have learned to expect from the Department.

In light of the critical funding situation and the need to maintain a quality management program, we are faced with looking for additional funding. At the last monthly meeting, the Board of Directors voted to support a hunting and sport fish license increase for both residents and non-residents. Although we did not address exactly how much of an increase we would support, we are willing to work with the Department and the legislature as this process progresses. We also think that the fees should be frozen for those 18 years and younger.

We do have one concern and caveat to propose, however. The Board expressed deep concerns about the abuse of the Fish and Game Fund and the questionable uses of these Funds. We can concur with license increases if some mechanism is developed to assure that the fish and wildlife consumptive users (i.e. the ones paying the bills) are assured of benefiting from the increases. We realize that this may be difficult to accomplish but once again, we are willing to participate in developing legislative direction that accomplishes this objective.

Again, we thank you and staff for providing our Board with the information we needed to make an informed decision.

Sincerely,



Mal Linthwaite
President

Cc: Governor Murkowski
Representative Weyhrauch
Representative Kertulla
Senator Elton

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JAN 21 2005
DEPT. OF FISH & GAME
COMMISSIONER'S OFFICE



Anchorage Daily News

Michael J. Sexton
President and Publisher

Patrick Dougherty
Senior Vice President & Editor

Steve Lindbeck
Associate Editor

Founded in 1946 by Norman C. Brown

Fuller A. Cowell, Publisher, 1993-1999
Gerald E. Gilly, Publisher, 1984-1993

Kathleen Fanning, Editor and Publisher, 1971-1983
Lawrence Fanning, Editor and Publisher, 1967-1971

OUR VIEW

A little more to hunt, fish

Higher fees are fair investment

The Alaska Department of Fish and Game figures it needs \$9 million more to build and improve fish hatcheries, manage wildlife, control predators, run shooting ranges and provide the public with information. Alaska and nonresident hunters and anglers are fair game to provide the millions — and so are nonconsumptive wildlife viewers.

The proposal would raise the price of a resident fishing license from \$15 to \$20, a hunting license from \$25 to \$50, a combined fishing and hunting license from \$39 to \$65. Non-residents would pay more for licenses and big-game tags, ponying up about three-fourths of the \$3.5 million the wildlife conservation division stands to gain with the increases.

Wildlife division spokesman Bruce Bartley points out that license fees haven't been raised since 1993. Without more money, the state would be forced to cut back on field work that provides the basis for management decisions, forcing a more conservative approach that could cut seasons and bag limits. Without more money, the division might have to curtail operations at indoor shooting ranges in Fairbanks and Juneau — ranges the Legislature told the division to operate

Even with the increases, the cost of hunting and fishing licenses in Alaska compares well with other Western states.

without funding to cover the costs.

"What you're going to see is a steady erosion of hunting opportunity," Mr. Bartley said, a reversal of the policy to increase hunting opportunity.

And while traditionally hunters and fishers have provided much of the funding for fish and game management, it's fair for wildlife photographers and viewers to contribute as well. Nonconsumptive users rightly claim a stake in wildlife decisions, so it's only fair they share in the expense. The question is how to collect their share.

Alaskans also should think hard about having nonresident hunters and fishers pick up more of the tab. Alaska's mystique and unrivaled opportunities are resources for which we should draw full value. Outside sportsmen and women who can afford the Alaska adventure can afford a little more to keep it available.

Nobody enjoys paying more for the right to hunt, fish and trap in Alaska. The protest at increased fees is particularly understandable in cash-poor parts of the Bush. But as Mr. Bartley points out, the department has no plans to change the \$5 low-income license that allows a bearer to hunt, fish and trap. Anyone who made less than \$8,200 the previous year or who has received public assistance within the last six months qualifies for that license.

For those who don't qualify, Mr. Bartley points out that even with the increases, Alaska still compares well with other Western states. A hunter who would pay \$50 in Alaska still has a shot at a better return on the license collar in caribou and moose than a hunter who pays a little more than that to take one antelope and one deer in Wyoming. "For \$25, you can kill a lot of meat. ... Even if we double the price, we think it's still a bargain compared to other states."

The Legislature will decide on the hunting and fishing license fees. The only immediate alternative to increased fees would be an appropriation from the state's general fund. That's possible with a budget surplus, but as Mr. Bartley points out, oil price volatility takes fish and game management off a steady course, while license and tag fees and federal taxes provide a more predictable source of income and more consistent management.

"We're not saying this is the only way to do it," Mr. Bartley said. The Legislature may decide to revise the license and fee schedule, but this proposal is a fair start. Like everything else, the costs of the hunt and the cast are going up.

■ **BOTTOM LINE:** Hunters, fishermen and viewers should all bear increased costs of fish and game management.

Fairbanks Daily News-Miner

Worth the price

Wednesday, November 24, 2004 - Twenty-five bucks and a claim to Alaska residency will buy a local hunter a chance at one of the largest wild game species on the continent, the Alaska-Yukon moose.

Could it be a bargain at twice the price?

We think so.

It's been more than a decade since hunting, fishing and trapping license fees have seen an increase. License and tag fee sales, matched by federal funds, provide the fuel for the Alaska Department of Fish and Game. Its most recent annual budget figure is \$140 million.

Nonresident hunters would continue to shoulder the lion's share of the Fish and Game financial burden, with a nonresident hunting license twice the price of a resident license, but the proposed percentage increase for nonresidents seems to recognize that nonresident fees are already "up there."

It's best to take the fee increases in the context that the majority of our local Fish and Game budget comes from nonresident hunters and matching federal dollars.

Our resident hunters, fishers and trappers will see the largest percentage increases, but a combined license to hunt, fish and trap in our great state still will come in at the bargain price of \$100. If the hunter wishes to pursue only small game, the rate would be only \$75, because a new \$25 "small game" license will be made available. Rounding out the tally, resident sport-fishing licenses would increase from \$15 to \$20. Resident hunting licenses would double from \$25 to \$50 and resident trapping licenses would go from \$15 to \$30.

Other fees, such as drawing-permit application fees, state waterfowl stamps, Tier II application fees and registration permit stamps also will increase in price.

Hunters who travel to other states, and those who grew up or still have family elsewhere, can appreciate the relatively simple, and relatively inexpensive, licensing system in Alaska. Montana, for example, has a different fee and license to buy for each of its big-game species. If a hunter wanted the option to hunt the full variety of Montana game, the cost would be \$323. While Alaskans need separate tags for species such as moose and caribou, most fees are covered under that initial hunting license expense.

Alaska's fishing license fees are on par with other states, and perhaps a little on the higher side, but a direct pay-off from this increase appears to be the establishment of a fish hatchery in Fairbanks and perhaps a second in Anchorage. That makes an Alaska fishing license an easy sell at \$20 a pop. That much will buy you about 2 pounds of salmon (depending on the species and the cut) at the local market about now.

The fee increases would raise an additional \$3.5 million for the Division of Wildlife Conservation and \$5.5 million for the Division of Sport Fish.

Fish and Game will forward the license increase proposal to the Alaska Legislature when it convenes in January.

While the increase feels like a big one, we have gone 10 years without an increase in fees and we are asking no less of Fish and Game managers. The request appears to be a reasonable one.

ALASKA BOARD OF FISHERIES

A RESOLUTION IN SUPPORT OF INCREASING RESIDENT AND NONRESIDENT SPORT FISHING LICENSE FEES AND NONRESIDENT KING SALMON STAMP FEES IN ORDER TO PROTECT AND ENHANCE THE OPPORTUNITIES AND BENEFITS PROVIDED BY RECREATIONAL FISHERIES

#2004-233-FB

WHEREAS, the Alaska Board of Fisheries and Alaska Department of Fish and Game (ADF&G) recognize sport fishing as an important Alaskan tradition and pastime; and

WHEREAS, ADF&G's Division of Sport Fish wants to sustain and enhance the opportunities and benefits that recreational fisheries provide; and

WHEREAS, a key component of this effort is maintaining and enhancing our capabilities to meet our current and future needs through hatchery production; and

WHEREAS, production from our hatcheries generates roughly \$45 million annually for Alaska's economy; accounts for between 10-15% of all the angling effort in Alaska; and reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks; and

WHEREAS, existing hatchery facilities are aging and are unable to meet either current or future demands; and

WHEREAS, hatchery operations are essential and must continue; and

WHEREAS, ADF&G needs \$5.3 million in additional revenues annually to adequately address this statewide problem; and

WHEREAS, ADF&G proposes an increase in resident and non-resident sport fishing license fees and non-resident king salmon stamp fees to generate this revenue; and

WHEREAS, revenues generated by the fee increase will be used to build a new hatchery in Fairbanks, refurbish and/or rebuild the hatcheries in Anchorage, and to fund hatchery production needs in Southeast Alaska; and

WHEREAS, without an increase in revenues, we will be forced to reduce expenditures on essential programs, such as our ability to monitor wild stocks and fisheries statewide; assess and restore damaged habitats statewide; and to support management activities statewide; and

WHEREAS, these reductions will result in more conservative management and potential lost fishing opportunity; and

WHEREAS, failure to address this problem in a timely manner will also demand increased expenditures to maintain aging facilities; increase pressure on wild stocks (many of which are fully allocated); and increase our need to monitor and assess wild stocks and associated fisheries.

