

**HB**

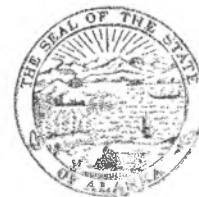
**49**

<TARGET><BILL>HB 49</BILL><SUBJECT>HB  
49</SUBJECT><COMM>HFSH28</COMM></TARGET>

# Representative Bob Herron

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State Capitol • Juneau, Alaska 99801-1182  
Phone: (907) 465-4942 • Fax: (907) 465-4589



House District 37  
Kuskokwim Bay • Western Bristol Bay • Alaska Peninsula  
Aleutian Chain • Bering Sea Islands • Bethel

## HB 49 – ALASKA CHINOOK SALMON RESEARCH AND RESTORATION ENDOWMENT FUND

### SPONSOR STATEMENT

Adak  
Akutan  
Atka  
Attu Station  
Bethel  
Chignik  
Chignik Lagoon  
Chignik Lake  
Clark's Point  
Cold Bay  
Eek  
Egegik  
False Pass  
Goodnews Bay  
Ivanof Bay  
King Cove  
Mekoryuk  
Nelson Lagoon  
Nikolski  
Perryville  
Pilot Point  
Platinum  
Port Heiden  
Portage Creek  
Quinhagak  
Sand Point  
St. George  
St. Paul  
Togiak  
Twin Hills  
Ugashik  
Unalaska

HB 49 creates an Alaska Chinook salmon research and restoration fund in the Dept. of Revenue. Grants from the fund would be issued to qualifying organizations. A 7-member board, including the Commissioner of Fish & Game and 6 public members from across the state, would administer the grants.

The state fish of Alaska, Chinook salmon, is an important staple food for Native villages of Alaska and is an economically important species for a number of commercial fisheries and a prized sport fishery resource. Nowhere else are Chinook salmon stocks more valued and essential to the basic way of life than in Alaska.

Chinook salmon populations in Alaska have undergone significant shifts in abundance during the past 40 years, yet little is known about the factors influencing these shifts. Eight of the 14 currently listed "stocks of concern" are Chinook salmon stocks, as defined by the Alaska Board of Fisheries in 5AAC 39.222.

Recent declines of salmon abundance have caused severe hardship in some areas and anxiety for the fishery-dependent communities of Alaska. Limited commercial fishing on Chinook salmon has occurred in recent years and earnings have dropped sharply. Poor Chinook salmon returns can exacerbate allocative tension and conflict between fishery user groups competing for a fully allocated fishery resource. This is being seen in a multitude of ways recently and it only divides user groups further. A statewide fund of this sort would provide a platform to unite user groups and provide them with a unified vision for the restoration of their prized fisheries.

Over the past twenty-five years, there has been considerable variability in Yukon Chinook salmon population dynamics. Available harvest data show a thirty-six year period of sustained abundance early on, with significant declines during the past fifteen years and there is no indication that the current declines are reversing anytime soon.

To restore Chinook salmon populations to a population level that meets the needs of Alaskans we must understand the trends and causes of variation in abundance of Chinook salmon. To do this we must gather information concerning population biology, freshwater ecology, marine ecology, and population dynamics. Knowledge gaps remain across the State of Alaska indicating that a multi-disciplinary research effort is needed to investigate the role of physical

habitat, climate-induced environmental variability, and biological response in Chinook salmon populations if we are to meet the needs of Alaskans that depend upon this resource.

This legislation would create a stable, long-term source of funding to support high quality interdisciplinary research such as the recent work of the Arctic-Yukon-Kuskokwim Sustainable Salmon Initiative (AYK SSI). Research results and information from the AYK SSI is being utilized in a wide variety of ways to support sustainable salmon management. From escapement goal analyses to gaining an improved understanding of the dynamics of marine ecosystems, the AYK SSI is helping to provide fisheries managers with better forecasts and improved responses to changing environmental conditions.

The Alaska Chinook Salmon Research and Restoration Endowment Fund stakeholder board would, along with the Alaska Department of Fish and Game, direct research monies to priority areas and topics based on an adopted Chinook Salmon Action Plan. These funds may also be used to leverage additional funding by providing necessary matching funds.

With this legislation, Alaska can increase its understanding of Chinook salmon and learn how to best target remediation efforts in order to restore this vital resource.

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## SECTIONAL ANALYSIS

### HB 49 version A – ALASKA CHINOOK SALMON RESEARCH AND RESTORATION ENDOWMENT FUND

Adak

Akutan

Atka

Attu Station

Bethel

Chignik

Chignik Lagoon **Section 37.14.650** Establishes the Fund in the Dept. of Revenue. The Fund includes:

Chignik Lake

- appropriations to the Fund;
- donations to the Fund;
- income earned on investments of Fund assets.

Clark's Point

Cold Bay

Ek

Egegik

The Commissioner of Revenue manages the Fund sustainably, with a goal of 5% real rate of return.

False Pass

Goodnews Bay

Ivanof Bay

**Section 37.14.655** Establishes the account as a grant account in the General Fund.

King Cove

Mekoryuk

**Section 37.14.660** After July 1 each year, the Commissioner of Revenue identifies as available for appropriation to the grant account the greater of:

Nelson Lagoon

- 5% of the Fund averaged over the 3 preceding years;
- ½ the Fund's earnings averaged over the 3 preceding years; or,
- if the Fund is valued at over \$50,000,000, the total earnings of the Fund for that year.

Nikolski

Perryville

Pilot Point

Platinum

Port Heiden

Portage Creek

Quinhagak

Sand Point

**Section 37.14.665** Appropriations to the Grant Account may be used for:

St. George

St. Paul

Togiak

Twin Hills

Ugashik

Unalaska

- grants for research and restoration projects for Alaska Chinook salmon stocks;
- reimbursement to the Dept. of Revenue for the costs of establishing or managing the Fund;
- reimbursement to DCCED for the costs of establishing and administering the Board and the grant program;
- matching funds for private and federal grants; and
- solicitation of contributions for purposes consistent with establishment of the Fund.
- The Board may also expend private donations for uses consistent with purposes of the Fund.

**Section 37.14.670** Establishes the Fund Board in DCCED.

**Section 37.14.675** Governor appoints the Fund Board Members to include:

- the Commissioner of Fish & Game;
- six public members, who are engaged in subsistence, personal, commercial, or sport use of Chinook salmon and reside in:
  - Southeast,
  - Southcentral,
  - Southwest,
  - Western,
  - Arctic, and
  - Interior.

**Section 37.14.680** The Board shall:

- Within 90 days after the appointment of the last Board member, adopt bylaws governing its operation, and
- identify an organization incorporated in Alaska to support the Board in performing its duties, and
- monitor projects for compliance, and
- keep electronic recordings of each meeting, and
- adopt regulations creating a process for soliciting, awarding, and monitoring grants, and
  - consider the North Pacific Research Board while adopting these regulations.
- On February 1 of each year, the Board shall prepare a report for the Governor and Legislature that includes:
  - the number of applicants and types of grants awarded, and
  - dollar amount of grants awarded, and
  - projects funded and results of those projects, and
  - expense to administer the Fund, the grants, and the Board; and
  - how any private contributions were expended.

**Section 37.14.685** When reviewing grant applications, the Board shall consider:

- whether the Chinook salmon targeted in the grant are significant to Alaskans, and
- whether the applicant has appropriate experience; and
- the recommendations of state agencies or organizations involved in Chinook salmon management.

The Board shall give priority to grants that:

- target Chinook salmon stocks that were, within the previous ten years:
  - listed by Dept. of Fish & Game as stocks of concern, or
  - subject to a state or federal fisheries disaster declaration, or
  - closed or significantly restricted, or
  - declined significantly from historic yields.

**Section 37.14.695** Lists definitions.

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## **HB 49: CHINOOK RESEARCH & RESTORATION ENDOWMENT – EXPLANATION OF CHANGES**

### **Changes from Original Bill (Version A) to Version N**

**Page 1, line 2:** INSERT "providing for an effective date"

**Page 4, lines 7-20:** Boundaries in (B) and (C) were redefined to move Kodiak and the entire Alaska Peninsula drainages that flow into Cook Inlet from the Southcentral region to the Southwest region.

**Page 5, lines 10-15:** adds language directing the Governor to appoint at least one Board member for each of the following Chinook salmon stock uses: subsistence, personal use, commercial harvest, and sport fishing.

**Page 5, lines 16-18:** adds language directing the Governor to take into consideration the recommendations of the fish advisory committees in which the board member resides.

**Page 5, lines 21-23:** Except when awarding grants when all six public members must act unanimously as already provided in 37.14.680(b)(5), the board acts on majority vote.

**Page 7, line 27 thru Page 8 line 1:** Provides for transition language so that grants can be awarded immediately rather than having to wait for the Fund to accrue a three year average, as is required in 37.14.660 (page 2 lines 16-23).

**Page 8 line 2:** Adds an effective date of July 1, 2013.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 49  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB049-DOR-TRS-02-22-13  
Title: CHINOOK RESEARCH & RESTORATION  
          ENDOWMENT  
Sponsor: HERRON  
Requester: House Fisheries

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Treasury Division  
OMB Component Number: 121

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>					
Personal Services			85.0	85.0	85.0	85.0	85.0
Travel							
Services			8.0	8.0	9.0	9.0	9.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>93.0</b>	<b>93.0</b>	<b>94.0</b>	<b>94.0</b>	<b>94.0</b>

**Fund Source (Operating Only)**

1178 temp code			93.0	93.0	94.0	94.0	94.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>93.0</b>	<b>93.0</b>	<b>94.0</b>	<b>94.0</b>	<b>94.0</b>

**Positions**

Full-time			1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version.

