

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2903 SCOMM 126: HOUSE SPECIAL COMMITTEE ON FISHERIES, 2001-02

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
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Central Microfilm Services
Department of Education & Early Development
State of Alaska

HB208

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 208 (FSH)
() Publish Date: _____

Revision Date/Time (Note if correction): _____

Title Aquatic Farms For Shellfish

Dept. Affected: Fish and Game

BRU Commercial Fisheries

Component Fisheries Development

Sponsor Representative Scalzi

Requester House Resources

Component No. 1942

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	40.0	25.0	*	*	*	*
Travel	10.0	5.0	*	*	*	*
Contractual	30.0	10.0	*	*	*	*
Supplies	5.0	3.0	*	*	*	*
Equipment	5.0	2.0	*	*	*	*
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	90.0	45.0	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	90.0	45.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
TOTAL	90.0	45.0	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary	2					

ANALYSIS: (Attach a separate page if necessary)

ADF&G is required to provide consultation to DNR regarding the suitability of various sites before they are offered for lease. The Mariculture Program Leader and Assistant will lead and coordinate, in conjunction with industry nominations, the selection of sites to survey as well as field activities with ADF&G regional staff, and staff from other participating agencies. To accomplish site surveys for suitability, ADF&G will conduct dive surveys on potential sites. Personnel costs include funding for a seasonal Fisheries Biologist I, certified divers associated with dive surveys and inspections at proposed aquatic farm sites, and laboratory testing of samples taken from the sites. Travel costs include per diem and transport of department staff, including certified divers, to proposed and existing farm sites. Contractual costs include vessel time to conduct surveys and

Prepared by: Doug Mecum

Division Director

Approved by: Gordy Williams for Commissioner Frank Rue

Agency Fish and Game

Phone 465-6100

Date/Time 3/5/02 3:15 PM

Date 3/5/2002

(over)

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CS HB 208 (FSH)

ANALYSIS CONTINUATION

inspections of proposed farm sites, and laboratory work for the analysis of water quality samples and PSP and Domoic Acid analysis for growing area certifications. Supplies include materials necessary for dive surveys, scientific supplies and data processing supplies, and assistance with regional mariculture plan development.

Additional time and funding needed to complete the work associated with identification of new areas in FY 2004 are roughly estimated at 50% of the FY 2003 costs.

* There will also be increasing costs associated with any large increases in mariculture permitting and support. Many services, such as water quality and product testing, currently provided at little or no cost to aquatic farm operators by various state facilities, resources, and personnel, will probably not be fiscally possible as the number of mariculture operations increases, unless funding is provided. These are essential to meet statutory requirements. Since such impact is completely contingent on the number of new farms and the size of the farms, these costs are impossible to estimate. This fiscal note merely identifies the likelihood of additional long-term costs.

NOTE: ADFG Division of Habitat and Restoration has also submitted a fiscal note.

PH

HB 208

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 208 (FSH)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: ADF&G
Title Aquatic farms for shellfish BRU Habitat and Restoration
Component Habitat
Sponsor Representative Scalzi
Requester House Resources Component No. 486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	65.5	33.0	*	*	*	*
Travel	5.0	2.5	*	*	*	*
Contractual	2.0	1.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	72.5	36.5	*	*	*	*

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	72.5	36.5	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Interagency Receipts from DNR						
TOTAL	72.5	36.5	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☐

POSITIONS

Full-time	1					
Part-time						
Temporary	2					

ANALYSIS: (Attach a separate page if necessary)

CSHB 208 (FSH) creates a one-time offering of at least 90 aquatic farm sites for lease.

In addition to the requirements in the bill, the requirements of other State and Federal statutes may affect sites that could be offered. These may include, but are not limited to, the Alaska Coastal Management Plan, District Plans, legislatively designated areas statutes and regulations, and 16.40.100-199 which requires that the physical and biological characteristics of a site be suitable for shellfish farming, that a farm site not require significant alterations in traditional fisheries or other existing uses of fish and wildlife resources, and may not affect fisheries, wildlife or their habitats [cont]

Prepared by: Chip Dennerlein Phone 465-3065
Division: Habitat and Restoration Date/Time 3/5/02 12:30 PM
Approved by: Gordy Williams for Commissioner Frank Rue Date 3/5/2002
Agency: Fish and Game

(over)

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSHB 208 (FSH)

ANALYSIS CONTINUATION

in an adverse manner. ADNR aquatic farm statutes and guidelines have specific requirements for such things as avoidance of eagle nests, marine mammal and seabird rookeries, and commercial seining areas. ADF&G maintains this information.

Identifying and evaluating 90 permittable lease sites will require intensive effort and additional staff will be needed. A Habitat Biologist III is needed to work with ADNR, ADEC, and ADF&G CFMD to identify potential lease sites. Existing fish and wildlife, habitat and public use data on sites will be collected and evaluated. Potential lease sites will be identified and surveyed in the field to determine suitability. The biologist will: review land use plans, coordinate with ADF&G Wildlife Conservation and Subsistence Divisions, ADNR, ADOL, local governments, and federal agencies; prepare site reports; attend public meetings and hearings; and issue Special Area permits as necessary. A 3-month FT III will aid in habitat site evaluations in the field, and one month of Cartographer 2 time will be needed to enter data into the GIS system.

* Costs for administration and oversight of additional levels of mariculture activity in subsequent years may be significant, but are difficult to quantify at this time.



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI

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HB 208

Aquatic Farms for Shellfish

"An Act relating to aquatic farming of shellfish; and providing for an effective date."

The mariculture industry has the potential to increase the availability of fresh seafood to Alaskans, strengthen the competitiveness of Alaskan seafood products in the world marketplace and provide a premium product year-round.

Mariculture is new to Alaska. The permitting process is complex due to the number of agencies that oversee aquatic farming, i.e., Fish and Game, Environmental Conservation, Natural Resources and Governmental Coordination. With cooperation from these entities, this industry, which has proven extremely successful in other states, can certainly enhance economic development in our coastal communities with year-round employment for farmers and processors.

In a good faith effort to encourage good relationships between government agencies and the industry, HB 208 is being introduced as companion legislation to Senator John Torgerson's SB141.

HB 208 requires the Department of Natural Resources to offer public leases on 60 suspended shellfish sites, 20 clam sites and 10 geoduck sites. These lease sites are in addition to those already permitted. Security bonds must be posted according to the value of the product on-site and will be returned upon termination of the lease. Farmers must abide by the sustained yield principle of management when harvesting the wild stock. The Commissioner of DNR must solicit nominations from industry for sites that do not interfere with established commercial, subsistence or personal use.

HB208 is the means for encouraging the state to develop another resource that will add economic diversity to our coffers -- while protecting the right of Alaskans to harvest a common property resource.

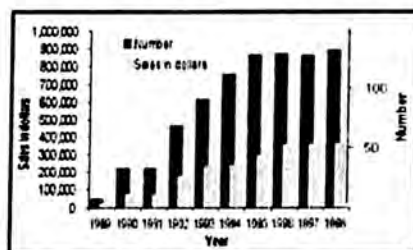
Shellfish Mariculture in Alaska: Economic Opportunity for Coastal Residents

Rodger Painter - ASGA
 Bob Hartley - KSMA
 Ron Long - Qutekac Shellfish Hatchery
 Jon Agosti - Qutekac Shellfish Hatchery
 Raymond RaLonde - UAF/Marine Advisory Program
 February 21, 2001

Where are the farms located?



Production of Alaskan Oysters



Constraints to Aquatic Farming in Alaska

- Negative regulatory climate
- High cost of doing business in rural Alaska
- Lack of infrastructure
- Slower growth rates than competitors
- Lack of investment capital
- Research and development hampered by lack of governmental support

Examples of ADF&G Regs

- Applicants must file a development plan showing by quarter over a ten-year period the amount of seed planted, number of shellfish harvested, gear deployed and number of employees.
- Farmers must demonstrate to ADF&G "increases in productivity" over natural levels before harvesting a crop including natural recruitment.
- Standing stocks of native shellfish must be harvested under common property fisheries before a site is transferred to an aquatic farmer even if there are no fisheries for the target species.

Where Alaska's Aquatic Farm Dollars Go?

(as a percentage of gross annual revenue)

Local Economy (Prince of Wales Island)	53%
Region (Southeast, including POW)	74%
State Treasury (lease fees, taxes, licensing)	3.5%
Alaska	96.5%

Source: Based upon 2001 expenditures of Tenase Pass Shellfish Company, an oyster and clam farm located on Prince of Wales Island

Economic Spin-offs of Shellfish Farms

- **Services** (Fuel, groceries, supplies, welding, outboards, etc.)
- **Shellfish Nurseries** (\$12,000 net profit/million seed)
- **Processing** (Provides year-round flow of product)
- **Air Service** (My farm backhauls 900-1,500 lbs/week)
- **Revenue Sharing** (Farms pay Fisheries Business Tax)
- **Employment** (My farm employs 4 on a year-round basis)

Economic Impact

\$20,000 gross revenues per acre for Alaska oyster and clam farms

(Based upon performance of 8-acre S.E. and 1-acre Kachemak Bay farms over a five-year period.)

At this rate, Alaska would require only 5,000 acres of coastline to create a \$100 million industry!

Kachemak Shellfish Growers Cooperative

- Cooperative provides
 - Shellfish nursery for optimum size and quality of seed for farmers.
 - Security for fishermen while absent from the farm.
 - Cooperative marketing assures year around market for those who need a flexible harvest schedule.



Commercial Fishermen and Farming

- 16 Active farms in Kachemak Bay
- 12 farms operated by current or form commercial fishermen
 - 8 active



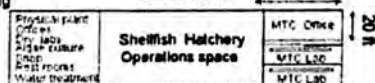
Qutekcak Shellfish Hatchery

The nuts and bolts

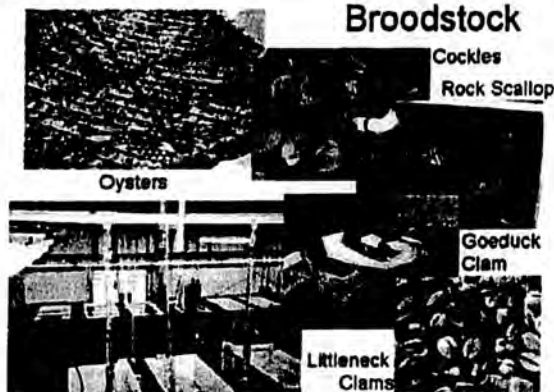
- Hatchery (background)
 - State-of-the-art
 - 9,370 ft² capacity
 - Highly treated water
 - Easy access
 - Integrated plumbing
 - Heat recovery
 - Sterilized effluent
- MTC research center
- Nursery pond (foreground)
 - Initial seed rearing



Floor Plan 26 ft



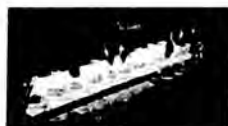
Broodstock



Algae Culture

Live algae needed to feed

- Broodstock
- Larvae
- Seed



Shellfish Larva Culture

- 16,000 liter larva tanks hold in excess of 40 million larva
- Larva fed live cultured algae for three weeks



Shellfish larvae- 1/4 mm

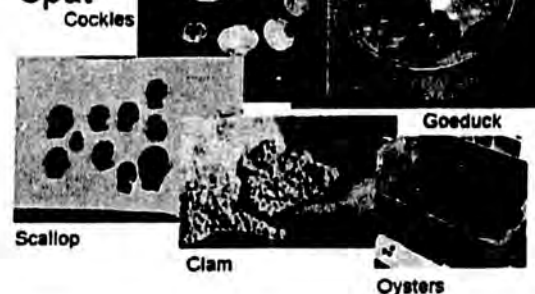


Larva Setting

- Larva placed in upwelling tanks at ~ 0.25 mm
- Larva set and develop into adult form
- Reared in tanks to 2-3 mm
- Removed to nursery



Seed "Spat"



Qutekcak Shellfish Hatchery An Investment for the Alaskan Economy

- \$3.2 million facility
- Produces seed of oysters and indigenous species
- EDD study 1993 primary goal identified to control seed supply.
- Five year bumpy startup exceptional for a hatchery
- Non-state investment over 5 years of \$1.4 million



What the Hatchery Needs to Succeed

- Bottom line: We need customers in the form of permitted farms!
- Enhancement opportunities for depleted stocks
- Technology does not pay the bills.
- Supporting statutes and regulations.
 - SB-141/HB-208

