SCOMM

114:14

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 333

Revision Date/Time (Note if correction)
Dept. Affected: Fish and Game
Title: Classification of Dive Fishery Assessments
BRU: Commercial Fisheries
Component: Special Projects
Sponsor: House Rules Committee
Requester: House Fisheries Committee
Component No.: 1943

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	60.0	60.0	60.0	60.0	60.0	60.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
Contractual	140.0	140.0	140.0	140.0	140.0	140.0
Supplies	48.0	48.0	48.0	48.0	48.0	48.0
Equipment						
Land & Structures						
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous						
TOTAL OPERATING	**328.0**	**328.0**	**328.0**	**328.0**	**328.0**	**328.0**
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1108 Stat/Des Program Receipts						
1037 GF/Mental Health						
Other (Non-GF Program Receipts)	328.0	328.0	328.0	328.0	328.0	328.0
TOTAL	**328.0**	**328.0**	**328.0**	**328.0**	**328.0**	**328.0**

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

This bill does not appropriate any funds. It specifies that dive fishery assessments, as authorized by Chapter 90, SLA 1997, are to be accounted for separately and specifies that the appropriation of the dive fishery assessments is not from the unrestricted general fund. Dive fishery assessments are a self-imposed tax in addition to the fisheries business tax. This tax was approved by the affected divers in 1999 and collections began that year. The department estimates that $328.0 will be collected in FY 2000 for expenditures in the following year.The expenditure of the expected revenue generated by the dive fishery assessments is included in the governor's FY 2001 budget. The funding source for dive fishery assessments in the Governor's proposed FY 2001 budget is statutory designated program receipts. This bill will change that source designation to non-general fund program receipts since this is a self-assessed tax rather than a contractural agreement.

Prepared by: Robert D. Mecum
Division: Division of Commercial Fisheries
Phone: 465-4210
Date/Time: 3/24/00 9:29 AM
Approved by: Commissioner Frank Rue
Agency: Department of Fish and Game
Date: 03/24/2000

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Special Committee on Fisheries
5:00 P.M.
Monday, March 27, 2000
Capitol Building Room 124

Representative John Harris, Representative Carl Morgan, Jr., Co-Chairs

1. **Call to Order**
   Today's Date is: March 27, 2000
   The time is:

2. **Roll Call - (Quorum - need 4)**
   Representative Harris, Co-Chair
   Representative Morgan, Co-Chair
   Representative Dyson
   Representative Whitaker
   Representative Hudson
   Representative Kapsner
   Representative Smalley

3. **Identify Teleconference Sites**
   Ask moderator to list sites that have persons who wish to testify.
   Three-minute testimony will be heard later in the meeting.

4. **Purpose of the Meeting:**
   Request of the Governor, HB 333 "An Act relating to the accounting for and appropriations of the dive fishery management assessment; and providing for an effective date."

   Request of the Governor, HB 360 " An act relating to registration for commercial set gillnet fishing sites; relating to leases for shore fisheries development; and providing for and effective date."

Subject: SARDFA contact #'s
Date: Tue, 21 Mar 2000 11:32:57 -0900
From: Kyle Johansen <Kyle_Johansen@legis.state.ak.us>
Organization: Alaska State Legislature
To: Bill Lawrence <Bill_Lawrence@legis.state.ak.us>

Southeast Alaska Regional Dive Fisheries Association, SARDFA
Julie Decker, Executive Director
Gig Decker, Executive Director's Assistant
P.O.Box 2138, Wrangell, AK 99929
Ph: 907-874-3110; Fax: 907-874-4270
gigjulie@seapac.net

Kvichak Setnetters Assoc.

P.O. Box 91118 • Anchorage, AK 99509
(907) 276-4771 phone/fax

27 March 2000

Co-Chairman Harris
Co-Chairman Morgan
Fisheries Committee
Juneau, Ak.