Prepared By:	Pamela Leary	Phone:	(907)465-2350
Division	Treasury	Date:	02/22/2013 04:30 PM
Approved By:	Angela Rodell	Date:	02/22/13
	Deputy Commissioner, DOR		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB049

**Analysis**

This bill establishes a Chinook Salmon Fund as a separate fund. Appropriations of the fund will be moved to a grant account from which grants will be made for research and restoration projects. In order to prepare this fiscal note, we assumed that the fund would be created with an initial deposit of \$25 million. It is anticipated that the fund will be managed with an asset allocation that includes fixed income, domestic equity and international equity in order to yield a real annual rate of return of 5%. Note that more aggressive asset allocations may result in principal loss and higher investment management fees. As written, the bill contemplates that Department of Revenue staff would maintain records for all donations and monitor the use of money by the board. The increase in Personal Services costs reflect this requirement.

This fiscal note represents only the incremental increases in costs of the Treasury Division, however additional fees may be allocated to the fund based on the Division's cost allocation plan.

28-LS0143N

Bailey

3/15/13

*New  
to ADAPT*

*as conceptual and*

CS FOR HOUSE BILL NO. 49( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES HERRON, Edgmon, Feige, Tuck, Foster, Kerttula, Kreiss-Tomkins, Tarr

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Chinook salmon research and restoration endowment  
2 fund and relating to grants from the fund; and providing for an effective date."

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

4 \* Section 1. AS 37.14 is amended by adding new sections to read:

5 Article 7A. Alaska Chinook Salmon Research and Restoration Endowment Fund.

6 Sec. 37.14.650. Fund established. (a) The Alaska Chinook salmon research  
7 and restoration endowment fund is established as a separate endowment trust fund of  
8 the state consisting of

- 9 (1) appropriations to the fund;
- 10 (2) donations to the fund; and
- 11 (3) income earned on investments of fund assets if that income is
- 12 appropriated by the legislature to the fund.

13 (b) The commissioner of revenue shall manage the fund as an endowment,  
14 with the goal that the purchasing power of the fund will not diminish over time

1 without regard to additional contributions that may be made to the fund. The  
2 commissioner shall invest the assets of the fund in a manner likely to yield at least a  
3 five percent real rate of return over time. The commissioner may comingle the assets  
4 of the fund with other public funds for purposes of investment.

5 (c) In carrying out the investment duties for the fund, the commissioner of  
6 revenue has the powers and duties set out in AS 37.10.071. The commissioner shall

7 (1) provide annual reports to the board on the condition and investment  
8 performance of the fund;

9 (2) maintain records for all donations to the fund; the records must  
10 reflect, for each donation, the amount of the donation, the date of the donation, and the  
11 donor's intent, if any, with respect to how the donation is to be used; and

12 (3) monitor use of money by the board.

13 (d) Nothing in this section creates a dedicated fund.

14 **Sec. 37.14.655. Grant account established.** The Alaska Chinook salmon  
15 research and restoration grant account is established as an account in the general fund.

16 **Sec. 37.14.660. Appropriations to the grant account.** (a) As soon as  
17 practicable after July 1 of each year, the commissioner of revenue shall identify as  
18 available for appropriation to the Alaska Chinook salmon research and restoration  
19 grant account the greater of

20 (1) five percent of the average of the market values of the fund on  
21 June 30 for the immediately preceding three fiscal years;

22 (2) one-half of the earnings of the fund as averaged annually over the  
23 immediately preceding three fiscal years; and

24 (3) if the principal of the fund is valued at more than \$50,000,000  
25 based on the market value of the fund on June 30 for the immediately preceding fiscal  
26 year, the total earnings of the fund for that fiscal year.

27 (b) The legislature may appropriate amounts to the grant account

28 (1) as calculated under (a) of this section; or

29 (2) from any source in any amount.

30 **Sec. 37.14.665. Use of the grant account.** (a) Appropriations to the grant  
31 account established by AS 37.14.655 may be used for

1 (1) grants for research and restoration projects for Chinook salmon  
2 stocks located in the state, including block grants to Alaska organizations identifying  
3 and administering research and restoration projects for Chinook salmon stocks, if

4 (A) the project is consistent with a research and restoration plan  
5 adopted by the organization and the plan has been approved by the Department  
6 of Fish and Game; and

7 (B) the grant applicant provides matching funds in an amount  
8 equal to 25 percent of the grant amount;

9 (2) reimbursement of the Department of Revenue for the costs of  
10 establishing and managing the fund;

11 (3) reimbursement of the Department of Commerce, Community, and  
12 Economic Development for the costs of establishing, maintaining, and administering  
13 the board and the grant program;

14 (4) matching funds for private and federal grants; and

15 (5) solicitation of contributions for purposes consistent with  
16 establishment of the fund.

17 (b) The board may expend private donations for Chinook salmon research and  
18 restorations projects and other uses consistent with the purposes of the fund and in  
19 conformity with the donor's restrictions.

20 **Sec. 37.14.670. Board established.** The Alaska Chinook Salmon Research and  
21 Restoration Endowment Fund Board is established in the Department of Commerce,  
22 Community, and Economic Development.

23 **Sec. 37.14.675. Board members.** (a) The board consists of the following  
24 members appointed by the governor:

25 (1) the commissioner of fish and game or the commissioner's designee;  
26 and

27 (2) six public members, one of whom resides in each of the following  
28 regions and engages in subsistence, personal, commercial, or sport use of Chinook  
29 salmon stocks in that region:

30 (A) Southeast Alaska, consisting of all land and water between  
31 Cape Suckling and Dixon Entrance that are Gulf of Alaska or mainland

1 drainages; the Guyot Hills; islands in Stephens Passage and Lynn Canal;  
2 Coronation Island, Kuiu Island, Kupreanof Island, Mitkof Island, Zarembo  
3 Island, Kashevarof Island, Woronkofski Island, Etolin Island, Wrangell Island,  
4 Deer Island, Admiralty Island, Baranof Island, Chichagof Island, Yakobi  
5 Island, Inian Island, Lemesurier Island, Pleasant Island; and adjacent marine  
6 water and land within three miles of the coastline;

7 (B) Southcentral Alaska, consisting of all land and water in  
8 those drainages south and east of the Alaska Range that drain into the Gulf of  
9 Alaska, Cook Inlet, and Prince William Sound between Cape Suckling and  
10 Kennedy Entrance; the land and drainages between Redoubt Creek and Cape  
11 Douglas that flow into Cook Inlet; the Chitina drainage east to the Canadian  
12 border; the drainages into the Delta River upstream from Falls Creek and  
13 Black Rapids Glacier; and adjacent marine water and land within three miles  
14 of the coastline;

15 (C) Southwest Alaska, consisting of all land and water between  
16 Kennedy Entrance and Cape Newenham that drain into Bristol Bay and the  
17 Bering Sea; the Alaska Peninsula; Hagemeister Island, Walrus Island, High  
18 Island, Summit Island, Kodiak Archipelago, Barren Island, Pribilof Island,  
19 Unimak Island, and Aleutian Islands; and adjacent marine water and land  
20 within three miles of the coastline;

21 (D) Western Alaska, consisting of all land and water between  
22 Cape Newenham and the Pastolik River near Kotlik that drain into the Bering  
23 Sea from the Yukon River downstream from a straight line drawn between  
24 Lower Kalskag and Kotlik; the George River drainage; the Kuskokwim River  
25 drainage downstream from the George River drainage; the Holitna River  
26 drainage; the Hoholitna River drainage; and adjacent marine water and land  
27 within three miles of the coastline;

28 (E) Arctic Alaska, consisting of all land and water between the  
29 Pastolik River near Kotlik and Harrison Bay west of the Ilkillik River drainage  
30 that drain into the Arctic Ocean, the Chukchi Sea, Kotzebue Sound, or Norton  
31 Sound; Saint Lawrence Island and adjacent islands; and the adjacent marine

1 water and land within three miles of the coastline;

2 (F) Interior Alaska, consisting of all land and water of the  
3 Kuskokwim River drainage upstream from the George River drainage; all  
4 drainages into the east bank of the Robertson River; White River drainage to  
5 the Canadian border; Tozitna River drainage; Yukon River drainage upstream  
6 from the Tozitna River drainage; Hamlin Creek drainage; all drainages into the  
7 south bank of the Yukon River upstream from and including the Charley River  
8 drainage; the Ladue River drainage; Fortymile River drainage; Tanana River  
9 drainage north of the Alaska Range; and the Koyukuk River drainage.

10 (b) The public members appointed under (a)(2) of this section shall include at  
11 least one member who uses Chinook salmon stock primarily for each of the following:

- 12 (1) subsistence;  
13 (2) personal use;  
14 (3) commercial harvest; and  
15 (4) sport fishing.

16 (c) When appointing public members of the board, the governor shall take into  
17 consideration recommendations of the fish advisory committees established under  
18 AS 16.05.260 for the region in which the prospective member resides.

19 (d) Members shall serve terms of five years and may be reappointed by the  
20 governor.

21 (e) Except as provided in AS 37.14.680(b)(5), the board shall act by a vote of  
22 a majority of the members of the board. Members may participate in board meetings  
23 telephonically and vote telephonically.

24 **Sec. 37.14.680. Duties of the board.** (a) The Alaska Chinook Salmon  
25 Research and Restoration Endowment Fund Board shall administer the grant program.

26 (b) The board shall

27 (1) within 90 days after the appointment of the seventh board member,  
28 adopt bylaws governing the board's operation and identify an organization  
29 incorporated in Alaska to provide clerical and administrative support to the board in  
30 performing its duties;

31 (2) monitor approved projects for compliance with specific grant

1 conditions;

2 (3) keep electronic recordings of each meeting of the board to be made  
3 available on request;

4 (4) adopt regulations creating a process for soliciting, awarding, and  
5 monitoring research and restoration grants and ensuring peer review for grant projects;  
6 the board shall consider the process and structure of the North Pacific Research Board  
7 in adopting its regulations;

8 (5) award grants upon affirmative vote of the six public members; and

9 (6) provide an opportunity for the public to comment on the merits,  
10 methods, and parameters of research, restoration projects, or other matters relating to  
11 the board and the fund.

12 (c) On February 1 of each year following the calendar year grants are first  
13 awarded, the board shall prepare and submit a report to the governor and make the  
14 report available to the legislature. The report must include, for the last calendar year,

15 (1) the number of applicants and the number and type of grants  
16 awarded;

17 (2) the dollar amount of grants awarded;

18 (3) the research and restoration projects funded and the results of those  
19 projects;

20 (4) the expense to administer the fund, the grants, and the board; and

21 (5) the amount of private contributions, if any, to the fund and how  
22 those contributions were used.