"Seeding" a Clam Plot

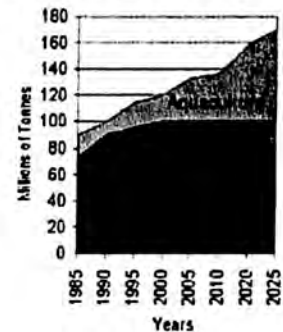


Mussel Shellfish Aquaculture

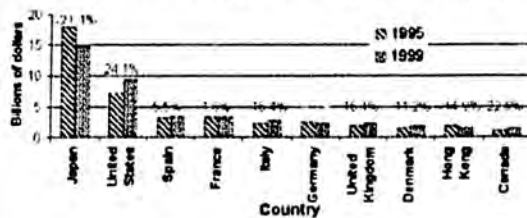


An Aquaculturist View

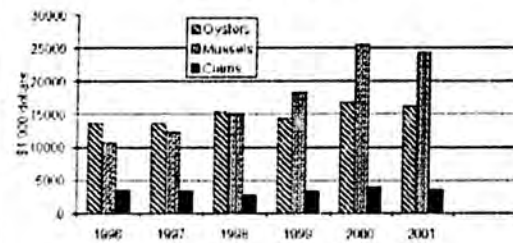
- Captured fisheries are at or near their maximum level
- Consumer demand will continue to increase
- Aquaculture is required to make up the difference
- Aquaculture is the US fastest growing agriculture sector



Seafood Imports By Country

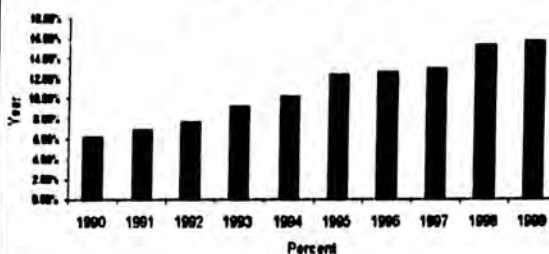


Imports of Bivalve Shellfish Into the United States

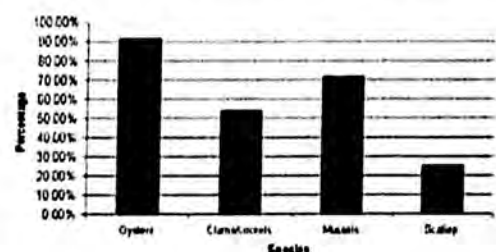


Total US production in 1998 \$89 million

Percentage of Farmed Marine Fish Compared to the Commercial Fishery Harvest

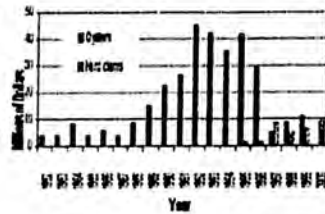


Farmed Shellfish as a Percentage of the Commercial Fishery Harvest



Connecticut

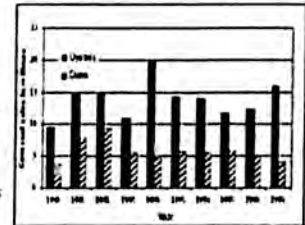
- \$60 million farmgate
- 600 jobs
- 52,000 acres of oyster farms
- Using the standard multiplier \$200 million contribution
- Challenges with disease in recent years
 - Prospects good for future
 - Clam production added



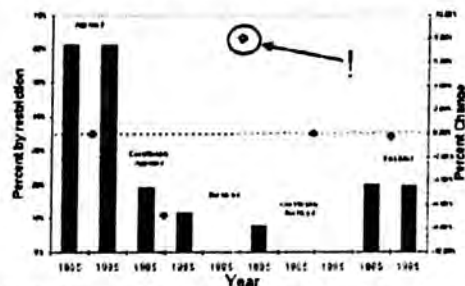
The massive upswing 1982-1992 was due mainly to 5.4 million investment public funds

Washington

- Production has leveled
 - Little room for expansion
 - Concentration on shucked oyster meat
 - Water quality concerns that reduce rearing areas
 - Seasonality of sales
 - Few off-shore areas for growing high valued halfshell oysters



Water Quality



Alaska has zero (0) acres of restricted shellfish growing areas

Florida Clam Farming

Statewide in 1998

- 1,440 acres of farms
- 50 nurseries
- 300 growers

Cedar Key Florida

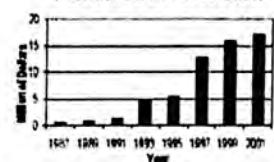
- 50 million clams
- Average farmer clears \$30,000 annually
- \$7.5 million annually to the local economy



Partnerships That Work



Florida Clam Production

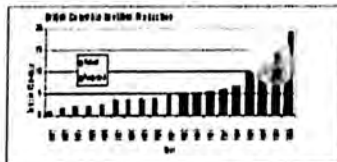


British Columbia

British Columbia's Shellfish Farming Initiative

Coastal Aquaculture

Western Economic Development Institute
Department of Fisheries and Aquaculture
British Columbia's Shellfish Industry



Goal
\$100 Million Dollar Industry
By 2006

Significant Developments in Alaska

Oyster Broodstock

Nursery production



Growout research Education and Training Conferences



Shellfish Quality, Marketing, and Safety Program

- USDA/CREES grant "Alaskan Shellfish Quality, Safety, and Markets"
 - \$132,712 over two years
- Support of alternative PSP testing research
 - In-kind sampling for ASTF projects
 - Conferences in 1996, 1999, 2001
 - Current Sea Grant project \$45,000 over two years
 - ASTF funded marketing program



What Alaska Has to Offer

- Impressive biological advances
- Alaska's pristine environment
- We have tidelands available
- Expertise is growing
- Reputation for exceptional quality and safety
- University with fisheries and oceanography
- Consumer demand far greater than supply.

What Alaskan Shellfish Farming Needs

- Regulatory relief with permit application and review
 - Shellfish farming is diligent use of tidelands
 - Shellfish aquaculture is environmentally responsible
 - Policies and regulations must be developed that
 - Reduce conflict
 - Clarify regulations
 - Modify the application
 - Increase efficiency
- Develop partnerships
 - University of Alaska - Research
 - Investment capital that comes with regulatory reform
 - Cooperative regulatory agencies
 - Support of Alaskan economic interests

Summary Of Current and Future Initiatives

Funded (\$425,000)

- November 2001- Conference (Environmental effects of on-bottom aquaculture) (ADF&G, PAC, SEA GRANT, MAP, ASGA)
- 2000-01- Littleneck clam culture field research (ASTF)
- 2000-02- Environmental codes of practice (Alaska Conservation Foundation)
- 2002-04- Scallop culture field research (Sea Grant)
- 2002-04- Cockle culture research (SBIR)
- 2001-2004- Prince of Wales Island aquaculture development program (CES, PRF, Sea Grant)
- 2002-03 Shellfish marketing study USDA/CREES

Proposed (\$260,000)

- 2002+ - University of Alaska Initiative



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Payback of Fiscal Notes for SB141/HB208

Lease fees

Aquatic farmers pay DNR \$350 for the first acre and \$250 for each additional acre in annual lease fees. For a five-acre farm this equates to \$1,350 per year. For 90 5-acre farms, this would amount to \$121,500 in annual revenues.

Fisheries Business Taxes

Aquatic farmers are subject to the Fisheries Business Tax. If each of the 90 farms were to generate \$100,000 in gross sales per year, the tax liability per farm would be \$3,000. For 90 farms, the total would be \$270,000.

Other Annual Licensing and Permitting Fees

Fisheries Business License = \$25 per farm. Shellfish shipping permits from DEC = \$100. Growing area certification (DEC) = \$300. Total per farm = \$425. Total for 90 farms = \$38,250.

Total Annual Lease Fees, Taxes and Licensing Fees

Per 5-acre Farm = \$4,775. Annual total for 90 Farms = \$429,750.

Economic Contribution

If each farm generated \$100,000 in gross revenues, 90 farms would contribute \$9 million to the economy. If farm supports two jobs, a total of 180 new jobs would be created.

Proposed conceptual language SB141

(a) Upon an aquaculture lease site applicant meeting consistency requirements of ACMP and upon a positive best interest finding by the Department of Natural Resources, the Department of Fish and Game shall issue an operation permit to an aquaculture site applicant at a site where aquatic farming of the shellfish species would not interfere with an established commercial, subsistence, or personal use fishery (1) within thirty days if an indigenous population of the shellfish species to be cultivated is not present, (2) within 150 days in the case of the presence of an intertidal harvest species with the following provisions: the department shall give public notice for sixty days that the proposed area shall be open to harvest for a period of ninety days to (a) the public or (b) to limited entry permit holders if the species are subject to limited entry or (3) within 90 days in the case of the presence of subtidal dive harvest species with the following provisions: the department shall give public notice for sixty days that the area shall be open to harvest for a period of thirty days to (a) the public or (b) to limited entry permit holders if the species are subject to limited entry. Following the harvest period, the remaining standing stock shall be available for cultivation and harvest by the aquaculture site lease holder and the area shall be off limits to further commercial harvest except by the lease holder for the term of the lease. These provisions shall apply to applicants who have already met the ACMP and DNR requirements and to those that meet them in the future.

(b) Upon the expiration or termination of the lease, a person who holds a lease for an aquatic farming site where wild stocks of shellfish indigenous to the site are cultured and are subject to limited entry provisions shall, as a condition of the lease, restore the wild stock of shellfish, as consistent with sustained yield management of the wild stock, to the population level that existed on the site when the lease was initially issued.

Intent: it is important to put on the record of committee deliberations on this section of the law, that by adopting this legislation it is the legislature's intention to establish a practical method for aquaculture operations to move forward while still respecting the common property and sustained yield provisions of Alaska's constitution. While the open harvest period may exceed normal sustainable yield levels, the legislation requires the aquaculture site leaseholder to restore the area to original population levels at the end of the lease, at which time the area would once again be available for open commercial harvest, or for a new lease application. Therefore, this temporary use of the site and the marine resources thereon would not be seen as a violation of the sustained yield principle or the common property clause of the Alaska Constitution.

While this legislation is intended to reduce litigation, if the issue is litigated, it is important for the courts to understand the thinking of the legislature in adopting this measure.

Submitted by Paul Fuhs
(907) 351-0407

QUTEKCAK SHELLFISH HATCHERY

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907-224-5181 fax 224-5282
qshatch@arctic.net

February 28, 2002

Dear Representative Scalzi,

On behalf of the Qutekcak Native Tribe and the hatchery, I would like to express our support for HB-208, and our appreciation for your sponsoring this important legislation.

The economics of coastal communities have been negatively impacted in the recent past for a variety of reasons too numerous to recount here. What's important is to look for possible solutions, and we feel the shellfish farming industry has demonstrated the potential to bring needed economic diversity to these communities. That potential is enhanced due to the fact that many of the individuals who have been hardest hit are commercial fishermen who already possess many of the necessary skills and equipment.

Over the past few years we have witnessed an increased awareness of this industry's potential in Alaska, and have managed to dispel some perceptions that draw inaccurate parallels between finfish farming and shellfish farming. We have not been as successful in streamlining the permitting process in a way that will allow the industry to reach the "critical mass" necessary to support the hatchery as our research nears completion and the funding for that research needs to be replaced by marketing the developed product.

We recognize that there is no magic wand, and that the proper course for our industry is incremental and steady improvements in regulation and understanding, and in further demonstrating the economic benefits of the industry. This legislation represents an important step along that course of improvement by making available sites that will increase our customer base. We are cognizant that some investment in the form of agency budgets will be necessary on the State's part to make this legislation work, but are confident that we can provide returns over time on that investment many times over.

Thank you for your support and best regards,

Ron Long,
Director



Rodger Painter, vice president
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Phone/Fax: (907) 463-3600
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February 20, 2002

**Honorable John Torgerson
State Capitol, Suite 427
Juneau, AK 99801-1182**

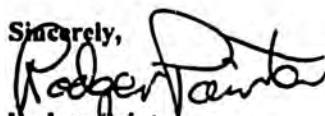
Dear Senator Torgerson:

Your efforts to create a "bank" of aquatic farm sites are greatly appreciated by aquatic farmers throughout the state. The committee substitute for SB 141 you have developed has made good bill even better, and we are enthusiastic about working with you to move it through the process this year.

We are particularly grateful for the changes in the committee substitute. We believe SB 141 represents a wise investment in creating new economic development opportunities in coastal Alaska with the use of one of the state's most abundant natural resources. What a better way to bolster the sagging economies of coastal regions than promote an environmentally friendly industry supporting year-round jobs.

We believe this approach to aquaculture development may become a model for the rest of the country. We again thank you.

Sincerely,



Rodger Painter
Vice President



Rodger Painter, vice president
P.O. Box 20704 Juneau, AK 99802
Phone/Fax: (907) 463-3600
rodgerpainter@hotmail.com

February 11, 2002

Senator John Torgerson
State Capitol, Room 427
Juneau, AK 99801-1182

Dear Senator Torgerson:

After carefully considering your comments on our proposed "aquaculture development zone" concept, we have decided that your approach on Senate Bill 141 is superior. We'd like to work closely with you and Rep. Scalzi in getting the legislation approved this session.

There is one amendment to SB 141 that we believe is vital to accomplishing the intent of the legislation: removal of the section on lease valuation. Here's the language we'd like to have deleted:

In determining the fair market value of a lease for an aquatic farming site where shellfish indigenous to the site are cultured, the department shall consider the value of the harvestable shellfish resource on the site and the potential productivity of the site for cultured shellfish.