THEREFORE BE IT RESOLVED that the Alaska Board of Fisheries supports an increase in resident and non-resident license fees and non-resident king salmon stamp fees to enhance the state's hatchery infrastructure and help ensure a bright future for sport fishing in Alaska.

ADOPTED this 17th day of November, 2004, in Anchorage, Alaska.



Art Nelson, Chair

JUNEAU DOUGLAS FISH AND GAME ADVISORY COMMITTEE

A RESOLUTION OF THE JUNEAU DOUGLAS FISH AND GAME ADVISORY COMMITTEE IN SUPPORT OF INCREASING RESIDENT AND NON-RESIDENT SPORT FISHING LICENSE FEES AND NON-RESIDENT KING SALMON STAMP FEES IN ORDER TO PROTECT AND ENHANCE THE OPPORTUNITIES AND BENEFITS PROVIDED BY RECREATIONAL FISHERIES

WHEREAS, the Juneau Douglas Fish and Game Advisory Committee and Alaska Department of Fish and Game (ADF&G) recognize sport fishing as an important Alaskan tradition and pastime; and

WHEREAS, ADF&G's Division of Sport Fish wants to sustain and enhance the opportunities and benefits that recreational fisheries provide; and

WHEREAS, a key component of this effort is maintaining and enhancing our capabilities to meet our current and future needs through hatchery production; and

WHEREAS, production from our hatcheries generates roughly \$45 million annually for Alaska's economy; accounts for between 10-15% of all the angling effort in Alaska; and reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks; and

WHEREAS, existing hatchery facilities are aging and are unable to meet either current or future demands; and

WHEREAS, hatchery operations are essential and must continue; and

WHEREAS, ADF&G needs \$5.3 million in additional revenues annually to adequately address this statewide problem; and

WHEREAS, ADF&G proposes an increase in resident and non-resident sport fishing license fees and non-resident king salmon stamp fees to generate this revenue; and

WHEREAS, revenues generated by the fee increase will be used to build a new hatchery in Fairbanks, refurbish and/or rebuild the hatcheries in Anchorage, and to fund Sportfishing hatchery production needs in Southeast Alaska; and

WHEREAS, without an increase in revenues, we will be forced to reduce expenditures on essential programs, such as our ability to monitor wild stocks and fisheries statewide; assess and restore damaged habitats statewide; and to support management activities statewide; and

WHEREAS, these reductions will result in more conservative management and potential lost fishing opportunity; and

WHEREAS, failure to address this problem in a timely manner will also demand increased expenditures to maintain aging facilities; increase pressure on wild stocks (many of which are fully allocated); and increase our need to monitor and assess wild stocks and associated fisheries.

THEREFORE BE IT RESOLVED that the Juneau Douglas Fish and Game Advisory Committee supports an increase in resident and non-resident license fees and non-resident king salmon stamp fees to enhance the state's hatchery infrastructure and help ensure a bright future for sport fishing in Alaska.

PASSED AND ADOPTED by the Juneau Douglas Fish and Game Advisory Committee on this 16th day of December, 2004.



Kathy Hansen, Chair

CC: Board Support, Office of the Governor, ADFG, Rep Beth Kerttula, Rep. Bruce Weyhrauch, Sen. Kim Elton

RECEIVED

JAN 10 2005

SPORT FISH

Paxson ADVISORY COMMITTEE

A RESOLUTION OF THE Paxson ADVISORY COMMITTEE IN SUPPORT OF INCREASING RESIDENT AND NON-RESIDENT SPORT FISHING LICENSE FEES AND NON-RESIDENT KING SALMON STAMP FEES IN ORDER TO PROTECT AND ENHANCE THE OPPORTUNITIES AND BENEFITS PROVIDED BY RECREATIONAL FISHERIES

WHEREAS, the Paxson Advisory Committee and Alaska Department of Fish and Game (ADF&G) recognize sport fishing as an important Alaskan tradition and pastime; and

WHEREAS, ADF&G's Division of Sport Fish wants to sustain and enhance the opportunities and benefits that recreational fisheries provide; and

WHEREAS, a key component of this effort is maintaining and enhancing our capabilities to meet our current and future needs through hatchery production; and

WHEREAS, production from our hatcheries generates roughly \$45 million annually for Alaska's economy; accounts for between 10-15% of all the angling effort in Alaska; and reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks; and

WHEREAS, existing hatchery facilities are aging and are unable to meet either current or future demands; and

WHEREAS, hatchery operations are essential and must continue; and

WHEREAS, ADF&G needs \$5.3 million in additional revenues annually to adequately address this statewide problem; and

WHEREAS, ADF&G proposes an increase in resident and non-resident sport fishing license fees and non-resident king salmon stamp fees to generate this revenue; and

WHEREAS, revenues generated by the fee increase will be used to build a new hatchery in Fairbanks, refurbish and/or rebuild the hatcheries in Anchorage, and to fund hatchery production needs in Southeast Alaska; and

WHEREAS, without an increase in revenues, we will be forced to reduce expenditures on essential programs, such as our ability to monitor wild stocks and fisheries statewide; assess and restore damaged habitats statewide; and to support management activities statewide; and

WHEREAS, these reductions will result in more conservative management and potential lost fishing opportunity; and

WHEREAS, failure to address this problem in a timely manner will also demand increased expenditures to maintain aging facilities; increase pressure on wild stocks (many of which are fully allocated); and increase our need to monitor and assess wild stocks and associated fisheries.

THEREFORE BE IT RESOLVED that the Paxcom Advisory Committee supports an increase in resident and non-resident license fees and non-resident king salmon stamp fees to enhance the state's hatchery infrastructure and help ensure a bright future for sport fishing in Alaska.

PASSED AND ADOPTED by the Paxcom Advisory Committee on this 4 day of November, 2004.

A handwritten signature in black ink, appearing to be "Randy R. H.", written over a horizontal line.

RECEIVED

NOV 24 2004

COPPER BASIN ADVISORY COMMITTEE SPORT FISH

A RESOLUTION OF THE COPPER BASIN ADVISORY COMMITTEE IN SUPPORT OF INCREASING RESIDENT AND NON-RESIDENT SPORT FISHING LICENSE FEES AND NON-RESIDENT KING SALMON STAMP FEES IN ORDER TO PROTECT AND ENHANCE THE OPPORTUNITIES AND BENEFITS PROVIDED BY RECREATIONAL FISHERIES

WHEREAS, the Copper Basin Advisory Committee and Alaska Department of Fish and Game (ADF&G) recognize sport fishing as an important Alaskan tradition and pastime; and

WHEREAS, ADF&G's Division of Sport Fish wants to sustain and enhance the opportunities and benefits that recreational fisheries provide; and

WHEREAS, a key component of this effort is maintaining and enhancing our capabilities to meet our current and future needs through hatchery production; and

WHEREAS, production from our hatcheries generates roughly \$45 million annually for Alaska's economy; accounts for between 10-15% of all the angling effort in Alaska; and reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks; and

WHEREAS, existing hatchery facilities are aging and are unable to meet either current or future demands; and

WHEREAS, hatchery operations are essential and must continue; and

WHEREAS, ADF&G needs \$5.3 million in additional revenues annually to adequately address this statewide problem; and

WHEREAS, ADF&G proposes an increase in resident and non-resident sport fishing license fees and non-resident king salmon stamp fees to generate this revenue; and

WHEREAS, revenues generated by the fee increase will be used to build a new hatchery in Fairbanks, refurbish and/or rebuild the hatcheries in Anchorage, and to fund hatchery production needs in Southeast Alaska; and

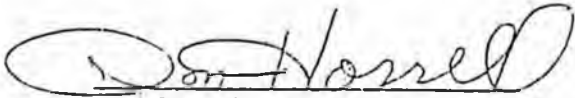
WHEREAS, without an increase in revenues, we will be forced to reduce expenditures on essential programs, such as our ability to monitor wild stocks and fisheries statewide; assess and restore damaged habitats statewide; and to support management activities statewide; and

WHEREAS, these reductions will result in more conservative management and potential lost fishing opportunity; and

WHEREAS, failure to address this problem in a timely manner will also demand increased expenditures to maintain aging facilities; increase pressure on wild stocks (many of which are fully allocated); and increase our need to monitor and assess wild stocks and associated fisheries.

THEREFORE BE IT RESOLVED that the Copper Basin Advisory Committee supports an increase in resident and non-resident license fees and non-resident king salmon stamp fees to enhance the state's hatchery infrastructure and help ensure a bright future for sport fishing in Alaska.

PASSED AND ADOPTED by the Copper Basin Advisory Committee on this 19th day of November, 2004.

A handwritten signature in black ink, appearing to read "Don Horrell". The signature is written in a cursive style with a large, looping initial "D".

Don Horrell - Chairman, Copper Basin Advisory Committee

Sport Fishery Enhancement Surcharge Proposal

The Division of Sport Fish is seeking to sustain and enhance the opportunities and the social and economic benefits that recreational fisheries provide. Hatchery production is key to meeting these objectives. However, our hatchery facilities are aging and are unable to meet current and future demands. In order to rebuild and refurbish the state's hatchery infrastructure, and thereby ensure sport fishing opportunity, ADF&G is proposing a sport fishery enhancement surcharge on sport fishing licenses. Without the revenues generated by this surcharge, sport fishing opportunity will be in jeopardy.

