

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2991 SCOMM 131: HOUSE SPECIAL COMMITTEE ON FISHERIES, 2003-04

PART I. Sections 2, 4, 6, 8 - 14, 17, 18, and 20 of this bill take effect immediately under AS 01.10.070(c).

Section 2 of the bill amends AS 16.51.020(a) to reduce the size of the board of directors of the Alaska Seafood Marketing Institute from 25 members to seven members.

Section 4 of the bill amends AS 16.51.020(b) to provide that the seven members of the board of directors of the Alaska Seafood Marketing Institute shall consist of four members who are large seafood processors (annual payroll greater than \$2,500,000), one member who is a small processor (annual payroll of \$50,000 - \$2,500,000), and two members who are commercial fishermen. The lay member of the board has been eliminated.

Section 6 of the bill amends AS 16.51.050 to provide that the quorum for the seven member board of directors of the Alaska Seafood Marketing Institute is four members.

Sections 8 - 10 of the bill make technical changes to AS 16.51.120(a), (f), and (g), respectively, to conform to the addition of two new subsections to AS 16.51.120 by sec. 11 of the bill.

Section 11 of the bill amends AS 16.51.120 by adding two new paragraphs, (h) and (i), to provide the option for seafood processors to approve the levy of a seafood marketing assessment at the rate of .5 percent and .6 percent of the value of seafood products produced in Alaska by each processor.

Section 12 of the bill amends AS 16.51.130(a) to repeal the option for the board of directors of the Alaska Seafood Marketing Institute to terminate the seafood marketing assessment without holding an election among eligible processors and to conform to the addition of two new subsections to AS 16.51.120 by sec. 11 of the bill.

Section 13 of the bill makes a technical amendment to AS 16.51.130(b) to conform to the repeal of the authority of the board of directors of the Alaska Seafood Marketing Institute to terminate the seafood marketing assessment without holding an election among eligible processors by sec. 12 of the bill.

Section 14 of the bill makes a technical amendment to AS 16.51.140(b) to conform to the addition of two new subsections to AS 16.51.120 by sec. 11 of the bill.

Section 17 of the bill repeals provisions that were to take effect upon the repeal or sunset of the salmon marketing tax. These provisions have become obsolete as a consequence of other amendments to the affected statutes and the changes made by this bill.

Section 18 of the bill is a transitional provision providing for the immediate expiration of the terms of the current members of the board of directors of the Alaska Seafood

Marketing Institute and for the appointment of new members to the board.

Section 20 of the bill provides for an election to be held among seafood processors in the state in March - April 2005, as to whether the current seafood marketing assessment of .3 percent is to be retained, terminated, or increased to .5 percent. Many sections of the bill take effect or do not take effect based on the results of this election.

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PART II. Sections 3, 5, 7, 19, and 21 of the bill take effect under secs. 22, 27, and 28 of the bill, if at the election held under sec. 20 of the bill the seafood processors vote to terminate the current seafood marketing assessment. Each of these sections take effect on the day after the director of elections certifies the results of the election held under sec. 20 of the bill.

Section 3 of the bill amends AS 16.51.020(a), as amended by sec. 2 of this bill, to increase the size of the board of directors of the Alaska Seafood Marketing Institute from seven members to nine members.

Section 5 of the bill amends AS 16.51.020(b), as amended by sec. 4 of the bill, to provide that two new commercial fishing members are added to the board of directors of the Alaska Seafood Marketing Institute to bring the total number of members to nine.

Section 7 of the bill amends AS 16.51.050, as amended by sec. 6 of the bill, to provide that the quorum for the nine member board of directors of the Alaska Seafood Marketing Institute is five members.

Section 19 of the bill provides for the appointment of the two new commercial fishing members who are added to the board under secs. 3 and 5 of the bill.

Section 21 of the bill provides for the termination of the current seafood marketing assessment on December 31, 2005, to coincide with the end of the tax and calendar years.

*

PART III. Sections 3, 5, 7, and 19 of the bill, described above, can also take effect under secs. 24 and 27 of the bill, if at the election held under sec. 20 of the bill the seafood processors vote to retain the current seafood marketing assessment but do not vote to increase the assessment from .3 percent to .5 percent. Each of these sections take effect on the day after the director of elections certifies the results of the election held under sec. 20 of the bill.

*

PART IV. Sections 1, 15, and 16 of the bill take effect under secs. 23, 25, and 26, only

if at the election held under sec. 20 of the bill the seafood processors vote to retain the current seafood marketing assessment and to increase the assessment from .3 percent to .5 percent.

Sections 1 and 15 of the bill make technical changes to AS 16.43.160(e)(2)(A)(ix) and AS 37.05.146(c)(25), respectively, to conform to the repeal of the salmon marketing tax under sec. 16 of the bill. These sections take effect on December 31, 2005, which is the date on which the salmon marketing tax is repealed.

Section 16 of the bill repeals the salmon marketing tax under AS 43.76.110 - 43.76.130 on December 31, 2005. This section takes effect on the day after the director of elections certifies the results of the election held under sec. 20 of the bill.

*

PART V. Sections 22 - 29 of the bill are the contingent effect and effective date sections for the bill.

Sections 22, 27, and 28 of the bill are the contingent effect and effective date sections for secs. 3, 5, 7, 19, and 21 of the bill to provide that those sections take effect if the seafood processors vote to terminate the current seafood marketing assessment at the election held under sec. 20 of the bill.

Sections 23, 25, and 26 of the bill are the contingent effect and effective date sections for secs. 1, 15, and 16 of the bill to provide that these sections take effect only if the seafood processors vote to retain the current seafood marketing assessment and also vote to increase the assessment from .3 percent to .5 percent at the election held under sec. 20 of the bill.

Sections 24 and 27 of the bill are the contingent effect and effective dates for secs. 3, 5, 7, and 19 of the bill to provide that those sections take effect if the seafood processors vote to retain the current seafood marketing assessment but do not vote to increase the assessment from .3 percent to .5 percent.

Section 28 of the bill provides that secs. 2, 4, 6, 8 - 14, 17, 18, and 20 of the bill take effect immediately under AS 01.10.070(c).

If I may be of further assistance, please advise.

GU:med
04-285.med

	Current Tax Structure (FY04 Budget)	CS SB 273 (If the .5% is approved)	CS SB 273 (If the .5% is not approved)	CS SB 273 (If the processors vote to eliminate their assessment)
Salmon Marketing Tax	\$1,575,000	\$0	\$1,575,000	\$1,575,000
Processors Assessment	\$2,999,284	\$5,000,000	\$3,000,000	\$0
Fed Funds from Fisheries Marketing Board	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Size of the ASMI Board	25	7	9	9
Total	\$6,574,284	\$7,000,000	\$6,575,000	\$3,575,000

23-LS1366J
Utermohle
4/2/04

HOUSE CS FOR CS FOR SENATE BILL NO. 273()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR GARY STEVENS BY REQUEST OF THE JOINT LEGISLATIVE SALMON
INDUSTRY TASK FORCE

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the size, membership, and powers of the board of directors of the
2 Alaska Seafood Marketing Institute and making a corresponding change in the quorum
3 requirement; authorizing the establishment of the seafood marketing assessment at a
4 rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing
5 for an election to retain, terminate, or increase the seafood marketing assessment;
6 providing for the repeal of the salmon marketing tax and provisions related to the
7 salmon marketing tax; and providing for an effective date."

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

9 * Section 1. AS 16.43.160(e)(2)(A)(ix) is amended to read:

10 (ix) Department of Revenue - fisheries business tax
11 program, fishery resource landing tax program, salmon enhancement
12 tax program, [SALMON MARKETING TAX PROGRAM,] and dive
13 fishery management assessment program;

1 * **Sec. 2.** AS 16.51.020(a) is amended to read:

2 (a) The governing body of the institute is a board of directors. The board
3 consists of seven [25] voting members appointed by the governor. In making
4 appointments to the board, the governor shall consider, but need not appoint, nominees
5 presented by persons engaged in fish processing, the financing of fish processing, or
6 commercial fishing.

7 * **Sec. 3.** AS 16.51.020(a) is amended to read:

8 (a) The governing body of the institute is a board of directors. The board
9 consists of nine [SEVEN] voting members appointed by the governor. In making
10 appointments to the board, the governor shall consider, but need not appoint, nominees
11 presented by persons engaged in fish processing, the financing of fish processing, or
12 commercial fishing.

13 * **Sec. 4.** AS 16.51.020(b) is amended to read:

14 (b) Five [TWELVE] members of the board shall be seafood processors: four
15 [EIGHT] of the seafood processors must have an annual payroll in the state of more
16 than \$2,500,000; one [FOUR] of the seafood processors must have an annual payroll
17 in the state of \$50,000 - \$2,500,000. Two [TWELVE] members of the board must be
18 engaged in commercial fishing. [THE GOVERNOR, TO THE EXTENT
19 PRACTICABLE, SHALL APPOINT AS COMMERCIAL FISHING MEMBERS OF
20 THE BOARD PERSONS ENGAGED IN COMMERCIAL FISHING IN A FISHERY
21 MANAGEMENT REGION OF THE STATE IN THE SAME PROPORTION THAT
22 THE REGION CONTRIBUTES, OR IS EXPECTED TO CONTRIBUTE DURING
23 THE NEXT YEAR, TO THE TOTAL SALMON MARKETING TAX COLLECTED
24 UNDER AS 43.76.110 - 43.76.130. ONE MEMBER OF THE BOARD SHALL BE A
25 LAY PERSON SELECTED BY THE GOVERNOR.]

26 * **Sec. 5.** AS 16.51.020(b) is amended to read:

27 (b) Five members of the board shall be seafood processors: four of the seafood
28 processors must have an annual payroll in the state of more than \$2,500,000; one of
29 the seafood processors must have an annual payroll in the state of \$50,000 -
30 \$2,500,000. Four [TWO] members of the board must be engaged in commercial
31 fishing.

1 * Sec. 6. AS 16.51.050 is amended to read:

2 **Sec. 16.51.050. Quorum. Four** [FOURTEEN] members of the board
3 appointed under AS 16.51.020 constitute a quorum for the transaction of business and
4 the exercise of the powers and duties of the board.

5 * Sec. 7. AS 16.51.050 is amended to read:

6 **Sec. 16.51.050. Quorum. Five** [FOUR] members of the board appointed
7 under AS 16.51.020 constitute a quorum for the transaction of business and the
8 exercise of the powers and duties of the board.

9 * Sec. 8. AS 16.51.120(a) is amended to read:

10 (a) A seafood marketing assessment shall be levied on the value of seafood
11 products produced in Alaska as provided in (b), (c), (d), [OR] (e), (h), or (i) of this
12 section if an election is held under AS 16.51.140 at which the assessment is approved
13 by eligible processors who together produce at least 51 percent of the value of seafood
14 products produced in Alaska in the calendar year.

15 * Sec. 9. AS 16.51.120(f) is amended to read:

16 (f) An election under (a) of this section shall be held if the proposed election
17 for the levying of an assessment under (b), (c), (d), [OR] (e), (h), or (i) of this section
18 is approved by a majority of the whole membership of the board at a regularly
19 scheduled meeting.

20 * Sec. 10. AS 16.51.120(g) is amended to read:

21 (g) Notwithstanding (a) - (e), (h), and (i) of this section and AS 16.51.150(c),
22 a processor is not subject to, or liable for payment of, an assessment under this section
23 on the value of the seafood products produced in Alaska if the value of seafood
24 products produced in Alaska by the processor is less than \$50,000 in a calendar year.
25 This subsection does not exempt a processor from liability for payment of taxes
26 imposed under AS 43.75 or AS 43.77.

27 * Sec. 11. AS 16.51.120 is amended by adding new subsections to read:

28 (h) Each processor shall pay a seafood marketing assessment of .5 percent of
29 the value of seafood products produced in Alaska by the processor.

30 (i) Each processor shall pay a seafood marketing assessment of .6 percent of
31 the value of seafood products produced in Alaska by the processor.

1 * Sec. 12. AS 16.51.130(a) is amended to read:

2 (a) A seafood marketing assessment levied under AS 16.51.120(b), (c), (d),
3 [OR] (e), (h), or (i) shall be terminated by the commissioner of revenue if

4 [(1)] an election is held under AS 16.51.140 in which the termination
5 is approved by eligible processors who together produce at least 51 percent of the total
6 value of seafood products produced in Alaska during the calendar year [; OR

7 (2) THE BOARD, AT A REGULARLY SCHEDULED MEETING,
8 ADOPTS A RESOLUTION APPROVED BY TWO-THIRDS OF THE VOTING
9 MEMBERSHIP OF THE BOARD REQUESTING THE COMMISSIONER OF
10 REVENUE TO TERMINATE THE ASSESSMENT].

11 * Sec. 13. AS 16.51.130(b) is amended to read:

12 (b) An election under (a) [(a)(1)] of this section shall be held if

13 (1) the proposed election for the termination of the assessment is
14 approved by a majority of the whole membership of the board at a regularly scheduled
15 meeting; or

16 (2) a petition is presented to the director of elections requesting
17 termination of the assessment by eligible processors who together produce at least 25
18 percent of the total value of seafood products produced in Alaska during the calendar
19 year.

20 * Sec. 14. AS 16.51.140(b) is amended to read:

21 (b) In conducting the election under this section, the institute and the director
22 of elections shall adopt the following procedures:

23 (1) the proposed levy or termination of the assessment shall be adopted
24 at a regularly scheduled meeting of the board of directors of the institute held not
25 less than 60 days before the date on which the ballots must be postmarked to be
26 counted unless the election is for termination of the assessment and has been initiated
27 by a petition under AS 16.51.130(b)(2);

28 (2) the institute shall hold at least one meeting, not less than 30 days
29 before the date on which ballots must be postmarked to be counted, to explain the
30 reason for the proposed seafood marketing assessment or termination of the
31 assessment and to explain the voting procedure to be used in the election; the institute

1 shall provide notice of the meeting by

2 (A) mailing the notice to each eligible processor; and

3 (B) publishing the notice in at least one newspaper of general
4 circulation in each region of the state at least two weeks before the meeting;

5 (3) the director of elections [INSTITUTE] shall mail ballots to each
6 eligible processor not more than 45 days before the date specified as the date ballots
7 must be postmarked;

8 (4) the ballot must

9 (A) indicate whether the assessment is to be levied under
10 AS 16.51.120(b), (c), (d), [OR] (e), (h), or (i) and must state the percentage of
11 the assessment;

12 (B) indicate the effective date of the levy of the assessment or
13 termination of the assessment;

14 (C) ask whether the assessment shall be levied or, if the
15 election is to terminate the assessment, whether the assessment shall be
16 terminated;

17 (5) the ballots shall be returned by mail to the director of elections
18 and shall be counted by the director of elections or a representative.

19 * **Sec. 15.** AS 37.05.146(c)(25) is amended to read:

20 (25) receipts from the seafood marketing assessment under
21 AS 16.51.120 - 16.51.170 [, THE SALMON MARKETING TAX UNDER
22 AS 43.76.110 - 43.76.130,] and [OTHER] receipts of the Alaska Seafood Marketing
23 Institute;

24 * **Sec. 16.** REPEAL OF SALMON MARKETING TAX. (a) Section 9, ch. 55, SLA 1993,
25 as amended by sec. 1, ch. 111, SLA 1998, and sec. 3, ch. 136, SLA 2002, is amended to read:

26 Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed December 31,
27 2005 [JUNE 30, 2008].

28 * **Sec. 17.** REPEAL OF MISCELLANEOUS PROVISIONS RELATED TO THE
29 SALMON MARKETING TAX. Sections 3, 8(c), and 12, ch. 55, SLA 1993, are repealed.

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

1 TRANSITION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE
2 ALASKA SEAFOOD MARKETING INSTITUTE. (a) Notwithstanding AS 16.51.030, the
3 terms of office of all persons who are serving as members of the board of directors of the
4 Alaska Seafood Marketing Institute on the day before the effective date of sec. 2 of this Act
5 expire on the effective date of sec. 2 of this Act.

6 (b) The governor shall appoint qualified persons to serve on the board of directors of
7 the Alaska Seafood Marketing Institute, as restructured under AS 16.51.020, as amended by
8 sec. 2 of this Act, as soon as practicable on or after the effective date of sec. 2 of this Act.
9 The governor shall appoint persons to initial terms in accordance with AS 39.05.055(5). To
10 the extent possible, the governor shall maintain staggered terms for members of each class of
11 board members.

12 * **Sec. 19.** The uncoded law of the State of Alaska is amended by adding a new section to
13 read:

14 APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS OF THE
15 ALASKA SEAFOOD MARKETING INSTITUTE FOLLOWING THE ELECTION HELD
16 UNDER SECTION 20 OF THIS ACT. The governor shall appoint qualified persons to fill
17 the two commercial fishermen memberships created on the board of directors of the Alaska
18 Seafood Marketing Institute under AS 16.51.020, as amended by sec. 3 of this Act, as soon as
19 practicable on or after the effective date of sec. 3 of this Act. The governor shall appoint the
20 two commercial fisherman members to initial terms of one, two, or three years, as the
21 governor determines appropriate to provide for staggered terms for the commercial fishermen
22 members of the board.

