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Wishbone Hill, Healy Plant, Electric Interties

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Energy Projects Under Scrutiny

Major coal infrastructure projects up for funding this year came under the first close scrutiny last week. Also: First actions were taken on major capital appropriations for the railbelt electrical interties. Senate Resources held hearings on the Healy Cogeneration Project, where \$30 million in state appropriations from the Railbelt Energy Fund ("reserved" but not appropriated last year) would match \$93.1 million in federal coal research grants; along with \$68.5 million in bonds issued by Alaska Industrial Development and Export Authority, to build a \$191.7 million 50 megawatt new-technology power plant, to be on-line by 1995. Senate Resources has HB-520, authorizing AIDEA to \$85 million in bonds for the project. In House Finance, details on the Wishbone Hill coal mine were laid out. Gov. Cowper is seeking \$9 million, to be requested as an additional supplemental, to buy a new unit coal train, 75 coal cars and five locomotives, for the Alaska Railroad. *On the interties: After extensive earlier hearings, House Resources sent HB-322, authorizing up to \$89 million for the Kenai intertie and \$60 million for the northern intertie, on to House Finance. In the Senate, a new bill, SB-520, was introduced in the Senate, authorizing Alaska Energy Authority to build the \$60 million Healy-Fairbanks intertie. It is in Senate Resources. The intertie projects hit rough weather in the last two weeks, when critics questioned recent cost-benefit studies that show the interties with positive benefits relative to the investment. But the projects, at least the Fairbanks and Kenai interties, have built up a powerful head of steam and appear to be on a roll. (Continued on Pg. 8)*

Work on Spill Bills

Work on major oilspill legislation continues in House Resources and Senate Oil and Gas Committees. The House committee will resume work, and perhaps report bills out, on Tuesday. The bills hit heavy weather in House hearings last week, and committee members are working on several problems: In-state refiners and organizations operating fuel storage tanks - rural electric co-ops, for example, are expressing serious concerns over how the bills would affect them in dealing with small spills of refined product. DEC is working out a concept for spill fines to be graduated, so that the big hike in spill fines proposed would hit mainly big
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... Local Gov't/ Schools ...

Recycling Grants, Loans, School Awards

Three recycling/solid waste management bills which would provide grant, loan, and award money to local governments and schools passed out of House Finance last week.

- Rep. Fran Ulmer's HB-478 would provide a half million dollars in matching grants to communities for solid waste management planning projects. *Matching requirements would be waived if a community is unable to provide a match of dollars or in-kind services.*

- Rep. Kay Brown's HB-479 would set up an awards program, recognizing waste reduction and recycling efforts in school districts. Awards of up to \$10,000 would be awarded to schools annually.

- Rep. Mark Boyer's HB-480 would provide communities with low-interest loans for solid waste management projects. Priority would be given to projects which alleviate severe health and environmental concerns in a community. All three bills, now in Rules, next head to the House floor.

Correcting School District Underpayments

The Governor's HB-398, which would simplify the process of making corrections to underpayments made to school districts in previous fiscal years, passed out of House HESS last week. The bill would allow for current-year state aid to be adjusted, rather than requiring a supplemental appropriation. One major addition was made to the bill at Rep. Goll's suggestion: schools which see an enrollment decrease of 10% or more in a single year would see a gradual phase-out of state funding, rather than a sudden drop. HB-398 now heads to the House Finance Committee.

Community Access to Spill Fund: Senate Resources held hearings last week on Sen. Szymanski's SB-359, giving communities access to the Oil and Hazardous Substance Release Fund. The committee will hold the bill until some overall Senate strategy is developed on other oilspill-related legislation still under consideration in Senate Oil & Gas Committee. Oil and Gas made several changes to SB-359, establishing, among other things, a limit of \$10 million for municipal impact grants, but setting no limit for emergency response assistance. A still-unresolved issue is what to do if there is not enough money in the spill fund. Under current law, only state agencies, not communities affected by spills, can tap the fund. This was a major problem for communities dealing with oilspill impacts last summer.

Municipal Taxation of Railroad Land

The House Community and Regional Affairs Committee hopes to move out a bill this week which would give municipalities the authority to collect property taxes on real and personal property of the Alaska Railroad Corp. State law currently exempts such property from municipal property taxes. HB-294, introduced by the Finance Committee, would also allow municipalities to go to court in order to collect delinquent taxes from the Railroad.

Railroad officials argued against the bill, citing the corporation's policy of leasing property to the state and to municipalities at less than fair market value now. This, it was said, provides support for a community tax base, in that the practice enhances the revenue picture for municipalities. They also argued that the bill would raise the railroad's cost of doing business, and that this would likely be passed on to passengers and freight shippers.

The bill is supported by the Alaska Municipal League. *Municipal officials testifying at last week's hearing cited advantages and disadvantages of the bill. The bill could give municipalities the short end of the stick, it was argued, due to possible higher lease costs charged by the Railroad, and potential disincentives to businesses — i.e., higher shipping costs. The prospect of increased tax revenues, however, appeals to most municipalities.*

Health Project Bonds: \$75 Million in House

The House HESS Committee moved out an amended HB-342, issuing general obligation bonds for health care facility projects around the state. The original bill, by Rep. Cliff Davidson, was for \$41.4 million in projects in Kodiak, Seward and Ketchikan. *HESS Committee members added projects in Unalaska, Fairbanks, and at API in Anchorage, bringing the bill's total to \$75 million. The bill now moves to the House Finance Committee.*

A similar bill by Sen. Fred Zharoff, SB-319, is now in the Senate State Affairs Committee. It's current total is about \$60 million, with projects in Unalaska, the Kenai Peninsula, and Juneau added to the original tab. As some projects differ in each bill, if the measures pass, speculation is the total g.o. funding may reach \$100 million. General obligation debt must be approved by voters.

Capital Budget: Key Anchorage, Fairbanks priorities

Next week: Mat-Su, Southeast

What Anchorage wants: Capital budget priorities

municipality, university, school district.