23 **Sec. 37.14.685. Review of grants.** (a) When reviewing grant applications, the  
24 board shall give weight to the following factors:

25 (1) whether the Chinook salmon stocks targeted in the grant  
26 application provide a significant commercial, subsistence, sport, or personal use  
27 fishery for Alaska residents;

28 (2) the importance of the Chinook salmon stocks targeted in the grant  
29 application and the fisheries those stocks support, taking into consideration the use of  
30 stocks by Alaska residents for nutritional, economic, social, and cultural well-being;

31 (3) whether the applicant has experience in administering research or

1 restoration projects for Chinook salmon;

2 (4) recommendations of state agencies or organizations involved in  
3 Chinook salmon management in the state.

4 (b) The board shall give priority to grant applications for research or  
5 restoration projects targeting Chinook salmon stocks that, within the preceding 10  
6 years,

7 (1) were listed by the Department of Fish and Game as stocks of  
8 concern;

9 (2) were the subject of a state or federal fisheries disaster declaration;

10 (3) were closed or significantly restricted for commercial, sport, or  
11 personal use, or restricted for subsistence uses; or

12 (4) declined significantly from historic yield levels.

13 **Sec. 37.14.695. Definitions.** In AS 37.14.650 - 37.14.695,

14 (1) "board" means the Alaska Chinook Salmon Research and  
15 Restoration Endowment Fund Board established under AS 37.14.670;

16 (2) "Chinook salmon" means Alaska king salmon of the genus  
17 *Oncorhynchus*, species *tshawytscha*;

18 (3) "fund" means the Alaska Chinook salmon research and restoration  
19 endowment fund established under AS 37.14.650;



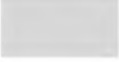



20 (4) "grant account" means the Alaska Chinook salmon research and  
21 restoration grant account established under AS 37.14.655.

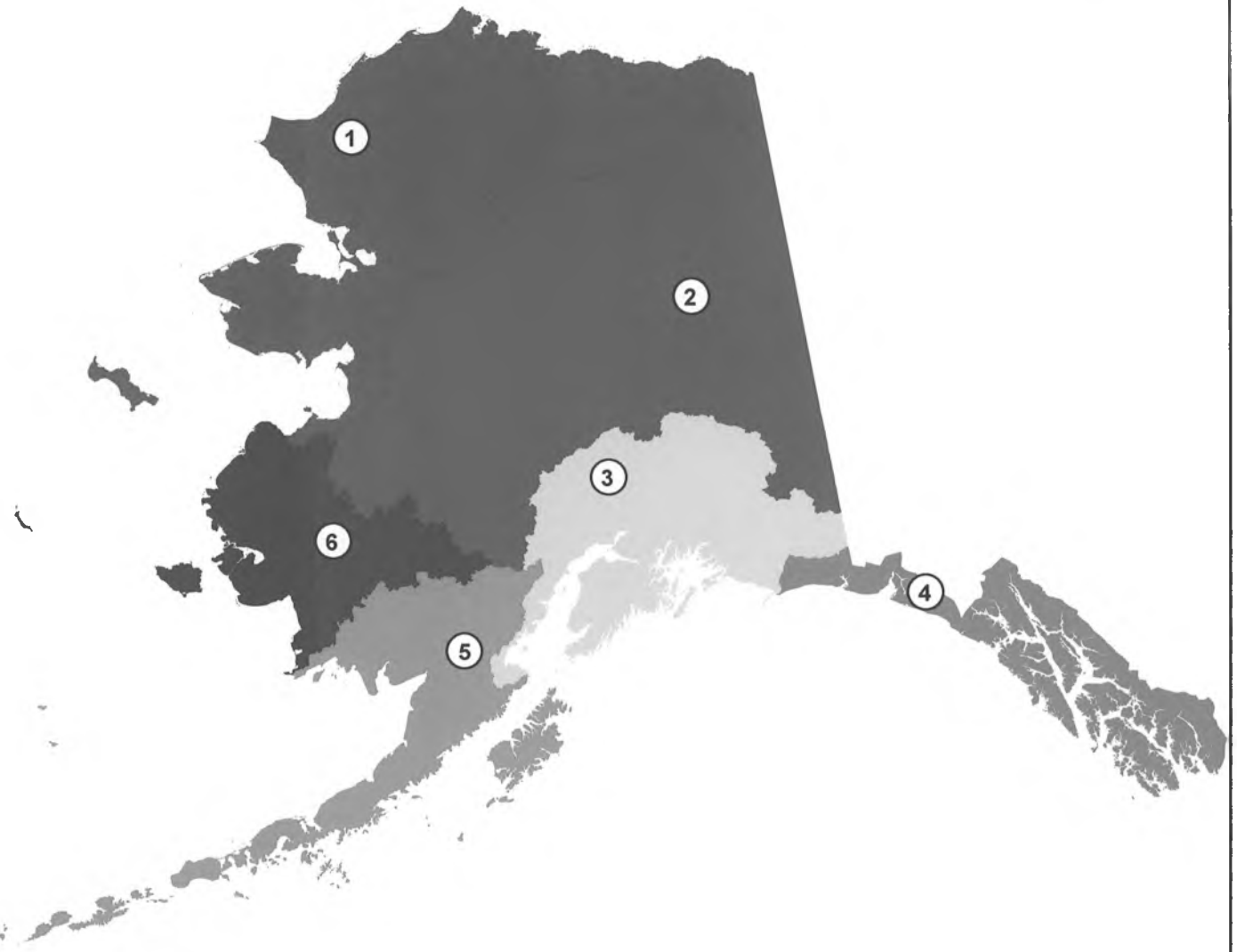
22 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
23 read:

24 **TRANSITION.** (a) The governor shall appoint three members under AS 37.14.675 to  
25 an initial term of three years and four members to an initial term of five years. After a  
26 member's initial term has expired, appointments shall comply with AS 37.14.675(b).

27 (b) Under AS 37.14.660, enacted by sec. 1 of this Act, for the first three fiscal years  
28 after the effective date of this Act, as soon as practicable after July 1 of each fiscal year, the  
29 commissioner of revenue shall identify as available for appropriation to the Alaska Chinook  
30 salmon research and restoration grant account established under AS 37.14.655, and the  
31 legislature may appropriate to the grant account, five percent of the market value of the

- 1 Alaska Chinook salmon research and restoration endowment fund.
- 2 \* **Sec. 3.** This Act takes effect July 1, 2013.

1.  Arctic
2.  Interior
3.  Southcentral
4.  Southeast
5.  Southwest
6.  Western



HB 49 Workdraft "N" - Proposed Regions for the Public Members of the Alaska Chinook Salmon Research and Endowment Fund Board

**HOUSE BILL NO. 49**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES HERRON, Edgmon, Feige, Tuck, Foster, Kerttula, Kreiss-Tomkins**

**Introduced: 1/16/13**

**Referred: House Special Committee on Fisheries, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Chinook salmon research and restoration endowment**  
2 **fund and relating to grants from the fund."**

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

4 **\* Section 1.** AS 37.14 is amended by adding new sections to read:

5 **Article 7A. Alaska Chinook Salmon Research and Restoration Endowment Fund.**

6 **Sec. 37.14.650. Fund established.** (a) The Alaska Chinook salmon research  
7 and restoration endowment fund is established as a separate endowment trust fund of  
8 the state consisting of

9 (1) appropriations to the fund;

10 (2) donations to the fund; and

11 (3) income earned on investments of fund assets if that income is  
12 appropriated by the legislature to the fund. ?

13 (b) The commissioner of revenue shall manage the fund as an endowment,  
14 with the goal that the purchasing power of the fund will not diminish over time

1 without regard to additional contributions that may be made to the fund. The  
 2 commissioner shall invest the assets of the fund in a manner likely to yield at least a  
 3 five percent real rate of return over time. The commissioner may comingle the assets  
 4 of the fund with other public funds for purposes of investment.

5 (c) In carrying out the investment duties for the fund, the commissioner of  
 6 revenue has the powers and duties set out in AS 37.10.071. The commissioner shall

7 (1) provide annual reports to the board on the condition and investment  
 8 performance of the fund;

9 (2) maintain records for all donations to the fund; the records must  
 10 reflect, for each donation, the amount of the donation, the date of the donation, and the  
 11 donor's intent, if any, with respect to how the donation is to be used; and

12 (3) monitor use of money by the board.

13 (d) Nothing in this section creates a dedicated fund.

14 **Sec. 37.14.655. Grant account established.** The Alaska Chinook salmon  
 15 research and restoration grant account is established as an account in the general fund.

16 **Sec. 37.14.660. Appropriations to the grant account.** (a) As soon as  
 17 practicable after July 1 of each year, the commissioner of revenue shall identify as  
 18 available for appropriation to the Alaska Chinook salmon research and restoration  
 19 grant account the greater of

20 (1) five percent of the average of the market values of the fund on  
 21 June 30 for the immediately preceding three fiscal years;

22 (2) one-half of the earnings of the fund as averaged annually over the  
 23 immediately preceding three fiscal years; and

24 (3) if the principal of the fund is valued at more than \$50,000,000  
 25 based on the market value of the fund on June 30 for the immediately preceding fiscal  
 26 year, the total earnings of the fund for that fiscal year.

27 (b) The legislature may appropriate amounts to the grant account

28 (1) as calculated under (a) of this section; or

29 (2) from any source in any amount.

30 **Sec. 37.14.665. Use of the grant account.** (a) Appropriations to the grant  
 31 account established by AS 37.14.655 may be used for

1 (1) grants for research and restoration projects for Chinook salmon  
 2 stocks located in the state, including block grants to Alaska organizations identifying  
 3 and administering research and restoration projects for Chinook salmon stocks, if

4 (A) the project is consistent with a research and restoration plan  
 5 adopted by the organization and the plan has been approved by the Department  
 6 of Fish and Game; and

7 (B) the grant applicant provides matching funds in an amount  
 8 equal to 25 percent of the grant amount;

9 (2) reimbursement of the Department of Revenue for the costs of  
 10 establishing and managing the fund;

11 (3) reimbursement of the Department of Commerce, Community, and  
 12 Economic Development for the costs of establishing, maintaining, and administering  
 13 the board and the grant program;

14 (4) matching funds for private and federal grants; and

15 (5) solicitation of contributions for purposes consistent with  
 16 establishment of the fund.