23 * **Sec. 20.** The uncoded law of the State of Alaska is amended by adding a new section to
24 read:

25 SEAFOOD MARKETING ASSESSMENT; ELECTION. (a) Notwithstanding
26 AS 16.51.120 - 16.51.170, the seafood marketing assessment that is in effect on the day
27 before the effective date of this section shall remain in effect until December 31, 2005. After
28 December 31, 2005, a levy of the seafood marketing assessment under AS 16.51.120 shall be
29 retained, amended, or terminated in accordance with the results of the election held under this
30 section by the Alaska Seafood Marketing Institute.

31 (b) Notwithstanding AS 16.51.120 - 16.51.140, the Alaska Seafood Marketing

1 Institute shall conduct an election under this section for the retention, termination, and
2 amendment of the levy of the seafood marketing assessment under AS 16.51.120.

3 (c) In conducting the election under this section, the Alaska Seafood Marketing
4 Institute and the director of elections shall adopt the following procedures:

5 (1) by January 1, 2005, the director of elections shall approve

6 (A) the notice of the election to be published by the institute;

7 (B) the ballot to be used in the election; and

8 (C) the registration and voting procedures for the election;

9 (2) the institute shall hold at least one meeting before February 28, 2005, to
10 explain the reason for the election and to explain the voting procedure to be used in the
11 election; the institute shall provide notice of the meeting by

12 (A) mailing the notice of the meeting to each eligible processor; and

13 (B) publishing the notice in at least one newspaper of general
14 circulation in each region of the state at least two weeks before the meeting;

15 (3) the director of elections shall mail ballots to each eligible processor not
16 earlier than February 15, 2005;

17 (4) the ballot must ask two questions as follows:

18 (A) the first ballot question must ask whether the seafood marketing
19 assessment shall be retained; the ballot question must be written so that a yes vote is
20 for retention of the levy of the seafood marketing assessment and a no vote is for
21 termination of the levy of the seafood marketing assessment;

22 (B) the second ballot question must ask whether the seafood marketing
23 assessment shall be levied under AS 16.51.120(h) at a rate of .5 percent of the value of
24 seafood products produced in Alaska by a processor; the ballot question must be
25 written so that a yes vote is for approval of the levy of the assessment under
26 AS 16.51.120(h) and a no vote is for retention of the levy under AS 16.51.120 that is
27 in effect on the day before the effective date of this section; the ballot must indicate
28 that the effective date of the levy of the assessment under AS 16.51.120(h) is
29 January 1, 2006, if the levy is approved;

30 (5) the ballots must be postmarked on or before March 31, 2005, and received
31 by the director of elections on or before April 15, 2005, to be counted in the election;

1 (6) the ballots shall be returned by mail;

2 (7) the ballots shall be counted by the director of elections or the director's
3 representative; the director or the director's representative, with the assistance of the
4 commissioner of revenue, shall first determine whether the retention of the levy of the seafood
5 marketing assessment is approved by eligible processors who together produce at least 51
6 percent of the value of seafood products produced in Alaska in the previous calendar year;
7 only if the retention of the levy of the assessment is approved, the director or the director's
8 representative, with the assistance of the commissioner of revenue, shall determine the results
9 of the voting on the second ballot question;

10 (8) if the retention of the levy of the seafood marketing assessment under
11 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent
12 of the value of seafood products produced in Alaska in the previous calendar year, the levy of
13 the assessment is terminated December 31, 2005;

14 (9) if the retention of the levy of the seafood marketing assessment under
15 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of
16 the value of seafood products produced in Alaska in the previous calendar year and if the levy
17 of the seafood marketing assessment under AS 16.51.120(h) is approved by eligible
18 processors who together produce at least 51 percent of the value of seafood products produced
19 in Alaska in the previous calendar year, the levy of the seafood marketing assessment under
20 AS 16.51.120(h) takes effect January 1, 2006; and

21 (10) if the retention of the levy of the seafood marketing assessment under
22 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of
23 the value of seafood products produced in Alaska in the previous calendar year and if the levy
24 of the seafood marketing assessment under AS 16.51.120(h) is not approved by eligible
25 processors who together produce at least 51 percent of the value of seafood products produced
26 in Alaska in the previous calendar year, the levy under AS 16.51.120 that is in effect on the
27 day before the effective date of this section remains in effect until amended or terminated
28 under AS 16.51.120 - 16.51.140.

29 (d) The director of elections shall certify the results of an election under this section if
30 the director determines that the requirements of (c) of this section have been satisfied. The
31 director shall provide the certified results of the election to the commissioner of revenue, the

1 Alaska Seafood Marketing Institute, the lieutenant governor, and the revisor of statutes.

2 (e) Following the election conducted under this section, a seafood marketing
3 assessment may be approved, amended, or terminated in accordance with the procedures set
4 out under AS 16.51.120 - 16.51.140, as amended by secs. 8 - 14 of this Act and under
5 AS 16.51.150.

6 (f) For purposes of AS 16.51.120(a), the election held under this section shall be
7 considered to be an election held under AS 16.51.140.

8 * **Sec. 21.** The uncoded law of the State of Alaska is amended by adding a new section to
9 read:

10 **TERMINATION OF THE SEAFOOD MARKETING ASSESSMENT.**
11 Notwithstanding AS 16.51.120 - 16.51.140, the seafood marketing assessment levied under
12 AS 16.51.120 that is in effect on the day before the effective date of sec. 20 of this Act is
13 terminated December 31, 2005.

14 * **Sec. 22.** The uncoded law of the State of Alaska is amended by adding a new section to
15 read:

16 **CONTINGENT EFFECT -- TERMINATION OF SEAFOOD MARKETING**
17 **ASSESSMENT.** (a) Section 21 of this Act takes effect only if the director of elections
18 certifies that the retention of the levy of the seafood marketing assessment under
19 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent
20 of the value of seafood products produced in Alaska in the previous calendar year at the
21 election held under sec. 20 of this Act.

22 (b) Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies
23 that the retention of the levy of the seafood marketing assessment under AS 16.51.120 was
24 not approved by eligible processors who together produce at least 51 percent of the value of
25 seafood products produced in Alaska in the previous calendar year at the election held under
26 sec. 20 of this Act.

27 * **Sec. 23.** The uncoded law of the State of Alaska is amended by adding a new section to
28 read:

29 **CONTINGENT EFFECT -- APPROVAL OF LEVY UNDER AS 16.51.120(h).** (a)
30 Section 16 of this Act takes effect only if the director of elections certifies that the levy of the
31 seafood marketing assessment under AS 16.51.120(h) is approved by eligible processors who

1 together produce at least 51 percent of the value of seafood products produced in Alaska in
2 the previous calendar year at the election held under sec. 20 of this Act.

3 (b) Sections 1 and 15 of this Act take effect only if the director of elections certifies
4 that the levy of the seafood marketing assessment under AS 16.51.120(h) is approved by
5 eligible processors who together produce at least 51 percent of the value of seafood products
6 produced in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

7 * **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 CONTINGENT EFFECT -- DISAPPROVAL OF LEVY UNDER AS 16.51.120(h).
10 Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies that the levy
11 of a seafood marketing assessment under AS 16.51.120(h) was not approved by eligible
12 processors who together produce at least 51 percent of the value of seafood products produced
13 in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

14 * **Sec. 25.** If sec. 16 of this Act takes effect under sec. 23 of this Act, it takes effect on the
15 day after the director of elections certifies the result of the election held under sec. 20 of this
16 Act.

17 * **Sec. 26.** If secs. 1 and 15 of this Act take effect under sec. 23 of this Act, they take effect
18 December 31, 2005.

19 * **Sec. 27.** If secs. 3, 5, 7, and 19 of this Act take effect under sec. 22 or 24 of this Act, they
20 take effect on the day after the director of elections certifies the result of the election held
21 under sec. 20 of this Act.

22 * **Sec. 28.** If sec. 21 of this Act takes effect under sec. 22 of this Act, it takes effect on the
23 day after the director of elections certifies the result of the election held under sec. 20 of this
24 Act.

25 * **Sec. 29.** Except as provided in secs. 25 - 28 of this Act, this Act takes effect immediately
26 under AS 01.10.070(c).

File ASMT Bell

Subject: [Fwd: [Fwd: Re: Question]]

Date: Tue, 10 Feb 2004 13:39:41 -0900

From: Cameron Yourkowski <Cameron_Yourkowski@legis.state.ak.us>

To: Representative Paul Seaton <Representative_Paul_Seaton@legis.state.ak.us>

Subject: [Fwd: Re: Question]

Date: Tue, 10 Feb 2004 09:44:55 -0900

From: "Naresh Shrestha (Administrative Officer)" <Naresh_Shrestha@dced.state.ak.us>

Reply-To: nshrestha@alaskaseafood.org

Organization: Alaska Seafood Marketing Institute

To: Chris Knight <chris_knight@legis.state.ak.us>,

Cameron B Yourkowski <cameron_yourkowski@legis.state.ak.us>

Hello Chris/Cameron,

I am forwarding my reply to Rep. Seaton's query. I sent the Representative an email but it bounced back. Please forward this email to him.

Tnx,

Naresh

----- Original Message -----

Subject: Re: Question

Date: Tue, 10 Feb 2004 09:39:07 -0900

From: "Naresh Shrestha (Administrative Officer)" <Naresh_Shrestha@dced.state.ak.us>

Reply-To: nshrestha@AlaskaSeafood.org

Organization: Alaska Seafood Marketing Institute

To: Paul Seaton <Representative_Paul_Seaton@Legis.state.ak.us>

CC: NShrestha@AlaskaSeafood.org, Senator Gary Stevens

<Senator_Gary_Stevens@Legis.state.ak.us>, Ernest R Riutta

<ray_riutta@dced.state.ak.us>, Laura Fleming <LFleming@AlaskaSeafood.org>, Jay

Stinson <Pelagic@ptialaska.net>

References: <4028390C.531F87FF@Legis.state.ak.us>

Hello Rep. Seaton,

Using the calculations as depicted by Department of Revenue this is how it is laid out-

A. (Existing) Salmon Marketing Tax 1% \$ 1,672,490

B. (Existing) Processor's Assessment .3% \$ 3,112,138

C. (Proposed) Seafood Mkt Tax .3% \$ 2,610,391

Total Projected

\$ 7,395,019

If A. -Salmon Marketing Tax 1% and C. (proposed) Seafood Marketing Tax .3% are eliminated and B. Processor's Assessment is raised to .5%, based on 2002 DOR combined values of Fisheries Business and the Landing Tax of

\$ 870,130, 420 it would *generate* a total of \$ 4,350,652 only for ASMI.

Fiscal impact-

Incidentally this new amount would be LESS than the internal ASMI projected revenues from fish revenues for FY05 (\$ 4.5 million) under the existing statues.

The ASMI Board has ascertained that in order for ASMI to function effectively the funding level number needed is \$ 8,000,000. per fiscal year. The new number reflected -\$ 4,350,652- would be 46% less than the \$ 8 million needed.

Thank you,

Naresh



Jay Stinson
Chair, Board of Directors

Alaska Seafood Marketing Institute
1200 · 112th Avenue, NE, Suite C-226
Bellevue, WA 98004-3772
425/709-4602 800/806-2497
Fax 425/451-9795
MBeaton@AlaskaSeafood.org
www.AlaskaSeafood.org

PELAGIC RESOURCES, INC.

JAY E. STINSON
PRESIDENT

P.O. BOX 3845
KODIAK, AK 99615

Ph: (907) 486-6933 FAX: (907) 486-6943
Cell phone: (907) 654-6933
email: pelagic@ptialaska.net

ASMI Fish

KOOTZNOOWOO
INCORPORATED
www.kootznoowoo.com



March 9, 2004

Salmon Industry Task Force
Representative Paul Seaton
Capital Bldg., Room 428
Juneau AK 99801-1182

RE: Senate Bill 273

Dear Representative Seaton:

Kootznoowoo, Inc. has a concern about SB 273 that would reduce Alaska Seafood Marketing Institute Board from 25 to 9 members. If the bill is passed, there will be little representation from the village fishermen.

As you all know, fishing has been one of the main industries that most villages in Southeast Alaska have been counting on to make a livelihood.

Our economy has not been very good over the past 20 years, the timber harvest and salmon industry has been going down. Please reconsider the plight of the small native communities.

Sincerely,


Robert Hamilton
President/General Manager

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I understand that.
Let's fix it in the house.

- 1) change the board immediately on governor's signing
- 2) change the make up of the board as I suggested

Thanks

B



----- Original Message -----

From: "Senator Gary Stevens" <Senator_Gary_Stevens@legis.state.ak.us>To: <schactler@alaska.com>

Sent: Thursday, March 11, 2004 2:54 PM

Subject: Re: (no subject)

> >

> Hi Bruce:

> Thanks for your comments. This is just the wrong time to make another
> amendment in Senate Finance or the whole thing will likely be killed
> can easily make such a small change as you suggest when it gets to the
> House. I'll share your comments with Rep. Seaton who as Chair of the
> Special Committee on Fisheries will probably be the first committee
> assignment in the House.

> This is not a perfect process, but if I were to make such an amendment
> now after all the negotiations and compromises we have gone through,
> knowing that Ben would not willingly approve it, the Senate Finance
> just wring their hands and tell all to go away.

> Regards,

> Gary

>

> Gary,

> >

> > The bill as ammended gives harvesters no power on the board. 4 lar
> > processors are a majority and also a quorum, which gives them the
> > ability to ignore every one else. Taxes are paid from the
> > Bottom.....Up. We are paying the tax!!!!!!

> >

> > 4 processors (3 large and 1 small) and 3 fishermen (or as it was
> > 4-2-1) is OK.

> >

> > Bruce

>

>

>

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SCOMM

131:37

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 282(RES)
(S) Publish Date: 3/8/04

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
Title "An Act relating to the identification of finfish in RDU CIVIL
food products and to the misbranding of food products consisting..." Component Natural Resources
Sponsor Senator Elton
Requester Senate Resources Committee Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill amends the Alaska Food, Drug, and Cosmetic Act, adding a new section requiring that food establishment menus discern between wild fish and farmed fish in prepared food products. A federal version of farmed fish labeling legislation was enacted last fall.

Passage of this legislation will have no fiscal impact on the Department of Law.

Prepared by: Kathryn A. Daughette, Director Phone 465-3673
Division: Administrative Services Date/Time 3/3/04 8:20 AM
Approved by: Kathryn Daughette for Gregg D. Renkes, Attorney General Date 3/3/2004
Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 282(RES)
(S) Publish Date: 3/8/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
Title: Identification of finfish in food products RDU: Environmental Health
Component: Food Safety and Sanitation
Sponsor: Senator Elton
Requester: (S) Resources Component No. 2343

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	55.9	55.9	55.9	55.9	55.9	55.9
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	8.4	6.9	6.9	6.9	6.9	6.9
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	6.9	0.5	0.5	0.5	0.5	0.5
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	77.2	69.3	69.3	69.3	69.3	69.3

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

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	77.2	69.3	69.3	69.3	69.3	69.3
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	77.2	69.3	69.3	69.3	69.3	69.3

Estimate of any current year (FY2004) cost: 0.0

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

POSITIONS

Full-time	1	1	1	1	1	1
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Kristin Ryan, Director Phone (907) 269-7645
Division: Environmental Health Date/Time: 3/1/04 10:00 AM
Approved by: Kurt Fredriksson, Deputy Commissioner Date: 3/1/2004
Agency: Environmental Conservation

FISCAL NOTE #2

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 282(RES)

ANALYSIS CONTINUATION

SB 282 requires retail food establishments to state on their menus whether the fish they serve is wild or farmed. Regulations would need to be revised, and inspection and compliance resources added to the retail food program to implement this requirement.

An Environmental Health Technician would be hired to implement the requirements of SB 282. The position would survey retail food establishments and solicit menus for compliance review. This position would research and identify the sources and status of fish and fish products that are sold in Alaska and provide technical assistance on this identification to Alaskan suppliers and retail food establishments. The position would also conduct complaint investigations and initiate enforcement action.

Basic position support costs are included for contractual and supplies. An additional \$1.5 in contractual cost is included in the first year to public notice proposed regulations. Equipment cost in FY 2005 includes ordinary office equipment (desk, chair, and office furniture) and a computer workstation with \$.5 in subsequent years for equipment replacement and software upgrades.

Personal Services New Position Detail FN # 2 CSSB 282(RES)

Department of Environmental Conservation

Scenario: A Scenario for FY2005 Fiscal Notes (3605)
 Component: Food Safety & Sanitation (2343)
 RDU: Environmental Health (207)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#032	Environmental Health Tech.	FT	A	GP	Anchorage	2A	15 B	12.0		38,280	0	0	17,585	55,865

Justification:

Required for implementation of SB 282. Position will research and identify finfish suppliers, provide technical assistance to Alaskan suppliers and retailers, conduct menu reviews, issue approvals, initiate enforcement actions and conduct complaint investigations.

Funding Detail:

1004	General Fund Receipts	100.00%	55,865
Total Funding:		100.00%	55,865

Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	55,865
Total Funding:	100.00%	55,865

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSB 282(RES)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservat
 Title Identification of finfish in food products BRU Environmental Conservation
 Component Food Safety and Sanitation
 Sponsor Senator Elton
 Requester (H) Fisheries Component No. 2343

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department has discretionary powers of enforcement. Enforcement of this bill can be incorporated into current restaurant inspections.