UAA Classroom/Laboratory Bldg.,
24 classroom, seminar halls ..\$19
Seibu Girdwood water system: Upgrade old
water system, allowing Alyeska resort
expansion\$6.1
Ship Creek redevelopment, engineering,
design, construction C St. bridges for Ship
Creek recreation/tourism\$2.5
Airport water project: Expand water
facilities at Anch Int'l Airport\$3.2
Port development: Ph I&II Ship Creek
port causeway, water and sewer for addi-
tional industrial development\$9.6
Merrill Field Terminal, Gen. Aviation
Term at Merrill\$4.4

Infrastructure

Lake Otis 66th Ave to Abbott Rd., upgrade
to arterial standards, with pedestrian walk-
ways\$12.3
Sullivan Arena floor repair, major repairs
to ice rink floor\$1.67
Lake Otis, O'Malley to Chinook: Design,
upgrade, arterial link\$2.5
Lake Otis Underground: Installation of
electric utility lines\$2.5
36th Ave./Arctic Blvd. to Spenard, con-
struction upgrade\$4.8
Arctic Blvd. Ph. I: Widening Campbell
Creek bridge\$5.5
Baranof Ave.: 4,400 ft. street, drainage
improvements\$1.65
Neighborhood revitalization: Grants to
nonprofit development corporations, hous-
ing services, revitalization, economic de-

velopment\$5
Arctic Blvd. Ph. II: Reconstruction Arc-
tic, Raspberry Rd to Dimond\$4
ADEC matching grants\$7.2
South Anchorage, Bicentennial water
mains, subsequent phases Eklutna Water
Project, south/west of Tudor\$15.7
Public Safety: Replacements firefighting,
medivac, hazardous material handling,
heavy rescue\$1.3
Hilltop ski area: Expansion of recreation
development\$3
UAA Science lab renovation, upgrade,
upgrade facilities\$6.4
Anchorage School District
Districtwide storage tank removal\$1.5
Library info access technology\$1.4
Martin Luther King Center asbestos re-
moval, abatement\$2.1
Service High School, Asbestos abatement
.....\$1.4
District major maintenance\$10.1
Vocational Education literacy project...
.....\$3
Elementary, Secondary computer labs,
home-base program\$11.2
Eagle River classroom/library\$1
Susitna classrooms, library\$5.7
Chinook classrooms, gym\$3.9
Martin Luther King Center, graphic arts
shop\$1.8
Willow Crest multipurpose room, remodel-
ing\$3.2
Handicap access\$1.2

Fairbanks: Priority capital requests

(Only projects \$1 million or above)

Major priorities for delegation:

Healy Cogeneration Project, new tech-
nology power plant, match to federal re-
search funding (from Railbelt Fund)

.....\$30

Healy-Fairbanks Electric Intertie: Con-
nect power plant, upgrade\$60

On-base schools: No specific appropria-
tion is in yet, but the delegation is also con-
cerned with needs for school expansion
on Fort Wainwright, now getting addi-
tional Sixth Light Infantry personnel.

Fairbanks North Star Borough:

Historical Preservation Foundation:

Preservation purchase, old F.E. Co. ..\$1

Solid waste landfill\$23

Alaskaland improvements, greenhouse,
landscape, parking, painting\$2

School District:

New Northeast elemen. school...\$14.2

School District building rehab.\$8

City of Fairbanks

Citywide street improvement\$1.4

Third Avenue Access\$1.9

Police Headquarters Constr.\$9

City's long-range funding:

International Rd. Sewer Ext.\$1.2

NE Fairbanks stormdrain improv. ..\$1.6

Jones Subdiv. sewer/water\$9

Ft. Wainwright sewer interceptor ..\$1.5

Local organizations' requests

Fairbanks Health Center Constr.\$3

Parking Structure\$2.5

Governor's bills:

What's in the Governor's capital
budget bills for Anchorage
(includes FY 1991 capital bill
and FY 90 'maintenance supple-
mental, only items \$1 million or
more).

Seibu Water System upgrade\$3

Anchorage Northern Lights/Benson

upgrade (federal funds)\$10.6

Anchorage transit (federal funds) \$1.8

Courthouse, safety upgrade\$1

Ak Psychiatric Institute (API), plan-

ning, design for replacement\$2.1

API interim repairs\$1.8

McLaughlin Youth Center repair,

upgrade\$2.5

Anchorage International Airport

(AIA) environmental cleanup (airport

fund)\$3

AIA Taxiway resurface (airport fund)\$2

AIA terminal roof repair (airport fund)

.....\$1.5

UAA Anchorage classroom Bldg.

.....\$17

Governor's Bills: For Fairbanks

(Note: Only projects \$1 million or above
are listed)

Natural Sciences Building: Univ. Alaska

Fairbanks\$27

Fairbanks solid waste/water/sewer

.....\$1

First, Second St. widening (federal funds)

.....\$2.3

Poker Flats Range upgrade (federal) ..

.....\$20

UAA Fairbanks dorm upgrades\$3

Fairbanks campus natural sciences

building (from Railbelt Fund)\$25

Farmer's Loop Rd. Reconstruct (fed-

eral)\$3.75

Ballaine/Goldstream/Sheep Creek re-

habilitation (federal)\$3.2

... Status of Bills ...

House Bills Introduced

--HB-576 by C&RA (Fire protection outside municipalities) To C&RA
 --HB-577 by RES (Oil & hazardous sub. impact assistance) To C&RA
 --HB-578 by RES (Advisory Council transp./hazard subs.) RES
 --HB-579 by FIN (Defined contribution retirement program) SA
 --HB-580 by FIN (Investment of state funds) SA
 --HB-581 by HESS (Universal health care task force) HESS

 --HB-582 by RES (Prohibiting bear baiting) RES

House Committee Action

--SSHB-366 from FIN (Treatment & rehab. of convict) 8 do pass, 1 no rec To RULES
 --HB-460 from HESS (Instructional unit value in public school foundation formula) 4 do pass ...To FIN
 --HB-466 from JUD (An act relating to tobacco) 5 do pass, 1 no rec. To RULES
 --HB-483 from FIN (Definition of 'peace officer') 8 do pass, 1 no rec. To RULES
 --HB-491 from JUD (Creating a sentencing commission) 5 do pass, 1 no rec. To FIN
 --HB-210 from FIN (Reservation of instream flows in water import. to fish) 5 do pass, 4 do not ..To RULES
 --HB-243 from C&RA (Exemption from municipal property tax) 2 do pass, 2 no rec. To FIN
 --HB-255 from JUD (Permanent fund dividends for incarcerated) 4 do pass, 2 no rec. To FIN
 --HB-268 from JUD (Commission on Judicial Conduct) 4 do pass, 2 no rec. To RULES
 --HB-406 from FIN (Sale, gift or transfer for value of electronic products) 9 do pass, 1 no rec. To RULES
 --HB-408 from FIN (Appropriations to budget reserve fund) 4 do pass, 3 no rec. To RULES
 --HB-457 from FIN (Special appropriation to budget reserve fund) 6 do pass, 1 do not To RULES
 --HB-480 from C&RA (Loams for solid ware management from clean water fund) 4 do pass To FIN
 --CSHB-563 from SA (Disclosure of expenditures of permanent fund income) 6 do pass To FIN
 --HB-569 from RES (Maximum length of salmon seine vessels) 7 do pass, 1 no rec. To RULES
 --CSSB-92(FIN) from JUD (Identif. cards issued by Dept. of Puvlic Safety) 7 do pass To RULES
 --CSSB-226(JUD) from JUD (Misconduct w/ firearm by intoxicated person) 3 do pass, 2 no rec. .To RULES

House Committee Action (continued)