17 (b) The board may expend private donations for Chinook salmon research and  
 18 restorations projects and other uses consistent with the purposes of the fund and in  
 19 conformity with the donor's restrictions.

20 **Sec. 37.14.670. Board established.** The Alaska Chinook Salmon Research and  
 21 Restoration Endowment Fund Board is established in the Department of Commerce,  
 22 Community, and Economic Development.

23 **Sec. 37.14.675. Board members.** (a) The board consists of the following  
 24 members appointed by the governor:

25 (1) the commissioner of fish and game or the commissioner's designee;  
 26 and

27 (2) six public members, one of whom resides in each of the following  
 28 regions and engages in subsistence, personal, commercial, or sport use of Chinook  
 29 salmon stocks in that region:

30 (A) Southeast Alaska, consisting of all land and water between  
 31 Cape Suckling and Dixon Entrance that are Gulf of Alaska or mainland

1 drainages; the Guyot Hills; islands in Stephens Passage and Lynn Canal;  
2 Coronation Island, Kuiu Island, Kupreanof Island, Mitkof Island, Zarembo  
3 Island, Kashevarof Island, Woronkofski Island, Etolin Island, Wrangell Island,  
4 Deer Island, Admiralty Island, Baranof Island, Chichagof Island, Yakobi  
5 Island, Inian Island, Lemesurier Island, Pleasant Island; and adjacent marine  
6 water and land within three miles of the coastline;

7 (B) Southcentral Alaska, consisting of all land and water in  
8 those drainages south and east of the Alaska Range that drain into the Gulf of  
9 Alaska, Cook Inlet, and Prince William Sound between Cape Suckling and  
10 Cook Inlet; the drainage between Redoubt Creek and the northern boundary of  
11 Katmai National Preserve that flows into Shelikof Strait; the Chitina drainage  
12 east to the Canadian border; the drainages into the Delta River upstream from  
13 Falls Creek and Black Rapids Glacier; the Kodiak Archipelago and Barren  
14 Islands; the drainages on the Alaska Peninsula that flow into the Gulf of  
15 Alaska; and adjacent marine water and land within three miles of the coastline;

16 (C) Southwest Alaska, consisting of all land and water between  
17 Kennedy Entrance and Cape Newenham that drain into Bristol Bay and the  
18 Bering Sea; the drainages on the Alaska Peninsula that flow into the Bering  
19 Sea; Hagemester Island, Walrus Island, Pribilof Island, Unimak Island, and  
20 Aleutian Islands; and adjacent marine water and land within three miles of the  
21 coastline;

22 (D) Western Alaska, consisting of all land and water between  
23 Cape Newenham and the Pastolik River near Kotlik that drain into the Bering  
24 Sea from the Yukon River downstream from a straight line drawn between  
25 Lower Kalskag and Kotlik; the George River drainage; the Kuskokwim River  
26 drainage downstream from the George River drainage; the Holitna River  
27 drainage; the Hoholitna River drainage; and adjacent marine water and land  
28 within three miles of the coastline;

29 (E) Arctic Alaska, consisting of all land and water between the  
30 Pastolik River near Kotlik and Harrison Bay west of the Ilkillik River drainage  
31 that drain into the Arctic Ocean, the Chukchi Sea, Kotzebue Sound, or Norton

1 Sound; Saint Lawrence Island and adjacent islands; and the adjacent marine  
2 water and land within three miles of the coastline;

3 (F) Interior Alaska, consisting of all land and water of the  
4 Kuskokwim River drainage upstream from the George River drainage; all  
5 drainages into the east bank of the Robertson River; White River drainage to  
6 the Canadian border; Tozitna River drainage; Yukon River drainage upstream  
7 from the Tozitna River drainage; Hamlin Creek drainage; all drainages into the  
8 south bank of the Yukon River upstream from and including the Charley River  
9 drainage; the Ladue River drainage; Fortymile River drainage; Tanana River  
10 drainage north of the Alaska Range; and the Koyukuk River drainage.

11 (b) Members shall serve terms of five years and may be reappointed by the  
12 governor.

13 **Sec. 37.14.680. Duties of the board.** (a) The Alaska Chinook Salmon  
14 Research and Restoration Endowment Fund Board shall administer the grant program.

15 (b) The board shall

16 (1) within 90 days after the appointment of the seventh board member,  
17 adopt bylaws governing the board's operation and identify an organization  
18 incorporated in Alaska to provide clerical and administrative support to the board in  
19 performing its duties;

20 (2) monitor approved projects for compliance with specific grant  
21 conditions;

22 (3) keep electronic recordings of each meeting of the board to be made  
23 available on request;

24 (4) adopt regulations creating a process for soliciting, awarding, and  
25 monitoring research and restoration grants and ensuring peer review for grant projects;  
26 the board shall consider the process and structure of the North Pacific Research Board  
27 in adopting its regulations;

28 (5) award grants upon affirmative vote of the six public members; and

29 (6) provide an opportunity for the public to comment on the merits,  
30 methods, and parameters of research, restoration projects, or other matters relating to  
31 the board and the fund.

1 (c) On February 1 of each year following the calendar year grants are first  
 2 awarded, the board shall prepare and submit a report to the governor and make the  
 3 report available to the legislature. The report must include, for the last calendar year,

4 (1) the number of applicants and the number and type of grants  
 5 awarded;

6 (2) the dollar amount of grants awarded;

7 (3) the research and restoration projects funded and the results of those  
 8 projects;

9 (4) the expense to administer the fund, the grants, and the board; and

10 (5) the amount of private contributions, if any, to the fund and how  
 11 those contributions were used.

12 **Sec. 37.14.685. Review of grants.** (a) When reviewing grant applications, the  
 13 board shall give weight to the following factors:

14 (1) whether the Chinook salmon stocks targeted in the grant  
 15 application provide a significant commercial, subsistence, sport, or personal use  
 16 fishery for Alaska residents;

17 (2) the importance of the Chinook salmon stocks targeted in the grant  
 18 application and the fisheries those stocks support, taking into consideration the use of  
 19 stocks by Alaska residents for nutritional, economic, social, and cultural well-being;

20 (3) whether the applicant has experience in administering research or  
 21 restoration projects for Chinook salmon;

22 (4) recommendations of state agencies or organizations involved in  
 23 Chinook salmon management in the state.

24 (b) The board shall give priority to grant applications for research or  
 25 restoration projects targeting Chinook salmon stocks that, within the preceding 10  
 26 years,

27 (1) were listed by the Department of Fish and Game as stocks of  
 28 concern;

29 (2) were the subject of a state or federal fisheries disaster declaration;

30 (3) were closed or significantly restricted for commercial, sport, or  
 31 personal use, or restricted for subsistence uses; or

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(4) declined significantly from historic yield levels.

**Sec. 37.14.695. Definitions.** In AS 37.14.650 - 37.14.695,

(1) "board" means the Alaska Chinook Salmon Research and Restoration Endowment Fund Board established under AS 37.14.670;

(2) "Chinook salmon" means Alaska king salmon of the genus *Oncorhynchus*, species *tshawytscha*;

(3) "fund" means the Alaska Chinook salmon research and restoration endowment fund established under AS 37.14.650;

(4) "grant account" means the Alaska Chinook salmon research and restoration grant account established under AS 37.14.655.

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

TRANSITION. The governor shall appoint three members under AS 37.14.675 to an initial term of three years and four members to an initial term of five years. After a member's initial term has expired, appointments shall comply with AS 37.14.675(b).

# 1

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 49

BY REPRESENTATIVE HERRON

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

2 Insert "; and providing for an effective date"

3

4 Page 7, following line 15:

5 Insert new material to read:

6 "(b) Under AS 37.14.660, enacted by sec. 1 of this Act, for the first three fiscal  
7 years after the effective date of this Act, as soon as practicable after July 1 of each  
8 fiscal year, the commissioner of revenue shall identify as available for appropriation to  
9 the Alaska Chinook salmon research and restoration grant account established under  
10 AS 37.14.655, and the legislature may appropriate to the grant account, five percent of  
11 the market value of the Alaska Chinook salmon research and restoration endowment  
12 fund.

13 \* **Sec. 3.** This Act takes effect July 1, 2013."

#2.

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 49

BY REPRESENTATIVE HERRON

- 1 Page 5, following line 12:
- 2 Insert a new subsection to read:
- 3 "(c) Except as provided in AS 37.14.680(b)(5), the board shall act by a vote of
- 4 a majority of the members of the board."

Not in packets

**State of Alaska**  
Department of Revenue

*Commissioner Bryan Butcher*



**SEAN PARNELL, GOVERNOR**  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110400  
Juneau, Alaska 99811-0400  
Phone: (907) 465-2300  
Fax: (907) 465-2389

The Honorable Peter Micciche  
Alaska State Senate  
Juneau, AK 99801

March 15, 2013

Dear Senator Micciche:

This letter is in response to your question as to whether or not there are any inconsistencies in the investment provisions in SB 69 – an act establishing the Alaska Chinook salmon research and restoration endowment fund. In Sec 37.14.650(b) the Commissioner of Revenue is required to manage the fund so that purchasing power will not diminish over time. This provision can be interpreted as (i) generating enough income to cover inflation and (ii) preserving against any principal losses. The provision goes on to require that the Commissioner invest the assets in a manner likely to yield at least a five percent real rate of return. The Department of Revenue's current assumption of inflation is 2.50% so in order to achieve a 5% real rate of return, the fund will have to be invested to earn a 7.50% nominal rate of return. Under current market conditions the asset allocation would have to be heavily weighted in equities in order to achieve such rates.