Prepared by: Cameron Yourkowski, Committee Aide Phone 465-3306
 Division: House Special Committee on Fisheries Date/Time 5/7/04 10:11 AM
 Approved by: Representative Seaton, Chair Date 5/7/2004
 Agency: House Special Committee on Fisheries

HOUSE COMMITTEE REPORT

Date Referred to Committee: May 6, 2004

FURTHER REFERRALS: Labor and Commerce

Date of Committee Action: MAY 7th, 2004

The HOUSE SPECIAL COMMITTEE ON FISHERIES Committee considered:

CSSB 282(RES)

CS FOR SENATE BILL NO. 282(RES)

PREPARED FOOD: WILD/FARMED FISH DISCLOSURE

"An Act relating to the identification of finfish in food products and to the misbranding of food products consisting of or containing finfish."

Recommends it be replaced with [] HCS or [] CS for _____ (_____)

For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR_____ ☒ Same Title ☐ New Title

[] attach amendments

☐ add new referral to _____Committee

☐ Letter of Intent _____ Committee

List of
Abbrev
for

Depts.:

ADM

CED

COR

CRT

EED

DEC
DECDFG
COV

GOV
HSS

HSS
LEG

**LEG
LAW**

LWF

MVA

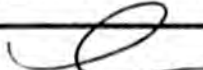
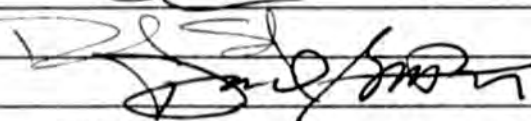
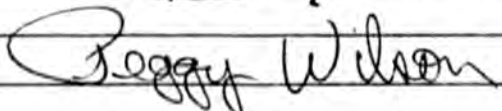
DNR

DPS

REV

DOT

UA[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		Gara	✓			
		SAMUELS	X			
		WILSON	✓			
Chair: 		SEATON	✓			
Chair:						



SENATOR KIM ELTON

SB 282
Sponsor Statement

"An Act relating to the identification of finfish in food products and to the misbranding of food products consisting of or containing finfish."

SB 282 requires retail food establishments to state on its menu whether fish it is selling in a prepared food product is wild fish or farmed fish. State law currently provides that farmed fish be identified on the label when the fish is sold at the retail level.

Recent reports in the scientific and general media focus on increased toxin loads in farmed fish and environmental degradation near fish farm sites. Restaurant consumers in Alaska deserve the same notice as retail consumers when they make purchase decisions based on whether the fish is farmed or wild.

The Joint Legislative Salmon Task Force comprised of legislators, seafood harvesters and seafood processors has unanimously supported SB 282.

SPONSOR STATEMENT
ALASKA SENATE

STATE CAPITOL • JUNEAU, ALASKA 99801-1182 • (907) 465-4947 • FAX (907) 465-2108

SENATOR KIM ELTON@LEGIS.STATE.AK.US

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Governor Comments on USDA Labeling Rule

FOR IMMEDIATE RELEASE: February 27, 2004 No. 04-031

Governor Sends Comments, Recommendations to USDA on Country of Origin Labeling Rule

(Juneau) - In a letter to the USDA Agricultural Marketing Service, Governor Frank H. Murkowski has provided the State of Alaska's position and recommendations on a proposed rule that would require country of origin labeling (COOL) for, among other commodities, wild and farmed seafood products.

Murkowski, who has long supported COOL as helpful to consumers as well as America's food producers, expressed the state's support for the regulation, but added a number of recommendations to make the rule better.

"Today, there is often a premium paid in the market for Alaska seafood products," Murkowski said. "The state believes this trend will increase, but only if truthful information reaches the consumers. Consumers, particularly in Europe and most recently Japan, want to know where their food comes from, who made it, what is in it, and what safety conditions apply to that production. COOL supports this growing trend and puts US producers on a competitive track."

Among modifications to the proposed rule that Murkowski recommended are: • To include compliance by specialty shops, such as butcher shops and fish markets, which would be exempted under the current proposal. • To clarify coverage of products that have undergone a chemical or physical change, such as cured ham. In other words, if the product from which a second product is made is covered, the resultant product should not be exempted. • To clearly identify canned salmon as a commodity that is covered by COOL regulations. • To extend the time that a retailer must maintain records of the sale of an item from seven to 30 days. • To revise USDA's statement regarding the potential cost of COOL and whether US consumers would be willing to pay for the labeling.

"US consumers do want to know where their food comes from," Murkowski said. "When determining the actual value of the COOL regulations, the state asks that USDA consider the importance of consumer education, our small US-based producers and their inability to mount expensive lobbying campaigns, the importance of progressive regulations, and discouraging fraudulent information in our marketplace." # # #

News Archive >

[Old site News Archive](#)

John Manly Press Secretary, 465-3995

Office of the Governor Box 110001 Juneau, AK 99811 907.465.3500 465.3532 fax



In other news: Fol H. Murkowski's Sta speech calling for a Conference of Alas the Permanent Fun chair and convenor reporters in the Go room Wednesday. Rogers answers a regarding the Feb. in Fairbanks. Behin left) Marc Langland Helvi Sandvik, Stev Sturgulewski, and (Full story >

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GOVERNOR'S COMMENTS



Alaska Trollers Association

130 Seward St., No. 211
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

2004 Legislative Positions

House Bills

HCR 25	Support	Alaska Wild Salmon Week
HJR 32	Support	Labeling of wild and farmed / country of origin
HJR 34	Support	USDA Trade Adjustment Assistance Program
HJR 36	Support	NPS mitigate adverse effects of fishing closures and restrictions
HB 396	Oppose	MSY of "important salmon stocks" and ensuring hatchery brood stock.
HB 409	No Action	Maximum length of seine vessel
HB 410	No Action	CFEC permit buy-back programs
HB 415	No Action	Permit holders (not vessels) fish in multiple areas
HB 419	Oppose as written	Regional seafood development associations and taxes
HB 426	Oppose	Tax certain tourism/recreation-related goods and services
HB 433	Support	Labeling and ID of genetically modified fish & fish products
HB 435	Support	Labeling and misbranding
HB 444	Support	Direct marketing taxes
HB 473	No Action	JV fish processing businesses and tax liability.
HB 478	No Action	Issuance of commercial fishing interim-use permits.

Senate Bills

SCR 19	Support	Support fisheries education
SB 27	No Action	Pesticide Use
SB 281	Support	Labeling and ID of genetically modified fish & fish products
<u>SB 282</u>	Support	Labeling and misbranding
SB 286	Support	Direct marketing taxes
SB 315	No Action	CFEC permit buy-back programs
SB 322	No Action	Salmon enhancement tax rate

ASMI Issues

Support 1% salmon marketing assessment
Neutral on mandatory processor assessment
Support ASMI board size of 11-15 members

LETTER OF SUPPORT



seattlepi.com **Commentary**

Sunday, January 25, 2004

P-I Focus: Farming is a net-loss proposition -- ecologically, socially and economically

A Salmon Scare
By JOHN VOLPE

From the perspective of the specialist, it is a mixed blessing when the world turns its attention to your chosen area of endeavor. You feel somehow legitimized when, if only briefly, the public shares your own intense interest in the issues to which you have devoted your professional life. However, initial excitement quickly gives way to exasperation as rhetoric overshadows the substantive deliberation necessary to move from knowledge to understanding.

As a university professor dealing with issues surrounding seafood ecology, I toil in relative obscurity. The bread and butter of my research is how the relationship between the fishing and aquaculture industries is altering ecological, social and economic checks and balances the world over.

The landmark study detailing the greatly increased toxin loads found in farm salmon relative to their wild counterparts has thrust me and my colleagues around the world into the media limelight for a few moments. A seemingly endless parade of cameras and microphones has passed through my lab recently at the University of Alberta in search of expert opinion to put these startling data in perspective.

On average, farm-raised salmon have an order of magnitude higher load of cancer causing POPs (persistent organic pollutants) than wild caught salmon. This is not new. In fact over the last few years three other such studies -- albeit much smaller -- have come to nearly identical conclusions. As the dust settles around the current research, attention is shifting to consumer reaction and what effect this news will have on the aquaculture industry.

What I have not seen in any of the worldwide coverage is anyone asking "Why?" By this I don't mean, "Why are toxin loads higher in farm salmon?" The answer is straightforward and was predicted long ago from well-established bioaccumulation principles. Nor am I referring to the implied paradigm of the existence of such a thing as a safe level of carcinogen. No, my frustration is rooted in the deafening absence of what should be a vigorous debate -- "Why industrial aquaculture?" -- or more specifically -- "Why industrial salmon aquaculture?"

Consider the following:

- Current production methods adopt maximum economies of scale. Thus, feedlot style, open net-pens in the oceans simultaneously maximize

consumption of marine (read: public) resources (i.e. fresh, oxygenated water) while offloading production wastes (feces, uneaten food) and byproducts (toxins, antibiotic residues, escaped fish, bioamplified parasites and pathogens). Each net-pen (numbering in the hundreds on both of Canada's coasts) is tantamount to an untreated sewer outfall introducing solid and dissolved wastes directly into the marine environment. This is in every way "industrial waste," disposed of at no charge.

- The unnaturally high densities of animals in the feedlot environment of net-pens make that environment a breeding ground for disease and parasites. Recently in British Columbia, farm-derived parasites were implicated as the causal agent leading to the largest salmon cohort collapse on record anywhere in the world, ever.
- Three to five kilos of edible fish are used to make one kilo of farm salmon; a net loss of protein badly needed by humanity.
- The contribution of the salmon aquaculture industry to British Columbia's gross domestic product in 2001, as calculated by the Canadian Centre for Policy Alternatives, was \$87 million. Marine-based industries directly jeopardized by salmon farming, including commercial and sport fisheries and marine tourism, contributed \$582 million, or 51 percent of the provincial total.
- Salmon farming in Canada is dominated (greater than 80 percent of B.C. production) by foreign-owned multinational companies seemingly intent on liquidating Canada's natural marine capital for a very small profit. A similar arrangement characterizes the Washington state industry.
- Farm salmon overproduction (principally from Chile and Norway) has driven the price of all salmon to all-time lows. This forces Canadian and American farms to slash jobs to remain competitive and has brought ruin to coastal fishing communities across the Northern Hemisphere (which depend on a fair price for their wild catch).

So, even a cursory review of the available information leads to the question of why we are engaging in this activity? This industry is clearly a net-loss proposition, whether viewed from the ecological, social or economic perspective. Consumers have either been uninformed or have opted to turn a blind eye to these facts. Admittedly, the cause-and-effect relationship between the viability of the world's oceans and your choice of entree is not as obvious as it could or should be but that does not make it any less real.

The take-home message of the recent research is that we can no longer ignore the natural law that what is bad for the environment is bad for your health. Perhaps if industrial salmon aquaculture really held promise to feed the world's hungry or revitalize our struggling coastal communities or even provide a worry-free epicurean experience, there would be reason to give that industry the benefit of the doubt.

Alas, the farm-raised salmon destined for your dinner plate arrives with overwhelming environmental and social baggage, in addition to -- as we now know -- not being as healthful as you've been told.

As with most enviro-social dilemmas, there is hope, and options are available to consumers. The wild Pacific salmon fishery, contrary to popular belief, is not dead. Its major problem has not been lack of wild salmon, which have been plentiful in recent years. Rather, the problem has been to remain viable in the face of rock-bottom prices from the farms offloading costs of production to our coastal habitats. There are five wild Pacific salmon species, each unique in taste and texture.

Advances in flash freezing at sea have resulted in continent-wide availability of a prime product 12 months of the year. In fact, for anyone who cares about what she/he eats, Internet communication and entrepreneurial spirit have combined to make it possible to buy fish (not just salmon) directly from the fisherman, regardless of location (some even have on-board Web cams). Supporting these fisheries not only does your body a service but also helps to support the dozens of coastal communities hurt by plummeting salmon prices.

The major hurdle to the informed consumer is the current lack of labeling in supermarkets and restaurants. Without consistent labeling (farmed or wild, country of origin), the consumer cannot make an informed decision. Currently grocers and restaurants are not required to provide this information, a situation that is unfair to consumers and must change.

The moral of this story resonates far beyond the farm salmon debate, coloring all of industrial agriculture: There are no shortcuts. So long as market forces alone shape how our food is produced, we will be faced with similar reality checks with increasing frequency and magnitude. Market forces only work when truthful product labeling and public understanding of all the costs accompany them.

Indeed, the current crop of toxic farm salmon stories appearing in this paper compete for page space with mad cow disease coverage, transgenic crops and the like -- all born of the shortsighted demand for more with less.

In light of the remarkable shortcomings of this industry, it is time consumers and bureaucrats recognize that industrial salmon farming is a solution in search of a problem. Aquaculture in general has a bright future to be sure, but farm-rearing salmon is no one's idea of sustainability. The story is not just that farm salmon have greatly elevated toxin loads, but that this is actually the thin edge of the wedge.

John Volpe is assistant professor of fisheries and seafood ecology at the University of Alberta-Edmonton.

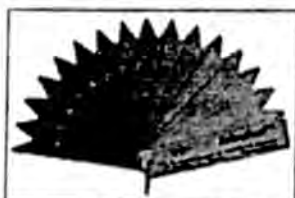
Think Twice About Eating Farmed Salmon

Salmon Farming and Human Health

Nutrition

A single serving of most seafood, including wild or farmed salmon, provides the daily requirement of healthy Omega 3 - an essential fatty acid with many health benefits. However, wild fish have a higher Omega 3 to Omega 6 ratio than farmed salmon which is best for your diet and overall health.

Farmed Atlantic salmon also contain higher levels of unhealthy saturated fats than wild coho, sockeye, steelhead pink and chum salmon. In addition, preliminary research indicates farmed salmon have up to 10 times more PCBs and dioxins than wild salmon. People who eat between 1 and 3 servings of farmed salmon per week are exposed to an amount of contaminants which exceeds the safety level set by the World Health Organization.



SalmoFan - CAAR Files

The food given to farmed salmon does not contain the natural sources of color and as a result, their flesh is an unappetizing gray color. To make their product more marketable, fish farm companies choose what color they want their salmon from the SalmoFan. Chemical additives are then added to the fish feed.

Farmed Atlantic salmon contain 200 per cent more unhealthy, saturated fat than wild pacific pink or chum salmon. This has led some health professionals to question the nutritional value of farmed salmon.

In a letter urging retailers to stop selling farmed salmon to customers, Warren Bell MD, president of the Canadian Association of Physicians for the Environment (CAPE) writes, "Not only is the fat content of farmed salmon higher than that of wild salmon but the composition of farmed salmon fat is also less healthy than that of wild salmon fat." He also writes that, "Another issue of concern to consumers is the fact that the monitoring of residues of antibiotics and other drugs in farmed salmon is inadequate."

Antibiotics & Biocides

Disease and parasites are frequent occurrences on salmon farms. Farmers attempt to control these problems by using powerful drugs including antibiotics and biocides. Farmed salmon are fed more antibiotics per pound, than any other livestock in North America.

Excess drugs make their way along the food chain. Research suggests that between 74-100 per cent of wild fish caught near farms contain antibiotics in their flesh. Escaped fish caught in a Broughton Archipelago stream were found carrying bacteria known to cause a range of human maladies and these bacteria were resistant to 10 different antibiotics. Excessive use of antibiotics has already led to the development of antibiotic resistant "super-bugs".

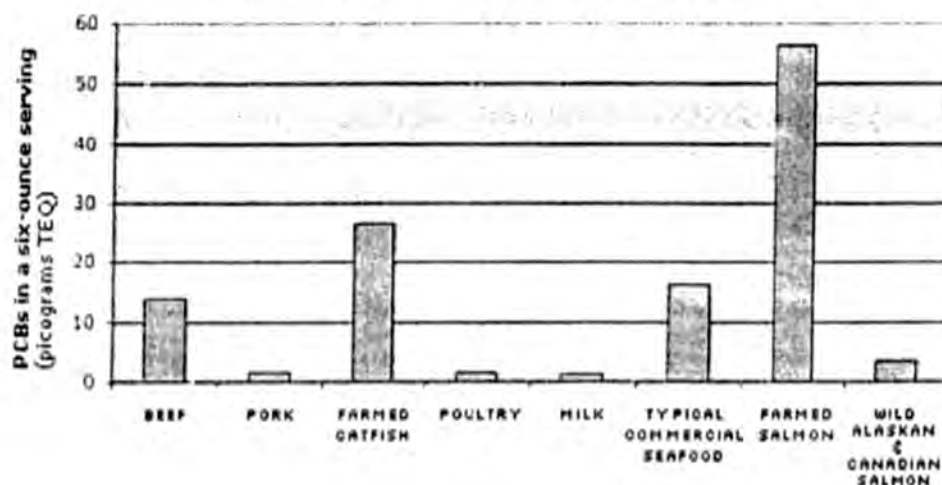


Summary — PCBs in farmed salmon

Seven of ten farmed salmon purchased at grocery stores in Washington DC, San Francisco, and Portland, Oregon were contaminated with polychlorinated biphenyls (PCBs) at levels that raise health concerns, according to independent laboratory tests commissioned by Environmental Working Group.