Here's our rationale for removal of the language:

- Adoption of regulations by ADF&G subsequent to development of SB 141 has effectively rendered this section moot. Under current ADF&G procedures, the harvestable "standing stock" of native shellfish on an aquatic farm site must be harvested under commercial fishing permits prior to transfer of the site to the applicant. In addition, ADF&G policies prohibit applicants from obtaining sites with significant numbers of wild geoducks. Insertion of this language could confuse the validity of these practices.
- SB 141 also contains language codifying current ADF&G regulations and permit conditions requiring growers to replace standing stocks prior to relinquishing the site. The practical effect of putting both sections into law would be to require growers to pay for standing stocks twice, in addition to paying the state the same fisheries business tax rates of commercial fishermen AND lease fees for use of state land and waters.
- The existing language could create concerns for growers attempting to farm mussels and other species not subject to commercial fisheries. If the shellfish is not subject to commercial fisheries and we have a great abundance of the species, the state shouldn't create disincentives for utilizing surplus natural resources.
- The final clause of the section includes "potential productivity of the site" as a reason for increasing lease valuations. ASGA has objected strongly to this

language in ADF&G regulations and we will seek to have it removed when a more friendly administration takes office. The "potential productivity" of a site is an extremely elusive concept that is extremely troublesome for the industry.

- Alaska already has some of the highest tidelands lease fees for aquatic farm sites of any jurisdiction in North America, and we have been attempting to convince DNR to bring them more in line with our competitors. The existing language in SB 141 has the potential for increasing existing lease fees and moving us away from our goal.

After discussing your intent behind SB 141, we have become convinced it is a very good approach to moving the industry forward. DNR confirms the sites will remain "in the bank" following the initial offering and that it is possible to obtain annual offerings or even an over-the-counter approach. DNR also says it will be possible to divide a large site between two or more applicants.

We were unaware of these attributes of the state's land disposal process. We appreciate your vision in putting together this package and apologize for taking so long to get solidly behind the legislation. We look forward to working with you and Rep. Scalzi in getting SB 141 approved during this legislative session.

Sincerely,

Rodger Painter

c.c. Rep. Drew Scalzi
Sen. Robin Taylor
Rep. Lesil McGuire

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

**DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
<http://www.state.ak.us/dec/deh>**

Telephone: (907) 269-7644

Fax: (907) 269-7654

e-mail: Janice_Adair@envircon.state.ak.us

February 28, 2002

The Honorable John Torgerson
Chairperson, Senate Resources Committee
Room 427, Capitol Building
Juneau, AK 99801

Re: SB 141, Shellfish Growing Areas

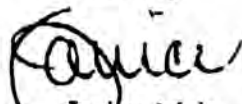
Dear Senator Torgerson:

I have had a chance to discuss the above-referenced legislation with Rodger Painter with the Alaska Shellfish Grower's Association. As you know, we did include a fiscal note on this bill because we interpreted "suitable" to mean certified under the National Shellfish Sanitation Program (NSSP).

While the definition of "suitable" was not discussed in any of the testimony on the bill that I heard, Rodger did point out some very legitimate problems with certifying an area so early in the process. Therefore, I will be submitting a zero fiscal note on the committee substitute when it arrives in the Senate Finance Committee. Certification under the NSSP normally takes place shortly before commercial harvesting begins. Although the industry currently pays for a part of the cost to certify growing areas and we would expect that to remain the case, there will be an increased cost to the department when certification of growing areas is required. However, from talking with Rodger, I believe those costs will be incurred after the time frame covered by the fiscal note form.

I hope our misunderstanding of the bill and the resultant fiscal note did not cause you any undue problems in moving this legislation, and please accept my sincere apologies if it did.

Sincerely,



Janice Adair
Director

cc: Michele Brown, Commissioner

Safe Food, Safe Water, Healthy Communities

Why Clam Farming?

Alaska has enormous potential as a supplier of littleneck clams, often called steamer clams, to the seafood market. Past and current efforts to develop a commercial fishery on the abundant clam resources of Alaska have resulted in limited harvest caused by logistics and economic problems associated with managing the fishery. At present, only Kachemak Bay has a commercial harvest of littleneck clams, and because of depleted stocks, the fishery is limited to only 25,000 pounds annually.

The topic of clam farming in Alaska first appeared as an agenda item at the 1987 4th Alaska Sea Grant Aquaculture Conference. With high worldwide consumer demand for steamer clams and short supply of littleneck clams for the Alaska seafood market, new and existing farms are eager to pursue clam farming.

In 1991, Alaska's original clam farmers were allowed to harvest clams only under commercial fisheries regulations of the Alaska Department of Fish and Game (ADF&G). The first official clam farms were permitted in 1993. Expecting broader interest in clam farming a conference, titled Broadening Shellfish Farming Opportunities in Alaska, was sponsored in 1996 by the ADF&G, the Alaskan Shellfish Growers Association, and the University of Alaska Marine Advisory Program. The purpose of the conference was to begin development of a regulatory program for on-bottom aquaculture in Alaska. At the conference, ADF&G representatives issued a clear statement that the department did not have the resources to manage a commercial clam fishery beyond that existing in Kachemak Bay and favored development of clam farming.

By the end of 1997, three aquatic farmers have obtained tidelands leases to farm littleneck clams in southeastern Alaska. Their combined 1998 harvest was 35,014 pounds of clams worth nearly \$87,535.

What is Clam Farming?

Farming clams requires application of well established farming practices to an existing clam population that will increase the beach productivity and allow for a sustained harvest of the enhanced clam population. In Alaska, farming activities include:

1. Regular inventories of standing stock and determination of the size composition of the clams.
2. Optimizing growth and production of clams by controlling their density by harvest planning, redistribution of seed from overstocked parts of the bed, and/or planting hatchery produced clam seed.
3. Reducing clam mortality by appropriate use of predator exclusion netting.
4. Maintaining the beach free of major deposits of large debris and improving the substrate quality.
5. Harvesting clams to maximize their value and marketability.
6. Complying with the required Alaska Department of Environmental Conservation water quality testing program, and marine toxin certification of farmed product.

Performance of these farming activities, is far beyond what is required of a commercial clam harvester.

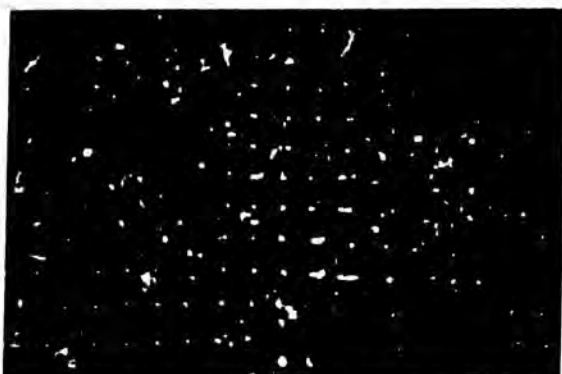
What is a clam farm? A pictorial tour



Clam farming may require application of predator exclusion netting. In this picture, a trench has been dug to anchor the margins of the net.



Predator exclusion netting is rolled out over the prepared plot.



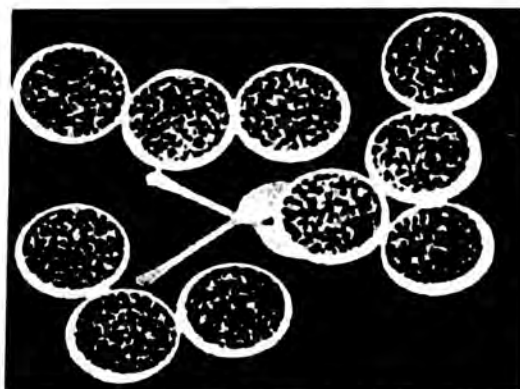
Predator netting is about 1" square mesh. It is not intended to exclude all predators. Crabs and starfish are the farmers primary concern. Birds can feed through the netting



Predator nets anchored and ready for seeding clams.



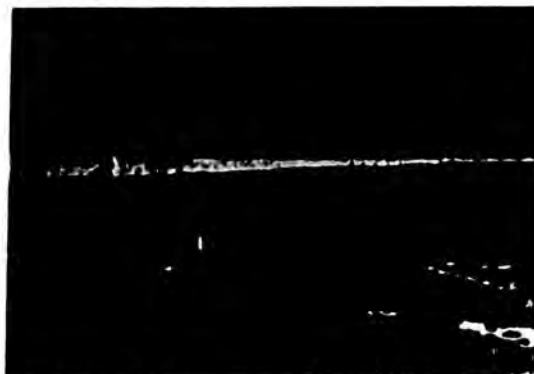
The farm plot after a few months. Predator netting is partially covered by sediment and algae growth.



Measured quantities of clam seed ready for planting the farm.



Planting clam seed over the netting. Clams are smaller than the net mesh and will dig themselves in as the tide covers them.



In Alaska, clam harvesting is done by hand.

Impacts of clam farming

Environmental (Statements in parenthesis are editorial comments needed for clarification).

Mojica, R. and W.G. Nelson. 1993. Environmental effects of a hard clam (*Mercenaria mercenaria*) aquaculture site in the Indian River Lagoon, Florida. Aquaculture. Volume 113, page 326.

- "Measurements of water column nutrients and chlorophyll concentrations gave no indication of changes..."
- "sediment differences were not associated with significant changes in benthic dwelling organisms."
- "Differences in mobile macrofauna were minimal ..." (between aquaculture and natural sites)

Spencer, B.E., M.J. Kaiser, and D.B. Edwards. 1997. Ecological effects of intertidal Manila clam cultivation: observations at the end of the cultivation phase. Journal of Applied Ecology. Number 34. Page 451.

"Our results suggest that the biotic and abiotic changes caused as a result of clam cultivation are relatively benign compared to other forms of marine cultivation..."

Kaiser, M.J., I. Laing, S.D. Utting, G.M. Burnell. 1998. Environmental impacts of bivalve mariculture. Journal of Shellfish Research. Volume 17. Number 1. Page 63.

"...the benthic community within dredged plots was indistinguishable only 3 months after harvesting regardless of the scale of disturbance..."

Brooks, K. 1996. Intensive clam culture and the environment. Proceedings of the conference: Broadening Alaska's shellfish farming opportunities: A conference and workshops focusing on public issues involved with the development of on-bottom culture of indigenous shellfish. University of Alaska Marine Advisory Program. Anchorage, Alaska. Page 41.

"Of all the forms of aquaculture, intertidal shellfish culture is undoubtedly the most benign. If you minimize encroachment on eel grass beds and find effective methods of predator control, the several hundred pages of literature reviewed in preparing this talk suggest only positive environmental affects associated with either intensive clam or oyster culture."

Economic Impacts

The current commercial harvest limit for littleneck clams in Kachemak Bay is 40,000 lbs. Local management has set the commercial harvest at 25,000 lbs having a market value at \$2.50/lb or \$62,500. Actual 1998 harvest was less than 20,000 lbs.

An aquatic farm can produce, with predator protection and seeding, about 10 times the biomass of clams as a natural population. By any definition, this level of production increase would be considered enhancing the clam population of the beach.

Aquatic farming in can produce an estimated conservative production of 12 harvestable clams per square foot per year. From a 10 acre plot, the annual harvest would be 435,000 lbs. worth approximately \$1.1 million.

What is the market?

Homer

- Lands End during the summer buys 6,000 lbs and had indicated that they could sell more than 20,000 lbs if more clams were available.
- His Catch Seafood, Homer, Alaska indicated a sales potential of over 40,000 lbs. annually.

Anchorage

- Favco, Anchorage's largest seafood wholesaler, estimates the Anchorage market demand for littleneck clams at over 1,000,000 lbs. annually.

Western Region of U.S. (Aquaculture situation outlook, Western Regional Aquaculture Center)

- "In 1997, it is estimated that over 5.4 million pounds of clams were produced at an estimate of over \$13.7 million." Farmers are converting oyster production into clam farms, and by 2002 production will increase to 7.7 million pounds

United States

- The long term trend (1988-1998) for clam landings showed an overall decrease, however, imports have increased.

Export market

- The long term trend of clam exports (1988-1998) have shown an increase of 196.16% from 661 metric tons to 1,958 metric tons.
- Recently, exports of clams have been somewhat variable depending on the economic circumstances in Asia. In 1998 exports rose 8% while in first half of 1999, exports declined by 15%. We do know, however, that water quality in Asia is a great concern, and shellfish grown in clean water will have an economic advantage.

Effect clam farming on other clam fisheries in Alaska

- There is no littleneck clam fishery outside of Kachemak Bay
- The Kachemak Bay clam commercial fishery is very limited
- In a hearing before the Alaska Legislature: House Resources Standing Committee Mr. Kevin Duffy, acting deputy director of the ADF&G Division of Commercial Fisheries Management and Development was asked by Representative Harris.