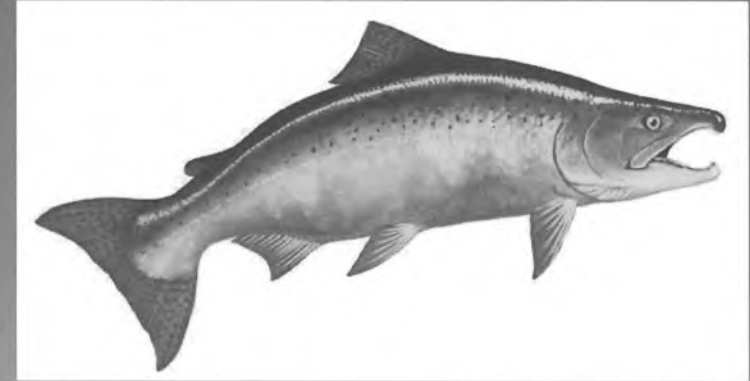
In Sec 37.14.660(a) the Commissioner of Revenue shall identify the amount available for appropriation based on the greater of (i) 5% of the average market value for the preceding three fiscal years; (ii) one-half the earnings as averaged over the preceding three fiscal years; or (iii) if the principal is valued at more than \$50,000,000 for the immediately preceding fiscal year, the total earnings. Given there is no transition provision for this section, the fund will need to immediately earn at least 5% in order to maintain the initial deposit. Once the fund matures three years the dollar cost averaging will help offset potential market losses and loss of purchasing power.

In conclusion, the legislation is somewhat inconsistent in that the current market will make it very difficult to achieve the level of earnings required without taking significant investment risk. It is also inconsistent in that it does not provide for any ramp up period to build the endowment but rather immediately requires appropriations to be made that will diminish the principal core of the endowment if earnings are insufficient.

Please contact me if you would like any additional information.

Sincerely,

Angela Rodell  
Deputy Commissioner



# House Bill 49 – Chinook Salmon Research and Restoration Endowment

**Sponsored by Representative Bob Herron**

House Fisheries Committee: Tuesday, February 26, 2013

# HB 49 – Chinook Salmon Research & Restoration Endowment

- HB 49 establishes the Alaska Chinook salmon research and restoration fund (the Fund) in the Dept. of Revenue
- Commissioner of Revenue manages the Fund sustainably, with a goal of 5% real rate of return
- This bill does not create a dedicated fund



# HB 49 – GRANT ACCOUNT

- The Bill also establishes a Grant Account in the general fund
- Each year, the Commissioner of Revenue identifies as available for appropriation to the Grant Account earnings from the Fund
- The legislature may then appropriate to the Grant Account from the Fund


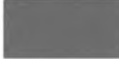




# HB 49 – GRANT ACCOUNT (cont.)

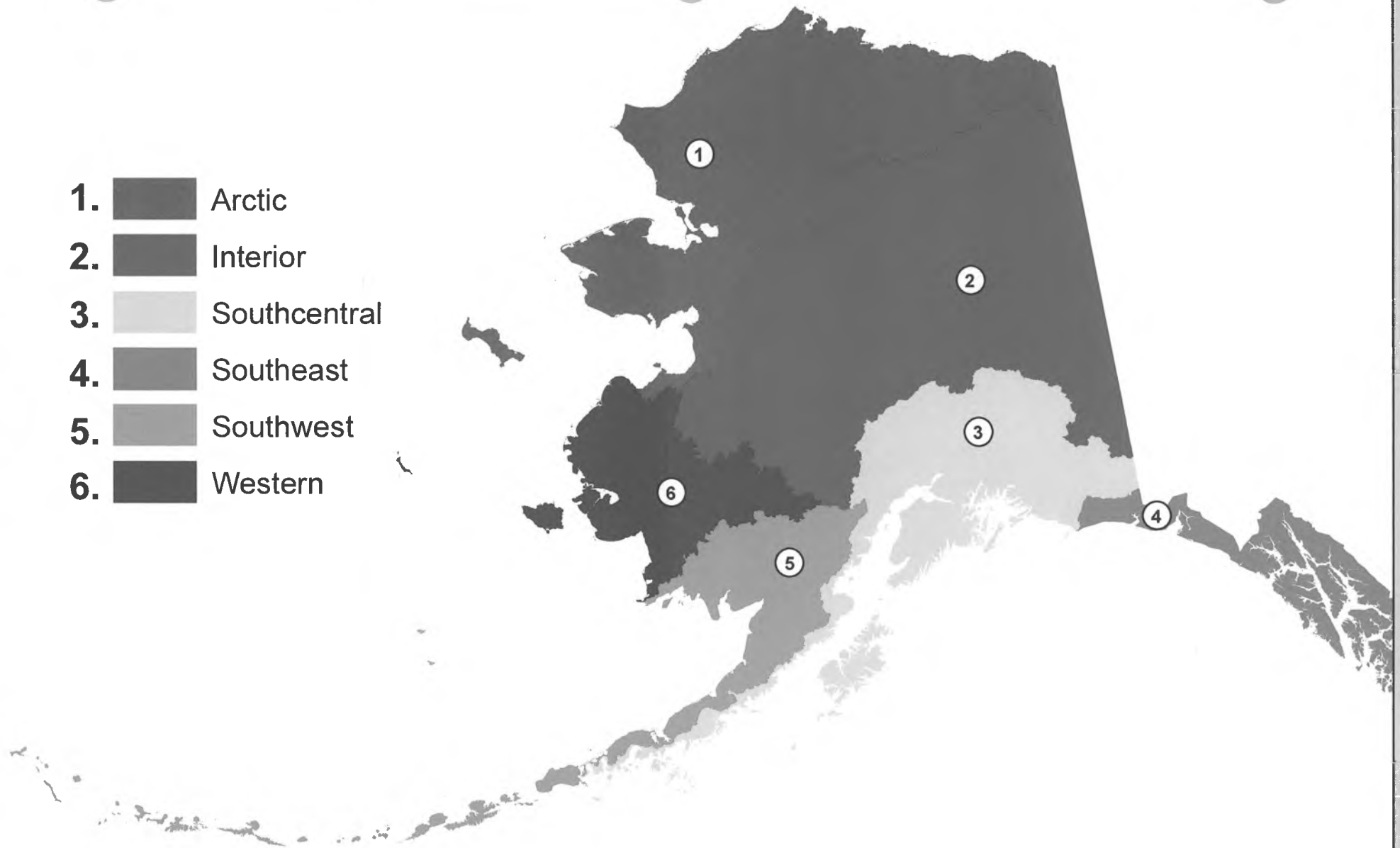
The Grant Account may be used for:

- Grants for research and restoration projects for Alaska Chinook salmon stocks
- Reimbursement to the Depts. of Revenue & DCCED for costs associated with the Fund
- Matching funds for private and federal grants

# HB 49 – THE BOARD

- The Alaska Chinook Salmon Research and Restoration Endowment Fund Board is established in DCCED
- Board administers the Grant Program
- Members: the Commissioner of Fish & Game and one resident from each of six regions across Alaska, with experience harvesting Chinook
- Public members appointed by the Governor

1.  Arctic
2.  Interior
3.  Southcentral
4.  Southeast
5.  Southwest
6.  Western



HB 49 Proposed Regions for the Public Members of the Alaska Chinook  
Salmon Research and Endowment Fund Board  
Rep. Bob Herron

# HB 49 – BOARD DUTIES

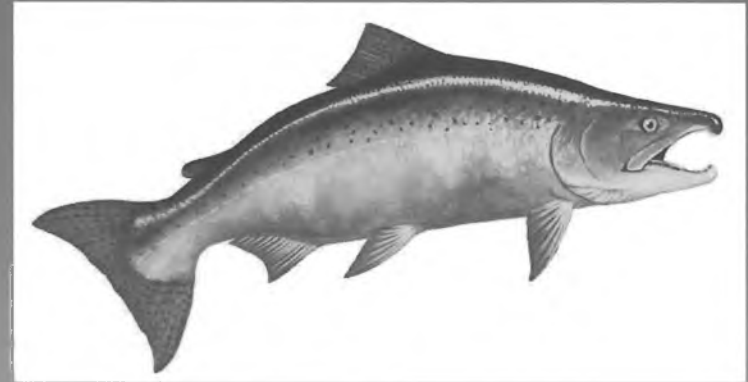
The Board will:

- Adopt bylaws governing its operation
- Identify an organization incorporated in Alaska to support the Board's duties
- Monitor projects for compliance
- Adopt regulations relating to the Grant Program

# HB 49 – GRANT PRIORITIZATION

The Board shall give priority to grants that target Chinook salmon stocks that were:

- Listed as stocks of concern within the last 10 years
- Subject to a state or federal fisheries disaster declaration
- Closed or significantly restricted
- Declined significantly from historic yields



# House Bill 49 – Chinook Salmon Research and Restoration Endowment

**Sponsored by Representative Bob Herron**

House Fisheries Committee: Tuesday, February 26, 2013

# HB 49 – \$\$ INTO GRANT ACCOUNT

On July 1, Commissioner of Revenue identifies \$\$ to move from FUND to GRANT ACCOUNT

Total to transfer is equal to the greater of:

- 5% of the 3-year average value of the Fund
- $\frac{1}{2}$  the 3-year average earnings of the Fund
- If Fund over \$50M, the total earnings of the Fund

# HB 49 – Amendment

Amendment provides transition language to allow for \$\$ into the GRANT ACCOUNT for first three years of the Fund:

- For the first 3 years of the Fund, 5% of the Fund goes into the GRANT ACCOUNT each year

# BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 310  
DILLINGHAM, ALASKA 99576  
PHONE (907) 842-5257

Tribal Councils  
Served by BBNA:

Aleknagik

Chignik Bay

Chignik Lagoon

Chignik Lake

Clarks Point

Curyung

Egegik

Ekuk

Ekwook

Igigi

Iliamna

of Bay

Kanatak

King Salmon

Kokhanok

Koliganek

Levelock

Manokotak

Naknek

New Stuyahok

Newhalen

Nondalton

Pedro Bay

Perryville

Pilot Point

Port Heiden

Portage Creek

South Naknek

Togiak

Twin Hills

Ushik

February 20, 2013

RE: Letter of Support for **House Bill 49** that creates the **ALASKA CHINOOK SALMON RESEARCH AND RESTORATION ENDOWMENT FUND**

To Whom It May Concern:

On behalf of the Bristol Bay Native Association (BBNA), it is with great pleasure I provide a letter of support for the **ALASKA CHINOOK SALMON RESEARCH AND RESTORATION ENDOWMENT FUND**. BBNA is a Tribal consortium of 31 Bristol Bay Tribes. BBNA has much in common with its neighbors to the north and partners and supports its counterparts in the Arctic, Yukon, and Kuskokwim regions.