--HB-286 from JUD (Penalties for violation of workplace safety laws) 4 do pass, 2 no rec. To FIN
 --CSHB-290 from RES (State land lease for recreational facility develop.) 5 so pass, 3 no rec To FIN
 --CSHB-300 from L&C (Property records maintained by public utilities) 5 do pass, 1 no rec. To JUD
 --HB-325 from FIN (Public school health & personal safety education) 5 do pass, 4 no rec. To RULES
 --CSHB-349 from L&C (Approp: AK medical mal-practice matching fund) 4 do pass, 1 do not....To JUD
 --CSHB-350 from L&C (Creating AK medical mal-practice matching fund) 4 do pass, 1 do not To JUD
 --CSHB-370 from HESS (Conditions of scholarship loans) 2 do pass, 3 no rec. To JUD
 --HB-515 from SA (Credited service in Public Employees' Retirement System) 5 do pass To FIN
 --CSHB-523 from L&C (Certification of real estate appraisers) 6 do pass To FIN
 --HB-528 from SA (Standards of conduct by public officers & employees) 5 do pass To RULES
 --SB-334 from HESS (HESS seek waivers medicaid cost home based serv.) 4 do pass, 1 no rec To FIN
 --CSHB-171 from HESS (Employment training & ed. program for low-income people) 4 do pass To L&C
 --CSHB-177 from FIN (Pre-emancipation services for minors) 4 do pass, 5 no rec. To RULES
 --CSHB-236 from HESS (Driving while intoxicated) 5 no rec. To JUD
 --HB-418 from FIN (Quality of care in nursing facilities) 3 do pass, 3 no rec. To RULES
 --HB-423 from HESS (Approp: construct. & rehab. in Fbks North Star Borough) 2 do pass, 2 no rec..To FIN
 --HB-497 from HESS (State college & univ. master teacher program) 4 do pass To FIN
 --HB-498 from HESS (Approp: Board of UA Regents for master teacher prog.) 2 do pass, 2 no rec. .To FIN

House Floor Action

--CSHB-368 (JUD) (Residential housing assistance provided by AHFC) PASSED 39-0
 --CSHB-385 (SA) (Eligibility for veterans' burial allowance) PASSED 38-0
 --HB-404 (Unemployment insurance benefit schedule) PASSED 29-6

... Status of Bills ...

Senate Bills Introduced

--SB-517 by C&RA (Municipal initiative & referendum election) SA
 --SB-518 by RULES (Income guidelines/weatherization programs) SA
 --SB-519 by JUD (Guidelines for child custody & visitation) JUD
 --SB-520 by L&C (Healy-Fairbanks transmission line) RES
 --SB-521 by C&RA(Aid to municipalities for roads).. TRA
 --SB-522 by JUD (Court system mediation project) JUD
 --SB-523 by RULES (Physicians' Medicare assignment policy) HES
 --SB-524 by L&C (Emergency medical & ambulance services) JUD

Senate Committee Action

--CSSB-205 from RES (Rental fee charged for shore fisheries leases) 5 do pass To FIN
 --CSSB-212 from L&C (Relating to insurance)2 do pass, 2 no rec. To JUD
 --CSSB-391 from RES (Farm use exemption from muni. taxation) 3 do pass, 2 no rec. To FIN
 --CSSB-454 from RES (State land closure to multiple purpose use)3 do pass, 1 do not To FIN
 --CSSB-493(HESS) (Reconstitution & admin of mental health trust) 1 do pass, 1 no rec. To RES
 --SB-381 (Nonresident hunters of mountain goats) 3 do pass, 3 no rec. To FIN
 --SB-423 from HESS (Possession of weapon by violator of dom. violence restraining order) ...To JUD
 --SB-488 from C&RA (Approp: DEC for Alyeska Basin subdiv. water system)3 do pass, 1 no rec. To FIN
 --SB-492 from L&C(Inspection standards for boilers & pressure vessels)3 do pass, 1 no rec. To FIN
 --SB-511 from RES (Approp: DNR for reforestation)4 do pass, 1 no rec. To FIN
 --SB-315 from FIN (Long-term disability insurance) 5 do pass, 2 no rec. To RULES
 --SB-344 from Bank. & Econ, Dev. (Residential housing assistance by AHFC) To SA
 --CSSB-359 from Comm. Oil & Gas (Recovery of damages by state re. env. cons.) To SA

Senate Committee Action (continued)

--CSSB-359 from Comm. Oil & Gas (Recovery of damages re. env. consv.) To RES
 --SB-438 from C&RA (Fire protection services outside municipality) 3 do pass To SA
 --CSHB-218 from Bank. & Econ. Dev. (AHFC assist in congregate housing) 3 do pass To SA
 --SB-236 from FIN (Revenue bonds for Copper River highway)2 do pass, 1 no rec. To RULES
 --SB-288 from FIN (Real Estate Commission) 3 do pass, 3 no rec. To RULES
 --SB-403 from RES (Stan Price State Wildlife Sanctuary) 5 do pass To FIN
 --SB-408 from HESS (Report cases of fetal alcohol syndrome) 3 do pass To FIN
 --SB-410 from HESS (Warning signs about fetal alcohol syndrome) To RULES
 --SB-411 from HESS (Sale of alcoholic bev. by package store licensee) 3 do pass To L&C
 --SB-412 from HESS (Info. health effects of alcohol consump.) 3 do pass To JUD
 --SB-428 from FIN (AK marine highway system) 4 do pass, 1 no rec. To RULES
 --SB-451 from L&C (Relating to civil actions) To JUD
 --CSHB-128 from RES (State oil & gas geothermal leasing practices) To FIN
 --SB-412 from HESS (Sale of alcoholic bev. by a package store) To L&C
 --SB-428 from FIN (AK marine highway system) To RULES
 --SB-451 from L&C (Relating to civil actions) 3 do pass To JUD
 --HB-159 from RES (Exemption from muni. tax) To RULES
 --HB-452 from FIN (Ombudsman office) 4 do pass ..To RULES

Senate Floor Action

--CSSB-450(JUD) (Investigation of child abuse and neglect) PASSED 19-0
 --SCS HB 190 (Approp: AK permanent fund) PASSED 20-0
 --SB-322 (Loss of income insurance under AK Small Loans Act) PASSED 19-1

Municipal Taxation of Minerals, Timber

Rep. MacClean's HB-159, a temporary exemption of minerals and timber from municipal taxation, is in Senate Rules awaiting placement on the calendar for floor action. The House is likely to concur with Senate amendments to the bill. A Senate Resources substitute exempts proven and unproven minerals and timber stumpage from municipal taxation until July, 1992. The substitute also directs the Dept. of Community and Regional Affairs to study a permanent total exemption of minerals and timber, partial exemption and no exemption, with a report and recommendations to the legislature by Jan. 15, 1992.