We need \$6.0 million in additional revenues annually to adequately address our aging hatchery infrastructure. Revenues generated by the enhancement surcharge will be used to build a new hatchery in Fairbanks, rebuild the Fort Richardson hatchery in Anchorage, and address hatchery-related needs in Southeast Alaska. To generate this revenue, we propose a modest surcharge on both non-resident and resident sport fishing licenses. These funds will be used to leverage other federal funds to meet the needs.

Before an enhancement surcharge can be imposed on sport fishing license holders, the Alaska Legislature must first pass legislation establishing a surcharge and authorizing the Commissioner of the Alaska Department of Fish and Game (ADF&G) to implement the surcharge by regulation. Simultaneously, the Legislature must also pass legislation giving the Division of Sport Fish the authority to bond for the construction of new hatcheries. Revenues generated by the enhancement surcharge will be used in combination with federal funds for annual debt service on the bond. The surcharge will be terminated by regulation when the ADF&G Commissioner determines that the surcharge is no longer necessary to fund sport fishery enhancement facilities or to repay revenue bonds issued for construction or renovation of sport fishery enhancement facilities.

Enhancement Surcharge Rates Necessary to Meet Annual \$6.0M Bond Payment:

License Category	Sold in FY03	Current Fee	Proposed Surcharge	SF Revenue Increase
Resident Sport Fishing	115,197	\$15.00	\$8.50	\$979,175
Resident Sport Fishing/Hunting	44,153	\$39.00	\$8.50	\$375,301
Resident Fishing/Hunting/Trapping	6,068	\$53.00	\$8.50	\$51,778
Nonresident Military Sport Fishing	4,210	\$15.00	\$8.50	\$35,785
Nonresident Military Fishing/Small Game	254	\$39.00	\$8.50	\$2,159
Nonresident 1-day Sport Fishing	109,622	\$10.00	\$8.50	\$931,787
Nonresident 3-day Sport Fishing	52,933	\$20.00	\$15.00	\$793,995
Nonresident 7-day Sport Fishing	84,314	\$30.00	\$25.00	\$2,107,850
Nonresident 14-day Sport Fishing	23,491	\$50.00	\$30.00	\$704,730
Nonresident Annual Sport Fishing	12,403	\$100.00	\$45.00	\$558,135
Revenue Provided by Resident Anglers		25.5%	21.5%	\$1,406,053
Revenue Provided by Non-Resident Anglers		74.5%	78.5%	\$5,134,441
Potential Revenue Generated		100.0%	100.0%	\$6,540,494
Adjust New Revenues for Vendor Payments (-5%)				\$6,213,469

2004 Annual Fishing license fees by state (ranked by resident)

State	Freshwater		Saltwater	
	Resident	Non-resident	Resident	Non-resident
Texas	\$38.00	\$65.00		
New Hampshire	\$35.00	\$53.00		
California	\$32.80	\$88.20		
Nevada	\$29.00	\$69.00		
Massachusetts	\$27.50	\$37.50		
Michigan	\$27.00	\$41.00		
Utah	\$26.00	\$70.00		
Oregon	\$24.75	\$61.50		
Idaho	\$23.50	\$74.50		
New Jersey	\$22.50	\$34.00		
Maine	\$22.00	\$53.00		
Washington	\$21.90	\$43.80	\$19.71	\$39.42
South Dakota	\$21.00	\$59.00		
Tennessee	\$21.00	\$51.00		
Colorado	\$20.25	\$40.25		
Connecticut	\$20.00	\$40.00		
Oklahoma	\$20.00	\$37.00		
Vermont	\$20.00	\$41.00		
Montana	\$19.25	\$69.25		
Kansas	\$19.00	\$41.00		
New York	\$19.00	\$40.00		
Ohio	\$19.00	\$40.00		
Arizona	\$18.00	\$51.50		
Minnesota	\$18.00	\$35.00		
Rhode Island	\$18.00	\$35.00		
Wyoming	\$18.00	\$75.00		
Iowa	\$17.50	\$39.50		
New Mexico	\$17.50	\$39.00		
Pennsylvania	\$17.00	\$35.00		
Wisconsin	\$17.00	\$40.00		
Alaska	\$15.00	\$100.00		
Kentucky	\$15.00	\$35.00		
Nebraska	\$15.00	\$45.00		
North Carolina	\$15.00	\$30.00		
Indiana	\$14.25	\$24.75		
Florida	\$13.50	\$31.50	\$13.50	\$31.50
Illinois	\$13.00	\$24.50		
Missouri	\$12.00	\$35.00		
Virginia	\$12.00	\$30.00	\$7.50	\$7.50
West Virginia	\$11.00	\$30.00		
Arkansas	\$10.50	\$32.00		
North Dakota	\$10.00	\$35.00		
South Carolina	\$10.00	\$35.00	\$10.00	\$35.00
Alabama	\$9.50	\$31.00	\$16.00	\$31.00
Louisiana	\$9.50	\$60.00	\$5.50	\$30.00
Georgia	\$9.00	\$24.00		
Maryland	\$9.00	\$14.00	\$10.50 variable	
Delaware	\$8.50	\$15.00		
Mississippi	\$8.00	\$30.00	\$4.00	\$30.00
Hawaii	\$5.00	\$25.00		

2004 Annual Fishing license fees by state (ranked by non-resident)

State	Freshwater		Saltwater	
	Resident	Non-resident	Resident	Non-resident
Alaska	\$15.00	\$100.00		
California	\$32.80	\$88.20		
Wyoming	\$18.00	\$75.00		
Idaho	\$23.50	\$74.50		
Utah	\$26.00	\$70.00		
Montana	\$19.25	\$69.25		
Nevada	\$29.00	\$69.00		
Texas	\$38.00	\$65.00		
Oregon	\$24.75	\$61.50		
Louisiana	\$9.50	\$60.00	\$5.50	\$30.00
South Dakota	\$21.00	\$59.00		
New Hampshire	\$35.00	\$53.00		
Maine	\$22.00	\$53.00		
Arizona	\$18.00	\$51.50		
Tennessee	\$21.00	\$51.00		
Nebraska	\$15.00	\$45.00		
Washington	\$21.90	\$43.80	\$19.71	\$39.42
Michigan	\$27.00	\$41.00		
Vermont	\$20.00	\$41.00		
Kansas	\$19.00	\$41.00		
Colorado	\$20.25	\$40.25		
Connecticut	\$20.00	\$40.00		
New York	\$19.00	\$40.00		
Ohio	\$19.00	\$40.00		
Wisconsin	\$17.00	\$40.00		
Iowa	\$17.50	\$39.50		
New Mexico	\$17.50	\$39.00		
Massachusetts	\$27.50	\$37.50		
Oklahoma	\$20.00	\$37.00		
Minnesota	\$18.00	\$35.00		
Rhode Island	\$18.00	\$35.00		
Pennsylvania	\$17.00	\$35.00		
Kentucky	\$15.00	\$35.00		
Missouri	\$12.00	\$35.00		
North Dakota	\$10.00	\$35.00		
South Carolina	\$10.00	\$35.00	\$10.00	\$35.00
New Jersey	\$22.50	\$34.00		
Arkansas	\$10.50	\$32.00		
Florida	\$13.50	\$31.50	\$13.50	\$31.50
Alabama	\$9.50	\$31.00	\$16.00	\$31.00
North Carolina	\$15.00	\$30.00		
Virginia	\$12.00	\$30.00	\$7.50	\$7.50
West Virginia	\$11.00	\$30.00		
Mississippi	\$8.00	\$30.00	\$4.00	\$30.00
Hawaii	\$5.00	\$25.00		
Indiana	\$14.25	\$24.75		
Illinois	\$13.00	\$24.50		
Georgia	\$9.00	\$24.00		
Delaware	\$8.50	\$15.00		
Maryland	\$9.00	\$14.00	\$10.50 variable	

SB

147

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/1/05

FURTHER:

REPORTED OUT

APR 18 2005

SENATE FINANCE
COMMITTEE

DATE TURNED
IN TO OFFICE: 18 April 2005

Finance Comm' considered SENATE BILL NO. 147

SB 147 SPORT FISHING FACILITY REVENUE BONDS

"An Act providing for a sport fishing facility surcharge on sport fishing licenses; providing for the construction and renovation of state sport fishing facilities and for other projects beneficial to the sport fish resources of the state as a public enterprise; and authorizing the issuance of revenue bonds to finance those projects."

and recommends:

- be replaced with _____ CS SB 147 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- 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 # _____

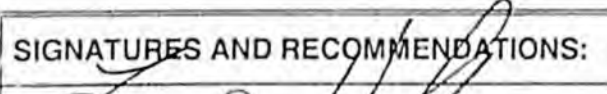
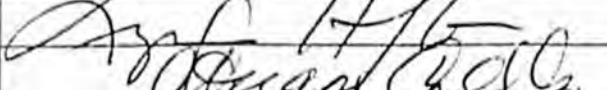
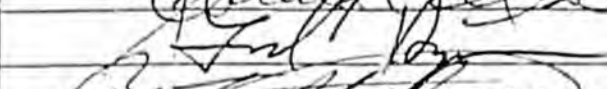
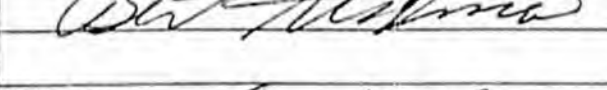
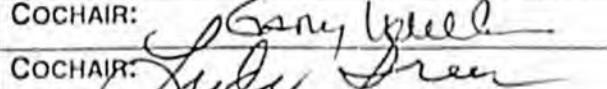
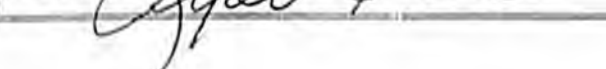
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
Revenue	3/21/05	1,338.16			#1
DFG	3/21/05	1,553.4			#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
			✓	
			✓	
			✓	
			✓	
COCHAIR: 	✓			
COCHAIR: 	✓			