Sirs:

My first contact with the Shore Fisheries Program was 1983 when it was a one-man operation under Ken Roehl. He was absolutely overwhelmed by new applications but did what he could. Rindi Patterson took over a short time later and was given a staff of three. The program progressed light years under her direction. Shore Fisheries waded threw the files and settled the minor disputes. It became a well-run organization working with and for the fisherman. After 5 years she reached burnout. Mostly caused by budget battles. Kathy Duggan was the next in the kettle.

In 1993 fees were raised from $150 to $300 to cover the expense of this receipts program which at that time was just over $200,000. At the time Shore Fisheries still had four employees. Kathy Duggan proceeded to fine-tune the self-paying program. It fit the needs of the fishermen. By the time she left in 1998 only she and Dennis Gall were employed there. Last year it was reduced to only Dennis. The cost of the program other than labor is between $30-50,000 at most. Fishermen pay in $360,000 to fund this program. Dennis Gall is now gone. Jennetta Pritchard is now there operating under the new registry system.

HB 360 and SB 258 would gut the Shore Fishery Program yet still collect the $360,000 funds from the fishermen this voluntary receipts program generates. How the two bills would destroy the program are as follows:

1. No new lease applications and diagrams. Leases are now for 10 years.
2. No amending existing diagrams
3. No renewal of existing leases
4. No conflict mediation
5. No public notices of the new registered sites. The fishermen always paid for these notices anyway. They are crucial in averting conflicts.

What would we be paying for under the new program? No services. I don't know of any setnet organization or setnet fisherman that backs the registry program.

Sincerely,

Al Bauman

President
Kvichak Stenetters' Association

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND
SOUTHCENTRAL REGION

3601 C STREET, SUITE 1080
ANCHORAGE, ALASKA 99503-5937

February 23, 1998

Dear Shorefishery Lease Holders and Applicants:

A few of you may remember that your lease rentals are determined by the cost of the program's administration. As outlined in regulation, the department must review costs at 5 year intervals. The last rent increase occured in January 1993. An analysis was done in late 1997 to prepare for a possible change to take effect on January 1, 1998. Our cost analysis showed that we have been able to keep costs from increasing by changing the way we do business. Many procedures have been streamlined, most conflicts have been addressed, and a new computer database allows us to keep track of our workload. As a result, the rental will remain unchanged, at $300, for the next 5 years. Costs will be reviewed in 2002 to prepare for a possible change on January 1, 2003.

To Contact the Shorefishery Unit:

Mailing Address:	**At the top of the page**		
Telephone and E-mail:	**Kathy**	**907-269-8544**	**kathy_dugan@dnr.state.ak.us**
	Dennis	**907-269-8545**	**dennis_gall@dnr.state.ak.us**
	Nina	**907-269-8543**	**nina_clock@dnr.state.ak.us**
Fax:		**907-269-8913**	
Web Page:	**http://www.dnr.state.ak.us, then select "Division of Land" and then, "Shorefishery Leases."**		

I would also like to take this opportunity to say goodbye. I will be leaving this office and the state in early May. I've enjoyed working on this program and meeting so many of you. I'll miss being here and hearing all your fish tales. Thanks for making it an interesting six years.

Sincerely and Best Fishes,

Kathleen S. Dugan

Kathleen S. Dugan
Natural Resource Officer

rentinfo.98

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND
SOUTHCENTRAL REGION

3601 C STREET
P.O. BOX 107005
ANCHORAGE, ALASKA 99510-7005

October 29, 1992

Dear Setnetter:

In order to continue the Shore Fishery program we must increase the yearly rental from $150 to $300. Statute AS 38.05.082 states that the rental will be determined by the Director and that the amount will be equal to the cost of the program administration. So far, the program has not covered its costs.

If the program is not self-supporting there is the real possibility that the shore fishery lease program will be eliminated in a budget cutting measure. The yearly cost of the program is over $200,000. At the new rental rate of $300 per lease per year, the program will be self-supporting within a year.