The bill started moving last year when concerns rose over municipal taxes levied on the Red Dog Mine by the Northwest Arctic Borough, on the AJ Mine by the City and Borough of Juneau and the Greens Creek Mine if that property is annexed by Juneau. Several municipalities, particularly Kenai and Mat-Su Boroughs, have commercial timber within their boundaries. *What really got the bill moving were concerns raised by the state assessors that whether or not municipalities wanted to tax natural resources, state law might be interpreted that they had to include resources within their property tax base.*

Multiple-Use of State Land

Senate Resources reported out a substitute of SB-454, state land management and multiple-use definition, sending it on to Finance. The bill modifies definitions of multiple use to include all compatible competing uses. This eliminates a problem where Dept. of Natural Resources, has interpreted the present statutory definition of multiple use, finding two uses (i.e. recreation and habitat) to qualify for 'multiple,' then excluding other uses, such as commercial development. DNR supports the bill, saying, "The proposed changes would prevent an overly narrow construction of the term in the future." The bill also requires a yearly report on lands closed to multiple use. *SB-454 combines elements of Sen. Jack Coghill's SB-34 and 35 introduced last year. Addressing the problem of a narrow construction of multiple use was a key recommendation this year of the Alaska Minerals Commission.*

HJR-29, asserting an Alaska 12-mile territorial limit at sea, is moving in the House. Resources reported out a substitute, sending it to Finance. Rep Davidson is prime sponsor, but the 39 other members of the House are signed on as co-sponsors.

Finfish Farming Ban Moves in House

House Resources passed out a substitute HB-432, prohibiting the practice of finfish farming, last week. Only a few minor changes were made to the bill, before the committee voted to pass the bill on to the Judiciary Committee. Earlier in the week, Resources held a statewide teleconference: Rodger Painter of the Alaska Mariculture Association called HB-432 "a tremendous overreaction" to concerns. His organization is interested in compromise, said Painter, but HB-432 doesn't even "begin to attempt compromise" on the issue. He suggested that a bill allowing upland, freshwater farming only would be a move toward compromise. A total ban on upland farming can't be justified, he said. Painter's group believes that finfish farming can be done safely, without damage to wild fish stocks. Rep. Mike Navarre argued against giving the industry any kind of "foot in the door". Many fishermen testified in support of the ban, citing potential harm to wild stocks of salmon unless the practice of finfish farming is banned. *But one businessman detailed his family's 12-year involvement and \$500,000 investment in the finfish farming business, and cited the personal economic hardship an all-out ban on the industry would cause.* Other businessmen said finfish farming would allow Alaska to meet the demand for fresh fish all year long, and cautioned legislators not to be too hasty in throwing away new economic opportunities.

Action on Oilspill Bills (Cont.)

(Continued from Pg. 1) shippers of crude oil. Another problem centers on beefed-up financial responsibility requirements. Rural utilities complain they have tough enough time getting insurance. This could make things worse. Substantial revisions to these sections are likely, sources in the House indicate. HB-565 would also eliminate an 18,000 gallon "floor" on spill fines. Below that, fines are now not levied; the new legislation would change that. *The question: Would imposing fines on small spills create an incentive for firms, particularly small operators in remote areas, to not report spills, or not attempt cleanup?* Another part of HB-567 that extends increased financial responsibility requirements from 10,000-barrel capacity storage units down to 5,000 barrels may be revised. The five thousand/bbl threshold would bring in another whole class into the regulated community, mainly in outlying areas. *Despite problems, pressures are such that some version of these bills are likely to see final enactment.*

Procurement Recycling Bill Expanded

Rep. David Finkelstein's HB-481, relating to state procurement of recycled paper and other products, passed out of House Finance last week. The bill would establish a 10% price preference for recycled products, set out a goal that 15% of all state-procured paper be recycled (in 1994, that figure would go up to 25%), set up an internal task force on waste reduction and recycling, and set a general policy of using both sides of paper when feasible.

The bill was amended to include recyclable property (for example, scrap metal) in the state's surplus property disposition laws. HB-481, now in Rules, next heads for the House floor.

Sale of Electrical Products

Last week, House members unanimously passed an amended HB-406, requiring that all electrical products manufactured after the bill's effective date and sold in the state be certified as safe by a third-party certification program. Products manufactured before the effective date of the law may only be sold if certified, or if not certified, must be affixed with a warning label. Rep. Sam Cotten's bill is aimed at protecting consumers from unsafe electrical products.

University Telecommunications Center

Rep. H.A. "Red" Boucher's HB-402 and HB-403, establishing and funding an applied telecommunications center at the University of Alaska, passed out of House HESS last week. The bills, worked on earlier in House State Affairs, were streamlined to better complement existing university structures. Boucher introduced the bills in response to the explosion in the field of information sciences. He says that the bills will provide for an "information commons" of sorts in the state. The bills will next be taken up by Finance.

Senate Finance moved out HB-311, authorizing \$27 million in revenue bonds for a Whittier toll highway (the present railroad tunnel would be converted to dual-use) and \$22.3 million for a resource road from Bradfield Canal in Southeast to the Canadian border, opening access to important new mining areas. It's now likely this measure will pass the legislature. Next step is a required DOTPF feasibility study as to whether tolls can adequately repay revenue bonds issued for these projects. If that is favorable, State Dept. of Revenue can issue the bonds.

Hearings on Intra-State Communications

Rep. Loren Leman's HB-271, providing for immediate intrastate competition in Alaska's telecommunications industry, got a hearing last week in House State Affairs, its committee of first referral. The bill was introduced last year, as was its companion, Sen. Steve Frank's SB-206.

GCI representative Dana Tindell testified that "competition works, and so does the threat of competition". She cited recent rate-cutting actions by Alascom, seemingly due, she said, to the threat of competition. She argued against throwing the issue back into the hands of the APUC, saying that the commission is not now doing an adequate job of regulating Alascom. For example, Alascom is currently getting a 30-35% rate of return, she claimed, while the APUC only allows for it to receive an 11% rate. Alascom was not present to argue its side, however.

Committee Chair Rep. H.A. "Red" Boucher argued that the competition issue is being oversimplified, while Rep. Leman and Tindell suggested that the issue is "simpler than we are being led to believe" and that it is to Alascom's advantage to make the issue seem highly complicated. State Affairs Committee intends to bring the bill up again this week.

Sen. Frank's SB-206 is due to be taken up again this week in Senate State Affairs. A proposed committee substitute - with substantial changes - is being developed, and if different parties in the intra-state telephone debate can agree on provisions, the bill may get moving in the Senate.

Other Phone Bills: *Two other telephone-related bills are pending in the Senate: Rep. Boucher's HB-13, establishing the concept of universal service as a policy in state statute, moved from Senate State Affairs to Labor and Commerce last week. HB-48, another bill by Boucher establishing the policy of 'lifeline' telephone service to low-income users, is also in Senate L&C. HB-48 passed the House late last session.*

House Labor and Commerce moved out the overtime wages bill, HE-430, with only minor changes. It now goes to Finance. The bill makes technical changes in the way overtime hours are calculated, requires food and housing at remote sites on public projects and allows long-haul driver overtime to be paid at a more flexible per-mile rate.