Chinook salmon is an important staple food for the Alaska Native people and others in the Western Alaska. They are also an economically important species for a number of commercial fisheries and a prized sport fishing resource. Chinook salmon stocks are highly valued and essential to the basic way of life in Western Alaska.

Chinook salmon populations have suffered significant fluctuations in abundance during the past 40 years, yet little is known about the factors influencing their populations. Eight of the 14 currently listed "stocks of concern" are Chinook salmon stocks and there are no forecasts suggesting this trend is reversing anytime soon.

A decline in Chinook salmon causes severe hardship and anxiety for the salmon-dependent people in Western Alaska. Limited commercial fishing on Chinook salmon has occurred in recent years and earnings have declined significantly. Poor Chinook salmon returns produce tension and conflict between fishery user groups competing for the same fishery resource.

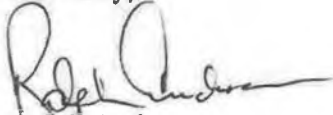
The bill creates a stable, long-term source of funding for high quality interdisciplinary research such as the Arctic-Yukon-Kuskokwim Sustainable Salmon Initiative (AYK SSI). AYK SSI Research results and information is being utilized in a wide variety of ways to support sustainable salmon management. It analyses escapement goals and helps to gain better an understanding of marine ecosystems. It helps to provide fisheries

Support for HB49  
Page two

managers with better forecasts and improved responses to changing environmental conditions.

BBNA fully endorses the Alaska Chinook Salmon Research and Restoration Endowment Fund. I respectfully request your support of the bill when it comes before your legislative body.

Sincerely,



Ralph Anderson  
President & Chief Executive Officer  
Bristol Bay Native Association

Statewide Chinook Salmon Research Initiative								
Research Plan Elements	Approx. Annual Costs Identified In the Research Plan (Table 4)	Preliminary Cost Assessment <sup>1</sup>						Total
		FY13 Start-up	FY14	FY15	FY16	FY17	FY18	
<b>Stock Specific Escapement/Inriver Run Assessments</b>								
Adult Mark-Recapture with age, sex, size	3,000.0							
Unuk River		35.0	70.0	70.0	70.0	70.0	70.0	
Stikine River		-	-	-	-	-	-	
Taku River		-	-	-	-	-	-	
Chilkat River		30.0	70.0	70.0	70.0	70.0	70.0	
Copper River		75.0	400.0	225.0	225.0	225.0	225.0	
Susitna River		60.0	470.0	260.0	260.0	260.0	260.0	
Kenai River		50.0	280.0	160.0	160.0	160.0	160.0	
Karluk River		15.0	50.0	50.0	50.0	50.0	50.0	
Chignik River		-	-	-	-	-	-	
Nushagak River		50.0	400.0	225.0	225.0	225.0	225.0	
Kuskokwim River		-	500.0	300.0	300.0	300.0	300.0	
Yukon River		-	400.0	225.0	225.0	225.0	225.0	
<b>Subtotal</b>		<b>315.0</b>	<b>2,640.0</b>	<b>1,585.0</b>	<b>1,585.0</b>	<b>1,585.0</b>	<b>1,585.0</b>	<b>9,295.0</b>
<b>Stock Specific Smolt Assessments</b>								
Juvenile Coded wire tagging	2,500.0							
Unuk River		36.0	90.0	90.0	90.0	90.0	90.0	
Stikine River		71.0	65.0	65.0	65.0	65.0	65.0	
Taku River		97.0	65.0	65.0	65.0	65.0	65.0	
Chilkat River		29.0	135.0	135.0	135.0	135.0	135.0	
Copper River		75.0	300.0	150.0	150.0	150.0	150.0	
Susitna River		50.0	300.0	150.0	150.0	150.0	150.0	
Kenai River		50.0	300.0	150.0	150.0	150.0	150.0	
Karluk River		15.0	250.0	130.0	130.0	130.0	130.0	
Chignik River		-	200.0	100.0	100.0	100.0	100.0	
Nushagak River		50.0	300.0	150.0	150.0	150.0	150.0	
Kuskokwim River		-	220.0	150.0	150.0	150.0	150.0	
Yukon River		-	220.0	150.0	150.0	150.0	150.0	
<b>Subtotal</b>		<b>473.0</b>	<b>2,445.0</b>	<b>1,485.0</b>	<b>1,485.0</b>	<b>1,485.0</b>	<b>1,485.0</b>	<b>8,858.0</b>
<b>Stock-Specific Harvest Assessments</b>								
	1,800.0							
Southeast Genetics Mixed Stock Analysis and Sampling		-	280.0	280.0	280.0	280.0	280.0	
Copper River, PWS CWT and Genetics Work		10.0	60.0	110.0	110.0	110.0	110.0	
Cook Inlet CWT and Genetics Work		10.0	60.0	300.0	300.0	300.0	300.0	
Kodiak CWT and Genetics Work		10.0	60.0	75.0	75.0	75.0	75.0	
Chignik, Alaska Pen CWT and Genetics Work		10.0	60.0	75.0	75.0	75.0	75.0	
Bristol Bay CWT and Genetics Work		-	-	150.0	150.0	150.0	150.0	
Kuskokwim CWT and Genetics Work		-	-	150.0	150.0	150.0	150.0	
Yukon CWT and Genetics Work		-	-	150.0	150.0	150.0	150.0	
<b>Subtotal</b>		<b>48.0</b>	<b>520.0</b>	<b>1,290.0</b>	<b>1,290.0</b>	<b>1,290.0</b>	<b>1,290.0</b>	<b>5,720.0</b>
<b>Stock-Specific Local, Traditional Knowledge and Subsistence Harvest Assessments</b>	<b>500.0</b>	<b>160.0</b>	<b>500.0</b>	<b>500.0</b>				<b>1,160.0</b>
<b>Marine Surveys and Modeling<sup>2</sup></b>	<b>1,600.0</b>							
<b>Offshore Fishery Sampling<sup>3</sup></b>								
<b>Environmental and Ecological Process Studies<sup>4</sup></b>	<b>700.0</b>		<b>620.0</b>	<b>620.0</b>	<b>620.0</b>	<b>620.0</b>	<b>620.0</b>	<b>3,100.0</b>
<b>Genetic Baseline and Marker Development</b>	<b>300.0</b>		<b>250.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>1,050.0</b>
<b>Programmatic Support</b>	<b>500.0</b>							
CWT Lab Capacity		-	200.0	200.0	200.0	200.0	200.0	
Biometric and Other Support		30.0	95.0	95.0	95.0	95.0	95.0	
<b>Subtotal</b>		<b>30.0</b>	<b>295.0</b>	<b>295.0</b>	<b>295.0</b>	<b>295.0</b>	<b>295.0</b>	<b>1,505.0</b>
<b>Total FY2014 Statewide Chinook Salmon Research Initiative</b>		<b>1,018.0</b>	<b>7,270.0</b>	<b>5,975.0</b>	<b>5,475.0</b>	<b>5,475.0</b>	<b>5,475.0</b>	<b>20,688.0</b>
<sup>1</sup> Costs herein are preliminary estimates that apply directly to funding provided under the Governor's Initiative. They are subject to change among years and projects pending initial project planning and implementation discussions with staff in February, 2012. <sup>2</sup> Marine Survey and Modeling costs are included in the research plan (Table 4) at \$1.6M per year (for an anticipated 3-yr total of \$4.8M) but are not included in the Governor's Initiative. To be funded with federal sources. <sup>3</sup> Offshore Sampling costs are not included in the research plan (Table 4) or the Governor's Initiative. Funding dependant on outside sources. <sup>4</sup> Process Studies costs are included in the research plan (Table 4) and the Governor's Initiative, and will be funded via RSA to the University.								



## **Bering Sea Fishermen's Association**

**1130 W. 6<sup>th</sup> Avenue, Suite 110**

**Anchorage, Alaska 99501**

**(907) 279-6519 or (888) 927-2732**

**FAX (907) 258-6688**

### **NEED FOR A DEDICATED CHINOOK SALMON RESEARCH FUND**

The decline of Chinook salmon runs throughout the state is troubling from an economic, social and ecological perspective and deserves careful attention from both the science community and policy makers.

Despite considerable declines in various regions of Alaska, there is no dedicated research program prepared to further address the Chinook salmon variations or work toward developing better tools for managers.

ADF&G continues their in-river stock assessment work and in-season management efforts. However, on its own, ADF&G is not capable of understanding the causes of the decline, or able to reliably forecast or produce a range of possible actions for responding to these declines.

To understand the trends and causes of variation in abundance of Chinook salmon, information concerning population biology, freshwater ecology, marine ecology, and population dynamics are needed to understand the variables controlling population abundance and trends.

Knowledge gaps remain across the State of Alaska indicating that a multi-disciplinary research effort is needed to investigate the role of physical habitat, climate induced environmental variability, and biological response in Chinook salmon populations if we are to meet the needs of Alaskans.

Until we better understand the drivers of the decline:

- We don't know if the ADF&G management approach is making things better or worse.
- We don't know if escapement goals are adequate.
- We don't know if declines are being driven by human impacts or by large scale environmental shifts in ocean productivity.
- We cannot forecast or respond to these major shifts in salmon abundance.

Stable, long-term funding is needed for an integrated science-based program of research focused on Chinook salmon.

- We need a dedicated program to understand and address the causes of the declines of Chinook salmon throughout both the freshwater and marine environments,
- This research program must draw on the best available peer-reviewed science, synthesizing information from diverse fields including: population biology, freshwater and marine ecology, oceanography, genetics, modeling and statistics.
- It must facilitate coordinated efforts among diverse partners in Native organizations, state agencies, federal agencies, universities and private sector.