These first-ever tests of farmed salmon from U.S. grocery stores show that farmed salmon are likely the most PCB-contaminated protein source in the U.S. food supply. On average farmed salmon have 16 times the dioxin-like PCBs found in wild salmon, 4 times the levels in beef, and 3.4 times the dioxin-like PCBs found in other seafood. The levels found in these tests track previous studies of farmed salmon contamination by scientists from Canada, Ireland, and the U.K. In total, these studies support the conclusion that American consumers nationwide are exposed to elevated PCB levels by eating farmed salmon.

A serving of farmed salmon has up to 40 times more PCBs than other foods



NOTES: The levels shown on this figure represent the sum of the 12 PCB compounds that resemble dioxin, widely recognized as the most toxic of all industrial pollutants, and linked to cancer as well as to damage of the nervous, reproductive, and immune systems. PCB concentrations are shown as toxic equivalents (TEQs) of 2,3,7,8-Tetrachlorodibenzo-p-dioxin, the benchmark dioxin chemical.

SOURCE: EWG analysis of data from Axiys (2003), Easton et al. (2002), EPA (2000a and 2000b), Fiedler et al. (2000), Jacobs et al. (2002), NMFS (2002), NAS (2003), Schecter et al. (2001), and USDA (2002).

LINK: [Methodology and References](#)

PCBs are persistent, cancer-causing chemicals that were banned in the United States in 1976 and are among the "dirty dozen" toxic chemicals slated for global phase-out under the United Nations Convention on Persistent Organic Pollutants, signed by

President Bush on May 23, 2001. Because of their persistence, PCBs continue to contaminate the environment and the food supply.

A number of studies show that farmed salmon accumulate PCBs from the fishmeal they are fed. The feed is often designed to have high amounts of fish oil and is made largely from ground-up small fish. PCBs concentrate in oils and fat, and previous tests of salmon feed have consistently found PCB contamination.

If farmed salmon with the average PCB level found in this study were caught in the wild, EPA advice would restrict consumption to no more than one meal a month. But because farmed salmon are bought, not caught, their consumption is not restricted in any way.

This is because the EPA sets health guidance levels for PCBs in wild-caught salmon, and its standards, which were updated in 1999 to reflect the most recent peer-reviewed science, are 500 times more protective than the PCB limits applied by the Food and Drug Administration (FDA) to commercially-sold fish. The FDA has not updated its PCB health limit for commercial seafood since it was originally issued in 1984. In the intervening two decades new scientific research has shown that the PCBs that build up in fish and people are more potent cancer-causing agents than originally believed, and that they present other health risks as well, in particular neurodevelopmental risks to unborn children from maternal consumption of PCB-contaminated fish.

When the FDA's standard was developed, salmon was something of a rarity in the U.S. diet. Today it is standard fare at home and in restaurants, particularly among consumers who are health-conscious, well educated, and relatively affluent. Last year salmon overtook "fish sticks" as the third most popular seafood in the American diet (trailing only tuna and shrimp). The increased consumption was made possible by the explosive growth in salmon farming, an industrial system that produces the fish in vast quantities at a price far lower than wild salmon.

Seven of the farmed salmon we tested came from factory-scale farms in Canada, the U.S., and Iceland. Six of these seven were polluted with PCBs at levels that would be safe to eat no more than once a month, according to EPA health standards. About 23 million Americans eat salmon more than once a month, the majority of it farmed salmon. One salmon imported from Scotland contained PCBs at levels so high that EPA would restrict consumption to no more than six meals a year, if the salmon were caught, not bought.

The farmed salmon industry claims that both farmed and wild salmon can be eaten safely more than once a week. This claim relies on FDA's outdated contamination limit. In EWG's testing program, nine of 10 farmed salmon tested from five countries of origin failed EPA's health-based limits for weekly consumption (6000 parts per trillion), exceeding the standard by an average of 4.5 times. A pilot study published by Canadian scientists last year showed that farmed Canadian salmon contain ten times the PCBs of wild Alaskan and Canadian salmon.

EWG's analysis of seafood industry fish consumption data shows that one quarter of all adult Americans (52 million people) eat salmon, and about 23 million of them eat salmon more often than once a month. Based on these data we estimate that 800,000 people face an excess lifetime cancer risk of more than one in 10,000 from eating farmed salmon, and 10.4 million people face a cancer risk exceeding one in 100,000. The government's preferred level of increased risk from contaminants like PCBs is no more than one in one million, a threshold set to account for a regulatory system that addresses chemicals or chemical classes individually and is unable to set safe levels for the complex mixtures of hundreds of industrial chemicals to which people are exposed.

Recommendations

Six of every ten salmon sold in stores and restaurants are raised in high-density fish pens in the ocean, managed and marketed by the salmon farming industry. These fish are eaten by a quarter of all adults in the U.S. and experts predict that the exponential growth of the farmed salmon industry will continue.

Farm-raised fish are here to stay. If raised correctly, these fish can help meet global demand for high-quality protein and take some of the pressure off of highly depleted populations of wild fish. But major reforms to the industry are needed.

In addition to the well documented ecological problems with salmon farming, there is now compelling evidence of near industry-wide contamination with unacceptably high levels of PCBs.

To remedy this problem, we recommend that:

- Congress pass a funding increase for FDA to support testing of farmed salmon and other protein sources for PCBs.
- The Food and Drug Administration move quickly to conduct a definitive study of PCB contamination in farmed salmon, and make all results public. This testing is critical, because FDA will be unable to update its regulation on PCBs in farmed salmon until the agency conducts its own laboratory studies.
- The FDA issue a PCB health advisory for seafood consumption in line with current PCB health guidance issued by the EPA.
- Policy-makers do more to preserve salmon habitat in Alaska, where, preliminary indications are, fish are naturally low in PCB contamination.
- The salmon farming industry monitor salmon feed for PCB contamination and shift or refine feed sources to produce fish lower in PCBs and other pollutants.

What you can do

To reduce your exposure to PCBs, trim fat from fish before cooking. Also, choose broiling, baking, or grilling over frying, as these cooking methods allow the PCB-laden fat to cook off the fish. When possible, choose wild and canned Alaskan salmon instead of farmed, and eat farmed salmon no more than once a month.

Two Groups to Sue Farmed Salmon Industry

TERENCE CHEA, Associated Press Writer

AP Online 01-23-2004

Dateline: SAN FRANCISCO

The farmed salmon industry faces legal action in California for failing to warn consumers that the fish contain what environmental groups say are potentially dangerous levels of cancer-causing chemicals.

The Environmental Working Group and the Center for Environmental Health filed notice last week of their intent to sue 50 salmon farms, fish processors and grocery chains under a California anti-toxics law.

"Our goal is to challenge them to change their practices so their fish is safe to eat," said Michael Green, executive director for the Oakland-based Center for Environmental Health.

The potential lawsuit comes after a major study published earlier this month in the journal *Science* found that farm-raised salmon contains significantly more contaminants than salmon caught in the wild because of PCBs, polychlorinated biphenyls, in feed. It recommended that farmers change fish feed and urged consumers to buy wild salmon.

The farmed salmon industry disputes the conclusions, citing experts who say the benefits outweigh the risks of eating farmed salmon.

"(Consumers) will be doing themselves and their families a great disservice if they stop eating farmed salmon," said Alex Trent, executive director of the trade group Salmon of the Americas. He noted that farmed salmon, a source of heart-healthy omega-3 fatty acids, is much cheaper than wild salmon and can be purchased year-round.

Under Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of 1986, companies are required to notify consumers if their products contain hazardous levels of chemicals known to cause cancer or reproductive harm.

State law requires private groups to first file notice of their intent to sue to give the state attorney general and other prosecutors 60 days to decide whether to join or take over the lawsuit.

Defendants named include major U.S. grocery chains such as Safeway Inc., Kroger Co., Albertsons Inc. and Costco Wholesale Corp. and farmed salmon producers in Canada and Europe.

Risky behaviour: Well, it's up to you; Peter McKnight
Vancouver Sun 01-19-2004

Let's say the Environmental Protection Agency and Health Canada give you conflicting information about the safety of eating farmed salmon. Whom should you trust?

The answer: Trust yourself.

That's a bit cryptic, I know, but then there's been a lot of cryptic reporting on this subject. So let me try to clarify.

On Jan. 9, Science magazine published the now (in)famous study that found farmed salmon had much higher levels of polychlorinated biphenyls (PCBs) than wild salmon.

Specifically, farmed salmon had average PCB levels of 36.63 parts per billion, compared to 4.75 parts per billion for the wild variety.

By themselves, those numbers are uncontroversial. After all, even fish farmers admit their fish contain higher PCB levels than wild salmon.

However, the researchers also relied on Environmental Protection Agency guidelines (which set limits for PCBs in fish at 24-48 parts per billion), and concluded that it might not be safe to eat farmed salmon.

That prompted a quick response from the U.S. Food and Drug Administration and Health Canada, both of which set limits for PCBs at 2,000 parts per billion.

Health Canada issued a news release stating that, based on its risk assessment, "consuming farmed salmon does not pose a health risk to consumers."

So who's right? The EPA or the FDA and Health Canada?

Someone must be correct, since this is all based on science, right? Well, no.

While the amount of PCBs in fish is a scientific fact, any recommendation -- whether it be to eat or avoid salmon -- is necessarily a value judgment.

Agencies look at the (scientifically verified) amount of PCBs in contaminated fish and then decide what they consider to be an "acceptable" risk.

What counts as acceptable depends, of course, on the values of the agency.

For example, the EPA guidelines are based on the amount of PCBs that could cause one case of cancer in 100,000 people over a 70- year lifetime.

But why choose one in 100,000 as an appropriate limit? Why not one in a million? Or one in 10,000?

There's no scientific answer to that question because it's not a scientific question.

Science is a purely descriptive, rather than prescriptive, enterprise.

It deals with cold, hard facts, and tells us how things are rather than how they should be.

In other words, science can tell us how many PCBs are in fish, and it can approximate the probability that we will develop cancer if we eat contaminated fish.

But safety is another matter entirely, since nothing is 100 per cent safe. When agencies label a food unsafe, they are making a prescription: They are saying you shouldn't eat the food.

That is a value judgment -- it's a statement of how much risk the agencies think you should assume. But, ultimately, only you can decide what is an acceptable risk.

Interestingly, we engage in risky behaviour every day, without even thinking about it. Everything we do has attendant risks -- from driving a car (relatively speaking, a highly dangerous activity) to taking a shower (perhaps the most dangerous thing you do in your own home) to eating farmed salmon.

Yet when a scientific study appears, we suddenly look to scientists to tell us whether we should continue to engage in certain activities.

Scientists simply can't tell us that -- they can only suggest what might happen to us if we do so. As far as eating farmed salmon is concerned, it's up to each of us to decide whether the risk is worth it.

In the final analysis, the whole shebang comes down to what my mother used to say whenever she was dissatisfied with the many hare-brained decisions I've made.

"It's your life," Mom would say. And she was right.

It is your life, and while you can and should avail yourself of information provided by scientists, no one but you -- not scientists, or government agencies, or environmental activists, or fish farmers -- can tell you how to live it.

(Copyright Vancouver Sun 2004)

SCOMM

131:38

(7)

Date Referred to Committee: March 18, 2004

FURTHER REFERRALS: Finance

Date of Committee Action: MARCH 29, 2024

The HOUSE SPECIAL COMMITTEE ON FISHERIES considered:

SB 315

SENATE BILL NO. 315

ENTRY PERMIT BUY-BACK PROGRAM

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

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

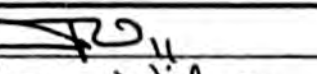
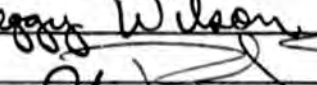
☐ attach amendments

☐ add new referral to _____ Committee

[] Letter of Intent_____Committee

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

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Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
 Peggy Wilson		039 WILSON	✓			
 J. P. Smith		SAMUELS GUTENBERG	✓			
Chair: Paul K. Seaton		SEATON	✓			
Chair:						

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 315
(S) Publish Date: 2/27/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
Title Commercial Fishing Entry Permit Buy-Back RDU Comm. Fish Entry Commission
Program Component Commercial Fisheries Entry
Sponsor Senator Stevens by request Commission
Requester Salmon Industry Task Force Component No. 471

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

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

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960
Division Commercial Fisheries Entry Commission Date/Time 2/20/04 2:15 PM
Approved by: Frank M. Homan, Commissioner Date 2/20/2004
Agency Commercial Fisheries Entry Commission



Alaska State Legislature

Senate Majority Web: <http://www.akrepublicans.org>

Sponsor: Sen. Ben Stevens by Request Salmon Industry Task Force
Current Version: SB 315
Contact: Cheryl Sutton, 465-2705
Date: March 17, 2004

Fact Sheet for: Senate Bill 315

Short Title: Entry Permit Buyback Program

Summary:

- Adds language to current Commercial Fisheries Entry Commission buyback statute to allow other funding sources to "front fund" an approved buyback plan.
- The remaining fishermen in the fishery will repay the "front funding" and reasonable administrative costs through an approved buyback program.
- Examples of "front-fund" sources are: state or federal appropriation or a private sector loan.

Benefits:

- Creates a mechanism for the state to fund and implement a buyback in an efficient manner.
- Provides for an immediate reduction of entry permits to the optimum number.

Background:

The Joint Legislative Salmon Industry Task Force recommended several changes to existing laws in an attempt to make them achievable for the seafood industry. Senate Bill 315 will make the buyback statutes practicable for fisheries that choose to initiate a buyback plan, program, and fund.

FACT SHEET

Alaska State Legislature

SENATOR
BEN STEVENS
716 WEST 4TH AVENUE
ANCHORAGE, AK
99501-2133
(907) 269-0200
FAX (907) 269-0204



Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

Senate District N

SPONSOR STATEMENT

Senate Bill 315

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

Senate Bill 315 modifies existing law governing buy-back programs. It would allow the Commercial Fisheries Entry Commission to "front fund" a buy-back program if an appropriation were received. The commission would then continue to collect funds through the designated rate of assessment in the buy-back program to "pay back" the indebtedness.

When the optimum number of permits is reached in a buy-back *and* the reasonable costs of the program have been met, the Commission will terminate the assessment in the affected fishery. SB 315 will make the administration of a buy-back program more workable.

SPONSOR STATEMENT

Alaska State Legislature

SENATOR
BEN STEVENS
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(907) 269-0200
FAX (907) 269-0204



Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

Senate District N

BILL ANALYSIS

Senate Bill 315

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

Bill Title: Entry Permit Buyback Program

Sponsor: Senator Ben Stevens, by Request of the Joint Legislative Salmon Industry Task Force

Bill Achieves:

- Retains the language in statute for the current approach for a buyback option but ADDS language that would allow the possibility of using some other funding source to initially fund (or "front fund") a buyback and then assess the remaining fishermen in the fishery. This will provide funds to repay the money that was front-funded.
- Bill does not change any policies relative to the Commercial Fisheries Entry Commission. It merely sets up a mechanism for the state to fund and implement a buyback in an efficient manner.
- A front-fund source could be: a state or federal appropriation, private sector loan, a court settlement, or another funding source.

Current law would finance a potential buyback in this manner:

- The Commercial Fisheries Entry Commission conducts an optimum number study. The study confirms that there are too many permits in a particular fishery. A buy-back program is established to reduce the number of permits. The fishermen are assessed a fee (can be no more than 7% of the value) based on an individual's fish tickets. The assessment goes into the general fund and the legislature may appropriate the funds for the buyback.
- This method can take a long time to collect enough funds to reach the "optimum" number. The permit reduction would be so slow that benefits would not be realized for a very long time. There has, to this date, never been a buyback.

SECTIONAL ANALYSIS

If we are fortunate enough to find a source of repayable funding to provide for a quick, effective buyback in a fishery for which an optimum number study determines a reduction is justified, the state could:

- Use the available funding to quickly buy permits down to the optimum number in one attempt;
- **Then** assess earnings of those who have chosen to remain in the now (presumably) more lucrative fishery to pay back the loan over time until the obligation is repaid.

STATUTES GOVERNING BUY-BACK PROGRAMS FOR CFEC

Article 04. REDUCTION TO OPTIMUM NUMBER OF ENTRY PERMITS

Sec. 16.43.290. Optimum number of entry permits.

Following the issuance of entry permits under AS 16.43.270, the commission shall establish the optimum number of entry permits for each fishery based upon a reasonable balance of the following general standards:

(1) the number of entry permits sufficient to maintain an economically healthy fishery that will result in a reasonable average rate of economic return to the fishermen participating in that fishery, considering time fished and necessary investments in vessels and gear;

(2) the number of entry permits necessary to harvest the allowable commercial take of the fishery resource during all years in an orderly, efficient manner, and consistent with sound fishery management techniques;

(3) the number of entry permits sufficient to avoid serious economic hardship to those currently engaged in the fishery, considering other economic opportunities reasonably available to them.

Sec. 16.43.300. Revisions of optimum number of entry permits.

(a) The commission may increase or decrease the optimum number of entry permits for a fishery when one or more of the following conditions makes a change desirable considering the purposes of this chapter:

(1) an established long-term change in the biological condition of the fishery has occurred that substantially alters the optimum number of entry permits permissible applying the standards set out in AS 16.43.290;

(2) an established long-term change in market conditions has occurred, directly affecting the fishery, that substantially alters the optimum number of entry permits permissible under the standards set out in AS 16.43.290.