Wishbone Hill: Could coal royalties repay \$9 Million "Investment"?

(Continued from Pg. 1)

Wishbone Hill briefings: DOTPF Commissioner Mark Hickey, Alaska Railroad marketing vice president Dick Knapp and representatives of McKinley Mining, contractors to Idemitsu-Kosan, briefed House Finance members on the Wishbone project. Idemitsu has invested \$6.5 million in the project to date, mostly in exploration and environmental studies. The problem, Knapp said, is that if the railroad bought the train on its own, the capital charge would make the coal tariff too high for the project to carry, at current world coal prices. With capital costs covered by a direct \$9 million appropriation, tariffs paid by Idemitsu would cover operations only. If coal prices go up over the life of the project, there could be some added return. *Idemitsu, meanwhile, says that even with the state \$9 million appropriation for the coal train, it will develop the mine at a break-even zero rate-of-return. It hopes that prices will rise sufficiently to make the project profitable in later years, its representatives said.* The company sees other resource-development opportunities in Alaska, and wants this first project to be successful. Actually, the state will be repaid directly for the investment: Commissioner Hickey said the mine would generate some \$1.1-\$1.2 million in new coal royalties (the mine is on state land), some \$15-\$18 million over the life of the project, as well as create 200-250 new jobs at the mine and related trucking in the economically-distressed Mat-Su region, as well as other jobs on the railroad and in Seward. Also, the project would generate some \$90,000-\$170,000/yr. in taxes to the borough. Hickey said Idemitsu agreed to allow a state administration team, under confidentiality agreements, to examine the company's economic feasibility studies. With that, the administration is satisfied Idemitsu is correct in its claim that the project cannot carry a capital cost in the rail tariff, Hickey said.

Idemitsu's agreement allowing the state to examine its internal economics is important. A major obstacle in the recent controversy over Usibelli Coal's application for a reduction of state coal royalty was that the company refused to give state officials access to its production cost data, to justify its request for a cut in coal royalties. Rep. Kay Brown asked whether Idemitsu intends to apply for reduction of its coal royalty, which it can do after production history is established. The company said that it wouldn't apply for a royalty reduction unless coal prices fall and the project starts actually losing money. Even at zero return, Idemitsu said it would pay the current royalty, five percent of net value. If the appropriation comes through, Idemitsu would start construction this fall, and production in late 1991. To keep to this schedule, the railroad must order new rolling stock by June, Knapp said. Idemitsu must also soon order critical parts of production equipment.

Healy Co-Generation: \$30 Million State Match, \$191 Million Project

Healy Plant: The Healy power plant would be owned by AIDEA and operated by Golden Valley Electric Assoc. Alaska Power Authority would help AIDEA negotiate power-sales agreements with GVEA and possibly lend construction-management assistance, but otherwise would not be involved in the project. GVEA "strongly favors" the project, the co-op told Senate Resources, mainly because the plant would increase its system reliability by giving it additional generating capacity north of the range. Projections show cost of power from the new plant equalling the cost of alternatives, mainly gas-fired power from the Anchorage area, about 2000, four years after the start of commercial sales. After 2000, cost advantage of the Healy plant widens considerably, projections indicate. *Plant construction would take two years, beginning in 1991. In operation, some 60 new jobs would be created. AIDEA, working with TRW and other companies, landed the \$93 million DOE grant to build a high-tech coal power plant to demonstrate new techniques in clean burning and efficiency, part of the big federal program to counter acid rain buildup. It was one of 13 projects selected in the nation, with \$540 million in federal funds.* Though it helped initiate and fund early development work, Usibelli Mine's relation to the project is as a coal supplier; the plant would burn a mixture of low-quality coal not now economic for Usibelli to mine. The real payoff comes in a second phase to the project, when waste-heat from the power plant would be used in a coal-drying process that would remove moisture from Usibelli coal and sharply upgrade its quality, allowing the company to widen its export markets.

SALMON
FOR ALL

NEWSLETTER

LEGISLATURE SET TO ADJOURN

WASH. LEGIS.

As we go to press the Washington Legislature is due to adjourn on March 8. Both Senate President Jeannette Hayner and Speaker of the House Joe King were publicly hoping to avoid an extended special session, although with the seeming press of backlogged bills, an extension certainly appeared possible.

SFA's Legislative Committee has been tracking fifteen bills of interest this session. The committee consists of Chairman Jim Hogan, Vice Chairman Mark Bugas, and members Steve Gray and Jim Harris. P&B Associates have guided SFA interests in Olympia, and SFA Executive Director Bob Barton has represented the organization in Olympia. Jim Hogan spent a number of days in Olympia early in the session learning about bills that were being introduced. The committee produced regular legislative update reports that were mailed out to board members, committee heads, and interested parties who were tracking the progress of some bills.

For a review of the contents and intent of each bill, please refer to the February newsletter. The following is the status of all bills of interest on March 1, 1990, one day before the generally accepted deadline for passage of bills from either house.

FISHERIES 2000 - SB 6797 -

[REDACTED] the House version stripped most of the original intent and substituted language similar to HB 2392 which had died in committee on the senate side. original bill establishes task force to develop enhancement plan through year 2010.

FISHERIES ENFORCEMENT BILL - SB 6377 - PASSED SENATE, PASSED HOUSE, headed for consensus between houses, House version was amended significantly.

REGIONAL ENHANCEMENT GROUPS - SB 6310 - PASSED SENATE, PASSED HOUSE, headed for consensus between houses.

*They're still needing
task forces*

DRIFT RIGHTS - HB 2400 - died in House Fish and Wildlife Committee.

B&O TAX - HB 2900, SB 6785 - died in House Revenue and Senate Ways and Means.

COWLITZ SANCTUARY - HB 2580 - sponsor withdrew bill.

EMERGING FISHERIES - HB 2290 - PASSED HOUSE AND SENATE.

OUT OF STATE LICENSE INCREASE ELIMINATION - SB 6747, HB 2961 - initiated too late to get hearing.

REGULATING COMMERCIAL DIVERS - HB 2452 - died in Senate Economic Development and Labor.

[REDACTED] HB 2784 - died in House Appropriations.

IMPROVING COLUMBIA RIVER RECREATIONAL FISHING - SB 6788 - died for lack of a hearing.

PROGRESS ON RECREATIONAL FISHERY ENHANCEMENT PLAN - SB 6768, HB 2942 - PASSED HOUSE AND SENATE.

VESSEL ELUDING LAW ENFORCEMENT OFFICER - HB 2429 - PASSED HOUSE, NO YET PASSED SENATE, BUT IS ON FLOOR.