APR 18 2005

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 147
(S) Publish Date: 4/1/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Sport Fishing Facility Revenue Bond RDU Revenue Programs & Services
Component Treasury Management
Sponsor Senator Seekins
Requester Senate Labor and Commerce Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel	10.0					
Contractual	1,388.6					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		5,821.5	5,914.7	5,916.8	5,916.8	5,914.3
TOTAL OPERATING	1,398.6	5,821.5	5,914.7	5,916.8	5,916.8	5,914.3

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Fish and Game Fund		5,821.5	5,914.7	5,916.8	5,916.8	5,914.3
Revenue Bond proceeds	1,398.6	0.0				
TOTAL	1,398.6	5,821.5	5,914.7	5,916.8	5,916.8	5,914.3

Estimate of any current year (FY2005) cost: 00
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill creates and authorizes the Sport Fishing Facility Revenue Bond sale of up to \$69 million in revenue bonds to finance construction of fisheries projects that benefit sport fishers. This fiscal note and analysis contemplates 20-year level debt service and a 5.5% interest rate/true interest cost, a negotiated sale, and credit ratings in the A category. The financing could take place 60 to 90 days after authorization became effective.

Financing assumptions include debt service beginning in FY07, interest earnings on bond proceeds of \$1,561,000, a 5.5% interest rate/true interest cost, underwriting spread of \$483,000, bond insurance cost of \$405,621, and other costs of issuance of \$500,000. Up to \$6,000,000 of bond proceeds will be placed in a reserve to secure the bonds. This balance will be invested with annual earnings offsetting debt service and the principal balance used for the final payment on the bonds.

Prepared by: Deven Mitchell Phone 465-3750
Division: Treasury Division Date/Time 3/29/05 10:50 AM
Approved by: Tom Boutin, Deputy Commissioner Date 3/29/2005
Agency: Department of Revenue

APR 18 2005

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 147
(S) Publish Date: 4/1/05

Revision Date/Time (Note if correction) _____ Dept. Affected: Fish and Game
Title Sport Fishing Facility Revenue Bonds RDU Sport Fisheries
Component Sport Fisheries
Sponsor Senator Seekins
Requester Senate Labor and Commerce Com. Component No. 464

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING						

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

CHANGE IN REVENUES (1024)	1,553.4	6,213.5	6,213.5	6,213.5	6,213.5	6,213.5
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates and authorizes the Sport Fishing Facility Revenue Bond sale for up to \$69 million in revenue bonds to finance the building of a new hatchery in Fairbanks, rebuilding of the Fort Richardson hatchery in Anchorage, and hatchery-related needs in Southeast Alaska.

Passage of this legislation will establish a framework that will allow ADF&G to (1) issue revenue bonds for the construction/enhancement of sport fish hatcheries; and (2) establish a new sport fishing facility surcharge.

(Continued on Page 2)

Prepared by: Tom Lawson, Director
Division: Division of Administrative Services
Approved by: Wayne Regier, Acting Commissioner
Agency: Alaska Department of Fish and Game

Phone: 465-1999
Date/Time: 3/29/05 4:29 PM
Date: 3/29/2005

FISCAL NOTE # 2

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SB 147

ANALYSIS CONTINUATION

Upon passage of this legislation, the State of Alaska's State Bond Committee will issue revenue bonds on behalf of ADF&G's Division of Sport Fish. The Committee will issue up to \$69 million in revenue bonds to fund the construction/enhancement of the hatcheries. Bond proceeds will be used to pay for construction and also for costs of issuing bonds and providing an advance funded debt service reserve account. The annual debt service on the bond is shown in a separate fiscal note submitted by the Department of Revenue.

ADF&G has submitted a one-time CIP funding request that will allow the Division of Sport Fish to use bond funds for construction of a new hatchery in Fairbanks, rebuilding the Fort Richardson hatchery in Anchorage, and addressing additional hatchery-related needs in Southeast Alaska.

Sport fishing license surcharges established in the legislation have been structured so as to generate roughly \$6 million annually – the same amount required to pay debt service on the bond. These revenues will be used, in combination with federal funds, to pay back the bond debt issued by the State Bond Committee. The surcharge will be terminated by regulation when the ADF&G Commissioner determines that the surcharge is no longer necessary to fund sport fishery enhancement facilities or to repay revenue bonds issued for construction or renovation of sport fishery enhancement facilities. The department expects to implement the surcharges on January 1, 2006, which allows the department to collect 25 percent of the net surcharges in FY2006, but the full net amount in FY2007 and beyond.

License Category	# Sold CY 2003	Proposed Fee	Potential SF Revenue Increase
Resident Sport Fishing	115,197	\$8.50	\$979,175
Resident Sport Fishing/Hunting	44,153	\$8.50	\$375,301
Resident Fishing/Hunting/Trapping	6,068	\$8.50	\$51,578
Nonresident Military Sport Fishing	4,210	\$8.50	\$35,785
Nonresident Military Fishing/Small Game	254	\$8.50	\$2,159
Nonresident 1-day Sport Fishing	109,622	\$8.50	\$931,787
Nonresident 3-day Sport Fishing	52,933	\$15.00	\$793,995
Nonresident 7-day Sport Fishing	84,314	\$25.00	\$2,107,850
Nonresident 14-day Sport Fishing	23,491	\$30.00	\$704,730
Nonresident Annual Sport Fishing	12,403	\$45.00	\$558,135
Revenue Provided by Resident Anglers			\$1,406,053
Revenue Provided by Non-Resident Anglers			\$5,134,441
Potential Gross Revenue Generated			\$6,540,494
Adjust new revenues for vendor payments (-5%)			\$6,213,469

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Adopted 4/14/05

SENATE FINANCE COMMITTEE
Amendment Number: #1
Bill Number: SB 147
Sponsor: _____ Date: 4/14/05 24G-1
Logged In By: Mindy (2:35 P.M.)

AMENDMENT

OFFERED IN THE SENATE FINANCE
COMMITTEE
TO: SB 147

BY _____

1 Page 2, line 22, following "fund.":

2 Insert "Upon completion of the purposes for which the bonds are issued, the
3 commissioner shall transfer any unexpended and unobligated bond proceeds to the redemption
4 fund to pay outstanding principal, interest, or redemption premium, if any, owing on the bonds."

6 Page 3, lines 11 - 14:

7 Delete "The commissioner shall terminate the surcharge by regulation when the
8 commissioner determines that the surcharge is no longer necessary to fund sport fishing facilities
9 or to repay revenue bonds issued for construction or renovation of sport fishing facilities."

10 Insert "The authority of the department to collect the surcharge under this subsection
11 terminates on December 31 of the calendar year in which the principal amount of the bonds
12 issued under AS 37.15.765 - 37.15.799, together with the interest on them and any interest owing
13 on unpaid installments of interest, and all other obligations with respect to the bonds, are fully
14 met and discharged."

16 Page 9, following line 21:

17 Insert a new bill section to read:

18 "* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 DUTY OF COMMISSIONER TO NOTIFY AND REVISOR'S INSTRUCTIONS. (a)

21 The commissioner of revenue shall notify the lieutenant governor and the revisor of statutes of

1 the date that the principal amount of the bonds issued under AS 37.15.765 - 37.15.799, enacted
2 by sec. 5 of this Act, together with the interest on them and any interest owing on unpaid
3 installments of interest, and all other obligations with respect to the bonds, are fully met and
4 discharged.

5 (b) The revisor of statutes shall replace the pertinent text of AS 16.05.340(j), enacted by
6 sec. 4 of this Act, with the calendar year of the date provided under (a) of this section."

CS FOR SENATE BILL NO. 147(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR SEEKINS

A BILL
FOR AN ACT ENTITLED

1 "An Act providing for a sport fishing facility surcharge on sport fishing licenses;
2 providing for the construction and renovation of state sport fishing facilities and for
3 other projects beneficial to the sport fish resources of the state as a public enterprise;
4 and authorizing the issuance of revenue bonds to finance those projects."

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

6 * Section 1. AS 16.05.100 is amended to read:

7 Sec. 16.05.100. Fish and game fund established. There is created a
8 revolving "fish and game fund," which shall be used exclusively for the following:

9 (1) to carry out the purposes and provisions of this title, except
10 AS 16.51 and AS 16.52, or other duties that may be delegated by the legislature to the
11 commissioner or the department;

12 (2) to pay the principal and interest on revenue bonds issued under
13 AS 37.15.765 - 37.15.799 to finance the construction and renovation of fisheries
14 rehabilitation, enhancement, and development projects that benefit sport fishing;

1 and

2 (3) [AND (2)] to carry out the [SUCH] purposes and objectives within
3 the scope of this title except AS 16.51 and AS 16.52 as may be directed by the donor
4 of any such funds.