Rep Harris: "Is there anything about this industry that has a negative effect on any other seafood industries that it works around or that it's processed around?"

Kevin Duffy: "The clear answer to that is no."

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

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e-mail: Janice_Adair@envircon.state.ak.us

March 1, 2002

The Honorable Drew Scalzi
Alaska House of Representatives
Room 13, Capitol Building
Juneau, AK 99801

Re: HB 208, an Act relating to aquatic farming of shellfish

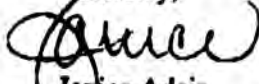
Dear Representative Scalzi:

Enclosed please find a copy of a letter I recently sent to Senator Torgerson regarding SB 141 which, as you know, is the companion bill to yours referenced above.

Although the Department of Environmental Conservation (DEC) has now submitted zero fiscal notes on both pieces of legislation, it is important that everyone understand that any shellfish sites must be certified by DEC under the National Shellfish Sanitation Program (NSSP) before the product can be sold in commerce. We are required by both state law (AS 17.20.005(6)) and federal law to comply with the NSSP. There are significant costs associated with certification, some of which are currently borne by the farmers themselves. The rest is covered in DEC's operating budget. Should either of these bills pass, down the road there will be increased costs to DEC for this certification. In the interest of full disclosure, I wanted you and the rest of the committee members to know that.

I do not plan to be on line for the hearing on HB 208 unless you'd like me to be available to answer questions, which I would be happy to do. You or your staff can reach me at 269-7644 or via email at Janice_Adair@envircon.state.ak.us to let me know.

Sincerely,



Janice Adair
Director

Enclosure:

- Letter to Senator Torgerson dated February 28, 2002

Safe Food, Safe Water, Healthy Communities

The Honorable Drew Scalzi
March 1, 2002
Page Two

cc: The Honorable Gary Stevens, Co-Chair, House Special Committee on Fisheries
The Honorable Peggy Wilson, Co-Chair, House Special Committee on Fisheries
The Honorable John Coghill
The Honorable Fred Dyson
The Honorable Mary Kapsner
The Honorable Beth Kerttula
(all with enclosure)

Shellfish Mariculture in Alaska: Economic Opportunity for Coastal Residents

Presented to

Alaska Fish Caucus

Presenters

Rodger Painter

Alaskan Shellfish Growers Association

Bob Hartley

Kachemak Shellfish Mariculture Association

Ron Long

Qutekcak Shellfish Hatchery

Jon Agosti

Qutekcak Shellfish Hatchery

Raymond RaLonde

University of Alaska Marine Advisory Program

February 21, 2002

Shellfish Mariculture in Alaska: Economic Opportunity for Coastal Residents

Rodger Painter - ASGA

Bob Hartley - KAMA

Don Loran - Governor's Fisheries Advisory

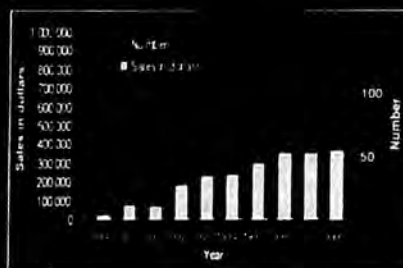
John Aguiar - Alaska Shellfish Growers

Regional Director - DAFWG - Alaska Division

Where are the farms located?



Production of Alaskan Oysters



Constraints to Aquatic Farming in Alaska

- Negative regulatory climate
- High cost of doing business in rural Alaska
- Lack of infrastructure
- Slower growth rates than competitors
- Lack of investment capital
- Research and development hampered by lack of governmental support

Examples of ADF&G Regs

- Applicants must file a development plan showing by quarter over a ten-year period the amount of seed planted, number of shellfish harvested, gear deployed and number of employees
- Farmers must demonstrate to ADF&G increases in productivity over natural levels before harvesting a crop including natural recruitment
- Standing stocks of native shellfish must be harvested under common property fisheries before a site is transferred to an aquatic farmer even if there are no fisheries for the target species

Where Alaska's Aquatic Farm Dollars Go?

(as a percentage of gross annual revenue)

Local Economy (Prince of Wales Island)	53%
Region (Southeast, including POW)	74%
State Treasury (lease fees, taxes, licensing)	3.5%
Alaska	96.5%

Source: Based upon 2001 expenditures of Tenax Pass Shellfish Company, an oyster and clam farm located on Prince of Wales Island

Economic Spin-offs of Shellfish Farms

- Services (Fuel, groceries, supplies, welding, outboards, etc.)
- Shellfish Nurseries (\$13 000 net profit/million seed)
- Processing (Provides year-round flow of product)
- Air Service (My farm backhauls 900-1,800 lbs/week)
- Revenue Sharing (Farms pay Fisheries Business Tax)
- Employment (My farm employs 4 on-a year-round basis)

Economic Impact

\$20,000 gross revenues per acre for Alaska oyster and clam farms

At this rate, Alaska would require only 5,000 acres of coastline to create a \$100 million industry!

Kachemak Shellfish Growers Cooperative

- Cooperative provides
 - Shellfish nursery for optimum size and quality of seed for farmers
 - Security for fishermen while absent from the farm
 - Cooperative marketing assures year around market for those who need a flexible harvest schedule



Commercial Fishermen and Farming

- 16 Active farms in Kachemak Bay
- 12 farms operated by current or former commercial fishermen
 - 8 active



Algae Culture

Live algae needed to feed

- Broodstock
- Larvae
- Seed



Shellfish Larva Culture

- 16 000 liter larva tanks hold in excess of 40 million larva
- Larva fed live cultured algae for three weeks



Larva Setting

- Larva placed in upwelling tanks at ~ 0.25 mm
- Larva set and develop into adult form
- Reared in tanks to 2-3 mm
- Reared to nursery



Broodstock



Seed "Spat"



Clam

Qutekcak Shellfish Hatchery An Investment for the Alaskan Economy

- \$3.2 million facility
- Produces seed of oysters and indigenous species
- EDD study 1993 primary goal identified to control seed supply
- Five year bumpy startup exceptional for a hatchery
- Non-state investment over 5 years of \$1.4 million



What the Hatchery Needs to Succeed

- Bottom line: We need customers in the form of permitted farms!
- Enhancement opportunities for depleted stocks
- Technology does not pay the bills
- Supporting statutes and regulations

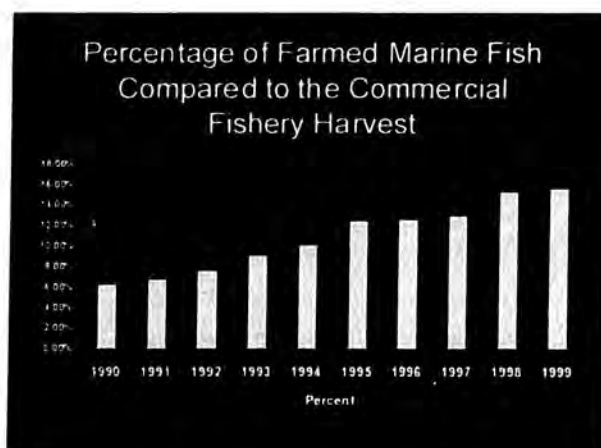
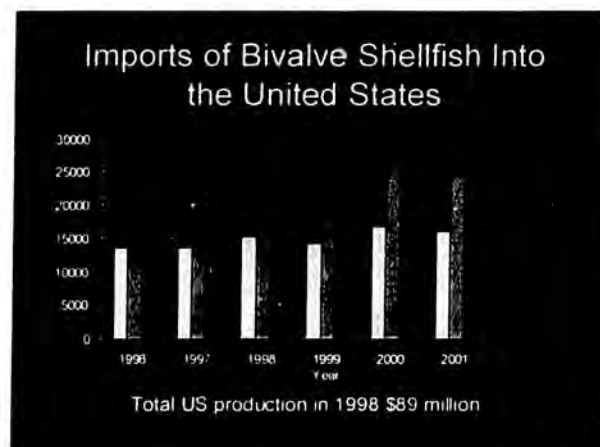
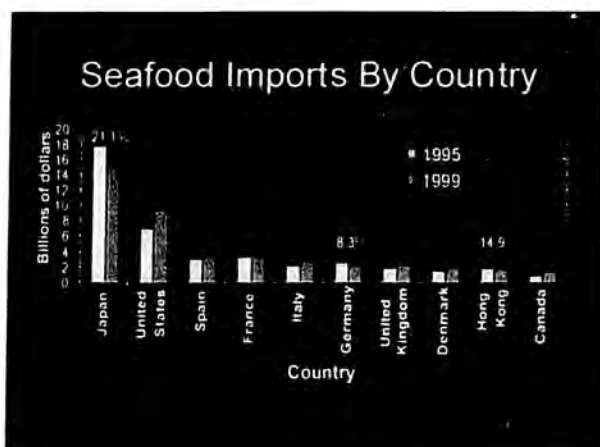
SB 14100, 2004



Qutekcak Shellfish Hatchery The nuts and bolts

- Hatchery (background)
 - State of the art
 - 9,370 ft. capacity
 - Highly treated water
 - Easy access
 - Integrated plumbing
 - Heat recovery
 - Sanitized effluent
- MTC research center
- Nursery pond (foreground)
 - Initial seed rearing



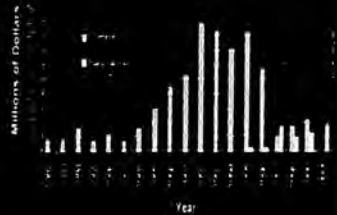


Connecticut

- \$60 million farmgate
- 600 jobs
- 52 000 acres of oyster farms
- Using the standard multiplier \$200 million contribution

Challenges with disease in recent years

- Prospects good for future
- Clam production added

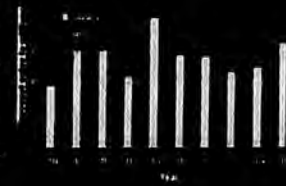


The massive upswing 1982-1992 was due mainly to 5.4 million investment public funds

Washington

Production has leveled

- Little room for expansion
- Concentration on shellfished oyster meat
- Water quality concerns that reduce rearing areas
- Seasonality of sales
- Few off shore areas for growing high valued halfshell oysters



Water Quality



Alaska has zero (0) acres of restricted shellfish growing areas

Florida Clam Farming

Statewide in 1998

- 1 440 acres of farms
- 50 nurseries
- 300 growers

Cedar Key Florida

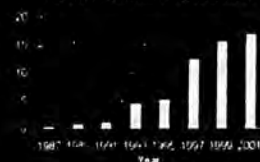
- 50 million clams
- Average farmer dears \$30 000 annually
- \$7.5 million annually to the local economy



Partnerships That Work



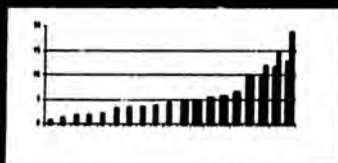
Florida Clam Production



British Columbia

Coopers & Lybrand

Waters Economic Development Council
Economic Potential of the British Columbia
Marine Aquaculture Industry Phase I - Draft
June 1997



Goal
\$100 Million Dollar Industry
By 2006

Significant Developments in Alaska

Oyster Broodstock

Nursery production

Growout research

Education and Training Conferences



Shellfish Quality, Marketing and Safety Program

- USDA CREES grant: Alaskan Shellfish Quality, Safety and Markets
\$1.1M over two years
- Support of alternative PSP testing research
- kind sampling for ASTF projects
- conferences in 1996, 1999, 2001
- Current Sea Grant project \$48,000 over two years
- ASTF funded marketing program



What Alaska Has to Offer

- Impressive biological advances
- Alaska's pristine environment
- We have tidelands available
- Expertise is growing
- Reputation for exceptional quality and safety
- University with fisheries and oceanography
- Consumer demand far greater than supply

What Alaskan Shellfish Farming Needs

- Regulatory relief with permit application and review
 - Reduce conflict
 - Clarify regulations
 - Modify the application
 - Increase efficiency
- Develop partnerships

Summary Of Current and Future Initiatives

Funded (\$425,000)

- November 2001: Conference (Environmental effects of on-bottom aquaculture) (ADF&G PAC SEA GRANT MAP ASGA)
- 2000-01: Little Neck dam culture field research (ASTF)
- 2010-02: Environmental codes of practice (Alaska Conservation Foundation)
- 2002-04: Scallop culture field research (Sea Grant)
- 2002-04: Cockle culture research (SBIR)
- 2001-2004: Prince of Wales Island aquaculture development program (CES PRF Sea Grant)
- 2002-03 Shellfish marketing study USDA/CREES

Proposed (\$260,000)

- 2002+ : University of Alaska initiative

SCOMM

126:22



ALASKA STATE LEGISLATURE

OFFICIAL BUSINESS

REPRESENTATIVE DREW SCALZI

State Capitol, Juneau

Alaska 99801-1182

(907) 465-2689; (800) 665-2689

Fax: (907) 465-3472

Email: Representative_Drew_Scalzi@legis.state.ak.us

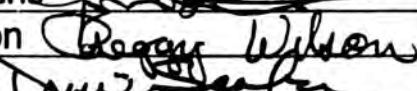
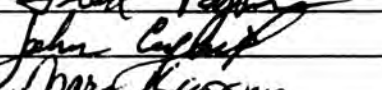
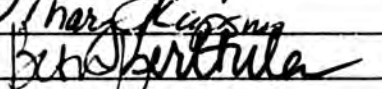
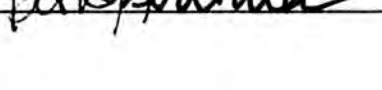
March 26, 2001

To: Rep. Gary Stevens, Co-Chair
Rep. Peggy Wilson, Co-chair
House Fisheries Committee

From: Representative Drew Scalzi 

Re: HB216 – Emergency Order authority of the Commissioner of Fish
and Game and to meetings of the Board of Fisheries

Please waive HB216 from your committee on to Resources Committee so that it may be heard in our committee next Monday. Thank you for your cooperation in this matter.