(b) If the commission decreases the optimum number of entry permits for a fishery, the number of entry permits may be reduced only under the voluntary buy-back provisions set out in AS 16.43.310 and 16.43.320.

Sec. 16.43.310. Establishment of buy-back funds and permit buy-back assessments.

(a) When the optimum number of entry permits is less than the number of entry permits outstanding in a fishery, the commission may establish a buy-back program, a buy-back plan, and a buy-back fund for that fishery.

(b) The commission may establish by regulation a permit buy-back assessment for each fishery for which the commission has established a buy-back fund under (a) of this section. The amount of the assessment may not exceed seven percent of the value, as defined in AS 43.75.290, of fish that a permit holder in the fishery subject to the assessment removes from the state or transfers to a buyer in the state. The Department of Revenue shall collect an assessment established under this subsection.

(c) The commission shall expend money appropriated to a buy-back fund for the purpose of reducing the number of entry permits in the fishery to the optimum number, at a rate to be established by the commission. The legislature may appropriate interest accrued on the money in a buy-back fund to that fund. Except as provided in AS 16.43.320, money appropriated to a buy-back fund does not lapse.

Sec. 16.43.320. Administration of the buy-back program.

The commission shall adopt regulations providing for the purchase of transferable entry permits with money in the buy-back fund for each fishery. The buy-back program for a fishery shall terminate when the number of entry permits for the fishery is reduced to the optimum. The unexpended balance of appropriations made to a buy-back fund for a fishery shall lapse back into the fund from which the money was appropriated at the end of the fiscal year in which the buy-back program is terminated.



UNITED FISHERMEN OF ALASKA

March 11, 2004

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

Senator Ben Stevens
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau, AK 99801-1182

Dear Senator Stevens,

United Fishermen of Alaska supports SB 315 relating to the administration of commercial fishing entry permit buy-back program. This bill modifies existing law governing buy-back programs by allowing the Commercial Fisheries Entry Commission to "front-fund" a buy-back program if an appropriation were received. The commission would then continue to collect funds through the designated rate of assessment in the buy-back program to repay the indebtedness.

United Fishermen of Alaska represents 32 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support SB 315 which will make the buy-back statute easier to administer by accepting grants or loans from other sources. Thank you for your time and consideration on this matter.

Sincerely,

Mark Vinsel
Executive Director

*CS
for file to
go to floor*

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Drifters Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association
Old Harbor Fishermen'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 Catcher Boats • United Salmon Association • United Southeast Alaska Seiners • United Fishermen Development Association • Western Gulf of Alaska Fishermen

UFA LETTER

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 28, 2004

FURTHER REFERRALS: Resources
Finance

Date of Committee Action: Feb. 9th, 2004

The HOUSE SPECIAL COMMITTEE ON FISHERIES considered:

HB 410

HOUSE BILL NO. 410

ENTRY PERMIT BUY-BACK PROGRAM

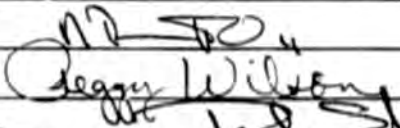
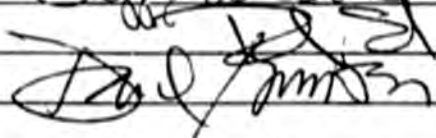
"An Act relating to the administration of commercial fishing entry permit buy-back programs."

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

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

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

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Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
 	Ogg	✓				
	Wilson	✓				
	SAMUELS				✓	
	WILKINSON				✓	
Chair: 	SEATON	✓				
Chair:						

COMPANION BILL VOTE

SCOMM

131:39

(7)

Date Referred to Committee: April 6, 2004

FURTHER REFERRALS: Finance

Date of Committee Action: April 14, 2004

The HOUSE SPECIAL COMMITTEE ON FISHERIES considered:

SB 322**SENATE BILL NO. 322**

SALMON ENHANCEMENT TAX

"An Act relating to the rate of the salmon enhancement tax."

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

[] 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
LEG
LAW
LWF
MYA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
NLTD DLS <i>Cheryl Heine</i>	Ogg SAMUELS HEINZE	✓ ✓		X	
Chair: <i>Paul K. Leuter</i>		✓			
Chair:					

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 322
 (S) Publish Date: 3/3/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Salmon Enhancement Tax RDU Revenue Programs & Services
 Component Tax Division
 Sponsor Senator Ben Stevens
 Requester Senate Labor & Commerce Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

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

Estimate of any current year (FY2004) cost: 0 0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See page 2

Prepared by: Chuck Harlamert Phone 465-2320
 Division: Tax Division Date/Time 2/23/04 1:11 PM
 Approved by: Steve Porter, Deputy Director Date 2/23/2004
 Agency: Department of Revenue

FISCAL NOTE #1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 322

ANALYSIS CONTINUATION

Cost Discussion

Increased tax rates will increase our costs to administer the Salmon Enhancement Tax. The tax rates authorized under the legislation, if approved within individual regions, can significantly increase compliance risk. Our costs to maintain compliance would necessarily grow to maintain compliance. However, we are unable to predict which regions, if any, will approve the higher tax rates authorized by the bill, the year of approval, or the rates ultimately approved within any region. We are therefore unable to estimate our costs associated with this legislation.

Revenue Discussion

Existing law provides the option of imposing the Salmon Marketing tax at 1%, 2%, or 3%. The bill creates ten additional rate options: 4%, 5%, 6%, 7%, 8%, 9%, 10%, 15%, 20%, and 30%. Six aquaculture regions have approved a Salmon Enhancement Tax, two at the rate of 3% and four regions at 2%. These six regions generated \$2.4 million of Salmon Enhancement Tax during FY03. The revenue generated by these regions at the 30% rate authorized by the bill would have been approximately \$30 million based on FY03 activity. The revenue impact of the bill therefore could range between zero and \$27.6 million based on FY03 activity and dependent on the rates approved within individual regions.

Alaska State Legislature



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SPONSOR STATEMENT

Senate Bill 322

"An Act relating to the rate of the salmon enhancement tax."

Senate Bill 322 modifies AS 43.76 by adding additional tax rates of **30, 20, 15, 10, 9, 8, 7, 6, 5, and 4 percent** to the salmon enhancement tax.

Under current law, commercial salmon interim-use and entry permit holders organized under Regional Aquaculture Associations (AS 16.10.380) may vote to tax themselves at the rate of one, two or three percent of the value of their harvest. These monies are collected by the Department of Revenue and deposited in the general fund. The legislature may make appropriations based on this deposit to the Department of Community and Economic Development for the purpose of providing financing for qualified regional aquaculture associations.

The decline in the value of salmon due to changing market dynamics has led to increased costs for regional aquaculture associations. In order to meet their continuing costs, many have increased the amount of fish harvested for "cost-recovery." Fishermen would like the opportunity to raise their tax rate to avoid increased cost-recovery harvests.

Qualified regional aquaculture associations are permitted in statute (AS 43.76.015) to conduct an election to approve or terminate a salmon enhancement tax. The statute requires approval by a majority vote of the eligible interim-use permit and entry permit holders voting in an election.

Senate Bill 322 provides some flexibility for regional aquaculture associations to organize their operations and respond to the changing conditions in the salmon industry.

SPONSOR STATEMENT



Alaska State Legislature

Senate Majority Web: <http://www.akrepublicans.org>

Sponsor: Senator Ben Stevens
Current Version: SB 322
Contact: Cheryl Sutton, 465-2705
Date: April 1, 2004

Fact Sheet for: Senate Bill 322

Short Title: Salmon Enhancement Tax

Summary:

- Modifies the salmon enhancement tax to include additional tax rates.
- The current rates are 1, 2, and 3 percent; this would add 30, 20, 15, 10, 9, 8, 7, 6, 5 and 4 percent.
- Only applies to Regional Aquaculture Associations.
- Changing a tax rate is *optional*, not mandatory.

Benefits:

- Provides operational flexibility for regional aquaculture associations.
- Could decrease the amount of fish necessary for cost recovery purposes.
- Could provide a mechanism for quick debt reduction.

Background:

Under current law fishermen may self-assess 1, 2 or 3 percent of the value of their harvest to fund the operation of their regional aquaculture associations. Only these regional aquaculture associations will be able to utilize the provisions of SB 322: CIAA (Cook Inlet Aquaculture Association); KRAA (Kodiak Regional Aquaculture Association); PWSAC (Prince William Sound Aquaculture Association); NSRAA (Northern Southeast Regional Aquaculture Association); and SSRAA (Southern Southeast Regional Aquaculture Association).

FACT SHEET

[Contacts](#) [Licenses/Permits](#) [Regulations](#) [News](#) [Publications](#)

Fish & Game

[ADF&G > Comm Fish > Salmon Fisheries >](#)

[FAQ](#) - [Site I](#)

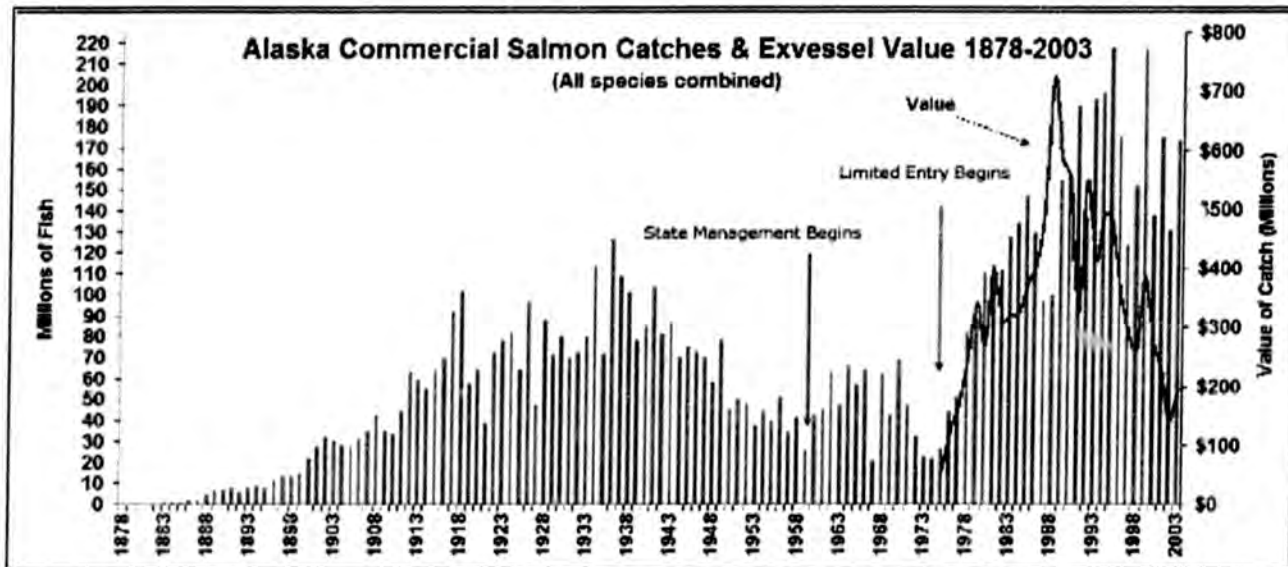


ADF&G - Division of
Commercial Fisheries

www.cf.adfg.state.ak.us

Alaska Historical Commercial Salmon Catches (all species), 1878-2003

(with a Preliminary 2003 figure)



[Chinook](#) | [Chum](#) | [Coho](#) | [Pink](#) | [Sockeye](#)

For additional information regarding Alaska's salmon fisheries
please contact cf_info@fishgame.state.ak.us.

State of Alaska | ADF&G | Sport Fish | Wildlife | Commercial Fish | Subsistence | Boards | Admin
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Table 2

Alaska Hatchery Commercial Common Property & Cost Recovery Return Data- 1993-2003

Alaska Department of Fish and Game, contact: Craig Farrington (907) 465-6154

		Refyear												
RegName	Agency	Date	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Grand Total
Cook Inlet	CIAA	Sum of Comm	608,014	863,971	1,548,832	369,037	176,926	616,210	570,452	222,229	765,044	744,903	1,059,843	6,485,618
		Sum of CR	469,014	1,040,877	1,310,926	503,427	2,442,807	858,397	1,042,052	1,143,741	491,070	874,069	713,948	10,176,380
		CR Percent	44%	55%	46%	58%	93%	58%	85%	84%	39%	54%	40%	61%
		Commercial F	56%	45%	54%	42%	7%	42%	35%	16%	61%	46%	60%	39%
	PGHC	Sum of Commercial			2,200	15,894	82,679	0	0	2,500	0	19,497	24,665	147,435
		Sum of CR			0	5,734	94,379	0	660	0	0	255,642	46,988	403,403
		CR Percent			0%	27%	53%		100%	0%		93%	66%	73%
		Commercial Percent			100%	73%	47%		0%	100%		7%	34%	27%
	Cook Inlet Sum of Commercial		608,014	863,971	1,551,032	384,931	259,605	616,210	570,452	224,729	765,044	764,400	1,084,508	6,608,388
	Cook Inlet Sum of CR		469,014	1,040,877	1,310,926	509,161	2,537,186	858,397	1,042,712	1,143,741	491,070	1,129,711	760,936	10,532,795
	Cook Inlet CR Percent		44%	55%	46%	57%	91%	58%	65%	84%	39%	60%	41%	61%
	Cook Inlet Commercial Percent		56%	45%	54%	43%	9%	42%	35%	16%	61%	40%	59%	39%
Kodiak & AK	KRAA	Sum of Comm	12,112,300	2,387,284	4,951,239	1,555,829	1,591,958	6,783,164	5,019,191	4,422,702	13,917,896	7,620,338	6,407,418	60,361,899
		Sum of CR	0	4,178	0	0	0	0	0	0	0	0	1,581,111	4,188
		CR Percent	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	0%
		Commercial F	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	80%	100%
Kodiak & AK Peninsula Sum of Commercial		12,112,300	2,387,284	4,951,239	1,555,829	1,591,956	6,783,164	5,019,191	4,422,702	13,917,896	7,620,338	6,407,418	60,361,899	
Kodiak & AK Peninsula Sum of CR		0	4,188	0	0	0	0	0	0	0	0	1,581,111	4,188	
Kodiak & AK Peninsula CR Percent		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	0%	
Kodiak & AK Peninsula Commercial Percent		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	80%	100%	
Prince William	PWSAC	Sum of Comm	3,450,605	12,345,232	6,001,874	11,035,353	12,799,617	18,139,914	17,260,146	17,883,982	6,518,555	12,110,855	25,318,483	115,546,133
		Sum of CR	1,310,961	5,395,412	2,899,870	7,232,116	8,402,921	8,029,625	9,796,786	8,743,756	9,946,395	9,116,994	10,553,904	68,874,836
		CR Percent	28%	30%	33%	40%	40%	27%	36%	33%	60%	43%	29%	37%
		Commercial F	72%	70%	67%	60%	60%	73%	64%	67%	40%	57%	71%	63%
	VFDA	Sum of Comm	674	9,647,154	3,881,199	5,255,130	4,308,064	1,244,032	9,532,610	7,978,071	11,605,958	416,461	11,934,156	53,869,353
		Sum of CR	1,375,815	3,379,284	2,635,927	2,280,874	2,497,104	3,193,600	4,523,369	4,094,038	4,043,325	4,438,173	4,180,560	32,461,509
		CR Percent	100%	26%	40%	30%	37%	72%	32%	34%	26%	91%	26%	38%
		Commercial F	0%	74%	60%	70%	63%	26%	68%	66%	74%	6%	74%	62%
	Prince William Sound Sum of Commercial		3,451,279	21,992,386	9,883,073	16,290,483	17,107,681	17,383,946	26,792,756	25,862,053	18,124,513	12,527,316	37,252,639	169,415,486
	Prince William Sound Sum of CR		2,686,776	8,774,696	5,535,797	9,512,990	10,900,025	9,223,225	14,320,155	12,837,794	13,989,720	13,555,167	14,734,464	101,336,345
	Prince William Sound CR Percent		44%	29%	36%	37%	39%	35%	35%	33%	44%	52%	28%	37%
	Prince William Sound Commercial Percent		56%	71%	64%	63%	61%	65%	65%	67%	56%	48%	72%	63%
Southeast	AAI	Sum of Comm	232,500	565,357	350,727	828,008	61,870	0	560,303	13,627				2,612,392
		Sum of CR	41,133	183,200	51,758	119,755	877,175	147,629	222,350	0				1,443,000
		CR Percent	15%	24%	13%	13%	92%	100%	28%	0%				36%
		Commercial F	85%	76%	87%	87%	8%	0%	72%	100%				64%
	AKI	Sum of Comm	127,795	503,083	829,343	557,203	612,277	804,042	817,366	107,151	1,174,532	945,398	501,075	6,478,210
		Sum of CR	262,662	1,127,800	419,380	604,395	1,087,920	1,260,989	3,189,782	55,252	1,267,230	1,072,758	405,298	10,328,168
		CR Percent	67%	69%	34%	52%	64%	61%	79%	34%	52%	53%	45%	61%
		Commercial F	33%	31%	66%	48%	36%	39%	21%	66%	48%	47%	55%	39%
	BCF	Sum of Comm	191	2,517	1,248	664	675	703	1,345		167	4		7,514
		Sum of CR	0	0	0	0	0	0	0		91	0		91
		CR Percent	0%	0%	0%	0%	0%	0%	0%		35%	0%		1%
		Commercial F	100%	100%	100%	100%	100%	100%	100%		65%	100%		99%
	DiPAC	Sum of Comm	268,969	1,110,122	586,142	709,802	647,078	512,722	775,269	1,374,945	741,624	931,222	709,744	7,657,895
		Sum of CR	40,367	2,938,842	597,368	1,002,082	994,701	817,045	952,788	1,947,051	715,913	1,299,326	2,056,146	11,305,483
		CR Percent	13%	73%	50%	59%	61%	61%	55%	59%	49%	58%	74%	60%
		Commercial F	87%	27%	50%	41%	39%	39%	45%	41%	51%	42%	26%	40%
	Kake	Sum of Comm	32,469	165,938	18,300	16,290	29,210	65,626	119,572	185,325	35,894	75,939	147,644	892,207
		Sum of CR	32,167	78,619	31,749	132,180	319,145	204,626	229,210	429,053	249,519	241,830	1,220,592	3,166,690
		CR Percent	50%	32%	63%	89%	92%	76%	66%	70%	87%	76%	89%	78%
		Commercial F	50%	68%	37%	11%	8%	24%	34%	30%	13%	24%	11%	22%
	KTHC	Sum of Comm	4,202	5,324	3,407	14,006	4,585	5,809	6,106	3,977	4,450	3,109	2,903	54,775
		Sum of CR	0	0	41	0	0	0	0	0	0	0	310	41
		CR Percent	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	10%	0%
		Commercial F	100%	100%	99%	100%	100%	100%	100%	100%	100%	100%	90%	100%
	NSRAA	Sum of Comm	2,825,445	4,106,357	4,579,961	6,009,205	3,772,739	4,677,316	5,956,186	6,075,016	2,177,029	1,977,401	2,286,107	42,156,855
		Sum of CR	539,708	847,592	551,884	878,947	816,613	749,780	862,506	717,623	594,418	840,960	1,077,781	7,000,031
		CR Percent	16%	14%	11%	13%	14%	14%	13%	11%	21%	30%	32%	14%
		Commercial F	84%	86%	89%	87%	86%	86%	87%	86%	79%	70%	68%	86%
	POWHA	Sum of Comm	51,122	36,832	1,312	15,158	48,136	9,358	22,225	33,152	18,958	12,148	39,446	248,201
		Sum of CR	7,909	1,683	0	2,974	2,178	144	4,992	27,364	14,187	23,621	17,543	85,052
		CR Percent	13%	4%	0%	16%	4%	2%	18%	45%	43%	66%	31%	26%
		Commercial F	87%	96%	100%	84%	96%	98%	82%	55%	57%	34%	69%	74%
	SJC	Sum of Comm	1,792	148,682	5,165	172,764	128,963	77,189	21,548	88,313	52,897	44,808	11,100	741,919
		Sum of CR	31	82,323	400	19,512	16,518	122,785	107,453	124,814	6,124	0	0	479,960
		CR Percent	2%	36%	7%	10%	11%	61%	83%	59%	10%	0%	0%	39%
		Commercial F	98%	64%	93%	90%	89%	39%	17%	41%	90%	100%	100%	61%
	SSRAA	Sum of Comm	1,112,512	1,064,736	1,208,588	1,958,217	2,025,277	3,166,306	1,150,804	1,206,733	1,278,677	732,037	1,415,920	14,903,888
		Sum of CR	759,247	983,526	982,450	1,759,081	2,143,867	2,162,365	1,659,223	1,681,485	1,069,540	836,743	1,174,350	14,037,527
		CR Percent	41%	48%	45%	47%	51%	41%	59%	58%	46%	53%	45%	49%
		Commercial F	59%	52%	55%	53%	49%	59%	41%	42%	54%	47%	55%	51%
Southeast Sum of Commercial		4,656,997	7,708,747	7,584,193	10,281,317	7,330,810	9,318,873	9,430,742	9,088,239	5,484,228	4,721,866	5,113,939	75,606,012	
Southeast Sum of CR		1,683,224	6,043,585	2,635,030	4,518,926	5,858,117	5,465,363	7,208,304	4,982,642	3,917,022	4,315,238	5,952,020	46,627,451	
Southeast CR Percent		27%	44%	26%	31%	44%	37%	43%	35%	42%	48%	54%	38%	
Southeast Commercial Percent		73%	56%	74%	69%	56%	63%	57%	65%	58%	52%	46%	62%	
Total Sum of Commercial		20,828,590	32,952,388	23,969,537	28,512,560	26,290,052	34,102,193	41,813,141	39,597,723	38,291,681	25,633,920	49,856,504	311,991,785	
Total Sum of CR		4,839,014	15,863,346	9,481,753	14,541,077	19,295,328	15,546,985	22,571,171	18,964,177	18,397,812	19,000,116	23,028,531	156,500,779	
Total CR Percent		19%	32%	28%	34%	42%	31%	35%	32%	32%	43%	32%	34%	
Total Commercial Percent		81%	68%	72%	66%	58%	69%	65%	68%	68%	57%	68%	66%	