AUTHORIZES LETHAL REMOVAL OF SEA LIONS - SB 5533 - PASSED SENATE, DIED IN HOUSE.

CLOSES HOOD CANAL TO NON-TREATY COMMERCIAL FISHERY - SB 5146 - PASSED SENATE, DIED IN HOUSE REVENUE.

[REDACTED]

Call the SFA office if you desire updates on any of these bills.



A TIP OF THE HAT TO.....

HUMP'S RESTAURANT in Clatskanie which has been attractively rebuilt and back open for business. It looks great and is a nice addition to the Clatskanie downtown. Congratulations to owners ERIC and PAM SEE-LIX.

TOM CARMICHAEL and his COLUMBIA CARMICHAEL OIL COMPANY in Astoria for displaying on their big reader board "SALMON FOR ALL MEMBER" for about two weeks after the season opener. SFA appreciates the support, Tom. Thanks!

NATIONAL FISHERY MAGAZINE RECOGNIZES SFA

The magazine National Fisherman has told its nationwide readership that SFA is a model on how to organize effectively against the onslaught of sport/commercial legislation. NF correspondent Mick Kronman writes in the magazine's March 1990 issue that "To find an example of a well-organized, successful industry group one needn't look farther than Salmon for All (SFA), a 31 year-old organization that has repeatedly derailed attempts to outlaw gillnetting on the Columbia River." Kronman's story titled "Sports vs Commercial: New politics for an old problem" summarizes these disagreements on a national scale, and explores the industry's political reaction to these challenges that threaten fishermen's livelihoods. Using quotes from SFA's President Jim Harris and Executive Director Bob Eaton, Kronman explains SFA's success through a four point game plan that he suggests could be followed by any group wishing to be effective in allocation battles. He also makes it clear that SFA has been successful without being anti-sportfishing, noting that there is a need for both recreational and commercial fisheries on the Columbia. Much of his information on SFA was gathered when Harris and Eaton spoke at a Fish expo '89 seminar titled "Countering the Politics of Sport Fishing".

Says Harris about the NF article "Sometimes we need the outside perspective on our efforts...we can be too close to it all. I think all of us who support SFA can be proud to have our efforts recognized nationally."

SEASON PREDICTIONS CAUSE FOR ALARM

The press has been publishing the latest biologist predictions for Columbia River runs for 1990. The final figures will not be determined until March 4-8 at the PFMC meeting in Seattle, so they could continue to go up or down as numbers are crunched through the computers. But current data projects 1990 run sizes of 125,000 for URB's (down from last year's 250,000), and about a 25% decrease in coho abundance coast-wide (from 1.9 million in 1989 to 1.4 million in 1990). As the

numbers go down, a number of concerns become more critical:

1) Can the reasons for this decline be determined and corrected? Agreement is wide-spread that the primary problem is one of survival not harvest. But survival where? River? Ocean? 2) Can the fisherman and the industry maintain viability? Will reduced harvests provide the income fishing families and supportive local businesses need? 3) Will SFA have the funds necessary to fight, once more, the sport priority or anti-gillnetting legislation expected in both Oregon and Washington in 1991?

The answers to these questions are important to the future of the resource, the industry and its people.

The industry has weathered other down years and cycles when returns were dismal and incomes were affected. Most will be willing to stick out the tough times if they know this is a temporary situation caused by identifiable problems which can be solved, or at least anticipated. SFA will continue to work with biologists and policy makers to identify why runs are down.

Many river families and communities rely on the income generated by the commercial fishery. During 1988 that was estimated to be 1600 jobs and earned income of \$32 million. Preliminary 1989 income figures are significantly down from that, and it appears 1990 could be even farther down. Many fishermen will be pressed to make life changing decisions if this comes about. The only bright spot may be that, in the face of small runs, fish value may stay higher.

Faced with dwindling personal and corporate income, SFA supporters may want not to invest in the organization but keep the money to support their families. This is a tough decision. Many have said that were it not for SFA, there would be no commercial fishery on the Columbia. History tells us that SFA has continued to fight during the toughest of times, and it would continue to do so this time. But SFA's recent success has come from having the dollars necessary to get the job done. It remains to be seen if SFA, or any organization in this day and age, can be legislatively successful without proper financial support. It has taken the contributions of all SFA fishermen and processors to get to this point, and no one believes it will take any less effort to get through the 1990's.

The decisions are personally and corporately tough, but once made will affect the future of both SFA and the commercial industry on the Columbia River.

The Salmon for All Newsletter seeks accuracy and fairness in its reporting, and appreciates readers bringing to its attention any facts that may have been in error or misstated so appropriate corrections may be made. All quotes, unless stated otherwise, have been cleared with the person quoted.

In a unanimous decision, the Board selected a candidate for the at-large position on the Board. The candidate has been contacted and will attend several SFA Board meetings before deciding if the appointment will be permanently accepted.

In other SFA Board action, Jim Hogan who represents CREPU on the SFA Board, accepted a position on the SFA Executive Committee, joining elected officers Jim Harris and Kenny Wirkkala.

The Board unanimously adopted attendance requirements for the members of the Board. It is meant to insure that Board members attend as many meetings as possible, and establishes conditions in which a Board member could be removed for poor attendance.

The Board also agreed to become more involved in the harvest management process. This does not mean setting seasons on the river, that remains a union responsibility, but does mean a restructured approach to PFMC, US/Canada and NWPPC activities. An action plan will be developed.

The Board also announces reaching an agreement with Bob Eaton who, under terms of a new contract, will serve as SFA's Executive Director through 1992. Eaton began his duties with SFA in August 1988. The first contract, agreed to by both parties as an experiment in which each would learn if the arrangement was beneficial, terminated December 31, 1989.

The Board also accepted an invitation to join a group of interested persons on the Sunday March 4, Town Hall Show on KATU Channel 2. The topic of the show was "Troubled Waters: The Dioxin Debate".

Reviewed was a proposal by Steve Wille of Southwest Washington Anglers to the COMPACT that the sport-fishing area for spring salmon be enlarged at the mouth of the Willamette after April 1. Initially it appears this would not conflict with commercial fishing in the area. Test fishing would be done to determine impacts of up-river stocks before any change was approved.

SFA's case against the State of Washington, which contends the State does not comply with its own public meetings law when attending closed meetings to determine fish policy, suffered an expected setback when the Superior Court judge who ruled initially against the case, ruled against SFA's motion to reconsider. The motion rejection had been anticipated, and the way is being cleared for SFA's next appeal to by-pass the Court of Appeals and go directly to the State Supreme Court. Independent analysis of SFA's case has been sought from a former court of appeals commissioner who feels the case is well prepared and stands a high probability of being overturned. The SFA Board at its next meeting will be asked for authority to pursue the appeal.