Member	Vote
Co-Chair Stevens 	YES
Co-Chair Wilson 	yes
Rep. Scalzi 	yes
Rep. Dyson 	YES
Rep. Coghill 	yes
Rep. Kapsner 	YES
Rep. Kerttula 	yes

DH:ph



ALASKA STATE LEGISLATURE

OFFICIAL BUSINESS

REPRESENTATIVE DREW SCALZI
State Capitol, Juneau
Alaska 99801-1182

(907) 465-2689; (800) 665-2689

Fax: (907) 465-3472

Email: Representative_Drew_Scalzi@legis.state.ak.us

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DH:ph

SCOMM

126:23

22-LS1083J
Utermohle
2/25/02

CS FOR HOUSE BILL NO. 283()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SCALZI, Stevens, Fate, Wilson

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to appointments to the Board of Fisheries and to the ex officio**
2 **secretary of the Board of Fisheries."**

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

4 *** Section 1. AS 16.05.221(a) is amended to read:**

5 (a) For purposes of the conservation and development of the fishery resources
6 of the state, there is created the Board of Fisheries composed of seven members
7 appointed by the governor, subject to confirmation by a majority of the members of
8 the legislature in joint session. The governor shall appoint each member on the basis
9 of interest in public affairs, good judgment, knowledge, and ability in the field of
10 action of the board, and with a view to providing diversity of interest and points of
11 view in the membership. The appointed members shall be residents of the state and
12 shall be appointed without regard to political affiliation or geographical location of
13 residence. The governor shall appoint

14 (1) two members to the board who have at least five years of active

1 participation in commercial fishing in the state, are actively engaged in the
2 profession of commercial fishing in the state, and hold a commercial fishing entry
3 permit or interim-use permit issued by the Alaska Commercial Fisheries Entry
4 Commission;

5 (2) two members to the board who

6 (A) have at least five years of

7 (i) experience as a sport fisherman, personal use
8 fisherman, or commercial sport operator in the state; or

9 (ii) combined experience as a sport fisherman,
10 personal use fisherman, or commercial sport operator in the state;
11 and

12 (B) hold a sport or personal use fishing license or permit;

13 and

14 (3) two members to the board who are recognized as
15 representative of subsistence users and have at least five years of active
16 participation in subsistence fishing in the state; and

17 (4) one public member [THE COMMISSIONER IS NOT A
18 MEMBER OF THE BOARD OF FISHERIES, BUT SHALL BE EX OFFICIO
19 SECRETARY].

20 * Sec. 2. AS 16.05.221(d) is amended to read:

21 (d) Members of the Board of Fisheries serve staggered terms of three years.
22 The terms of members of the board begin on July 1. Notwithstanding
23 AS 39.05.080(1), by April 1 of the calendar year in which the term expires, the
24 governor shall appoint a person to fill the vacancy that will arise on the board due to
25 expiration of the term of a member of the board and submit the name of the person to
26 the legislature for confirmation. If a vacancy arises on the board, the governor shall,
27 within 30 days after the vacancy arises, appoint a person to serve the balance of the
28 unexpired term and submit the name of the person to the legislature for confirmation.
29 A person appointed to fill the balance of an unexpired term shall be selected and
30 appointed in the same manner as the member whose unexpired term is being
31 filled and shall serve on the board from the date of appointment until the earlier of the

1 expiration of the term or the failure of the legislature to confirm the person under
2 AS 39.05.080. A person may not be appointed to serve more than two
3 consecutive full terms on the board.

4 * Sec. 3. AS 16.05.221 is amended by adding a new subsection to read:

5 (e) The commissioner is not a member of the Board of Fisheries, but shall be
6 ex officio secretary.

7 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 APPLICABILITY. (a) AS 16.05.221(a), as amended by sec. 1 of this Act, and
10 AS 16.05.221(d), as amended by sec. 2 of this Act, regarding the qualifications of members of
11 the Board of Fisheries, apply to members of the Board of Fisheries who are appointed to the
12 board on or after the effective date of this Act. Members serving on the Board of Fisheries on
13 the day before the effective date of this Act shall continue to serve on the board for the
14 remainder of the term to which they were appointed. A person who is appointed to fill the
15 unexpired term of a member of the board who is serving on the board on the day before the
16 effective date of this Act shall be appointed in accordance with the provisions of
17 AS 16.05.221(d) as that subsection read on the day before the effective date of this Act.

18 (b) AS 16.05.221(d), as amended by sec. 2 of this Act, regarding the maximum
19 number of consecutive full terms that a person may serve on the Board of Fisheries, applies to
20 all persons appointed to the Board of Fisheries on or after the effective date of this Act and to
21 all persons who are serving on the Board of Fisheries on the effective date of this Act.

22 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 INITIAL APPOINTMENT OF MEMBERS OF THE BOARD OF FISHERIES IN
25 ACCORDANCE WITH THIS ACT. The first and fifth terms of members of the Board of
26 Fisheries that expire on or after the effective date of this Act shall be filled by persons
27 appointed in accordance with AS 16.05.221(a)(1), as added by sec. 1 of this Act. The second
28 and sixth terms of members of the Board of Fisheries that expire on or after the effective date
29 of this Act shall be filled by persons appointed in accordance with AS 16.05.221(a)(2), as
30 added by sec. 1 of this Act. The third and seventh terms of members of the Board of Fisheries
31 that expire on or after the effective date of this Act shall be filled by persons appointed under

- 1 AS 16.05.221(a)(3), as added by sec. 1 of this Act. The fourth term of a member of the Board
2 of Fisheries that expires on or after the effective date of this Act shall be filled by a person
3 appointed under AS 16.05.221(a)(4), as added by sec. 1 of this Act.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB283
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Office of the Governor
 Title "An Act relating to appointments to
the Board of Fisheries..." BRU Executive Operations
 Component Executive Office
 Sponsor Representative Scalzi
 Requester Special Committee of Fisheries Component No. 6

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Michael A. Nizich, Administrative Director Phone 465-3876
 Division Administrative Services Date/Time 2/7/02 9:21 AM
 Approved by: David Ramseur, Chief of Staff Date 02/07/2002
 Agency Office of the Governor



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI

State Capitol

Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

Sponsor Statement

HB283: "An Act relating to appointments to the Board of Fisheries and to the ex officio secretary of the Board of Fisheries."

Despite record catches in recent years, the present salmon industry is reeling from the impact of foreign farmed-fisheries driving Alaska's prices to historic lows. As early as 1892, the Alaska salmon industry has been plagued by glutted world salmon markets and falling prices – *but has always recovered and it can recover again*. However, to compete in the world market today, it is imperative that we utilize leading edge expertise in the management of our salmon industry.

To bring this expertise to the Alaska Board of Fisheries, (ABOF) this bill effectively does two things: it designates three seats to the commercial fishing sector, three seats to the sport/personal-use sector, and one seat to the subsistence users throughout the state; and, it limits the terms of the board members while allowing reappointment after sitting out one term.

Section 1 - Seat Designation: Under the first item, it is important to note that the designation of board seats is not a unique proposal in regard to appointing membership to boards. As an example, the International Pacific Halibut Commission has designated seats, with one member from each country representing harvesters, one representing processors, and one representing the government. The designation mentioned above would assure representation from all segments of industry pertinent to the biological management of the fishery.

Commercial representation is lacking with the present appointment procedure: The 2001 APOC report shows that only one member earned commercial fishing income of over \$1,000. This amount hardly constitutes adequate representation of a billion-dollar/year industry, the state's leading employer, the second largest contributor of revenue to the general fund, and most importantly, an industry in desperate need of revitalization. With the entry of high quality, lower-priced foreign-farmed fish on the world-market, Alaska needs innovative, knowledgeable, and progressive individuals from the commercial fishing sector to ensure that our fisheries can hold their own against such challengers.

Knowledgeable sport and personal-use representation is necessary to address several critical issues:

Riverbank degradation, international salmon treaties reflecting migration patterns and harvest levels, and local area stock depletion of federally managed fisheries all are concerns related to Alaska sport and personal use fisheries.

Additionally, sport and personal-use fisheries throughout the state are burgeoning. To effectively manage the river systems for sustained yield and imminent growth, knowledgeable representation needs to be a part of the process.

A dedicated subsistence seat needs to be added to the ABOF:

The lack of settlement between the state of Alaska and the federal government on the subsistence issues has led to co-management of our resources between the two entities. The ABOF in its management would bode well to have representation from the subsistence users of this state. Alaskans need to adequately address commercial, sport, personal use, and subsistence all within the context of each other.

Section 2 - Term Limits:

While good argument exists against term limits regarding elected officials, appointed officials fall into a somewhat different category. The people of the state have a voice through the governor, who appoints the board members, and the legislature, which confirms them. However, there is no direct vote as in a general election to remove members. This bill compromises the concept of limiting members' terms by allowing reappointment after sitting out one term.



United Southeast Alaska Gillnetters
PO Box 22427
Juneau, Alaska 99802
(907) 586-5860 Fax (907) 586-0167
E-mail: usag@gci.net

February 6, 2002

Representative Peggy Wilson
Representative Gary Stevens
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 283 Appointments to Board of Fisheries

United Southeast Alaska Gillnetters (USAG) supports passage of this bill to provide for designated seats on the Board of Fisheries and term limits for Board members.

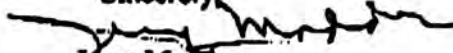
Designated seats for sport, subsistence, and commercial are needed to ensure that the board members has recent, substantive, experience and expertise in the various fisheries they represent. The ex-vessel value of commercially caught seafood has exceeded \$1B in some years; it is critical that some board members have the expertise necessary to manage this renewable permanent fund. This expertise requirement exists for other boards, such as the Marine Pilot Board.

Term limits are needed to achieve two goals. The first is to avoid burnout by board members; six years is long enough in the demanding environment of the Board of Fisheries. Second, limits are needed to ensure that fresh faces are at the table to address changing circumstances while maintaining some basic continuity.

The 100-plus members of USAG urge your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,


Jerry Madden

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box.939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@otlaska.net

February 4, 2002

House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1192

RE: HB 283 - Appointments to the Board of Fisheries

Dear Members,

CDFU, representing the fishing fleets of Area E - the Copper River and Prince William Sound - supports the intent of HB 283. The Alaska Board of Fisheries plays an extremely important role in the viability of our fisheries resources and the commercial fishing industry, as well as in the sport, personal use and subsistence fisheries of our state. As the lion's share of the Board's decisions deal with the intricate "nuts and bolts" of regulating Alaska's commercial fishing industry, CDFU believes that knowledge and understanding of commercial fishing is a resource critically important to the Board. All fisheries issues are complex, but commercial fisheries are particularly so, and the Board of Fisheries needs the benefit of those knowledgeable of the subtleties and nuances that will make or break the industry.

The current language of the bill that details the criteria for representation of the commercial fishing seats likely restricts the number of capable and effective fishing industry representatives to too small a pool. We look forward to a broader discussion of that definition.

We fully support the provision in this legislation for terms limits. The Board of Fisheries is likely the most grueling and demanding Board or Commission in the State of Alaska. Six years is more than enough for any individual to serve. Over time, it is only natural that positions and biases tend to develop and firm on the divisive issues facing this Board. It is only fair to the stakeholders being regulated that folks with fresh vision and energy be allowed to serve on this very important board.

Thank you for considering our comments. We look forward to working with you.

Sincerely,

Sue Aspelund

Sue Aspelund



UNITED FISHERMEN OF ALASKA

February 4, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Peggy Wilson
Representative Gary Stevens
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 283 Appointments to Board of Fisheries

United Fishermen of Alaska supports passage of this bill to provide for designated seats on the Board of Fisheries and term limits for Board members.

Designated seats for sport, subsistence, and commercial are needed to ensure that the board members has recent, substantive, experience and expertise in the various fisheries they represent. The ex-vessel value of commercially caught seafood has exceeded \$1B in some years; it is critical that some board members have the expertise necessary to manage this renewable permanent fund. This expertise requirement exists for other boards, such as the Marine Pilot Board.