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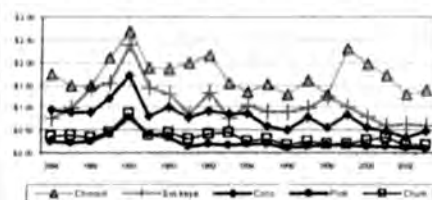


Salmon Exvessel Price Time Series by Species

Alaska Department of Fish and Game

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Statewide
Average Exvessel Salmon Price/Pound By Species



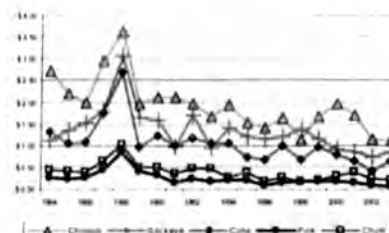
Statewide

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.73	\$0.77	\$0.95	\$0.25	\$0.36
1985	\$1.50	\$0.99	\$0.89	\$0.23	\$0.40
1986	\$1.50	\$1.43	\$0.89	\$0.24	\$0.35
1987	\$2.11	\$1.55	\$1.21	\$0.43	\$0.46
1988	\$2.69	\$2.37	\$1.72	\$0.79	\$0.86
1989	\$1.88	\$1.42	\$0.81	\$0.43	\$0.40
1990	\$1.86	\$1.29	\$1.01	\$0.33	\$0.45
1991	\$1.99	\$0.93	\$0.79	\$0.15	\$0.32
1992	\$2.15	\$1.33	\$0.92	\$0.21	\$0.41
1993	\$1.55	\$0.76	\$0.86	\$0.17	\$0.44
1994	\$1.35	\$1.04	\$0.88	\$0.19	\$0.26
1995	\$1.52	\$0.89	\$0.60	\$0.19	\$0.32
1996	\$1.30	\$0.90	\$0.50	\$0.10	\$0.16
1997	\$1.59	\$0.98	\$0.78	\$0.15	\$0.25
1998	\$1.28	\$1.23	\$0.57	\$0.16	\$0.19
1999	\$2.30	\$1.02	\$0.83	\$0.16	\$0.21
2000	\$1.95	\$0.79	\$0.56	\$0.15	\$0.27
2001	\$1.71	\$0.58	\$0.48	\$0.13	\$0.34
2002	\$1.30	\$0.61	\$0.35	\$0.10	\$0.18
2003	\$1.37	\$0.60	\$0.49	\$0.08	\$0.17

1984-2002 Data from Commercial Operator's Annual Reports

2003 PRELIMINARY Estimates as of 11/03/03

Southeast Alaska
Average Salmon Exvessel Price/Pound by Species



Southeast

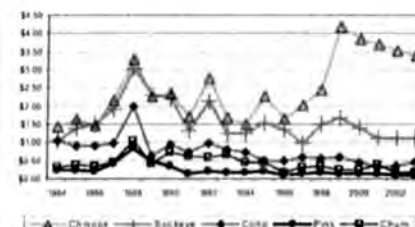
Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$2.71	\$1.11	\$1.32	\$0.25	\$0.45
1985	\$2.19	\$1.34	\$1.06	\$0.24	\$0.42
1986	\$1.99	\$1.51	\$1.07	\$0.26	\$0.38
1987	\$2.94	\$1.77	\$1.76	\$0.44	\$0.63
1988	\$3.63	\$3.08	\$2.68	\$0.84	\$1.03
1989	\$1.95	\$1.63	\$0.96	\$0.42	\$0.49
1990	\$2.11	\$1.59	\$1.23	\$0.33	\$0.50
1991	\$2.10	\$0.95	\$0.99	\$0.15	\$0.34
1992	\$1.97	\$1.69	\$1.17	\$0.22	\$0.48
1993	\$1.67	\$0.93	\$1.06	\$0.18	\$0.48
1994	\$1.93	\$1.39	\$1.06	\$0.20	\$0.25
1995	\$1.53	\$1.21	\$0.72	\$0.21	\$0.37
1996	\$1.40	\$1.13	\$0.68	\$0.10	\$0.17
1997	\$1.64	\$1.21	\$0.99	\$0.16	\$0.25
1998	\$1.15	\$1.36	\$0.67	\$0.18	\$0.18
1999	\$1.65	\$1.13	\$0.97	\$0.17	\$0.21
2000	\$1.97	\$0.90	\$0.78	\$0.18	\$0.29
2001	\$1.69	\$0.86	\$0.63	\$0.14	\$0.39
2002	\$1.13	\$0.74	\$0.42	\$0.09	\$0.22
2003	\$1.12	\$0.85	\$0.65	\$0.06	\$0.19

1984-2002 Data from Commercial Operator's Annual Reports

2003 PRELIMINARY Estimates as of 11/03/03



Prince William Sound
Average Exvessel Salmon Price/Pound By Species

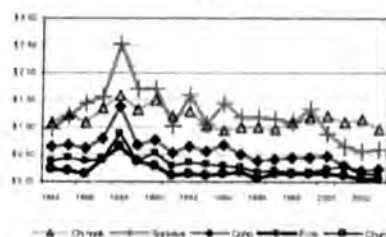


Prince William Sound

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.42	\$1.03	\$1.04	\$0.26	\$0.31
1985	\$1.64	\$1.40	\$0.89	\$0.23	\$0.39
1986	\$1.46	\$1.50	\$0.90	\$0.22	\$0.34
1987	\$2.15	\$1.93	\$0.97	\$0.42	\$0.47
1988	\$3.28	\$3.05	\$1.99	\$0.82	\$1.06
1989	\$2.26	\$2.29	\$0.63	\$0.48	\$0.43
1990	\$2.33	\$2.23	\$0.95	\$0.34	\$0.73
1991	\$1.72	\$1.34	\$0.74	\$0.14	\$0.62
1992	\$2.75	\$2.13	\$0.97	\$0.21	\$0.61
1993	\$1.69	\$1.24	\$0.81	\$0.19	\$0.66
1994	\$1.49	\$1.26	\$0.73	\$0.19	\$0.46
1995	\$2.27	\$1.55	\$0.50	\$0.21	\$0.44
1996	\$1.65	\$1.35	\$0.50	\$0.09	\$0.17
1997	\$2.01	\$0.96	\$0.58	\$0.14	\$0.32
1998	\$2.43	\$1.49	\$0.57	\$0.16	\$0.35
1999	\$4.20	\$1.69	\$0.58	\$0.14	\$0.26
2000	\$3.84	\$1.40	\$0.47	\$0.15	\$0.26
2001	\$3.71	\$1.11	\$0.31	\$0.14	\$0.40
2002	\$3.51	\$1.13	\$0.36	\$0.12	\$0.16
2003	\$3.40	\$1.10	\$0.45	\$0.10	\$0.18



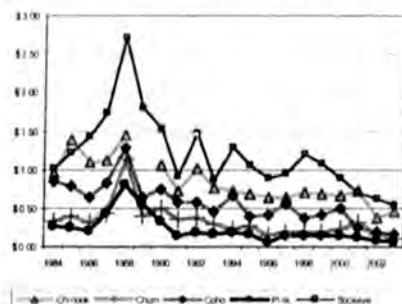
Cook Inlet
Average Exvessel Salmon Price/Pound
By Species



Cook Inlet

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.08	\$0.97	\$0.66	\$0.25	\$0.38
1985	\$1.23	\$1.22	\$0.69	\$0.22	\$0.44
1986	\$1.10	\$1.44	\$0.63	\$0.15	\$0.38
1987	\$1.36	\$1.55	\$0.78	\$0.41	\$0.40
1988	\$1.58	\$2.54	\$1.38	\$0.66	\$0.87
1989	\$1.31	\$1.72	\$0.68	\$0.39	\$0.39
1990	\$1.50	\$1.70	\$0.76	\$0.29	\$0.52
1991	\$1.20	\$1.04	\$0.53	\$0.12	\$0.29
1992	\$1.28	\$1.59	\$0.65	\$0.15	\$0.36
1993	\$1.03	\$1.05	\$0.56	\$0.12	\$0.31
1994	\$0.93	\$1.45	\$0.67	\$0.15	\$0.29
1995	\$0.99	\$1.18	\$0.49	\$0.17	\$0.26
1996	\$0.99	\$1.19	\$0.38	\$0.07	\$0.17
1997	\$0.98	\$1.16	\$0.40	\$0.14	\$0.21
1998	\$1.09	\$1.08	\$0.43	\$0.15	\$0.19
1999	\$1.19	\$1.33	\$0.45	\$0.16	\$0.18
2000	\$1.21	\$0.88	\$0.46	\$0.14	\$0.23
2001	\$1.09	\$0.65	\$0.30	\$0.13	\$0.29
2002	\$1.15	\$0.56	\$0.22	\$0.07	\$0.14
2003	\$0.97	\$0.60	\$0.24	\$0.05	\$0.14

Kodiak
Average Exvessel Salmon Price/Pound By Species



Kodiak

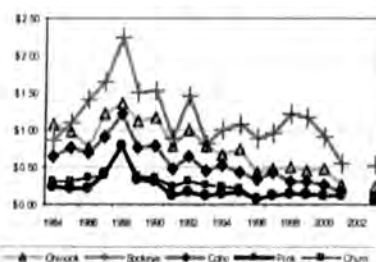
Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$0.95	\$1.01	\$0.84	\$0.26	\$0.34
1985	\$1.38	\$1.23	\$0.78	\$0.24	\$0.40
1986	\$1.10	\$1.42	\$0.65	\$0.20	\$0.32
1987	\$1.12	\$1.74	\$0.82	\$0.43	\$0.43
1988	\$1.45	\$2.71	\$1.28	\$0.81	\$1.13
1989	*	\$1.79	\$0.65	\$0.55	\$0.39
1990	\$1.06	\$1.54	\$0.75	\$0.34	\$0.50
1991	\$0.72	\$0.92	\$0.57	\$0.14	\$0.35
1992	\$1.02	\$1.47	\$0.57	\$0.18	\$0.38
1993	\$0.77	\$0.87	\$0.46	\$0.16	\$0.29
1994	\$0.73	\$1.28	\$0.67	\$0.18	\$0.23
1995	\$0.69	\$1.05	\$0.40	\$0.17	\$0.27
1996	\$0.65	\$0.90	\$0.42	\$0.07	\$0.15
1997	\$0.64	\$0.96	\$0.56	\$0.15	\$0.19
1998	\$0.71	\$1.19	\$0.37	\$0.15	\$0.19
1999	\$0.68	\$1.08	\$0.41	\$0.14	\$0.19
2000	\$0.66	\$0.89	\$0.49	\$0.14	\$0.22
2001	\$0.72	\$0.70	\$0.24	\$0.12	\$0.32
2002	\$0.37	\$0.62	\$0.18	\$0.08	\$0.16
2003	\$0.46	\$0.53	\$0.16	\$0.07	\$0.11

* = Confidential Data

1984-2002 Data from Commercial Operator's Annual Reports.