5 * Sec. 2. AS 16.05.130 is amended by adding new subsections to read:

6 (e) Money accruing to the state from the sport fishing facility surcharge
7 imposed under AS 16.05.340(j) shall be deposited in a separate account known as the
8 Alaska sport fishing enterprise account within the fish and game fund. Money in the
9 enterprise account shall be allocated to sport fishing facilities intended to directly
10 benefit license purchasers. Money in the enterprise account may be pledged to pay the
11 principal and interest on revenue bonds issued under AS 37.15.765 - 37.15.799. The
12 commissioner shall seek authority for the transfer of amounts determined under
13 AS 37.15.783 from the enterprise account to the redemption fund established in
14 AS 37.15.770.

15 (f) Proceeds received from the sale of bonds issued under AS 37.15.765 -
16 37.15.799, other than the proceeds used to pay the cost of issuance and administration
17 and the proceeds deposited in the bond reserve account, shall be deposited in a special
18 account in the fish and game fund to be known as the Alaska sport fishing construction
19 account. The construction account serves as a capital construction fund that shall be
20 used for any purpose for which bonds may be issued, including the payment of cost of
21 issuance and administration and arbitrage rebate. The commissioner also may transfer
22 money in the construction account to the redemption fund. Upon completion of the
23 purposes for which the bonds are issued, the commissioner shall transfer any
24 unexpended and unobligated bond proceeds to the Alaska fish and game revenue bond
25 redemption fund to pay outstanding principal, interest, or redemption premium, if any,
26 owing on the bonds.

27 * Sec. 3. AS 16.05.340(i) is amended to read:

28 (i) If the commissioner determines that residents of the state are entitled to
29 obtain licenses for sport fishing, including sport fishing for anadromous king salmon,
30 in Yukon, Canada, for the same fees that are charged to residents of Yukon for
31 comparable sport fishing licenses, the commissioner may adopt regulations

Amendment #1
OK'd to Utamphle

1 authorizing residents of Yukon to receive

2 (1) nonresident annual sport fishing licenses for the fees [FEE] charged
3 to residents under (a) and (j) of this section for a resident sport fishing license; and

4 (2) nonresident anadromous king salmon annual tags for the fee
5 charged to residents under (a) of this section for a resident anadromous king salmon
6 tag.

7 * Sec. 4. AS 16.05.340 is amended by adding a new subsection to read:

8 (j) In addition to the fees for a sport fishing license set out in (a) and (d) of this
9 section, each person who purchases a sport fishing license shall pay a sport fishing
10 facility surcharge as set out in this subsection for the purpose of providing funding for
11 sport fishing facilities. A person who is eligible for a \$5 resident hunting, trapping,
12 and sport fishing license under (a)(6) of this section or a free license under
13 AS 16.05.341 is exempt from payment of the surcharge imposed under this subsection.
14 The surcharge authorized by this subsection shall take effect on the date established by
15 regulation by the commissioner. The authority of the department to collect the
16 surcharge under this subsection terminates on December 31 of the calendar year in
17 which the principal amount of the bonds issued under AS 37.15.765 - 37.15.799,
18 together with the interest on them and any interest owing on unpaid installments of
19 interest, and all other obligations with respect to the bonds, are fully met and
20 discharged. The amount of the surcharge attached to each sport fishing license must
21 be clearly disclosed on the sport fishing license. The amount of the sport fishing
22 facility surcharge to be paid for each sport fishing license is

- 23 (1) resident sport fishing license\$ 8.50
- 24 (2) resident hunting and sport fishing license..... 8.50
- 25 (3) resident hunting, trapping, and sport fishing license 8.50
- 26 (4) nonresident 14-day sport fishing license 30.00
- 27 (5) nonresident seven-day sport fishing license 25.00
- 28 (6) nonresident three-day sport fishing license 15.00
- 29 (7) nonresident one-day sport fishing license..... 8.50
- 30 (8) nonresident annual sport fishing license..... 45.00
- 31 (9) special nonresident military small game and sport fishing

#1

1 license8.50
 2 (10) special nonresident military sport fishing license.....8.50

3 * Sec. 5. AS 37.15 is amended by adding new sections to read:

4 **Article 5A. Sport Fishing Facility Revenue Bonds.**

5 **Sec. 37.15.765. Bond authorization.** (a) For purposes of providing the
 6 money to be used to construct and renovate sport fishing facilities under
 7 AS 16.05.092, including the costs of bond issuance and administration, the issuance
 8 and sale of revenue bonds of the state is authorized, subject to (b) of this section. The
 9 bonds are to be issued by the state bond committee, as provided in AS 37.15.765 -
 10 37.15.799, as part of the sport fisheries rehabilitation, enhancement, and development
 11 program under AS 16.05.092, a public enterprise of the state. The net proceeds of the
 12 sale of the bonds remaining after payment of costs of issuance and administration and
 13 any making deposits to the bond reserve account described in AS 37.15.770(b) shall
 14 be paid into the Alaska sport fishing construction account of the fish and game fund.
 15 The bond proceeds shall be segregated and accounted for separately. Accrued interest
 16 paid on the bonds shall be deposited in the bond redemption fund established under
 17 AS 37.15.770.

18 (b) The state bond committee may not issue more than \$69,000,000 in revenue
19 bonds, excluding refunding bonds issued under AS 37.15.790.

20 (c) The bonds do not constitute a general obligation of the state.
21 Authorization for the bonds by the voters of the state or the legislature is not required.

22 (d) The state bond committee may enter into agreements with other state
23 agencies as necessary or convenient to implement AS 37.15.765 - 37.15.799.

24 (e) The state bond committee may contract for the services of underwriters,
25 paying agents, trustees, bond printers, rating agencies, bond insurance, credit
26 enhancement providers, accountants, financial advisors, and bond counsel, and other
27 services as are necessary to accomplish the bond issuance and sale.

28 **Sec. 37.15.770. Bond redemption fund established.** (a) There is established
 29 a special fund of the state, known as the Alaska fish and game revenue bond
 30 redemption fund, which is a trust fund for paying and securing the payment of the
 31 principal of and interest and redemption premium, if any, on the bonds and which

1 shall be, at all times, completely segregated and set apart from all other funds of the
2 state. The committee, on behalf of the state, may obligate and bind the state to set
3 aside and pay into the bond redemption funds, on a monthly or other periodic basis, as
4 a first priority, money in the Alaska sport fish enterprise account and, as a subordinate
5 priority, other money legally available in the fish and game fund, sufficient to pay the
6 principal of and interest and redemption premium, if any, on the bonds. The bond
7 redemption fund may be drawn upon only for the purpose of paying the principal of
8 and interest and redemption premium, if any, on the bonds, together with related
9 trustee fees, if any.

10 (b) The committee may provide in the bond resolution for the creation of a
11 bond reserve account within the redemption fund to further secure the repayment of
12 principal and interest on the bonds. Amounts deposited in the reserve account shall be
13 derived from bond proceeds or other money legally available from state sources.

14 (c) Money in the bond redemption fund may be invested in the same manner
15 and on the same conditions as permitted for investment of money belonging to the
16 state or held in the treasury under AS 37.10.070; however, the committee may agree
17 with the bondholders to further limit these investments. Earnings on investments must
18 be retained in the bond redemption fund.

19 **Sec. 37.15.773. Bond terms.** (a) The bonds may be issued and sold at public
20 or negotiated sale in the manner, in the amounts or series, and at the time or times that
21 the committee determines. The bonds, or each series of them, shall be sold at the price
22 and upon the terms, conditions, and covenants set by the committee after considering
23 market conditions. Interest rates may be fixed or variable.

24 (b) The bonds mature at the time or times fixed by the committee. The bonds
25 may be subject to redemption before their fixed maturities, in the manner and under
26 the conditions established by the committee, with or without a premium or premiums.
27 The bonds may be in denominations determined by the committee and may be issued
28 in fully or partially registered form. The bonds must be

29 (1) payable as to principal and interest at the place or places
30 determined by the committee;

31 (2) signed on behalf of the state in the manner provided by the

1 committee;

2 (3) issued under and subject to the terms, conditions, covenants, and
3 protective features safeguarding payment of the bonds and relating to the funding of
4 projects as found necessary by the committee, including covenants requiring the
5 setting aside and maintenance of certain reserves to secure the payment of principal
6 and interest, all under regulations and conditions of the committee.

7 (c) The committee may pledge to the payment of the principal of and interest
8 on bonds issued by the committee part or all of the legally available money or other
9 assets on hand in the Alaska sport fishing enterprise account and, on a subordinate lien
10 basis, other legally available money in the fish and game fund; the proceeds of the sale
11 of bonds; and money on hand in the bond redemption funds. Revenue of the Alaska
12 sport fishing enterprise account and fish and game fund if so pledged, must be paid
13 into the bond redemption fund, as appropriate.

14 (d) If the committee finds it reasonably necessary, the committee may select a
15 trustee or trustees for the holders of the bonds, for the safeguarding and disbursement
16 of any of the money in the bond redemption funds created by AS 37.15.770, or for
17 duties with respect to the enforcement, authentication, delivery, payment, and
18 registration of the bonds as the committee may determine. The committee shall fix the
19 rights, duties, powers, and obligations of the trustee or trustees.