This legislation would create a stable, long-term source of funding to support high quality

interdisciplinary research to gain an improved understanding of, for example, the dynamics of marine ecosystems - essential to providing fisheries managers with better forecasts and improved responses to changing environmental conditions.

Eight of the 12 currently listed “stocks of concern” are Chinook salmon stocks, as defined by the Alaska Board of Fisheries in 5AAC 39.222. A stock of yield concern is defined as “a concern arising from a chronic inability, despite the use of specific management measures, to maintain expected yields, or harvestable surpluses, above a stock’s escapement needs; a yield concern is less severe than a management concern” (5 AAC 39.222(f)(42)).

Table 1. Current stocks of concern

Stock	Species	Concern Level	Year began
Norton Sound subdistrict 1 (Nome)	Chum	Yield	2000
Norton Sound subdistrict 2 (Golovin)	Chum	Yield	2000
Norton Sound subdistrict 3 (Moses Point)	Chum	Yield	2000
<i>Norton Sound subdistrict 4 (Shaktoolik)</i>	<i>Chinook</i>	<i>Yield</i>	<i>2004</i>
<i>Norton Sound subdistrict 5 (Unalakleet)</i>	<i>Chinook</i>	<i>Yield</i>	<i>2004</i>
<i>Yukon River</i>	<i>Chinook</i>	<i>Yield</i>	<i>2000</i>
Susitna River (Yentna)	Sockeye	Yield	2008
<i>Chuitna River</i>	<i>Chinook</i>	<i>Management</i>	<i>2011</i>
<i>Theodore River</i>	<i>Chinook</i>	<i>Management</i>	<i>2011</i>
<i>Lewis River</i>	<i>Chinook</i>	<i>Management</i>	<i>2011</i>
<i>Willow and Goose Creeks</i>	<i>Chinook</i>	<i>Yield</i>	<i>2011</i>
<i>Alexander Creek</i>	<i>Chinook</i>	<i>Management</i>	<i>2011</i>

In the Arctic- Yukon-Kuskokwim region and more recently Cook Inlet, poor runs of Chinook salmon, plus concurrent declines of chum salmon, have led state and federal agencies to declare fishery disasters in 1997, 1998, 2000, 2001, 2002, 2008, 2009, 2011 and 2012.

In total there have been 23 disaster declarations since 1997 (Table 2). This information alone requires that the State of Alaska elevate the need for sound science in order to establish a reversal of this trend of declines. Sixteen years have passed with few efforts on the part of the State of Alaska to address the problem which is now turned into a crisis.

Table 2. Fishery disasters across Alaska

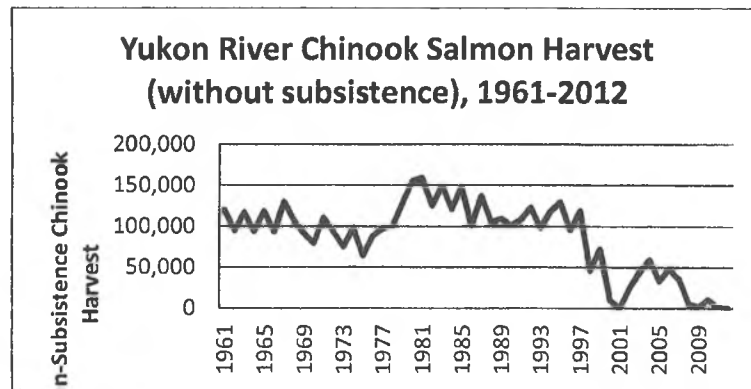
Watershed	Year	Declaration Source	Declaration Type
Kuskokwim Region	1997	Federal	Commercial Fishery Failure
Kuskokwim River Watershed	1997	State of Alaska	Economic Fish Disaster
Yukon River Watershed	1997	State of Alaska	Economic Fish Disaster
Kuskokwim River Watershed	1998	State of Alaska	Economic Fish Disaster
Yukon River Watershed	1998	State of Alaska	Economic Fish Disaster
Yukon, Kuskokwim & Norton Sound	2000	Federal	Fisheries Disaster
Kuskokwim River Watershed	2000	State of Alaska	Economic Fish Disaster
Yukon River Watershed	2000	State of Alaska	Economic Fish Disaster
Norton Sound Watershed	2000	State of Alaska	Economic Fish Disaster
Kuskokwim River Watershed	2001	State of Alaska	Economic Fish Disaster

Yukon River Watershed	2001	State of Alaska	Economic Fish Disaster
Norton Sound Watershed	2001	State of Alaska	Economic Fish Disaster
Kuskokwim River Watershed	2002	State of Alaska	Economic Fish Disaster
Yukon River Watershed	2002	State of Alaska	Economic Fish Disaster
Norton Sound Watershed	2002	State of Alaska	Economic Fish Disaster
Yukon River Watershed	2008	Federal	Commercial Fishery Failure
Yukon River Watershed	2009	Federal	Commercial Fishery Failure
Yukon River Watershed	2010	Federal	Commercial Fishery Failure
Kuskokwim Region	2011	Federal	Commercial Fishery Failure
Yukon River Watershed	2011	Federal	Commercial Fishery Failure
Kuskokwim Region	2012	Federal	Commercial Fishery Failure
Yukon River Watershed	2012	Federal	Commercial Fishery Failure
Cook Inlet	2012	Federal	Commercial Fishery Failure

## YUKON RIVER

Beginning in the late-1990's, the Yukon River Chinook salmon stocks entered a period of serious, steep decline, which appears to be worsening at this time. This sharp decline is evidenced by the following:

- Escapement goals to Canada, where approximately 50% of the total run spawns, were not met in 2007, 2008, or 2010.
- Commercial harvests of Chinook salmon has been largely or completely curtailed in four out of the last five years, and the same is expected for 2013. While overall commercial fishery earnings on the Yukon may be small when compared to other commercial salmon fisheries in the state, the income is quite significant to residents of the region where cash incomes are scarce. Chinook have historically represented approximately 65% of the commercial fishery revenue on the Yukon (1977-2011 average) however in the past 4 years, this has shrink to only 15% of the fishery value.



Despite having some of the highest subsistence dependence and lowest incomes in the state, state and federal managers have had to implement numerous subsistence harvest restrictions each year in an effort to reach minimum escapement targets. Due to these poor runs and fishery restrictions, **subsistence harvest of Chinook Salmon for the period 2008 to 2010 declined 22% compared to the period 1982-1997** and for the years 2008, 2009 and 2010 the subsistence harvest of Chinook

salmon on the Yukon River has fallen below the amount necessary for subsistence (ANS) by the Alaska Board of Fisheries (ANS = 45,500-66-704 Chinook salmon, 5 AAC 01.236). The 2011 subsistence harvest estimates are not yet available, however it is highly likely that the harvest once again fell below the amount needed.

ADFG has documented a decrease in the proportion of large Chinook salmon returning and also decreasing trends in the proportion of returning 6- and 7-year old Chinook salmon.

Most significantly, the key measure of productivity shows that the Yukon Chinook salmon runs which spawned in the years 2002 – 2004, whose offspring have now returned to the river as adults— have a productivity around **one return per spawner**.

- This means that in the **absence of any fishing**, the population is just barely able replace itself, with each spawner producing, on average, one prodigy surviving to return to the spawning grounds. **With harvest, the population is below replacement.**

The Yukon River populations which sustained an average combined commercial and subsistence harvest of over 150,000 Chinook salmon from the 1960's to the 1990's, is now no longer able to consistently meet the Amounts Necessary for Subsistence nor have they met treaty obligations to Canada in 3 out of the last 5 years. Expected returns have not been realized since 2007 – even though restrictions have been implemented.

## **KUSKOKWIM RIVER**

The Kuskokwim River hosts the largest subsistence fishery for Chinook salmon in the state (Fall, et. al., 2009). A similar pattern of steep decline has occurred for Kuskokwim River Chinook, as evidenced by the following:

- The 2010, 2011 & 2012 Chinook runs are the lowest recorded in 35 years.
- In 2010 and 2011, abundance was not sufficient to meet escapement goals in the region, despite some restrictions to the subsistence fishery.

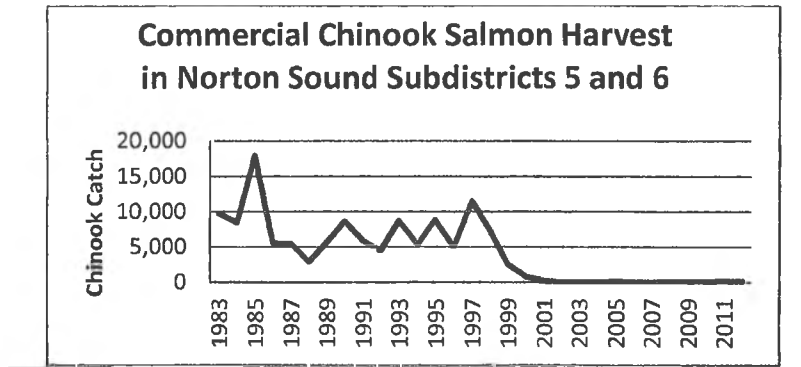
The recently completed ADFG Kuskokwim Chinook run reconstruction- funded by the AYK Sustainable Salmon Initiative – documents that the Kuskokwim stocks are in worse shape than the Yukon Chinook. This key measure of productivity shows that the Kuskokwim River Chinook salmon runs which spawned in the years 2004-2006, whose offspring are just now returning to the river as adults - have productivity well below one return per spawner.

- This means that in the **absence of any fishing**, the population is just barely able replace itself, with each spawner producing, on average, one prodigy surviving to return to the spawning grounds. **With harvest, the population is below replacement.**

Kuskokwim River Chinook salmon stocks are in a period of low productivity and abundance, insufficient to meet necessary escapement levels, and to provide subsistence users with the opportunity to harvest “amounts necessary for subsistence” as established by the Alaska Board of Fish. ANS =64,500-83,000 Chinook for the Kuskokwim River drainage (5 AAC 01.286 (b)(1)).