This rental increase will not affect all lessees immediately. This new rate will apply NOW to all leases issued or renewed after January 1, 1993, and to all leases first issued six or more years ago. Any leases issued between 1988 and 1992 will not increase to the new rate until they have begun their sixth year. For example, a lease issued in 1987 will increase to the new rate in 1993, a lease issued in 1992 will not increase until 1998. This change applies to all set net leases statewide.

If you do not wish to pay the new rental fee, you may relinquish your lease or application. No setnetter is required to have a lease in order to participate in a shore based fishery. However, without a lease, there can be no assurance that you will be able to re-occupy the setnet sites you customarily fish without competition from other setnetters.

If you have specific questions please contact the Shore Fishery Unit at the above address or by telephone at (907) 762-2469.

To conserve valuable and limited staff time, before calling with questions, please refer to your lease document for your issue date. Note that at the bottom of page one there is a statement that rental is subject to adjustments at five year intervals. If your lease has been renewed recently, the issue date in question is the ORIGINAL (first) issue date.

Sincerely,

Ron Swanson
Director

c:rentlner.ltr

10-J18LM

Sponsor Statement by Alaska Department of Fish and Game
on House Bill 333
March 27, 2000

During the 1997 legislative session, HB 198, sponsored by Representative Bill Williams, was enacted into law by the legislature. House Bill 198 allows dive fishermen to form regional dive fishery associations. Once an association is formed and certified by the Department of Fish and Game, HB 198 allows it to conduct an election to determine whether divers harvesting in the region represented by the association wish to pay an assessment on the product they harvest. This assessment, which would be in addition to the other taxes divers pay, was to be used to fund additional research and stock assessment for the purpose of expanding the dive fisheries in the region. A portion of the assessment may also be used to offset administrative costs for the regional dive fishery association.

Since passage of HB 198, one dive association has formed, the Southeast Alaska Regional Dive Fishery Association (SARDFA). An election was conducted by SARDFA in 1999 and the divers approved assessments on geoducks, sea urchins, and sea cucumbers. These assessments are now being deposited in the state treasury. SARDFA and the department are discussing projects that would be funded by the assessments and SARDFA has approached the department about the funding for their administrative costs. Funds for all these are included in the department's FY 2001 budget requested by Governor Knowles.

It is anticipated that the legislature will appropriate the dive fishery assessments being collected in the FY 2001 budget. However, the assessments are currently classified as general funds. Since the legislature is indicating it plans to reduce general funds rather than increase them, it is likely any appropriation of dive fishery assessments will come at the cost of an equivalent reduction in other general funds available to the department.

This was not the intent of the proponents of HB 198, nor is it necessary. House Bill 333 appropriately reclassifies these funds as non-general fund program receipts, since they are recurring revenues generated by the fishing industry. Industry has clearly indicated they desire to have a higher level of government services in the form of enhanced fishery management and research and have shown they are willing to pay for it. House Bill 333 is necessary to fulfill the purpose of HB 198.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 25526
JUNEAU, ALASKA 99802-5526
PHONE: (907) 465-4100
FACSIMILE: (907) 465-2332

February 8, 2000

Honorable John Harris
Co-Chair
House Special Committee on Fisheries
Capitol Building, Room 110
Juneau, AK 99801

Honorable Carl Morgan
Co-Chair
House Special Committee on Fisheries
Capitol Building, Room 409
Juneau, AK 99801

Dear Representatives Harris and Morgan:

House Bill 333, relating to the accounting for and appropriations of the dive fishery management assessment, was recently introduced and referred to the House Special Committee on Fisheries. I am requesting you schedule a hearing on this bill as soon as possible.

During the 1997 legislative session, the Legislature passed House Bill 198, sponsored by Representative Bill Williams. This bill provided a means for participants in dive fisheries to form associations and approve special assessments on their catches to fund management and research in the dive fisheries. By 1999 one such association had organized, conducted an election, and approved an assessment.