20 (e) In its determination of all matters and questions relating to the issuance
21 and sale of the bonds and the fixing of their maturities, terms, conditions, and
22 covenants as provided in (a) - (d) of this section, the decisions of the committee shall
23 be those that are reasonably necessary for the best interests of the state and its
24 inhabitants and that will accomplish the most advantageous sale of the bonds.
25 Decisions of the committee, as expressed in a bond resolution, are final and are
26 conclusively considered to comply with the requirements of state law.

27 (f) A bond resolution may provide that the bonds issued must contain a recital
28 that they are issued under AS 37.15.765 - 37.15.799, and a bond containing this recital
29 is conclusively considered to be valid and to have been issued in conformity with
30 AS 37.15.765 - 37.15.799.

31 **Sec. 37.15.777. Bond resolution.** The committee shall authorize the issuance

1 of bonds by adopting a resolution and shall prepare all other documents and
2 proceedings necessary for the issuance, sale, and delivery of the bonds or any part or
3 series of them. The bond resolution may provide for delegation of authority to
4 establish the final terms of the bonds, including the terms identified in AS 37.15.773,
5 upon reasonable conditions established by the committee.

6 **Sec. 37.15.780. Pledge of the state.** The state pledges to and agrees with the
7 holders of bonds issued by the committee under AS 37.15.765 - 37.15.799 that the
8 state will not limit or alter the rights and powers vested in the committee by
9 AS 37.15.765 - 37.15.799 to fulfill the terms of any contract made by the committee
10 with the holders or in any way impair the rights and remedies of the holders until the
11 principal amount of the bonds, together with the interest on them with interest on
12 unpaid installments of interest, are fully met and discharged. The committee may
13 include this pledge and agreement of the state in a contract with the holders.

14 **Sec. 37.15.783. Amounts required for payments.** The committee shall,
15 before June 30 of each year or from time to time within the year, as appropriate,
16 beginning with the year in which the bonds are issued, certify to the commissioner of
17 revenue and the commissioner of fish and game the amounts required in the current
18 fiscal year and the next ensuing fiscal year by the bond resolution or resolutions to be
19 paid out of the Alaska sport fishing enterprise account into the bond redemption fund
20 and to be paid into and maintained in any reserve fund or account or other fund or
21 account created by the bond resolution or resolutions, and shall also certify to the
22 commissioners the last date or dates upon which payments may be made.

23 **Sec. 37.15.787. Purposes and sufficiency of revenue.** The proceeds of
24 bonds may be used for the purposes described in AS 16.05.092. Bonds may not be
25 issued unless the committee first finds that revenue to be derived from revenue
26 dedicated to the Alaska sport fishing enterprise account will be sufficient, together
27 with other available money, to comply with all covenants of the bond resolutions.

28 **Sec. 37.15.790. Refunding.** (a) The committee may refund the bonds or any
29 part of them at or before their maturities or redemption dates by the issuance of
30 refunding revenue bonds of the state if, in the opinion of the committee, refunding is
31 advantageous to and in the best interest of the state and its inhabitants.

1 (b) The issuance of refunding bonds need not be authorized by the voters of
2 the state or by an act of the legislature. The committee shall adopt the resolution or
3 resolutions and prepare all other documents and proceedings necessary for the
4 issuance, exchange or sale, and delivery of the refunding bonds. All provisions of
5 AS 37.15.765 - 37.15.799, applicable to revenue bonds are applicable to the refunding
6 bonds and to the issuance, sale, or exchange of refunding bonds, except as otherwise
7 provided in this section.

8 (c) Refunding bonds may be issued in a principal amount sufficient to provide
9 money for the advance or current refunding of all bonds to be refunded and interest on
10 the refunded bonds and, in addition, for the payment of all costs of issuance and
11 administration of the refunding bonds. These expenses also include the difference in
12 amount between the par value of the refunding bonds and any amount less than par for
13 which the refunding bonds are sold; the premium, if any, necessary to be paid in order
14 to call or retire the outstanding bonds and the interest accruing on them to date of the
15 call or retirement; and other such costs. The committee is authorized to incur such
16 expenses.

17 (d) The committee may contract with a refunding trustee to hold the proceeds
18 of refunding bonds in trust until the proceeds, together with earnings on the proceeds,
19 are applied to pay the principal of, premium, if any, and interest on the bonds to be
20 refunded. Until the refunding bond proceeds are applied, the proceeds may be
21 invested in direct obligations of, or obligations guaranteed by, the United States or an
22 agency or corporation of the United States whose obligations constitute direct
23 obligations of, or obligations guaranteed by, the United States.

24 **Sec. 37.15.793. Bonds as legal investments.** The bonds are legal investments
25 for all banks, trust companies, savings banks, savings and loan associations, and other
26 persons carrying on a banking business, all insurance companies and other persons
27 carrying on an insurance business, and all executors, administrators, trustees, and other
28 fiduciaries. The bonds may be accepted as security for deposits of all money of the
29 state and its political subdivisions.

30 **Sec. 37.15.799. Definitions.** In AS 37.15.765 - 37.15.799,

31 (1) "Alaska sport fishing construction account" means the Alaska sport

1 fishing construction account established in the fish and game fund under
2 AS 16.05.130(f);

3 (2) "Alaska sport fishing enterprise account" means the Alaska sport
4 fishing enterprise account established in the fish and game fund under
5 AS 16.05.130(e);

6 (3) "bond redemption fund" means the Alaska fish and game revenue
7 bond redemption fund established in AS 37.15.770;

8 (4) "bond resolution" means the resolution or resolutions adopted by
9 the committee under AS 37.15.777 authorizing the issuance of bonds;

10 (5) "bonds" means the revenue bonds authorized in AS 37.15.765 -
11 37.15.799;

12 (6) "commissioner of revenue" means the principal executive officer of
13 the Department of Revenue as provided in AS 44.25.010, or a successor;

14 (7) "commissioner of fish and game" means the principal executive
15 officer the Department of Fish and Game as provided in AS 44.39.010, or a successor;

16 (8) "committee" means the state bond committee created in
17 AS 37.15.110 or any other committee, body, department, or officer of the state that
18 succeeds to the rights, powers, duties, and obligations of the state bond committee by
19 lawful act of the legislature;

20 (9) "costs of issuance and administration" means all costs associated
21 with issuance and administration of Alaska sport fishing facility revenue bonds, and
22 refunding bonds, including costs of bond printing, official statements, financial
23 advisors, travel costs, rating agencies, bond insurance, letters and lines of credit for
24 credit enhancement, underwriters, legal services, paying agents, bonds registrars, bond
25 and escrow trustees, arbitrage rebate, and all other costs, including administrative
26 costs, both direct and indirect.

27 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 **DUTY OF COMMISSIONER OF REVENUE TO NOTIFY AND REVISOR'S**
30 **INSTRUCTIONS.** (a) The commissioner of revenue shall notify the lieutenant governor and
31 the revisor of statutes of the date that the principal amount of the bonds issued under

#1

1 AS 37.15.765 - 37.15.799, enacted by sec. 5 of this Act, together with the interest on them
2 and any interest owing on unpaid installments of interest, and all other obligations with
3 respect to the bonds, are fully met and discharged. #1

4 (b) The revisor of statutes shall replace the pertinent text of AS 16.05.340(j), enacted
5 by sec. 4 of this Act, with the calendar year of the date provided under (a) of this section.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 18 April 2005 TIME: 11:05 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

CS SB 147 (FIN) 24-LS0723 \ G
plus 1 amendment attached

Thx
Mindy

LEGAL SERVICES

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MEMORANDUM

April 14, 2005

SUBJECT: Revenue bonds for fisheries development projects (SB 147)

TO: Senator Lyda Green, Co-chair
Senate Finance Committee
Attn: Kimberly Carnot

FROM: Tamara Brandt Cook
Director

SB 147 requires the deposit of revenue from the sport fishing facility surcharge, established in this bill, to be pledged to pay revenue bonds issued for sport fishing facilities. The bonds are not general obligations of the state. Unlike most other state revenue which cannot be dedicated, the sport fishing facility surcharge is dedicated to certain uses by federal law, and it appears the use provided for in SB 147 is a permitted use of that revenue.

(1) Is the building of a fish hatchery with bond proceeds and the payment of the bonds with fish and game license receipts properly characterized as revenue bonding.

Article IX, sec. 11, Constitution of the State of Alaska provides in part: "The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation."

The bonds provided for in SB 147 appear to be authorized by a public enterprise designed to provide for fisheries facilities payable only from the fish and game fund. (Sec. 37.15.765(c) and sec. 37.15.770 in bill sec. 5) As such, they may qualify as revenue bonds.