Term limits are needed to achieve two goals. The first is to avoid burnout by board members; six years is long enough in the demanding environment of the Board of Fisheries. Second, limits are needed to ensure that fresh faces are at the table to address changing circumstances while maintaining some basic continuity.

The twenty-nine members groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters



C.A.M.F.

Concerned Area M Fishermen

5126 Foster Avenue S.E., Auburn, WA 98092
Phone: (253) 833-5776 • Fax: (253) 833-5776

January 28, 2002

Representative Gary Stevens
Representative Peggy Wilson,
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capital (MS 3100)
Juneau, Alaska 98801-1182

Dear Representatives Stevens and Wilson,

I am writing to give Concerned Area M Fishermen's support for HB 283 & HB 284. Both of these bills will bring a balance back to the Board of Fisheries that is badly needed. The Board needs more geographical representation as well as better balance between commercial, sport and subsistence. The present Board is weighted heavily towards sport and central Alaska. The bias towards certain user groups and regions could be eliminated with the passage of HB 283. The issue of Conflict of Interest has been an ongoing concern for many participating in the board process and HB 284 would bring relief on this issue to commercial fishermen and many coastal communities of Alaska.

Concerned Area M Fishermen represents 110 drift gillnet salmon permit holders from the Alaska Peninsula/ Aleutian Islands and is a member group of the UFA. We appreciate both of you taking the time to read our comments on what we feel are two very important issues. Hopefully the Alaska House of Representatives will consider these bills during this session to help improve the Board of Fisheries process.

Sincerely,

Brad L. Barr
President

Juneau Douglas Fish and Game Advisory Committee
Kathy Hansen, Chair
Alaska Dept of Fish and Game – Board Support
PO Box 25526
Juneau, AK 99802-5526

RE: HB 283 – Support designated Board of Fish seats.

On Feb. 12th the Juneau Douglas Fish and Game Advisory Committee (JDAC) met and at the end of their meeting they discussed HB 283. The JDAC favors the concept of designated seats on the Board of Fish. Having had difficulties in the past with fairness on the JDAC, they were one of the first advisory committees to move towards designated seats and the committee has functioned much better ever since.

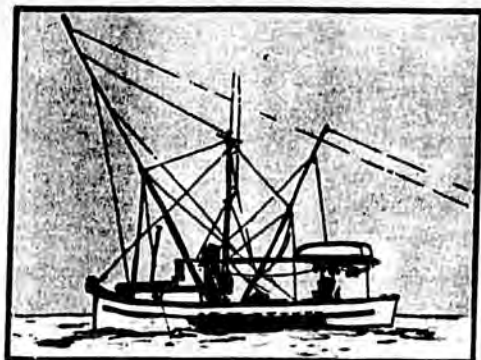
While the committee agreed that the concept of designated seats was good they did not have any suggestions on how best to designate the seats. We discussed the version in the legislation, we discussed the suggestion provided at the Fish Committee hearing which would be 2 commercial, 2 sport, 2 subsistence and 1 public at large. We also discussed a third option briefly which would divide the state up in seven regions and the board would have one member from each region allowing for at least 1 Board of Fish member to be familiar with most parts of the State. This would allow the individual regions to come up with a valid candidate whether they be commercial, sport, subsistence or interested public at large.

We look forward to following this legislation and providing comments as it moves forward through this process.

Sincerely,



Kathy Hansen, Chair



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

February 11, 2002

Representative Peggy Wilson, Co-Chair
Representative Gary Stevens, Co-Chair
House Fisheries Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear Representatives Wilson & Stevens:

The Alaska Trollers Association (ATA) supports HB 283, relating to appointments to the Alaska Board of Fisheries.

ATA believes that the fisheries and fishing communities of this state are best served by a lay board of individuals who are directly involved in fishing, be it for commercial, sport or subsistence purposes. Who best to make decisions than those who know the fisheries best and will be affected by the outcome of decisions they make? While it is nearly impossible to represent each gear type and region at all times, assigning seats to broad categories will help ensure a consistent balance in the makeup of fisheries represented on the Board of Fisheries.

In recent years it has been difficult to find commercial fishermen willing to serve on the board, because quite often people have been appointed with limited or no commercial fishing experience over well-qualified fishermen. It is difficult to subject yourself to the appointment process when it seems there is little hope you will be selected. We think providing for several commercial seats will provide greater motivation to apply for those fishermen willing to serve on the Board.

ATA also supports the provision limiting Board members to no more than two consecutive terms, as we think it's important to bring in new perspectives from time to time. That said, ATA does not support limiting Board members to just two terms, as we would hate to preclude an exceptional Board member being re-appointed at another point in time.

Thank you for considering ATA's point of view. Please don't hesitate to call if I can provide additional information.

Best Regards,

A handwritten signature in cursive script that reads "Dale Kelley".

Dale Kelley
Executive Director

Sitka Legislative Information Office
Marie Murray, LIO Officer

210 Lake Street
Sitka, AK 99835-7561

907-747-6276
Fax: 907-747-5807
email: Sitka_LIO@legis.state.ak.us



Date: 2-11-01

To: House Special Committee on Fisheries

Fax: 465-3517

From: Sitka Tribe of Alaska

Message:

written testimony for HB 283

follow-up to testimony at teleconference on 2/11/02

Sitka Tribe of Alaska

Tribal Government for Sitka, Alaska



February 11, 2002

Representative Scalzi
State Capitol, Room 13
Juneau, Alaska 99801-1182

RE: House Bill 283

Dear Mr. Scalzi:

I am writing to provide comment regarding House Bill 283.

The Sitka Tribe of Alaska hosted a combined meeting of its Herring and Halibut Committees on February 7, 2002. At this meeting, one of the topics addressed by the Committee Members and members of the public was your proposed changes for the structure of the State of Alaska, Board of Fish.

The bill as currently written proposes that the structure of the State of Alaska, Board of Fish be changed to 3 commercial, 3 sport and one subsistence seat. The Sitka Tribe's Committee appreciates your efforts to address subsistence but feels that the proposed structural change in house bill 283 does not fully incorporate subsistence.

By unanimous motion the participants in this public meeting voted to propose that the change in the Board's structure be to 2 commercial, 2 sport, 2 subsistence and 1 at large seat.

Respectfully, the changes proposed by the Committee to a 2, 2, 2, 1 structure are more consistent with the State's efforts to reflect equal representation of subsistence.

Sincerely,


Lawrence Widmark, Jr.
Chairman, Sitka Tribe of Alaska



Alaska State Legislature

Please enter into the record my testimony to the Fisheries Committee
committee name

Committee on 2B3, dated 2-25-2002
bill # / subject

KPFA representatives have come before you many times in the last few years to express their discontent with the BOF process. And to be fair to BOF members in the past, it is the capaluted process that we now are faced with that has destroyed the faith of Alaskan residents. The commercial fishing industry has no advocates, no understanding and no justice on this BOFies. I recently attended a 2 wk ordeal with the BOF and Look Inlet issues. I would like to read a portion of my testimony; I am here before you now to tell you that fishermen in Look Inlet would like to be able to discuss solutions instead of being here debating who gets what and when. That is the reason we cannot move forward. We have no regulatory stability. How can we as a business community plan and develop for the future if we are constantly re-regulated every year? What kind of game plan can we design when the rules are changed constantly. So let us just be honest, straightforward men and women. Why doesn't your

Signed:

Paul A. Sheddura II
Testifier

Paul A. Sheddura II Kenai Peninsula Fishermen's Association
Representing (optional)

P.O. Box 11632 Kenai, AK 99611-1632
Address

907-262-2492
Phone number



Alaska State Legislature

- 2 -

Please enter into the record my testimony to the

_____ committee name

Committee on _____

bill # / subject

, dated _____

body, the legislative hand of the state, and as the administrative director, because you are all appointed by the governor just say to us:

"The State of Alaska does not want a commercial fishing industry in Cook Inlet, Alaska."

OR

"The State of Alaska does not want to allow the commercial fishing industry in Cook Inlet a viable opportunity to harvest salmon"

The board answered with actions that destabilized and collapsed any hope for the future. They disregarded all habitat concerns and relegated the local resident user to the back seat.

Signed: _____

Testifier

Representing (optional)

Address

Phone number



Alaska State Legislature

- 3 -

Please enter into the record my testimony to the

_____ committee name

Committee on

_____ bill # / subject

, dated

Again, we ask you to support the fisheries communities, support residents and support the heritage and lifestyles that make Alaska and Alaskans unique. We support HB 283 in it's original form and not the committee substitute. Please bring back a fair and just Board of Fisheries.

Signed: _____

Testifier

_____ Representing (optional)

_____ Address

_____ Phone number

Representative Peggy Wilson
Representative Gary Stevens
Co. Chairs
House Spec. Comm. on Fisheries

Dear Co. Chairs

My name is Roy Smith. I'm a full time commercial fisherman and participate in salmon and herring fisheries. I'm on the board of UFA and represent about 100 permit holders from Bristol Bay.

First of all I would like to thank you for your work in the Spec. Comm. on Fisheries.

My first skipper told me the first time he got tired of seeing me standing around on deck not sure what to do. "Do something, even if it's wrong." I want that he particularly wanted me to do any job wrong but he did want me to become more confident and efficient on deck. That means taking on a new project, maybe messing up a little at first but eventually becoming a key part of a well oiled, smooth running machine.

These Bills, HB 283, 284, 286 + 288
are all going to contribute to a better
smoother running machine and hopefully soon.
We in the fishing business need these
and more innovations to navigate the very
uncertain terrain ahead. We can't continue
status-quo. We have to promote some changes
and these bills represent a start in the
right direction.

Sincerely,

Roy Smith

SCOMM

126:24

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 284
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: None
Title Board of Fisheries Conflicts of Interest BRU _____
Sponsor Rep. Scalzi Component _____
Requester Special Committee on Fisheries Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
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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	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Special Committee on Fisheries Phone 465-4925
Division: Rep. Stevens, Committee Co-Chair Date/Time 2/11/02 8:47 AM
Approved by: _____ Date 2/11/2002
Agency: _____



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI
State Capitol
Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

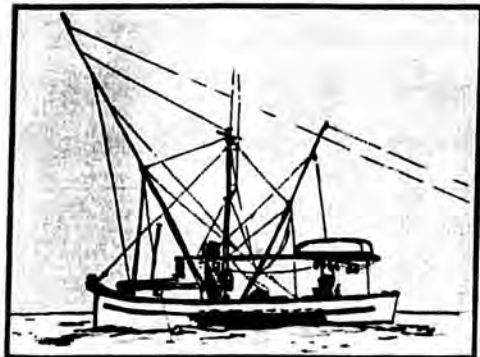
Sponsor Statement

HB284 - An Act relating to participation in matters before the Board of Fisheries by members of the board; and providing for an effective date."

Alaska is unique in its vastness and abundant resources, yet its number of inhabitants is few. To effectively assure that our lay boards and commissions are composed of qualified individuals, appointments are made through the governor and confirmed by the legislature. Because of the small number of inhabitants in our state, it often becomes difficult for a board to operate in a manner that utilizes the full extent of its make-up.

The current conflict of interest measure, as applied to the Alaska Board of Fisheries, works against its productivity. It is not in the best interest of the state to have board members disqualify themselves from participation in matters in which they may have a direct interest, because it follows that these areas would be the ones in which members have the most expertise.

If the same measure were applied to state legislators, seldom would there be a piece of legislation that would not find some members disqualified from participation. This bill mandates full personal disclosure on matters related to the subject for eligible participation, but requires a board member to actively participate or vote.



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

February 11, 2002

Representative Peggy Wilson, Co-Chair
Representative Gary Stevens, Co-Chair
House Fisheries Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear Representatives Wilson & Stevens:

The Alaska Trollers Association supports HB 284, which requires members of the Board of Fisheries to participate in the issues that come before the board, even if they have a personal or financial interest in the matter.

ATA firmly believes in a lay Board of Fisheries and thinks a recusal process similar to the one used by the North Pacific Fishery Management Council is adequate for identifying significant conflicts of interest. There are really very few instances where Board of Fisheries members stand to significantly benefit from the decisions their one vote influences. I have participated in Board of Fisheries meetings for more than 15 years and have yet to find board members anything less than honest in disclosing their fisheries interests. In those cases where an individual could directly benefit, say where a high dollar value fishery has a small number of participants, I have witnessed Board members voluntarily conflict themselves out of the vote.

It is important to appoint high caliber individuals to the Board of Fisheries who have sufficient interest and understanding of Alaska's fishery issues and a willingness to study topics and share critical information with fellow Board members. Once appointed, these folks should be allowed to do their job.

We ask for your support on HB 284.

If I can provide additional information on this or other topics, please don't hesitate to call.