It is anticipated that the legislature will appropriate the assessments being collected during FY 2000 in the FY 2001 budget. However, the assessments are currently classified as general funds. Since the legislature is indicating it plans to reduce general funds rather than increase them, it is likely that any appropriation of the dive fishery assessments will come at the cost of an equivalent reduction in other general funds available to the department.

This was not the intent of the proponents of HB 198, nor is it necessary. House Bill 333 appropriately reclassifies these funds as non-general fund program receipts, since they are recurring revenues generated by the fishing industry. Industry has clearly indicated they desire to have a higher level of government services in the form of enhanced fishery management and research and have shown they are willing to pay for it.

These questions are fundamentally financial ones, and really have little to do with resource or fisheries management issues. This bill has a finance committee referral, and one course of action available to the Fisheries Committee is to waive the bill from its

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jurisdiction. Whichever course of the action you decide, we request you give this bill your immediate attention.

Thank you very much for your consideration. If you have any questions, please give me a call.

Sincerely,

Frank Rue
Commissioner

cc: Pat Pourchot
Representative Bill Williams
Geron Bruce

Subject: Request hearing of HB 333
Date: Wed, 16 Feb 2000 16:29:59 -0900
From: Gig & Julie Decker <gigjulie@seapac.net>
To: "'Morgan, Carl'" <Representative_Carl_Morgan@legis.state.ak.us>,
"'Harris, John'" <Representative_John_Harris@legis.state.ak.us>
CC: "'Dyson, Fred'" <Representative_Fred_Dyson@legis.state.ak.us>,
"'Hudson, Bill'" <Representative_Bill_Hudson@legis.state.ak.us>,
"'Kapsner, Mary'" <Representative_Mary_Kapsner@legis.state.ak.us>,
"'Smalley, Harold'" <Representative_Harold_Smalley@legis.state.ak.us>,
"'Whitaker, Jim'" <Representative_Jim_Whitaker@legis.state.ak.us>

Dear Representatives Morgan and Harris,

I would like to request a hearing of HB 333 as soon as possible.

HB 333 is a non-controversial, technical amendment to the original law signed in 1997 allowing the establishment of regional dive associations with the ability to assess themselves to support the development of their fisheries. HB 333 merely allows the dive assessment to be accounted for separately and appropriated back for the development of the fisheries.

HB 333 is the finishing touch on a progressive law which combines financial and informational resources of industry users and state managers.

SARDFA, the Southeast Alaska Regional Dive Fisheries Association, is the first regional dive association to be created and begin assessing its members under this law. SARDFA has been met with great encouragement and success around the State and country by putting forward its contribution towards the development of its industry in the form of time, expertise and money. Below are some of SARDFA's successes:

1) SARDFA has developed an efficient and well respected working relationship with ADF&G and other state officials.
2) SARDFA has received a $60,000 grant from the USDA for its administration of the association and the development of the dive industry.
3) SARDFA's Board was instrumental in negotiating and securing $850,000 of federal funding for research and development of the urchin fishery.
4) SARDFA's Board is currently developing $1,000,000 of federal funding for the geoduck fishery.

It is SARDFA's mission to develop and enhance the Southeast Alaska dive fisheries to a sustainable and economically feasible level, resulting in the best utilization of a State resource for the health of the economy and ecology. In order to continue developing the necessary funding in order to fulfill this mission, SARDFA needs to have assurance that its funding through the dive assessments will be returned by the Legislature in a simple and straight-forward manner.

Please help us secure our funding in order for us to help increase State funding through industry development.

Julie Decker

Southeast Alaska Regional Dive Fisheries Association, SARDFA
Julie Decker, Executive Director, SARDFA
Gig Decker, Executive Director's Assistant, SARDFA
P. O. Box 2138, Wrangell, AK 99929
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