However, I am not convinced that the state may establish a sport fishing license surcharge and dedicate the revenue stream for a particular purpose without the requirement that the revenues be subject to appropriation. (See sec. 37.15.770(a) in bill sec. 5) Even if the use of the surcharge is limited by federal law, there are alternative uses that may be made of the surcharge that fit within the terms of the federal dedication. Dedication of the surcharge revenue as security for these bonds may violate the state constitutional prohibition on dedicating funds. (Art. IX, sec. 7) Furthermore, even dedicated revenue may be subject to appropriation before expenditure. Recall that revenue that is dedicated by federal law is usually subject to appropriation under the state

Senator Lyda Green

April 14, 2005

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constitution. (See generally Carr-Gottstein Properties v. State, 899 P.2d 136 (Alaska 1995), finding a lease-purchase arrangement not to be an invalid state debt because it is subject to annual appropriation; Myers v. Alaska Housing Finance Corporation, 68 P.3d 386 (Alaska 2003), upholding the sale of the right to receive future revenue from the tobacco lawsuit settlement because, in part, lawsuit settlements are not traditional sources of public revenue, a distinction that does not apply to these state imposed surcharges)

(2) Who is authorized to do the bonding?

The state bond committee established in AS 37.15.110 will issue the bonds. (Sec. 37.15.765(a) in bill sec. 5)

TBC:jad
05-205.jad

Enclosure

ALASKA STATE SENATE



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Senator Ralph Seekins
District D

Senate Bill 147 Sponsor Statement

“An Act providing for a sport fishing facility surcharge on sport fishing licenses; providing for the construction and renovation of state sport fishing facilities and for other projects beneficial to the sport fish resources of the state as a public enterprise; and authorizing the issuance of revenue bonds to finance those projects.”

Alaska has an ever-growing demand for fish stocks. More people want to fish. Resident populations are growing. Tourist demand for recreational opportunity is increasing. And, at the same time, sport fish production is decreasing. Alaska's only sport fish hatcheries are located at Ft. Richardson and Elmendorf A.F.B. Both are more than 30 years old and nearing the end of their useful life.

To make matters worse, biomass production will soon plummet. Hatcheries require warm water to enhance growth in baby fish. Waste heat from the Ft. Richardson and Elmendorf power plants has provided that energy for many years. Both power plants will be shutting down hot water production in October. As a result, biomass production will suffer greatly at the same time that demand is increasing.

We can fix this problem and plan for years to come. Senate Bill 147 provides for the renovation and expansion of the Ft. Richardson and Elmendorf facilities to meet south central needs. Furthermore, it will also provide for a new hatchery in Fairbanks to meet the demands of the interior regions.

It won't be cheap but it is affordable. Federal funds have been procured to meet increased demand due to military expansion. Other capital costs will be met by a simple revenue bond package. A modest “fishery enhancement fee” will be added to the price of a fishing license until the bonds are paid off. The combined price of a fishing license and the enhancement fee will still be a bargain – especially when a person can actually expect to catch fish.

Alternatively, we could do nothing. But doing nothing is not an acceptable option for it only leads to substantially reduced fish stocks in our lakes and streams. Our current fresh water hatcheries will be out of commission soon. With passage of Senate Bill 147 we can avoid disaster, satisfy current needs and provide modern facilities that can be expanded to meet expected demand for generations to come.

Sport Fishery Enhancement Surcharge Proposal

The Division of Sport Fish is seeking to sustain and enhance the opportunities and the social and economic benefits that recreational fisheries provide. Hatchery production is key to meeting these objectives. However, our hatchery facilities are aging and are unable to meet current or future demands. In order to rebuild and refurbish the state's hatchery infrastructure, and thereby ensure sport fishing opportunity, ADF&G is proposing a sport fishery enhancement surcharge on sport fishing licenses. Without the revenues generated by this surcharge, sport fishing opportunity will be in jeopardy.

Sport Fishing Opportunities are at Stake

With many of our wild stocks already fully utilized, hatcheries play an important role in Alaska by providing additional stocks for angling by sport fishermen.

Production from our hatcheries:

- Generates roughly \$45 million annually for Alaska's economy.
- Accounts for between 10-15% of all the angling effort in Alaska.
- Reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks.

Hatchery operations are essential and must continue. Without an increase in revenues, we will be forced to reprioritize our expenditures in order to address our aging hatchery infrastructure. This reprioritization will result in reduced expenditures on other programs that are essential, such as our:

- Ability to monitor wild stocks and fisheries statewide.
⇒ Resulting in more conservative management and potential lost fishing opportunity.
- Ability to assess and restore damaged habitats statewide.
⇒ Resulting ultimately in reduced production and associated loss of sport fishing opportunity.
- Ability to support management activities statewide.
⇒ Resulting in reduced public outreach.

Invest Now to Protect Current and Future Opportunities

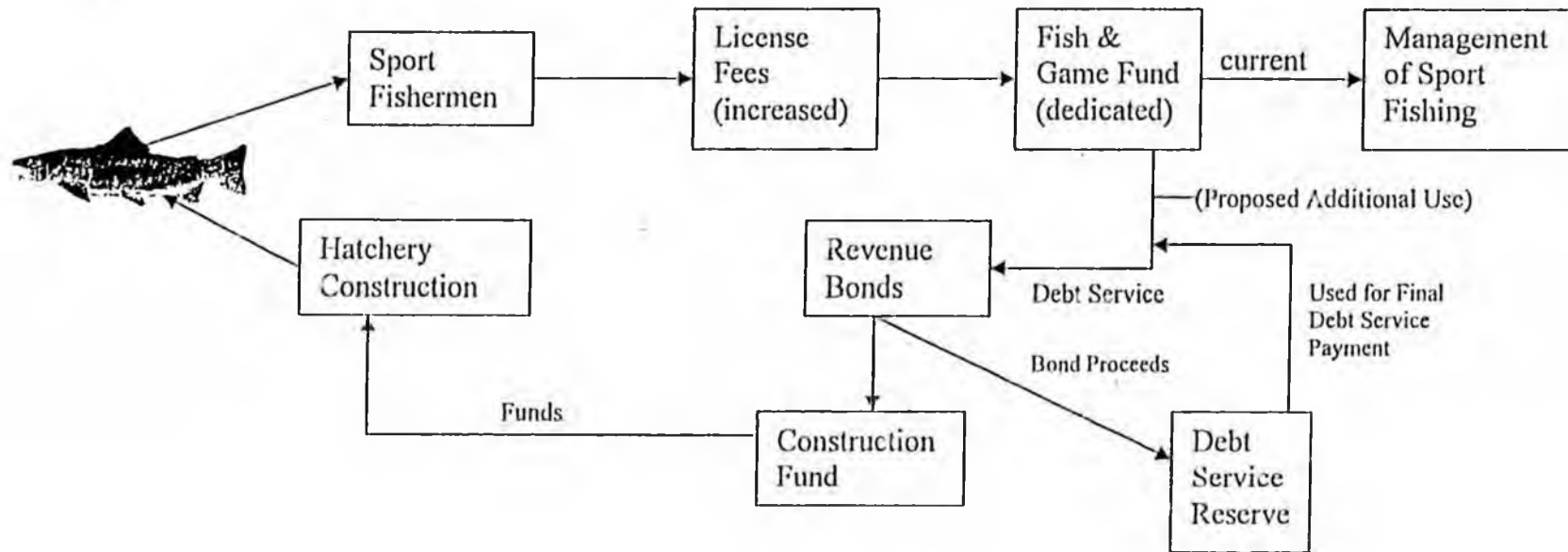
We estimate that we will need \$6 million in additional revenues annually to adequately address our aging hatchery infrastructure. To generate this revenue, we propose a modest surcharge on both non-resident and resident sport fishing license fees. These funds will be used to leverage other federal funds to meet the needs.

Failure to address this problem in a timely manner will demand increased expenditures to maintain aging facilities; increase pressure on wild stocks (many of which are fully allocated); and increase our need to monitor and assess wild stocks and associated fisheries.

Funding Construction with Revenue Bonds

As the Fish and Game Fund is dedicated per federal law, and the enhancement of fishing opportunity spurs license fee collection, the use of revenue bonds is an appropriate financing tool. The sport fish portion of the Fish and Game Fund is a discreet component that will be pledged to repayment of the bonds that will be used to fund construction. The direct benefactors of the fish raised at these hatcheries over the coming decades will be paying a portion of the hatcheries' cost through a surcharge on licensing fees.

SPORT FISH REVENUE BONDS



Sport Fishery Enhancement Surcharge Proposal

The Division of Sport Fish is seeking to sustain and enhance the opportunities and the social and economic benefits that recreational fisheries provide. Hatchery production is key to meeting these objectives. However, our hatchery facilities are aging and are unable to meet current and future demands. In order to rebuild and refurbish the state's hatchery infrastructure, and thereby ensure sport fishing opportunity, ADF&G is proposing a sport fishery enhancement surcharge on sport fishing licenses. Without the revenues generated by this surcharge, sport fishing opportunity will be in jeopardy.

We need \$6.0 million in additional revenues annually to adequately address our aging hatchery infrastructure. Revenues generated by the enhancement surcharge will be used to build a new hatchery in Fairbanks, rebuild the Fort Richardson hatchery in Anchorage, and address hatchery-related needs in Southeast Alaska. To generate this revenue, we propose a modest surcharge on both non-resident and resident sport fishing licenses. These funds will be used to leverage other federal funds to meet the needs.

Before an enhancement surcharge can be imposed on sport fishing license holders, the Alaska Legislature must first pass legislation establishing a surcharge and authorizing the Commissioner of the Alaska Department of Fish and Game (ADF&G) to implement the surcharge by regulation. Simultaneously, the Legislature must also pass legislation giving the Division of Sport Fish the authority to bond for the construction of new hatcheries. Revenues generated by the enhancement surcharge will be used in combination with federal funds for annual debt service on the bond. The surcharge will be terminated by regulation when the ADF&G Commissioner determines that the surcharge is no longer necessary to fund sport fishery enhancement facilities or to repay revenue bonds issued for construction or renovation of sport fishery enhancement facilities.