Best Regards,

Dale Kelley
Dale Kelley
Executive Director



United Southeast Alaska Gillnetters
PO Box 22427
Juneau, Alaska 99802
(907) 586-5860 Fax (907) 586-0167
E-mail: usag@gci.net

February 6, 2002

Representative Peggy Wilson
Representative Gary Stevens
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 284 Board of Fisheries Conflict of Interests

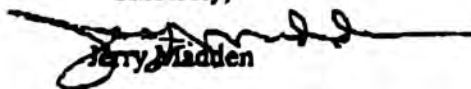
United Southeast Alaska Gillnetters (USAG) supports passage of this bill to provide for Board members to participate in matters before the Board if they declare their personal or financial interest in a fishery.

Members should be appointed to the Board for their expertise in some aspect of fishing. Due to the limited size of the board and the wide range of fisheries in the state, it is vital that all Board members be able to participate in the decision making process.

The 100-plus members of USAG urge your support for passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,



Jerry Madden

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@otl.alaska.net

February 4, 2002

House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1192

RE: HB 284 - Board of Fisheries Conflict of Interest

Dear Members,

CDFU, representing the fishing fleets of Area E - the Copper River and Prince William Sound - fully support HB 284. The Alaska Board of Fisheries plays an extremely important role in the viability of our fisheries resources, the commercial fishing industry, sport, personal use and subsistence fisheries of our state. We believe that this Board should be governed by the same parameters as Legislators themselves and most local governments relative to participation in matters under their purview upon full disclosure of personal and financial interests. HB 284 accomplishes that. Another important fisheries regulatory body - the North Pacific Management Council - operates under these parameters, as well.

Given the diversity of resources and fisheries regulated by this relatively small Board, it is imperative that all of the members are allowed to participate fully in both discussion and deliberation. After all, knowledge and experience is one key reason for any person's appointment to the Board and it only makes sense for them be allowed to fully utilize that expertise.

We urge your support of HB 284.

Sincerely,

Sue Aspelund

Sue Aspelund
Executive Director

Sent By: UFA;
To: Rep. Drew Scalzi

At: 465-3472

JetSuite;

Jan-30-02 9:45AM;

Page 1

FROM : BRAD BARR

PHONE NO. : 253 833 5776

Jan. 30 2001 11:45AM P1



C.A.M.F.

Concerned Area M Fishermen

5128 Foster Avenue S.E., Auburn, WA 98092

Phone: (253) 833-5776 - Fax: (253) 833-5776

January 28, 2002

Representative Gary Stevens
Representative Peggy Wilson,
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capital (MS 3100)
Juneau, Alaska 98801-1182

Dear Representatives Stevens and Wilson,

I am writing to give Concerned Area M Fishermen's support for HB 283 & HB 284. Both of these bills will bring a balance back to the Board of Fisheries that is badly needed. The Board needs more geographical representation as well as better balance between commercial, sport and subsistence. The present Board is weighted heavily towards sport and central Alaska. The bias towards certain user groups and regions could be eliminated with the passage of HB 283. The issue of Conflict of Interest has been an ongoing concern for many participating in the board process and HB 284 would bring relief on this issue to commercial fishermen and many coastal communities of Alaska.

Concerned Area M Fishermen represents 110 drift gillnet salmon permit holders from the Alaska Peninsula/ Aleutian Islands and is a member group of the UFA. We appreciate both of you taking the time to read our comments on what we feel are two very important issues. Hopefully the Alaska House of Representatives will consider these bills during this session to help improve the Board of Fisheries process.

Sincerely,

A handwritten signature in cursive script that reads "Brad Barr".

Brad L. Barr
President



UNITED FISHERMEN OF ALASKA

February 4, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Peggy Wilson
Representative Gary Stevens
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 284 Board of Fisheries Conflict of Interests

United Fishermen of Alaska supports passage of this bill to provide for Board members to participate in matters before the Board if they declare their personal or financial interest in a fishery.

Members are on the Board for their expertise in some aspect of fishing. Due to the limited size of the board and the wide range of fisheries in the state, it is vital that all Board members be able to participate in the decision making process.

The twenty-nine members groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters

SCOMM

126:25

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 14, 2002

FURTHER REFERRALS: Resources

Date of Committee Action: 2/11/02

The HOUSE SPECIAL COMMITTEE ON FISHERIES Committee considered:

HB 286

HOUSE BILL NO. 286

OWNERSHIP OF MORE THAN ONE FISHERY PERMIT

"An Act allowing a person to hold more than one commercial fishing entry permit for a fishery; relating to the power of the Board of Fisheries to establish fishing periods and areas for subgroups of commercial fishing permits and commercial fishing permit holders and to establish limits on the amount of fishing gear that may be used by certain commercial fishing permit holders; and providing for an effective date."

Recommends it be replaced with CS HB 286 (FSH) | Same Title | ☒ New Title
 For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR _____

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

List of
Abbrev.
for
Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LAA
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
<u>DFG</u>				☒

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

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
<u>John Gylfe</u>					☒	
<u>David Ryan</u>			☒			
<u>David Skarfen</u>		<u>SKARZEN</u>	☒			
<u>Bern Kapsner</u>		<u>Kapsner</u>			☒	
<u>Mary Kapsner</u>					☒	
Chair:	<u>George Wilson</u>		☒			
Chair:	<u>[Signature]</u>		☒			

22-LS1099\B
Utermohle
2/7/02

CS FOR HOUSE BILL NO. 286()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES SCALZI, Fate

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing a person to hold two commercial fishing entry permits for a salmon
2 fishery for the purpose of consolidating the fishing fleet for a salmon fishery; relating to
3 salmon fishery associations and to salmon fishery assessments; and providing for an
4 effective date."

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

6 * Section 1. AS 16.40 is amended by adding a new section to read:

7 **Article 5. Salmon Fishery Associations.**

8 **Sec. 16.40.250. Salmon fishery associations.** The commissioner shall assist
9 in and encourage the formation of qualified salmon fishery associations for the
10 purpose of promoting the consolidation of the fishing fleet in a salmon fishery for
11 which the Alaska Commercial Fisheries Entry Commission has issued commercial
12 fishing entry permits under AS 16.43. A salmon fishery association is qualified if the
13 commissioner determines that the regional association

14 (1) is incorporated as a nonprofit corporation under AS 10.20;

(2) represents interim-use permit and entry permit holders who participate in the salmon fishery for which the association is established; and

(3) has a board of directors that is representative of interim-use permit and entry permit holders who fish in the salmon fishery.

* Sec. 2. AS 16.43.140(c) is amended to read:

(c) A person may hold more than one interim-use or entry permit issued or transferred under this chapter only for the following purposes:

(1) fishing more than one type of gear;

(2) fishing in more than one administrative area;

(3) harvesting particular species for which separate interim-use or entry permits are issued;

(4) if authorized by regulations of the commission, fishing an entire unit of gear in a fishery in which the commission has issued entry permits for less than a unit of gear under AS 16.43.270(d); under this paragraph, a person may not hold more than two entry permits for a fishery; however, the person may not

(A) fish more than one unit of gear in the fishery; or

(B) acquire a second entry permit for the fishery after the person has acquired an entry permit that authorizes the use of an entire unit of gear in the fishery;

(5) consolidation of the fishing fleet for a salmon fishery; however, a person may hold not more than two entry permits for a salmon fishery under this paragraph, but the person who holds two entry permits for a salmon fishery may not engage in fishing under the second entry permit.

* Sec. 3. AS 37.05.146(b)(4)(AA) is amended to read:

(AA) dive fishery management assessment receipts
(AS 43.76.150) and salmon fishery assessment receipts (AS 43.76.220);

* Sec. 4. AS 43.76 is amended by adding new sections to read:

Article 4. Salmon Fishery Assessment.

Sec. 43.76.220. Salmon fishery assessment. (a) A salmon fishery assessment shall be levied on the value of the salmon sold in a salmon fishery. The rate of the assessment, not to exceed five percent, shall be determined by an election

1 under AS 43.76.230.

2 (b) A salmon fishery assessment may only be levied or collected on salmon
3 sold in a fishery if

4 (1) there exists in the administrative area in which the fishery occurs
5 an association determined by the commissioner of fish and game to be a qualified
6 salmon fishery association under AS 16.40.250; and

7 (2) the rate of the salmon fishery assessment is determined by an
8 election under AS 43.76.230.

9 **Sec. 43.76.230. Election to approve, amend, or terminate salmon fishery**
10 **assessment.** (a) A qualified salmon fishery association may conduct an election
11 under this section after the commissioner of fish and game approves

12 (1) the notice to be published by the qualified salmon fishery
13 association; the notice must state that all salmon sold in the fishery are subject to the
14 salmon fishery assessment and the rate of the salmon fishery assessment to be
15 approved, amended, or terminated at the election;

16 (2) the ballot to be used in the election; and

17 (3) the registration and voting procedure for the approval, amendment,
18 or termination of the salmon fishery assessment.

19 (b) The salmon fishery assessment is levied under AS 43.76.220 in a fishery
20 on the effective date stated on the ballot if

21 (1) the assessment is approved by a two-thirds majority vote of the
22 eligible interim-use permit and entry permit holders in the fishery; and

23 (2) the election results are certified by the commissioner of fish and
24 game.

25 (c) In conducting an election under this section, a qualified salmon fishery
26 association shall adopt the following procedures:

27 (1) the qualified salmon fishery association for the fishery shall make
28 copies of the articles of incorporation and bylaws of the association available to all
29 interim-use permit and entry permit holders in the fishery;

30 (2) the qualified salmon fishery association for the fishery shall hold at
31 least one public meeting not less than 30 days before the date on which ballots must be

1 postmarked to be counted in the election to explain, as appropriate, the reason for
2 approval or amendment of the proposed salmon fishery assessment, the reason for the
3 proposed rate of the salmon fishery assessment, or the reason for termination of the
4 salmon fishery assessment, and to explain the registration and voting procedure to be
5 used in the election; the qualified salmon fishery association shall provide notice of
6 the meeting by

7 (A) mailing the notice to each eligible interim-use permit and
8 entry permit holder;

9 (B) posting the notice in at least three public places in the
10 administrative area in which the fishery occurs; and

11 (C) publishing the notice in at least one newspaper of general
12 circulation in the administrative area in which the fishery occurs at least once a
13 week for two consecutive weeks before the meeting;

14 (3) the qualified salmon fishery association shall mail two ballots to
15 each eligible interim-use permit and entry permit holder; the first ballot shall be
16 mailed not more than 45 days before the date ballots must be postmarked to be
17 counted in the election; the second ballot shall be mailed not less than 15 days before
18 the date ballots must be postmarked to be counted in the election; the qualified salmon
19 fishery association shall adopt procedures to ensure that only one ballot from each
20 eligible interim-use permit and entry permit holder is counted in the election;

21 (4) the ballot must

22 (A) state that all salmon sold in the fishery are subject to the
23 salmon fishery assessment;

24 (B) state the rate of the assessment to be levied under
25 AS 43.76.220;

26 (C) ask the question whether the salmon fishery assessment
27 addressed on the ballot shall be approved, amended, or terminated, as
28 appropriate;

29 (D) indicate the fishery for which the salmon fishery
30 assessment will be levied or terminated;

31 (E) provide an effective date for the approval, amendment, or

1 termination of the salmon fishery assessment; and

2 (F) indicate the date on which returned ballots must be
3 postmarked in order to be counted;

4 (5) the ballots shall be returned by mail and shall be counted by an
5 auditor selected by the qualified salmon fishery association and approved by the
6 commissioner of fish and game; the qualified salmon fishery association shall pay the
7 costs of counting the ballots.

8 (d) The commissioner of fish and game shall certify the results of an election
9 under this section if the commissioner determines that the requirements of (a) and (c)
10 of this section have been satisfied.

11 (e) A qualified salmon fishery association may employ or contract with
12 another person to administer an election under this section subject to the supervision
13 of the association.

14 (f) Except as otherwise provided under AS 43.76.240 and 43.76.250, an
15 election to amend the rate of a salmon fishery assessment or to terminate a salmon
16 fishery assessment shall be conducted under the same procedures established under
17 (a), (c), and (d) of this section for an election to approve a salmon fishery assessment.

18 (g) In this section, "eligible interim-use permit and entry permit holder" means
19 an individual who, 90 days before the date ballots must be postmarked to be counted
20 in an election under this section, is listed in the records of the Alaska Commercial
21 Fisheries Entry Commission as the legal holder of an interim-use permit for salmon
22 fishing gear or an entry permit for salmon fishing gear that authorizes the individual to
23 fish commercially in the salmon fishery for which the salmon fishery assessment is to
24 be approved, amended, or terminated.

25 **Sec. 43.76.240. Amendment of salmon fishery assessment.** (a) The rate of
26 the salmon fishery assessment levied on salmon under AS 43.76.220 may be amended
27 by the commissioner of revenue upon a two-thirds majority vote at an election held
28 under AS 43.76.230 among the eligible permit holders for the fishery in which the
29 salmon fishery assessment is levied.