ENDANGERED STATUS SOUGHT



Oregon Trout, a resource conservation group founded to protect Oregon's native fish populations, has begun the petition process necessary to have a fish run designated "endangered". The National Marine Fisheries Service will be asked to declare the Snake River spring chinook salmon and the lower Columbia River coho endangered species. The status quo will prevail during the year to year and a half information gathering process. Ironically, SFA had written Oregon Fisheries Director Jim Martin in mid-February, before Oregon Trout's announcement, seeking an "endangered species summit" at which all interested parties could learn which species are weak, what are the strengthening options, and how a concerted effort can be made to support those weak runs. Such a meeting is even more critical with the Oregon Trout announcement.

The outcome remains uncertain, but the worse case scenario could have the river and ocean harvest, both commercial and sport, shut down to preserve the few remaining spawners returning for these runs. Best case scenario is that a management plan could be adopted that would protect the fish runs but not dramatically affect harvest opportunity on accompanying stocks, thus derailing the need for the petition. However, spawning habitat restoration, dam mitigation and other factors must be considered in any management plan. Harvest curtailment is not the automatic answer to these concerns.

SFA will cooperate in every way possible to develop a responsible management plan.

DATES TO REMEMBER

- March 2 - COMPACT meeting
- March 4 - PFMC meeting in Seattle
- March 8 - WA Legislature due to adjourn
- March 15 - SFA Enhancement committee meeting
- March 15 - SFA Board meeting
- March 26-29 - Public comment on PFMC proposals
- April 3-6 - PFMC meeting in Eureka

"WORK IS OUR JOY" SHOW SET FOR SKAMOKAWA

Wahkiakum County will have its first public showing of the new video "Work Is Our Joy". Admission will be complimentary at the Sunday, March 18 event to be held at the Skamokawa Grange Hall at 7:00 p.m. Copies of the video will be on sale following the viewing. For more information, contact Irone Martin at (206) 795-3920.



No. 1 Sixth Street
P.O. Box 56
Astoria, OR 97103
(503) 325-3831
1-800-726-3116
FAX (503) 325-2725

Sen. Richard Iliason
P.O. Box V, Capitol Rm. 502
Juneau, AK 99811

PRESORTED
FIRST CLASS



ADDRESS CORRECTION REQUESTED



THE SFA REPORT

MEETINGS ATTENDED

SFA has been represented at the following meetings:

- 2/1 - NFI Regional meeting - Seattle
 - 2/2-3 - PFLT meeting - Bellingham
 - 2/6 Columbia River sub-committee of OR Joint interim task force on Environment and Pollution - Portland
 - 2/9 SFA Board meeting
 - 2/13 COMPACT meeting by telephone
 - 2/15 Plan industry meeting with Governor Gardner
 - 2/16 Hood's Canal Hearing - Olympia
 - 2/20 Maritime Seafood buffet for legislators - Olympia
 - 2/21 Senate Democrats reception - Olympia
 - 2/22 Senate Republican reception - Olympia
 - 2/23 SFA Board meeting
 - 2/23 DEQ meeting on hearings schedule - Portland
 - 2/27 Ocean salmon users group meeting - Newport
 - 3/2 COMPACT meeting by telephone
- Plus many other work sessions on bills and private meetings with legislators.

BUMPER HUMOR

These bumper sticker messages, seen in both Oregon and Washington, have been reported to us:

"REAL SALMON DON'T EAT PELLETS"

"SAY NO TO DRUGS... DON'T EAT FARM SALMON"

and the issue oriented, all-encompassing and weird

"NUKE GAY WHALES FOR JESUS"

OREGON GOVERNOR'S RACE WORTH WATCHING

With Governor Neil Goldschmidt, who was very supportive of fishermen and the fishing industry, out of the running, the governor race in Oregon should be interesting. Democratic candidate Barbara Roberts recently was quoted in the papers as saying she thought gillnetting on the Columbia should be phased out. Within 48 hours of this statement, SFA, through its legislative consultants, was seeking a meeting with Roberts. She has agreed to meet to discuss the issue further. She need only consult 1986 gubernatorial candidate Norma Paulus to learn that the anti-gillnetting issue is a political albatross. A meeting is anticipated in the next couple of weeks.

SFA has been approached by Dave Frohnmayer campaign staff who seek a meeting to gather information before formulating a commercial fishing position. That is expected to happen soon.

David Dix, embroiled in Caucus fund controversy, has resigned as House majority leader. Those mentioned as front runners to take his place include Peter Courtney, Carl Hosticka, Bruce Hugo and Larry Sowa. Do any of those names sound familiar?



CONTRIBUTING

Amikan Fishing Net Mfg. Co.
Japan - 0593-65-1111
Toshimitsu Fujinami

Art's Auto Parts
Long Beach - 642-3765
Larry Phelps

Astoria Moose Lodge #408
Astoria - 325-0881
Ray Wood

Astoria Pharmacy
Astoria - 325-1123
Fred Raw

Caledonia Cordage Corp.
Edmonds - 542-7951
Bob Hervey

Electric Norm, Inc.
Warrenton - 861-1688
Philip Tessing

Frederick Smith, DMD
Astoria - 325-1470
Fred Smith

Gannaway Bros. Jewelers
Warrenton - 861-1481
Bob, Tim or Jim Gannaway

Hausler Lumber Co.
Clatskanie - 728-2771
Bessie Hausler

Hendrickson Oil Co.
Astoria - 325-5701
Harold Hendrickson

Historical Tours of Astoria
Astoria - 325-3005
Buddy Hoell/Rae Goforth

Hump's Restaurant
Clatskanie - 728-2626
Eric Sellix

J & H Boatworks
Astoria - 325-1197
Tim & Debi Hill

Jensen Communications, Inc.
Astoria - 325-5917
Roberta Schwenk

Knutsen Insurance
Astoria - 325-1541
Robert Canessa

Le's Income Tax & Bookkeeping
Clatskanie - 728-3414
Virginia LeLoff

Lolly's House of Fashion
Astoria - 325-6664
Lydia Seabold

Loyd's Flowers & More
Astoria - 325-7030
Loyd Thompson

Lummi Fishery Supplies
Bellingham - 734-3336
Gary Nelson

Macdonald, McCallister & Snow
Astoria - 325-2511
Hal Snow

Marco Seattle
Seattle - 385-3200
Hank Schlapp

McGregor's Supply Co.
Astoria - 325-1612
Bill McGregor Jr.