2003 PRELIMINARY Estimates as of 11/03/03

Alaska Peninsula
Average Exvessel Salmon Price/Pound
By Species

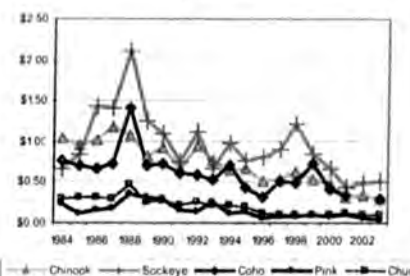


Alaska Peninsula

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.07	\$0.85	\$0.65	\$0.25	\$0.30
1985	\$0.98	\$1.10	\$0.77	\$0.22	\$0.31
1986	\$0.77	\$1.41	\$0.70	\$0.21	\$0.35
1987	\$1.21	\$1.64	\$0.91	\$0.41	\$0.38
1988	\$1.35	\$2.25	\$1.22	\$0.78	\$0.79
1989	\$1.12	\$1.50	\$0.77	\$0.34	\$0.39
1990	\$1.16	\$1.52	\$0.78	\$0.30	\$0.36
1991	\$0.78	\$0.89	\$0.48	\$0.12	\$0.24
1992	\$1.01	\$1.46	\$0.64	\$0.16	\$0.30
1993	\$0.78	\$0.80	\$0.45	\$0.13	\$0.26
1994	\$0.67	\$1.00	\$0.53	\$0.15	\$0.24
1995	\$0.73	\$1.07	\$0.43	\$0.16	\$0.22
1996	\$0.42	\$0.88	\$0.34	\$0.06	\$0.08
1997	\$0.47	\$0.96	\$0.44	\$0.11	\$0.11
1998	\$0.51	\$1.21	\$0.32	\$0.15	\$0.14
1999	\$0.46	\$1.17	\$0.30	\$0.14	\$0.12
2000	\$0.47	\$0.91	\$0.27	\$0.13	\$0.12
2001	\$0.27	\$0.54	\$0.17	\$0.11	\$0.12
2002	*	*	*	*	*
2003	\$0.25	\$0.52	\$0.13	\$0.05	\$0.10

* = Confidential Data

Bristol Bay
Average Exvessel Salmon Price/Pound
By Species



Bristol Bay

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.03	\$0.66	\$0.77	\$0.23	\$0.30
1985	\$0.96	\$0.84	\$0.70	\$0.12	\$0.31
1986	\$1.01	\$1.42	\$0.67	\$0.15	\$0.32
1987	\$1.17	\$1.40	\$0.72	\$0.18	\$0.30
1988	\$1.08	\$2.11	\$1.40	\$0.35	\$0.47
1989	\$0.82	\$1.25	\$0.71	\$0.32	\$0.26
1990	\$0.91	\$1.09	\$0.73	\$0.29	\$0.27
1991	\$0.67	\$0.75	\$0.60	\$0.15	\$0.22
1992	\$0.93	\$1.12	\$0.59	\$0.14	\$0.26
1993	\$0.76	\$0.67	\$0.52	\$0.25	\$0.22
1994	\$0.64	\$0.97	\$0.71	\$0.12	\$0.22
1995	\$0.66	\$0.77	\$0.43	\$0.14	\$0.20
1996	\$0.51	\$0.81	\$0.31	\$0.05	\$0.11
1997	\$0.52	\$0.90	\$0.50	\$0.07	\$0.10
1998	\$0.62	\$1.22	\$0.48	\$0.08	\$0.10
1999	\$0.53	\$0.84	\$0.72	\$0.09	\$0.10
2000	\$0.46	\$0.67	\$0.41	\$0.08	\$0.09
2001	\$0.31	\$0.42	\$0.33	\$0.09	\$0.11
2002	\$0.33	\$0.49	*	\$0.06	\$0.09
2003	\$0.30	\$0.50	\$0.30	\$0.03	\$0.09

* = Confidential Data



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131:40

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 347(RES)
 (S) Publish Date: 3/8/04

Revision Date/Time (Note if correction): 3/5/04 5:00 PM Dept. Affected: Fish and Game
 Title: An Act relating to the moratoria on entry of new RDU: Comm. Fish Entry Commission
participants or vessels into commercial fishery Component: Commercial Fisheries Entry
 Sponsor: Senator Ben Stevens Commission
 Requester: Senator Ben Stevens by request Component No. 471

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	8.0	5.0	5.0	5.0	0.0	0.0
Contractual	32.8	3.0	3.0	3.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	40.8	8.0	8.0	8.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	136.0	136.0	136.0	136.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1156 Receipt Supported Services	40.8	8.0	8.0	8.0	0.0	0.0
TOTAL	40.8	8.0	8.0	8.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

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

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Implementation of the groundfish moratorium established by SB347 will require modification to CFEC's licensing system. For the first year only, programmer contractual costs are estimated at \$28.8. Additional costs for new forms, postage, long distance charges, and records archive retrievals, travel for adjudicatory hearings, groundfish management and planning meetings and research and preparation of proposals required under 16.43.908(k) are estimated to be \$12.0 for the first year and \$8.0 yearly through FY2008.

Revenue projections assume that the number of annual moratorium vessel permit renewals will equal the average number of vessels that participated in 1998-2003.

Prepared by: Shirley Penrose, Administrative Officer
 Division: Commercial Fisheries Entry Commission
 Approved by: Mary McDowell, Commissioner
 Agency: Commercial Fisheries Entry Commission

Phone 907-790-6960
 Date/Time 3/5/04 5:00 PM
 Date 3/5/2004

Alaska State Legislature

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Session:
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Senate District N

SPONSOR STATEMENT

Senate Bill 347

"An Act relating to moratoria on entry of new participants or vessels into a commercial fishery; relating to vessel permits for, and the establishment of a moratorium on entry of new vessels into, state Gulf of Alaska groundfish fisheries; and providing for an effective date."

Senate Bill 347 addresses two issues regarding fisheries moratoria. One section of the bill amends AS 16.43.225 to allow the statute to be utilized. Because of its current inadequacies, the law has never been used to place a moratorium on a fishery. All of the moratoria implemented to date have required special legislation. The second issue addressed in the bill is the immediate need to place a moratorium on the Gulf of Alaska groundfish fisheries.

Over the past 12 years, some members of the Gulf of Alaska (GOA) groundfish fishing industry have sought to rationalize the groundfish fishery. Participants want to create incentives that slow the competitive race for fish. The belief is that this will result in a more economically stable fishery that can better respond to changing economic and environmental concerns.

The North Pacific Fishery Management Council (NPFMC) has taken several steps toward rationalization over the past 12 years. The Council formed the first of three committees to address GOA rationalization in the groundfish fishery in 2000. The Council is developing several alternative approaches for new management policies to rationalize GOA groundfish fisheries resulting from four years of Council meetings and input from eight public hearings held throughout Alaska and Seattle during the summer and fall of 2002.

SPONSOR STATEMENT

Rationalizing federal fisheries in the GOA could affect State of Alaska fishery management. In October 2003, the Board of Fisheries convened a committee of stakeholders with state, National Marine Fisheries Service, Board of Fisheries, Department of Law, and Council staff. It is called the GOA Groundfish Rationalization Task Force. Their mission is to pursue approaches to provide harvest opportunities under GOA rationalization in state waters that does not conflict with state law.

In February 2004, the Board of Fisheries voted 7-0: (1) to recommend pursuing legislative authority for a moratorium on all new entrants into the groundfish fisheries, excluding jig gear; (2) to recommend maintaining current state groundfish management, or alternatively, allocate a range of harvests for state management based on historic harvest patterns in state waters; and (3) direct the GOA Task Force to continue to explore ways to control harvests within state waters that meet the goals of GOA rationalization and restrictions under state law.

Senate Bill 347 will assist the Department of Fish and Game and the Commercial Fisheries Entry Commission in meeting the objectives outlined by the Board of Fisheries for the development of state water groundfish fisheries in the Gulf of Alaska.

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Senate District N

Introduction to Information in Committee Packet on SB 347

Senate Bill 347 is a two-part bill. One part (Sections 2-8) amends the existing provisions in the limited entry statutes authorizing CFEC to administratively establish a temporary moratorium on entrants of new participants into a fishery.

The other part of the bill (Sections 1 and 9) statutorily establishes a moratorium in the Gulf of Alaska state waters groundfish fisheries.

The sectional goes through the bill in order. Please note that Sections 1 and 9 pertain specifically to the Gulf of Alaska groundfish moratoria. Sections 2 – 8 amend existing provisions in the limited entry statutes relating to the establishment of moratoriums.

Other information in this bill packet is divided into two sets. One explains the revisions to the current moratorium statute, and the other explains the portion of the bill establishing moratoria in the groundfish fisheries.

SECTIONAL ANALYSIS

Alaska State Legislature

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Session:
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Senate District N

Sectional Analysis CSSB347 (RES)

"An Act relating to moratoria on entry of new participants or vessels into a commercial fishery; relating to vessel permits for, and the establishment of a moratorium on entry of new vessels into, state Gulf of Alaska groundfish fisheries; and providing for an effective date."

Section 1. Findings and Purpose for the establishment of a moratorium on entry of new vessels into state Gulf of Alaska groundfish fisheries. [Section 9 in the bill.]

Amending Existing CFEC Moratorium Provisions

Section 2. Sets forth purposes for which CFEC may establish a moratorium in a fishery.

Section 3. Establishes that a moratorium may be for one or more fisheries or one or more species, gear types, or areas.

Section 4. Existing law allows for establishment of a moratorium of up to four years. This section adds ability to administratively extend up to another two years if necessary to achieve the purposes of the moratorium.

Section 5. Current law directs CFEC, during moratorium, to analyze whether the fishery should be limited under the existing limited entry program. This section expands that assignment, directing CFEC to evaluate a broader array of post-moratorium options for managing entry into the fishery in order to seek the best possible long-term solution for the fishery.

Section 6. Makes clear that moratorium eligibility criteria are to include an entrance qualification date established by the commission.

Authorizes establishment of a moratorium on persons, vessels, or both, and criteria for qualifying for those permits. Current law only provides for a moratorium on entry of new persons. This section is adding ability to also suspend entry of additional vessels or of both vessels and persons.

In some fisheries multiple hired skippers run the same vessels over the course of a year. A person-only moratorium could result in many more moratorium permits than a vessel-based moratorium, thus allowing substantial expansion of fleets during moratorium. Capping the number of vessels to avoid additional capitalization during moratorium could be a more effective tool in such fisheries.

(NOTE: This does NOT authorize a permanent vessel-based limitation following the moratorium. Such authority would require approval of subsequent legislation.)

Section 7.

Adds new subsections providing more detailed direction to CFEC than is provided in existing statute about structure, implementation, and ongoing handling of moratorium and moratorium permits.

(f) If moratoria are established for a fishery that involves multiple species, gear types, or areas, the commission may limit by restrictions and eligibility those species, gear types, or areas that are authorized under a vessel interim-use or interim-use moratorium permit.

(g), (h), (i), and (j) pertain specifically to when a vessel-based moratorium is used. **(These provisions are consistent with general provisions in CFEC law, but because the general provisions pertain to "person-based" permits, they cannot be relied upon to cover vessel permits.)**

(g) Authorizes CFEC to attach capacity restrictions to interim-use vessel permits to prevent upgrading to larger vessels and resulting expansion of fishing power during moratorium.

(h) Makes clear that permits can be modified or revoked by legislative action without compensation, and that they are not "property," may not be transferred, leased, attached, encumbered, etc. A vessel interim-use permit does not alter the requirement for the operator of the vessel to hold a valid interim-use permit from CFEC or for the vessel to have a commercial fishing vessel license from CFEC.

(i) Directs CFEC to charge fees for initial issuance and annual renewal of moratorium vessel permits. Annual fees are to reflect rates of economic return (fees for more lucrative fisheries are higher than for less lucrative) and those fees may not exceed \$1000.

(j) Authorizes CFEC to provide for substitution of another vessel if the vessel is sunk, destroyed, or damaged beyond use and is unable to operate in the fishery for which the permit is issued.

(k) Participation in the fishery during the moratorium may not be used to establish eligibility for a use privilege issued after the moratorium unless otherwise provided by a subsequently adopted law or CFEC regulation.

Intended to discourage "speculative" fishing effort during moratorium.

(l) Makes general provisions of CFEC law pertaining to person-based interim-use permits apply to person-based moratorium permits, unless those general provisions conflict with the provisions of section 16.43.225.

(m) Makes explicit that nothing in this section limits the powers of the Board of Fisheries or the Department of Fish Game.

(n) Under cited current laws, fishing history is generally releasable only to the skipper under whose interim-use permit fish was landed, even if the vessel used was owned by someone else. In a person-based moratorium or limited entry program, the applicant would be the skipper. However, under a vessel-based program, the vessel owner needs to access the fishing history data about landings made from the subject vessel in order to establish eligibility of the vessel for a vessel permit. Therefore, this section provides vessel owners access to that information if necessary to apply for a vessel permit.

- Section 8. If a fishery that was under moratorium is subsequently limited under the traditional limited entry program, CFEC is authorized to establish a qualification date for eligibility for a limited entry permit that may or may not include time during the moratorium.
- Depending on the attributes of the particular fishery and participation patterns, there may be compelling reasons for including or not including any or all of the moratorium time in the eligibility period for a subsequently enacted limitation.

Gulf of Alaska Moratorium

- Section 9. (a) This subsection adds a section to AS 16.43 directing the Commercial Fisheries Entry Commission (CFEC) to issue annual vessel permits for each individual fishery by management area and gear type beginning January 1, 2005. Vessel owners are required to apply for these permits.

Vessels instead of persons were chosen for limitation so as to define a smaller pool of participants to achieve the goal of controlling growth during development of a Gulf groundfish rationalization program in state waters.

The jig fishery was exempted from the bill in order to provide for entry level access to Gulf groundfish fisheries.

For the purpose of these moratoria, the Gulf of Alaska is defined as the state marine waters west of the latitude of Cape Suckling (**the Eastern border of Prince William Sound**) to the westward extent of the state waters of the Aleutian Islands. The state waters adjacent to the Gulf of Alaska in Southeast Alaska are not included.

- (b) Specifies that a vessel use permit is a use privilege rather than a property right, and that the use privilege can be modified or revoked by the Legislature without compensation.
- (c) Stipulates that on and after January 1, 2005 (except as in (m)), a vessel may not take Gulf groundfish without a vessel permit as described in (a). This stipulation is limited to trawl, longline, and pot gear; it exempts any other gear that may be permitted under Board of Fisheries regulations.
- (d) This section describes the qualifying years for the moratorium. It requires that a documented landing of Gulf groundfish with specified gear in specific areas must have been made between January 1, 1998, and the effective date of this bill for issuance of a vessel permit during the moratorium. The period of the moratorium is January 1, 2005 through December 31, 2008. The Commercial Fisheries Entry Commission *may* by regulation extend the moratorium for a maximum period of two years. That date would be January 1, 2011, and the commission may only extend the moratorium if it is necessary to achieve the purposes set forth in the moratorium.

The Board of Fisheries first authorized a state water Pacific cod fishery—the state's primary groundfish fishery—in 1997, and it wasn't until 1998 that state residents took full advantage of the new fisheries; hence, 1998, was selected as the first qualifying year in order to maximize the benefits to Alaska's residents.

- (e) Participation of a person or a vessel in a Gulf groundfish fishery during the period of the moratorium may *not* be used to establish eligibility for a use privilege issued after the period of the moratorium.

This section is intended as a disincentive for an increased "race for fish" during the moratorium.

- (f) CFEC regulations may supercede subsections (d) –(e) if enacted by subsequent legislation authorizing such regulations.
- (g) If a vessel qualifying for a vessel permit is sunk, destroyed, or sufficiently damaged, CFEC may reissue the permit to another vessel owned by the same party. In this situation, the overall length of the new vessel may not exceed the overall length of the replaced vessel by more than 10%.
- (h) If ownership of a vessel changes hands, CFEC may reissue the Vessel Permit to the new owner.
- (i) Provides for a possible future situation in which the Board of Fisheries may adopt a vessel size restriction. This subsection would allow transfer of a vessel permit to a shorter vessel that falls within the size restriction as long as the owner of the vessel permit owns it.
- (j) Establishes annual fees by calendar year for vessel permits based on gear type: \$500 each for non-pelagic or pelagic trawl, \$250 for each pot or longline fishery.
- (k) Directs CFEC, in cooperation with ADF&G and the Board of Fisheries, to conduct investigations to determine appropriate alternatives for management of entry into Gulf state groundfish fisheries and to submit any proposals to the legislature if statutory or constitutional amendments are necessary to implement the recommendations.
- (l) Authorizes CFEC to adopt regulations as necessary to implement the moratorium.
- (m) Exempts vessels participating in the Prince William Sound sablefish fishery or a halibut fishery managed under a federal IFQ system from obtaining a vessel permit under this section.
- (n) Provides definitions.

Sections 10-11. Voids the repeal of 16.43.911-- which is currently to take effect July 1, 2004 -- in order to retain the ability of vessel owners to obtain fishing history information that would otherwise not be available to them if access to that information is necessary to establish eligibility for a moratorium vessel permit.

Section 12. Repeals 16.05.050(a)(19) that under current moratorium law authorizes the Commissioner of the Department of Fish and Game, if authorized by the Board of Fisheries, to petition CFEC to establish a moratorium in a fishery. *(A step that would no longer be required for initiating a moratorium under SB 347.)*

Repeals 16.05.251(g) that authorizes the Board of Fisheries to approve or disapprove a request from the Commissioner of the Department of Fish and Game to petition CFEC to establish a fishery moratorium. *(A step that would no longer be required for initiating a moratorium under SB 347.)*

Repeals 16.43.227, which authorized a moratorium in the Southeast Alaska Dungeness crab fishery. *(This is "clean up" of existing law since that moratorium has expired.)*

Repeals 16.43.228, which established a moratorium in the Southeast Alaska dive fisheries. *(This is "clean up" of existing law since that moratorium has expired.)*

Section 13. Ensures that sections 10 and 11 will be effective even if this bill is not passed and signed into law in time to beat the July 1, 2004, repeal of 16.43.911 – thus, it would “reinstate” section 16.43.911 if its repeal has taken effect prior to the effective date of this bill.

Section 14. Establishes an immediate effective date.