30 (b) The commissioner of revenue shall amend the rate of a salmon fishery
31 assessment under (a) of this section following an election among the eligible permit

holders for the fishery if

(1) a petition that is signed by at least 25 percent of the interim-use permit and entry permit holders in the fishery that is the subject of the petition is presented to the commissioner of fish and game requesting amendment of the rate of the salmon fishery assessment; the petition must state the proposed rate of the salmon fishery assessment to be levied under AS 43.76.220; only a person who holds an interim-use permit or entry permit for the fishery at the time of signing the petition may validly sign the petition;

(2) an election is held in accordance with AS 43.76.230; the ballot must ask the question whether the salmon fishery assessment on salmon sold in the fishery shall be amended and must state the salmon fishery assessment to be levied under AS 43.76.220 if the assessment is amended; the ballot must be worded so that a "yes" vote is for amendment of the salmon fishery assessment and a "no" vote is for continuation of the current salmon fishery assessment;

(3) a two-thirds majority of the eligible interim-use permit and entry permit holders in the fishery casts a ballot for the amendment of the salmon fishery assessment; in this paragraph, "eligible interim-use permit and entry permit holder" has the meaning given in AS 43.76.230; and

(4) the qualified salmon fishery association provides notice of the election in accordance with AS 43.76.230 within six months after receiving notice from the commissioner of fish and game that a valid petition under (1) of this subsection has been received.

Sec. 43.76.250. Termination of salmon fishery assessment. (a) The salmon fishery assessment levied under AS 43.76.220 shall be terminated by the commissioner of revenue upon a two-thirds majority vote at an election held under AS 43.76.230 among the eligible permit holders for the fishery in which the salmon fishery assessment is levied.

(b) The commissioner of revenue shall terminate a salmon fishery assessment under (a) of this section following an election among the eligible permit holders for the fishery if

(1) a petition that is signed by at least 25 percent of the interim-use

1 permit and entry permit holders in the fishery that is the subject of the petition is
2 presented to the commissioner of fish and game requesting termination of the salmon
3 fishery assessment; only a person who holds an interim-use permit or entry permit for
4 the fishery at the time of signing the petition may validly sign the petition;

5 (2) an election is held in accordance with AS 43.76.230; the ballot
6 must ask the question whether the salmon fishery assessment shall be terminated; the
7 ballot must be worded so that a "yes" vote is for continuation of the salmon fishery
8 assessment and a "no" vote is for termination of the salmon fishery assessment;

9 (3) a two-thirds majority of the eligible interim-use permit and entry
10 permit holders in the fishery casts a ballot for the termination of the salmon fishery
11 assessment; in this paragraph, "eligible interim-use permit and entry permit holder"
12 has the meaning given in AS 43.76.230; and

13 (4) the qualified salmon fishery association provides notice of the
14 election in accordance with AS 43.76.230 within six months after receiving notice
15 from the commissioner of fish and game that a valid petition under (1) of this
16 subsection has been received.

17 **Sec. 43.76.260. Collection of assessment.** (a) A buyer who acquires salmon
18 that is subject to a salmon fishery assessment levied under AS 43.76.220 shall collect
19 the salmon fishery assessment at the time of purchase and shall remit the total salmon
20 fishery assessment collected during each calendar quarter to the department by the last
21 day of the month following the end of the calendar quarter. In this subsection,
22 "calendar quarter" means each of the three-month periods ending March 31, June 30,
23 September 30, and December 31.

24 (b) A buyer who collects the salmon fishery assessment shall maintain records
25 of the value of salmon that is subject to the assessment that is purchased in each
26 salmon fishery of the state.

27 (c) The owner of salmon removed from the state is liable for payment of the
28 salmon fishery assessment levied under AS 43.76.220 if, at the time the salmon is
29 removed from the state, the assessment payable on the salmon has not been collected
30 by a buyer. If the owner of the salmon is liable for payment of the salmon fishery
31 assessment under this subsection, the owner shall comply with the requirements under

(a) and (b) of this section to remit the assessment to the department and to maintain records.

(d) The salmon fishery assessment collected under this section shall be deposited in the state treasury.

Sec. 43.76.270. Funding for qualified salmon fishery associations. (a) The legislature may make appropriations of revenue collected under AS 43.76.260 to the Department of Fish and Game for funding of the qualified salmon fishery association for the fishery in which the assessment was collected. Funds received under this section by a qualified salmon fishery association may be expended in accordance with the annual operating plan developed under (b) of this section.

(b) The Department of Fish and Game shall assist a salmon fishery association in developing an annual operating plan. The annual operating plan must describe the activities for which the association intends to expend the funding received under this section, including consolidation of the fishing fleet in the salmon fishery, financial assistance to permit holders in the fishery to promote consolidation of the fishing fleet for the fishery, and administrative activities of the association.

(c) A qualified salmon fishery association receiving funding under this section shall submit an annual report to the Department of Fish and Game and to the members of the association describing the activities of the association and how those activities are consistent with the articles of incorporation and bylaws of the association.

(d) This section does not establish a dedication of a state tax or license.

(e) This section does not restrict or qualify the authority of the Department of Fish and Game or the Board of Fisheries under AS 16.

Sec. 43.76.280. Definitions. In AS 43.76.220 - 43.76.280,

(1) "administrative area" means an area established by the Alaska Commercial Fisheries Entry Commission under AS 16.43.200 for regulating and controlling entry into salmon fisheries;

(2) "buyer" has the meaning given in AS 43.76.040;

(3) "fishery" has the meaning given in AS 16.43.990;

(4) "qualified salmon fishery association" means an association that is qualified under AS 16.40.250;

- 1 (5) "salmon" means salmon sold under the authority of a limited entry
2 permit or interim-use permit issued under AS 16.43 for salmon;
3 (6) "sold" means the transfer of ownership of salmon from an interim-
4 use permit or entry permit holder to a buyer at the first point of sale;
5 (7) "value" has the meaning given in AS 43.75.290.
6 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 286
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
 Title Authorizing persons to hold more than one limited BRU Administration and Support
entry fishing permit Component Boards of Fisheries and Game
 Sponsor Representative Scalzi
 Requester House Fisheries Component No. 2048

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Gordy Williams Phone 465-6143
 Division Commissioner's Office Date/Time 1/31/02 2:00 PM
 Approved by: Gordy Williams for Commissioner Frank Rue Date 1/31/2002
 Agency Fish and Game



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI

State Capitol

Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

Sponsor Statement

HB286: "An Act allowing a person to hold two commercial fishing entry permits for a salmon fishery for the purpose of consolidating the fishing fleet for a salmon fishery; relation to salmon fishery associations and to salmon fishery assessments; and providing for an effective date."

The health of the salmon industry should be of the utmost importance to the state of Alaska as it directly impacts the economic health of the state. While nearly 175 million salmon were landed last summer, the fishermen's take was only \$216 million -- less than half of what they got 15 years ago. The upside is that global demand for salmon is exploding with the world consumption at almost 4 billion pounds last year, three times the amount of 20 years earlier. With a refocusing of fisheries management, the state should be able to regain its strong foothold in the worldwide market.

The goal of this bill is to voluntarily reduce the fleet size where desired and deemed necessary to promote greater economic incentives in a manner that would leave sufficient harvest capacity for large fish returns. With HB286, salmon limited entry and interim use permit holders will be allowed to hold no more than two permits; the provision applies exclusively to salmon fisheries.

Holders of two permits will not be granted any special fishing privileges over the holder of one permit; the Board of Fish would be prohibited from enacting regulations that would grant these privileges. This measure will facilitate removing a vessel and gear from a fishery; however, permits are not permanently removed from the system. If conditions improve, permits can be added back into fisheries, allowing each administrative area to address its particular difficulties by gear type.

HB286 provides the means for fishermen to tax (assess) themselves to assist fleet consolidation, thereby improving the fisheries for all participants. Fishermen are not asking the legislature to appropriate money for permit buybacks; they are seeking solutions from within the industry. This bill would provide the vehicle for collection of the self-assessment and the appropriation back to the association formed by the holders who wish to consolidate. Two-thirds of gear-type in an administrative area must approve the assessment; thus this measure ensures voluntary participation and approval from the majority of the permit holders. The assessment can be no greater than 5% of the ex-vessel value of the salmon landed by the permit holder; hence the value and assessment would vary from year to year. Some fisheries may feel they can only afford 1/4%, while others may feel secure in voting for 5%; allowing the individual needs of each fishery to be met.

The bill clearly delineates the assessment process with all checks and balances adequately addressed to ensure the intent of the measure is correctly administered.

Sectional Analysis

CS for HB 286(FSH)

"An Act allowing a person to hold two commercial fishing entry permits for a salmon fishery for the purpose of consolidating the fishing fleet for a salmon fishery; relating to salmon fishery association and to salmon fishery assessments; and providing for an effective date."

Section 1. Salmon Fishery Associations

- The commissioner of the Alaska Department of Fish and Game shall assist and encourage the formation of salmon fishery associations if a fishery desires to form such an association
- Allows for the voluntary formation of salmon fishery associations for the purpose of fleet consolidation
- The associations would be comprised of entry permit holders by fishery (gear type) within administrative areas
- The association must be incorporated as a nonprofit corporation under Alaska law (AS 10.20); represent the salmon interim-use and entry permit holders within the designated fishery; and, have a board of directors representative of these individuals
- The association must develop by-laws and articles of incorporation

Section 2.

- Adds a new section to existing law (AS 16.43.140©) to allow an individual to hold two entry permits, but a person who holds two entry permits for a salmon fishery is not afforded additional fishing privileges for the second permit
- Upon passage of this bill, a salmon interim-use or entry permit holder may purchase a second permit in the same fishery
- The creation of an association or a vote on an assessment is not required before an individual may purchase a second permit in the same fishery

Section 3.

- Provides the assessment receipts flow for the budget process

Section 4.

Salmon Fishery Assessment

- Provides the mechanism and legal process for salmon fishermen to levy an assessment on themselves
- To proceed with a proposed assessment in a fishery it is a voluntary action of the salmon fishermen within a particular fishery (gear type)
- They must first create a qualified salmon fishery association meeting the qualifications outlined in Section 1
- The value voted upon cannot exceed 5% of the ex-vessel (first wholesale) value
- Salmon fishermen choosing to proceed with an assessment vote will by fishery (gear type) determine through an election of all the interim-use and entry permit holders in the fishery if they want to assess themselves
- They also determine the rate of the assessment "not to exceed five percent" of the ex-vessel value
- Passage requires a 2/3 majority vote of all interim-use and entry permit holders in the fishery (gear type)

Amendment or Termination of a Salmon Fishery Assessment

- If salmon fishermen vote to approve an assessment, there is a process for them to amend the rate of the assessment or to terminate the assessment
- A petition for amending the rate or for terminating the assessment requires 25% of the interim-use or entry permit holders in the fishery that is the subject of the petition to propose either an amended assessment or termination of the assessment
- To pass it still requires a 2/3 majority of the eligible interim-use or entry permit holders and utilizes the public notice process and time line utilized for adopting an assessment

Collection of Assessment

- The collection of an approved assessment follows the same process as all other fishery taxes recorded, reported and collected by the Department of Revenue at the first point of sale

Funding for Qualified Salmon Fishery Associations

- All approved assessments collected by the Department of Revenue are appropriated to the Department of Fish and Game for funding the qualified salmon fishery association for the fishery in which the assessment was collected
- The assessment is appropriated to the salmon fishery association for the purposes outlined in its annual operating plan
- These purposes include consolidation of the fishing fleet in the salmon fishery, financial assistance to permit holders in the fishery to promote consolidation of the fishing fleet for the fishery, and for the administrative activities of the association
- An association receiving funding under this section is required to submit an annual report to both the Department of Fish and Game and its members (the entire gear type) describing their activities and how they are consistent with their articles of incorporation and bylaws

Definitions

- The definitions contained in this section are consistent with those for the Department of Revenue and the Department of Fish and Game already contained in law

Effective Date

- There is an immediate effective date under AS 01.10.070©

HOUSE BILL 286

What it does:

1. Allows a person to hold two salmon permits in the same fishery.
2. Allows fishermen to establish non-profit associations for the purpose of consolidating the salmon fleets.
3. Allows fishermen with a 2/3 vote of permit holders in a fishery to tax themselves to help pay for needed consolidation.

Why it will help:

1. Lower salmon prices and run sizes will require a smaller salmon fleet in some areas of the state for fishermen to earn a fair wage for their efforts and investment.
2. Fishermen will be responsible for setting up the associations and convincing 2/3 of their fellow fishermen to tax their salmon catch to consolidate their fishery. Fishermen must find their own solution.
3. Consolidation would be voluntary within each of the state's 27 commercial salmon fisheries. Gillnetters in Cook Inlet will have no voice in what Bristol Bay gillnetters decide.
4. Consolidation programs will be guided by administrative procedures to ensure accountability to the fishermen and the public.