Enhancement Surcharge Rates Necessary to Meet Annual \$6.0M Bond Payment:

License Category	Number Sold in CY 2003	Proposed Fee	Potential SF Revenue Increase
Resident Sport Fishing	115,197	\$8.50	\$979,175
Resident Sport Fishing/Hunting	44,153	\$8.50	\$375,301
Resident Fishing/Hunting/Trapping	6,068	\$8.50	\$51,578
Nonresident Military Sport Fishing	4,210	\$8.50	\$35,785
Nonresident Military Fishing/Small Game	254	\$8.50	\$2,159
Nonresident 1-day Sport Fishing	109,622	\$8.50	\$931,787
Nonresident 3-day Sport Fishing	52,933	\$15.00	\$793,995
Nonresident 7-day Sport Fishing	84,314	\$25.00	\$2,107,850
Nonresident 14-day Sport Fishing	23,491	\$30.00	\$704,730
Nonresident Annual Sport Fishing	12,403	\$45.00	\$558,135
Revenue Provided by Resident Anglers			\$1,406,053
Revenue Provided by Non-Resident Anglers			\$5,134,441
Potential Revenue Generated			\$6,540,494
Adjust New Revenues for Vendor Payments (-5%)			\$6,213,469

Sport Fishery Enhancement Surcharge FAQ's

Why are hatcheries important?

The Alaska Department of Fish and Game (ADF&G) Division of Sport Fish currently owns and operates two hatcheries in Anchorage. These hatcheries produce sport fish that are stocked in creeks and lakes from Kodiak and Southcentral Alaska all the way up into Alaska's Interior. Production from these hatcheries contributes roughly \$45 million annually to Alaska's economy; accounts for between 10-15% of all the angling effort in Alaska; and reduces pressure on our wild stocks, thereby adding to conservation for fully utilized stocks.

Why does the State of Alaska need to build/refurbish its hatcheries?

The two existing hatcheries (one at Fort Richardson and one at Elmendorf Air Force Base) are over 30 years old and have deteriorated to the point where they can no longer meet current, let alone future projected production demand. Failure to address these infrastructure issues will result in significant loss of hatchery production, and as a result, sport fishing opportunity.

How does ADF&G's Division of Sport Fish propose to address this problem?

ADF&G proposes building a new hatchery in Fairbanks, rebuilding the Fort Richardson hatchery in Anchorage, and addressing additional hatchery-related needs in Southeast Alaska. The new hatcheries in Fairbanks and Anchorage will be designed to meet projected demand in Southcentral and Interior Alaska over the next 25 years.

How much will it cost and where will the money come from?

Various funding sources will be used to finance this package. ADF&G has already received some federal funds for the new hatchery in Fairbanks and anticipates additional federal funds in the future. In addition to the federal funding, ADF&G estimates that it will cost roughly \$63 million to build these new hatcheries and make hatchery-related improvements in Southeast Alaska. These funds will be generated by the issuance of revenue bonds.

Who will issue the revenue bonds?

The State of Alaska's State Bond Committee will issue revenue bonds on behalf of ADF&G's Division of Sport Fish. The Committee will issue up to \$69 million in revenue bonds to fund the construction of the hatcheries.

How come the revenue bond authorization is greater than the construction cost?

Bond proceeds will be used to pay for construction and also for costs of issuing bonds and providing an advance funded debt service reserve account. The debt service reserve account is a security feature found on nearly all revenue bonds whereby an amount equal to one year's worth of payments is deposited in a pledged account to ensure bond purchasers they would have at least a

one year window to seek remedy if a given revenue system failed. This money is then used to make the final payment on the bond issue.

How will the revenue bonds be paid back?

In order to meet the \$6 million annual debt payments on the bond, ADF&G proposes a new sport fish enhancement surcharge on sport fishing licenses. The proposed surcharge has been structured so that it will generate roughly \$6 million annually – the same amount required to pay debt service on the bond. These revenues will be used, in combination with federal funds, to pay back the bond debt.

Why won't these revenue bonds impact the State's credit?

These bonds will be limited obligations of the State with a dedicated Fish and Game Fund. The only source of repayment is the sport fish portion of the Fish and Game Fund, and no General Fund will be made. This same type of bond is used by the International Airports System (\$427.1 million outstanding) and for enterprise fund activity (\$513.8 million outstanding).

includes... Fiscal Note does not reflect this

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Is it worth the cost?

Production from the Division's hatchery program contributes roughly \$45 million annually to Alaska's economy. Over the life of this bond issue, this translates into roughly \$1 billion. When you compare the \$69 million cost to the \$1 billion return, this is a good deal.

How will ADF&G pay for the additional increase in operating costs?

ADF&G already spends \$1.9 million annually to fund the operation of our two sport fish hatcheries in Anchorage and estimates that it will cost an additional \$1 million annually to operate these new facilities. We will use available federal aid and surcharge fees to finance these additional costs.

How will different regions of Alaska benefit from this proposal?

This is a statewide proposal that is a win-win situation for everyone. Sport anglers in Southcentral and the Interior will benefit directly because they will have two new hatcheries designed to meet current and future demands tailored to meet their specific stocking needs.

ADF&G currently spends \$750,000 annually in Southeast to support private non-profit hatcheries that produce fish and provide sport fishing opportunities. ADF&G plans to spend \$200,000 annually for the next 20 years from the revenues generated by the enhancement surcharge to further expand sport fishing opportunities in Southeast – bringing our total annual expenditure to roughly \$1 million.

Residents from rural Alaska will also benefit. When anglers are fishing in stocked lakes and creeks, they are fishing on hatchery-produced fish. If the hatchery fish are no longer available or ceased to exist, then sport fishing pressure would shift to wild stocks, many of which are located in rural

areas. This could result in increased harvest and eventually more restrictive harvest limits. Subsistence fishermen are not required to purchase a sport fishing license.

How many of the hatchery fish will be harvested by commercial fishermen?

Our stocking program is designed to minimize commercial harvest. As a result, a very low percentage of the stocked fish are commercially harvested. In Cook Inlet, for example, sport and personal use fishermen caught 96% (53,600) of all kings harvested that were released from ADF&G hatcheries. Commercial fishermen caught 4% (2,153). The main reason the commercial harvest is so low is that the vast majority of adult kings have entered fresh water drainages by the time the major commercial fisheries begin, and are unavailable for harvest by this user group.

What impact will this surcharge have on charter operators or sport fish guides?

Imposing an enhancement surcharge on non-residents will not have a negative impact on Alaska's charter boat/sport fish guide industry. ADF&G has increased license and tag fees several times over the last two decades, and license/tag sales and guided sport fish efforts have continued to grow despite these increases. There is no correlation between changes in license/tag fees and the number of licenses/tags sold, or in the number of angler days of fishing effort with guides. Therefore, ADF&G is confident that this surcharge will not result in a significant decline in the number of licenses/tags sold or in the number of anglers that pay to fish with a guide.

Proposed Fairbanks Hatchery

Goal: To construct a hatchery in Fairbanks to meet the expected stocking needs of Interior Alaska beyond 2008.

Estimated capital cost: \$25 million. This will be paid for using a combination of federal and state funds. State funds will primarily support the hatchery production facilities (\$15 million) and will come from a bond repaid using the Fish and Game fund via a proposed license fee surcharge. The visitors/education and research center facilities (\$10 million) will come from federal funds.

Hatchery Design: State-of-the-art water re-circulation round tank design. Includes visitors/education and research center in an architecturally pleasing building.

Location: In Fairbanks on the Chena River adjacent to Pioneer Park.

Estimated production capacity:	Rainbow Trout	Catchable	200,000
		Fingerling	210,000
	Grayling	Catchable	40,000
		Fingerling	10,000
	Coho salmon	Fingerling	40,000
	Chinook salmon	Catchable	74,000
	Arctic Char	Catchable	48,000
		Sub-catchable	19,000
		Fingerling	<u>1,500</u>
			642,500

Timeline: Construction to be completed in 2007. First production in 2008.

Proposed Anchorage Hatcheries

Goal: To expand hatchery production facilities in Anchorage to meet the expected stocking needs of southcentral Alaska beyond 2008.

Estimated capital cost: \$45 million. This will be paid for using state funds that will come from a bond repaid using the Fish and Game Fund via a proposed license fee surcharge.

Hatchery Design: State-of-the-art water re-circulation round tank design.

Location: The hatchery will be located in Anchorage at the current Fort Richardson Hatchery location. A separate education/information/visitors center will be located at the existing Elmendorf Hatchery location.

<i>Estimated production capacity:</i>	Rainbow Trout	Catchable	290,000
		Fingerling	1,500,000
	Grayling	Catchable	37,500
		Fingerling	75,000
	Coho salmon	Fingerling	300,000
		Smolt	1,410,000
	Chinook salmon	Catchable	135,000
		Smolt	2,550,000
	Arctic Char	Catchable	40,000
		Fingerling	<u>75,500</u>
			6,413,000

Timeline: Construction to be completed in 2007. First production in 2008.