The need to amend the current fisheries moratorium law
Sections 2-8 of SB 347

This legislation will advance the goals of developing and protecting Alaska jobs and streamlining government and resource management by providing a tool that can be utilized, where appropriate, to avoid the risk of:

- Harm to fishery resources
- Economic distress among fishermen
- Over-capitalization
- Closure of fisheries
- A stampede of speculators (permit seekers)
- Having to go directly to permanent limitation, perhaps prematurely, if it remains the only available option.

AS 16.43.225 is the section of the Limited Entry Act authorizing CFEC to establish a moratorium on new entrants into a fishery. A moratorium is intended to provide a temporary halt in growth of a fishery during which the state and the fishing industry have an opportunity to assess the situation and explore options before deciding on permanent action.

However, the criteria and process mandated under the current statute have been so unusable that all of the moratoria implemented to date have required special legislation. In fact, the steps currently required are so cumbersome that undertaking a moratorium under the current statute could be counter-productive and could actually generate the damaging rush into a fishery that a moratorium is intended to prevent. Amendments are needed to correct the flaws in this section of law and make it available as a useful tool for fisheries management.

As fishermen diversify into new species, new fisheries are developing and, in some cases, expanding quickly. If participation levels in a given fishery are growing too rapidly, but it is not clear that imposition of limited entry is appropriate or timely, it is important to have the ability to expeditiously establish a moratorium to contain growth while analysis is done to determine what is needed to ensure the health of the fishery for the longer term. This would include assessment of whether permanent limitation of the fishery is warranted, and if so, how a limitation should be structured to be most fair, best conserve the resource, and provide for the orderly development of the fishery.

Because the current moratorium statute is inadequate, several times in recent years fishermen have had to seek passage of special legislation to statutorily enact moratoria in specific fisheries. In such cases, the lack of a workable means of quickly, administratively implementing a moratorium could have disastrous results for the fishery.

To date, 67 of Alaska's fisheries have been placed under limited entry. Over 130 permitted fisheries remain open access. Many of these will be suited to remaining unlimited in the years to come. Others will be suited to limitation under the Limited Entry Act. Still others, particularly if they experience dramatic rapid growth, may be best served by a timely moratorium, protecting the fishery while long-term solutions are explored. The latter approach will only be a realistic and workable option if AS 16.43.225 is appropriately amended.

BENEFITS TO MORATORIUM CHANGES

General Moratorium Law
Comparing Main Provisions of under Current Law with
Amended Provisions under CSSB 347(RES)

Provision	Current Law	SB 347
Steps and entities required to initiate process of establishing a moratorium	<u>16.43.225(b)</u> Commissioner of ADF&G makes findings that a moratorium would meet criteria under 16.05.050(a)(19) and must request approval from Board of Fisheries to petition CFEC for moratorium. Board considers request and findings at its next regular or special meeting that follows receipt of the request and that allows time for 15 days' public notice of board's intention to consider the petition. (AS 16.05.251(g)) If Board votes to approve Commissioner's request, Commissioner may then petition CFEC for moratorium. CFEC may then propose a moratorium if it finds a moratorium is warranted under criteria in 16.43.225	<u>Bill section 2 -- 16.43.225(a)</u> CFEC may propose moratorium if it finds a moratorium would meet criteria under 16.43.225 (<i>this would be done after consultation with ADF&G</i>)
Purpose of moratorium/conditions under which moratorium may be established	Listed in current 16.43.225 (a) and 225(b), and 16.05.050(a)(19)	<u>Bill section 2</u> Listed in new 225 (a)
Entities for which a moratorium in new entrants may be established	<u>225(e)</u> Persons	<u>Bill sections 2 & 6</u> Persons, vessels, or both (225 (a)) (<i>Moratorium on entry of additional vessels may be essential to controlling growth of fishery during moratorium.</i> <i>Note: This does not provide authority for vessel-based permanent limitation</i>)

Additional provisions/direction:	Current law silent on these issues, so authority and latitude is left unclear or dependent upon "general authorities" provisions of statutes.	<u>Bill section 7</u> <u>225 (b) (c) & (f)</u> For fisheries involving more than one resource, gear type or area, CFEC may spell out which of those are authorized under a given moratorium permit. <i>(Critical tool to be able to deal effectively with complex fisheries with multiple species, gears, and areas involved).</i> <u>225(g)</u> CFEC may adopt fishing capacity restrictions for moratorium permits <i>(to avoid significant expansion of fleet's fishing power during moratorium. Could be critical in fisheries with wide range of vessel sizes)</i> <u>225 (i)</u> CFEC shall charge annual fees for moratorium permits that reasonably reflect economic return in the fishery <i>(CFEC general authorities do not contain vessel permit fee authority - need explicit authority for vessel moratoria.)</i> <u>225 (e)(2)</u> If moratorium established on vessels, moratorium permits are issued to owner, (as of qualification date) of qualifying vessel.
Question of whether participation during moratorium may count toward any future use privilege	<u>16.43.260(f)</u> Participation during moratorium may not be counted.	<u>Bill section 7 --225(k)</u> Participation during moratorium may not be counted, unless otherwise provided by law or regulation.

**GEAR PROPOSED TO BE INCLUDED IN THE GROUND FISH
UNDER THE PROPOSED GULF OF ALASKA MORATORIA**

5 AAC 39.105 (d)(10) a trawl is a bag-shaped net towed through the water to capture fish or shellfish.

5 AAC 39.105 (d) (10) (C) a pelagic trawl is a trawl where the net, or the trawl doors or other trawl spreading device, do not operate in contact with the seabed and which does not have attached to it any protective device, such as chafing gear, rollers, or bobbins, that would make it suitable for fishing in contact with the seabed.

5 AAC 39.105 (d) (11) a pot is a portable structure designed and constructed to capture and retain fish and shellfish alive in the water.
5 AAC 28.050 (e) a groundfish pot is a pot with individual tunnel eye openings with perimeters 36 inches or less.

5 AAC 39.105 (d) (13) a longline is a stationary buoyed or anchored line or a floating, free drifting lines with lures or baited hooks attached.

Other lawful gear will not be included under the moratoria.

GEAR TERMS

Comparison of federal and state water groundfish areas.

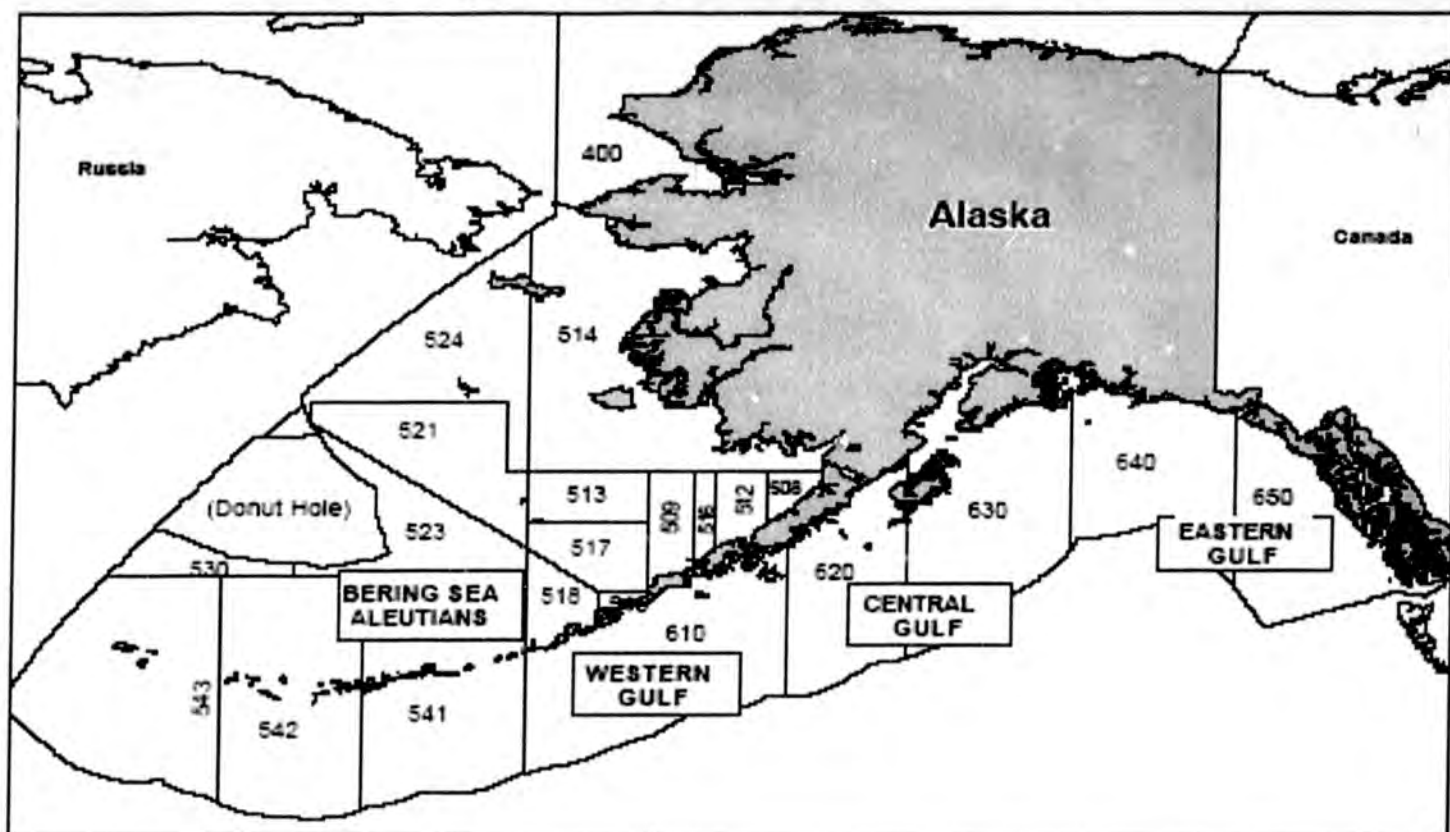


Figure 1. National Marine Fisheries Service statistical and reporting areas.

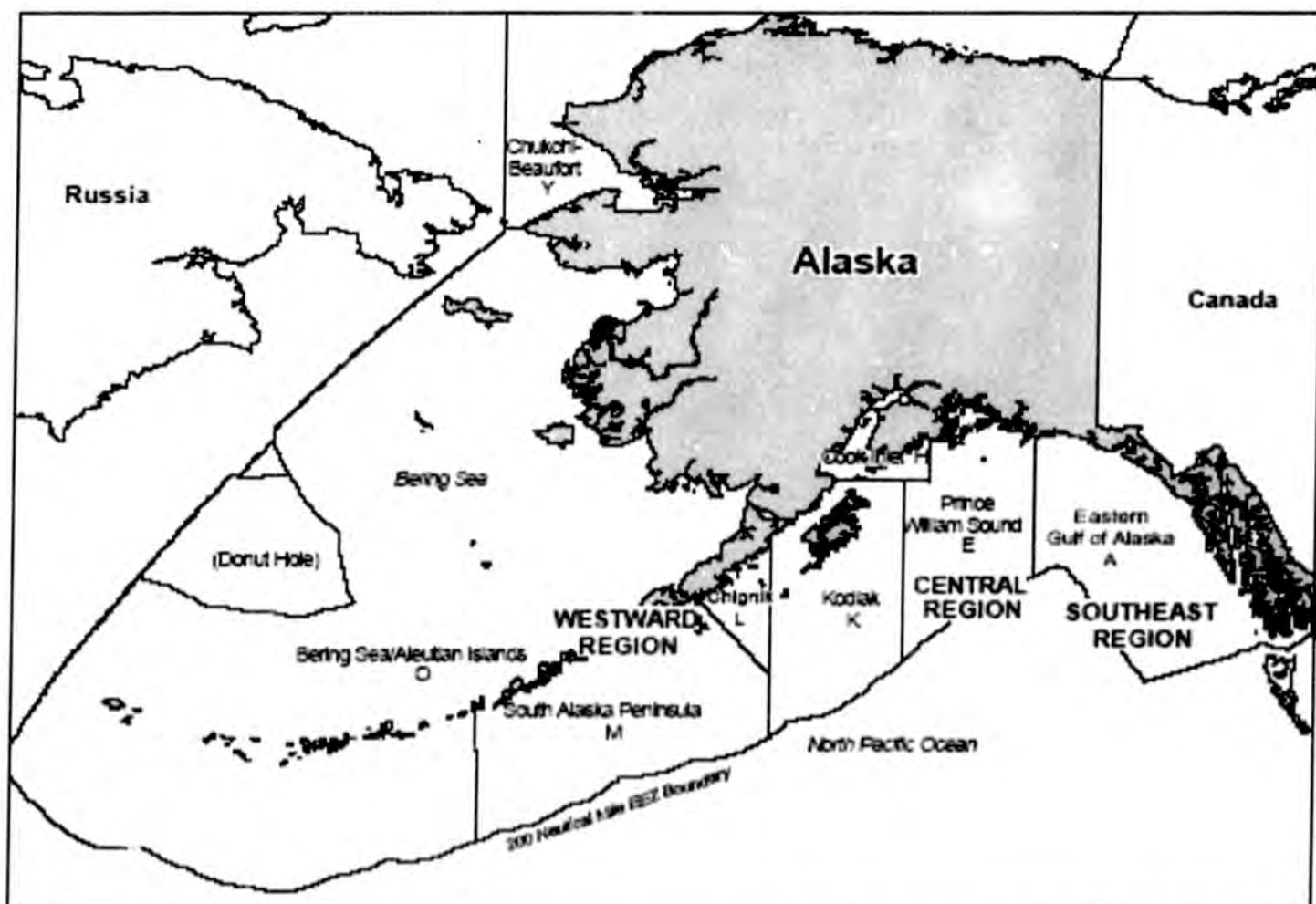


Figure 2. Alaska Department of Fish and Game groundfish registration areas and regions.

MAPS/VESSEL DATA

Number of Unique Vessels - All Areas

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Halibut						2,774	3,247	3,777	3,925	3,642	4,206	4,409	3,452	3,393	3,450	2,057	1,962	1,925	1,601	1,613
Sablefish						371	606	868	888	768	822	887	1,123	915	1,139	517	503	504	449	433

Number of days in the fishery

Halibut Area 2C	10	7	5	5	3	4	3.5	3	4	3	2	2	5	3	3	245	245	245	245	245
Halibut Area 3A	20	13	11	7	5	5	4	3	4	4	3	2	4	2	3	245	245	245	245	245
Halibut Area 3B	20	16	18	10	6	7	5	3.5	4	4.25	2	2	4	2	3	245	245	245	245	245

Sec. 16.43.225. Moratorium on new entrants into certain fisheries.

(a) Subject to (b) of this section, the commission may establish a moratorium on new entrants into a fishery

(1) that has experienced recent increases in fishing effort that are beyond a low, sporadic level of effort;

(2) that has achieved a level of harvest that may be approaching or exceeding the maximum sustainable level for the fishery; and

(3) for which there is insufficient biological and resource management information necessary to promote the conservation and sustained yield management of the fishery.

(b) The commission may establish a moratorium on new entrants into a fishery described in (a) of this section if

(1) the commissioner of fish and game, subject to AS 16.05.251 (g), petitions the commission under AS 44.62.220 to establish a moratorium on new entrants into the fishery; and

(2) the commission finds that

(A) the fishery has reached a level of participation that may threaten the conservation and the sustained yield management of the fishery resource and the economic health and stability of commercial fishing; and

(B) the commission has insufficient information to conclude that the establishment of a maximum number of entry permits under AS 16.43.240 would further the purposes of this chapter.

(c) The commission may establish a moratorium under this section for a continuous period of up to four years. A fishery that has been subject to a

CURRENT AS 16.43.225

moratorium under this section may not be subjected to a subsequent moratorium under this section unless five years have elapsed since the previous moratorium expired.

(d) While a moratorium is in effect, the commission shall conduct investigations to determine whether a maximum number of entry permits should be established under AS 16.43.240 by

- (1) conducting research into conditions in the fishery;
- (2) consulting with the Department of Fish and Game and the Board of Fisheries; and
- (3) consulting with participants in the fishery.

(e) The commission shall establish by regulation the qualifications for applicants for an interim-use permit for a fishery subject to a moratorium under this section. The qualifications must include the minimum requirements for past or present participation and harvest in the fishery. The commission may not issue an interim-use permit for a fishery subject to a moratorium under this section unless the applicant can satisfy the qualifications established under this subsection and establish the present ability and intent to participate actively in the fishery.

23-LS1677/U
Utermohle
4/2/04

HOUSE CS FOR CS FOR SENATE BILL NO. 347()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR BEN STEVENS

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to moratoria on entry of new participants into a commercial fishery;**
2 **relating to interim-use permits for, and the establishment of a moratorium on entry of**
3 **new participants into, state Gulf of Alaska groundfish fisheries; and providing for an**
4 **effective date."**

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

6 *** Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
7 to read:

8 **FINDINGS AND PURPOSE WITH REGARD TO A MORATORIUM ON ENTRY**
9 **OF NEW PARTICIPANTS INTO STATE GULF OF ALASKA GROUND FISH**
10 **FISHERIES. (a) The Alaska State Legislature finds that**

11 **(1) the goal of the state is to**

12 **(A) protect, maintain, and improve the fishery resources of the state,**
13 **and manage the use and development of those fishery resources in the best interest of**
14 **the economy and the well-being of the people of the state, consistent with the**