## **UNALAKLEET RIVER**

The Unalakleet River produces the largest Chinook salmon run in Norton Sound, and continues to be in a period of sustained decline since 1999. There have been no directed commercial fisheries for Chinook salmon in eastern Norton Sound since 2000. Commercial harvests that averaged 7,118 Chinook salmon in the 1980's and 1990's averaged only 130 fish from 2000-2009. See Figure 3, below.

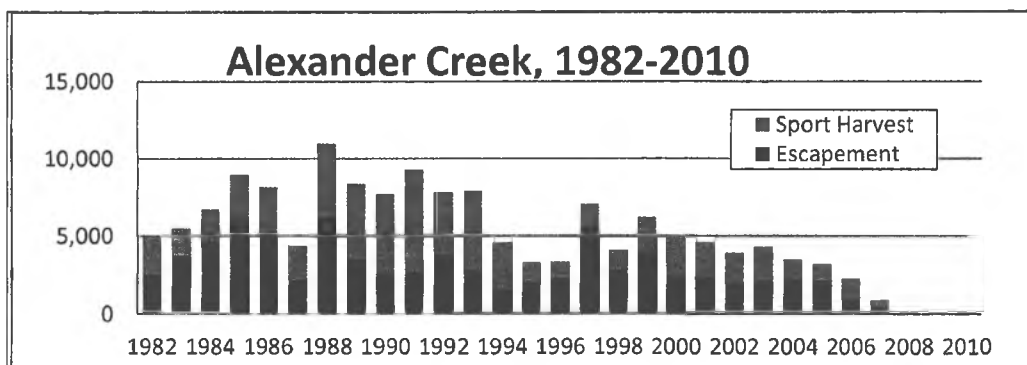


### **NUSHAGAK**

The Nushagak River system is the fifth largest river in Alaska by volume of water discharged. The Nushagak River hosts the largest sport fishery for Chinook salmon in the United States, with the third-largest Chinook run in the country. In recent years the spawning escapement has reached the lower end of the escapement goal representing a lower than expected return. The commercial harvest of Chinook salmon has been 67% below the anticipated harvest, estimated based on an average exploitation rate of 35% in the Nushagak District commercial salmon fishery from 2003-2007. The commercial harvest in 2008 was one of the smallest harvests of Chinook salmon in the Nushagak District since 1966; only Chinook salmon harvests in 1999 (10,893), 2000 (12,055) and 2001 (11,568) have been smaller. The Nushagak River Chinook salmon run appears to have declined to a low point in 2010, where harvests were below average in all districts.

### **ALEXANDER CREEK, Upper Cook Inlet**

Alexander Creek once hosted a thriving sport fishery for Chinook salmon on the lower westside of the Susitna River, but recent returns to this river have fallen to perilously low levels. It is believed that northern pike were illegally introduced to a lake in the Susitna River watershed and have spread throughout the drainage, including into Alexander Creek and are the likely cause for the Chinook salmon's decline. The sport fishery for Chinook salmon was closed by regulation in 2008. The decline and closure of the sport fishery on Alexander Creek has most likely resulted in increased fishing pressure on other area rivers that have Chinook salmon runs like Lake Creek, Deshka River and the Little Susitna River.



### FISHERY VALUES AROUND THE STATE

Statewide, the commercial value of Chinook salmon is relatively small as a proportion of all salmon landings (6.17% of the 2002-2011 average exvessel value) but in some areas of the State, Chinook is very important to the commercial fisheries. Nowhere is this relative importance more apparent than on the Yukon River, where commercial fishing is one of the few sources of cash in one of the most economically depressed areas of the State. Chinook salmon represents 66% of the commercial fishery value (1977-2011 average) and as much as 86% in the 1990's...a time when troubled chum salmon runs frequently limited commercial fishing opportunity in the fall season. However, this number has dropped to only 15% as poor returns have severely limited or closed commercial Chinook salmon fishing.

In Prince William Sound, Chinook salmon are quite important to the drift gillnet fleet fishing on the Copper River flats. As a proportion of their total income, kings represent 13.75% of the drift gillnet fleet's overall exvessel earnings (1999-2008 average), and are an especially important part of their early-season income. Copper River Chinook salmon, along with the early sockeye salmon, command a world reputation as one of the first fish to arrive in the spring. Media reports anxiously await the arrival of these fish each May as the first fishery opener approaches and fishermen can sometimes fetch 8 to 9 dollars a pound for these early fish.

Chinook salmon are an incredibly important fishery resource to the commercial troll fleet in southeast Alaska. Since 1996, the troller's annual harvest has averaged 230,718 Chinook salmon. In 2011, Chinook salmon comprised 46% of the \$28.3 million exvessel value of all salmon species caught by trollers. The winter troll fishery is also an important source of fishery income for during the slower times of year and these fresh fish often fetch upwards of \$30/pound or more in Seattle.

### SPORT FISHERY

The sport fishery of Chinook salmon to Alaska is immense. While estimates for the dollar value of Chinook salmon to sport fishing is not available, total sport fishing and related expenditures in Alaska are estimated at \$1.4 billion, annually (Southwick Associates, 2008). Beside the dollar value, of course, is the recreational value to Alaskans and the immeasurable value of the allure of catching a world-record sized fish.

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**KAWERAK, INC.** • P.O. Box 948 • Nome, AK 99762



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- SOLOMON
- BINS
- ST. MICHAEL
- TELLER
- UNALAKLEET
- WALES
- WHITE MOUNTAIN

February 21, 2013

RE: Letter of Support for **House Bill 49** that creates the ALASKA CHINOOK SALMON RESEARCH AND RESTORATION ENDOWMENT FUND

To Whom It May Concern:

On behalf of Kawerak Inc., it is with great pleasure I provide a letter of support for the ALASKA CHINOOK SALMON RESEARCH AND RESTORATION ENDOWMENT FUND. Kawerak is the Tribal consortium in Bering Straits region in North Western Alaska where there are 20 federally recognized tribes.

Chinook salmon is an important staple food for Alaska Native people and others in Alaska. They are also an economically important species for a number of commercial fisheries and a prized sport fishing resource. Chinook salmon stocks are highly valued and essential to the basic way of life in Western Alaska.

Chinook salmon populations have suffered significant fluctuations in abundance during the past 40 years, yet little is known about the factors influencing their populations. Eight of the 14 currently listed "stocks of concern" are Chinook salmon stocks and there are no forecasts suggesting this trend is reversing anytime soon. A decline in Chinook salmon causes severe hardship for salmon-dependent people. Limited commercial fishing on Chinook salmon has occurred in recent years and earnings have declined significantly. Poor Chinook salmon returns produce tension and conflict between fishery user groups competing for the same fishery resource.

The bill creates a stable, long-term source of funding for high quality interdisciplinary research such as the Arctic-Yukon-Kuskokwim Sustainable Salmon Initiative (AYK SSI). AYK SSI research results and information is being utilized in a wide variety of ways to support sustainable salmon management. It analyzes escapement goals and helps to gain better understanding of marine ecosystems. It helps to provide fisheries managers with better forecasts and improved responses to changing environmental conditions.

The State of Alaska assumed authority over fish; resources dedicated toward this effort, including research, are subject to the constantly shifting political climate. Establishing a dedicated fund is a prudent measure that will assure that some funding will be available regardless of politics. Kawerak fully endorses the Alaska Chinook Salmon Research and Restoration Endowment Fund. I respectfully request your support of the bill when it comes before your legislative body.

Sincerely,

KAWERAK, INC.

Melanie Bahnke, President

Raymond Watson, Chairperson  
Myron P. Naneng Sr., President  
Phone: (907) 543-7300  
Fax: (907) 543-3369

# AVCP

Association of Village Council Presidents  
Administration  
Pouch 219, Bethel, AK 99559



Akiachak  
Akiak  
Alakanuk  
Andreafsky  
Aniak  
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Napaskiak  
Newtok  
Nightmute  
Nunakuyak  
Nunam Iqua  
Nunapitchuk  
Ohogamiut  
Oscarville  
Paimiut  
Pilot Station  
Pitka's Point  
Platinum  
Quinhagak  
Red Devil  
Russian Mission  
Scammon Bay  
Sleetmute  
St. Mary's  
Stony River  
Tuluksak  
Tuntutuliak  
Tununak  
Umkumiut

February 21, 2013

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Chinook salmon is an important staple food for the Alaska Native people and others in Western Alaska. They are also an economically important species for a number of commercial fisheries and a prized sport fishing resource. Chinook salmon stocks are highly valued and essential to the basic way of life in Western Alaska.

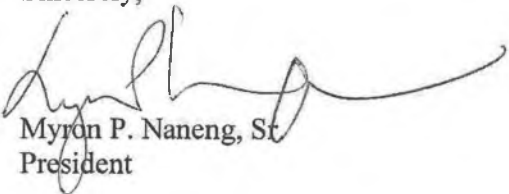
Chinook salmon populations have suffered significant fluctuations in abundance during the past 40 years, yet little is known about the factors influencing their populations. Eight of the 14 currently listed "stocks of concern" are Chinook salmon stocks and there are no forecasts suggesting this trend is reversing anytime soon.

A decline in Chinook salmon causes severe hardship and anxiety for the salmon-dependent people in Western Alaska. Limited commercial fishing on Chinook salmon has occurred in recent years and earnings have declined significantly. Poor Chinook salmon returns produce tension and conflict between fishery user groups competing for the same fishery resource.

The bill creates a stable, long-term source of funding for high quality interdisciplinary research such as the Arctic-Yukon-Kuskokwim Sustainable Salmon Initiative (AYK SSI). AYK SSI Research results and information is being utilized in a wide variety of ways to support sustainable salmon management. It analyses escapement goals and helps to gain better understanding of marine ecosystems. It helps to provide fisheries managers with better forecasts and improved responses to changing environmental conditions.

AVCP fully endorses the Alaska Chinook Salmon Research and Restoration Endowment Fund. I respectfully request your support of the bill when it comes before your legislative body.

Sincerely,

  
Myron P. Naneng, Sr.  
President