Michael J. Karna Construction
Astoria - 325-8251
Michael Karna

Mr. Fultano's Pizza Parlour
Astoria - 325-2855
Toby Harris

North Coast Chiropractic Center
Warrenton - 861-1661
Valerie Lopez

P & L Commercial Refrigeration
Astoria - 325-7110
Paul Radl

Pacific Machine Shop
Warrenton - 861-1182
Marvyn Heltersen

Pentilla's Chapel By The Sea
Long Beach - 642-8885
Elizabeth Hytton

Pete Anderson Realty
Seaside - 738-9531
Pete Anderson

Pete's Duck Inn Restaurant & Bar
Skamokawa - 795-3655
Art Peterson

Polk Riley Commercial Printing
Astoria - 325-7575
Polk Riley

Pratt & Blue C.P.A.s
Astoria - 325-7773
Barbara Blue



Seafood Technologies, Inc.
Astoria - 325-6074
Robert Blue

Silverside Auto Body
Astoria - 325-5540
Buck Bjornstrom

Stephen Allen C.P.A.
Astoria - 325-2171
Stephen Allen

Sunset Presort
Astoria - 325-0381
Clydene Paul

Terry Hahn Auto Parts
Astoria - 325-5421
Terry Hahn

The Benjamin Franklin
Astoria - 325-2333
Judy Hansen

The Compleat Photographer
Astoria - 325-0759
Sara and Chuck Meyer

Trans Pacific Trading
Seattle - 789-7727
Mike Langrud

Van Dusen Beverages
Astoria - 325-2362
Willis or Dan Van Dusen

Wadsworth Electric
Astoria - 325-5501
Rod Gramson

Western Fabrication
Astoria - 325-7520
Richard North

INDIVIDUALS

Jack and Joyce Aho - Astoria
Philip Bales - Astoria
Warren and Alice Bechtolt - Astoria
Michael Benesch - Astoria
Ted Bugas - Astoria
Bill Cook - Astoria
Glen Eager - Seaview
Boots Forni - Clatskanie
Robert & Mary Frame - Sunriver
G.H. & Lucille Fritts - Ilwaco
Les Galloway - Clatskanie
Randy Greeninger - Oregon City
Stuart Haas - Clatskanie
Bill & Georgina Hutchens - Astoria
Robert Karby - Astoria
Eric Kaufman - Cannon Beach
Vic Kee - Astoria
Larry Morgan - Astoria
Eugene O. Pearson - Gig Harbor
R.J. Pilcher - Astoria
Al Tollefson - Astoria
Rolph & Sophie Tunley - Rosburg
Dan Van Thiel - Astoria
Jim VanCleave



SUPPORTING

Maki Insurance, Inc.
Michael A. Maki
P.O. Box 1100
Seaside, OR 97138
503/738-8366 or
503/325-3176



Salmon for All has an on-going associate membership program. Every family and business located in the Columbia River corridor is directly and indirectly affected. Each month SFA will introduce the newest Associate Members, and list those who have previously joined. OUR MEMBERS ARE ENCOURAGED TO PATRONIZE THESE FINE BUSINESSES. If you know someone who should be an associate members, please call the SFA office. We'll see that an invitation is sent.

TOTAL TO DATE: 110

ASSOCIATE MEMBERSHIP GUIDE

SUPPORTING



Astoria Marine
 Astoria - 325-2621
 Don Ivanoff

Bank of Astoria
 Astoria - 325-2228
 Cheri Savage, President

Brownhill & Henningsgaard
 Astoria - 325-0151
 Blair Henningsgaard

Carmichael-Columbia Oil
 Astoria - 325-3122
 Tom Carmichael

Chinook Marine Repair
 Chinook - 777-8361
 Dale Hughes

Clatsop Distributing Co.
 Astoria - 325-0721
 Larry Perkins

Columbia Surveying & Mapping
 Astoria - 325-0880
 Ernest Davis

Consolidated Net & Twine Co., Inc.
 Seattle - 784-5100
 Nicholas Budnick

D.C. Thompson & Co. Realtors
 Astoria - 325-1230
 Doug Thompson

Durham and Bates Agencies
 Portland - 224-5170
 Tom Caspell

Englund Marine Supply
 Astoria - 325-4341
 Jon Englund

Fowler's Landing
 Longview - 423-9785
 Jackie Hartley

Gourock Division
 Seattle - 282-8066
 Sheila Garber



Hauke's Sentry Markets
 Astoria/Rainier - 325-6422
 Skip Hauke

Howard Ragan, C.P.A., P.S.
 Longview - 425-0230

Hughes Ransom Mortuary
 Astoria - 325-2535
 Robert Baker

Hydraulic Marine Equipment Co.
 Clatskanie - 728-2221
 Stuart Haas

Jet Liner Marine
 Astoria - 325-1095
 Burton Tarabochia

Jovanovich Supply Company
 Seattle - 243-5991
 John Jovanovich

Johnson Oil Company
 Astoria - 325-6641
 Clayton Johnson

Kyotaru Co. Ltd.
 Torrance - (213) 212-6242
 Koichi Taktsuchi

Lovell Auto Company
 Astoria - 325-2711
 Bob Lovell

M. Nygaard Logging Co.
 Warrenton - 861-3305
 Martin Nygaard

Maki Insurance, Inc.
 Seaside - 738-8366
 Michael A. Maki

Neptune Seafood Express
 Astoria - 325-1097
 Harry Staples

New York Life Insurance Co.
 Astoria - 325-0154
 Freddy Sennhauser

Niem Oil Company
 Astoria - 325-1972
 Warren and Alice Bechtolt

Phred's Phono and Games
 Astoria - 325-4472
 Fred Van Horn

Resource Financial Planning
 Warrenton - 861-1135
 Dan Roberts

Richard D. Caldwell, C.P.A.
 Portland - 644-1922
 Richard D. Caldwell

Rosburg Store
 Rosburg - 465-2223
 Michael Swanson

Sea Cal Corporation
 Seattle - 441-8800
 Steve Loo

Sorenson Transportation Co.
 Chehalis - 748-8877
 Darrell Sorenson

The Brass Rail Restaurant
 Astoria - 325-5852
 Wayne Viuhkola

The Dutch Cup Restaurant
 Astoria - 325-5286
 Ron and Emma Silvers

Tide Point - Youngs Bay Fish Co.
 Astoria - 325-5803
 Ivan & Sheila Larson

US Bank
 Astoria - 325-1200
 Wayne Robbins

Warrenton Auto Parts
 Warrenton - 861-2205
 Rick Newton

Wesley D. Soukka
 Warrenton - 861-2070

West Coast Propeller Service
 Warrenton - 861-1452
 John Kalander



**ATTENTION SALMON FOR ALL MEMBERS
AND OTHER
FRIENDS OF THE SALMON RESOURCE !!**

In 1989 the State of Oregon passed a bill that established and funded a Restoration and Enhancement Program. The fund was provided about \$4.1 million in the first two years. In 1990, the State of Washington is expected to pass (it may be passed by the time you read this) a bill that will establish regional enhancement groups throughout the state and provide about \$900,000/year funding for their projects. Sport and commercial fishermen are paying for these programs through license surcharges approved by both legislatures.

As you know, a significant part of SFA's efforts are directed to enhancement. To take fullest advantage of the opportunities these new state programs offer, SFA has initiated an Enhancement Committee to review possible enhancement projects for the Columbia. SFA will decide on those with most promise and promote them in the appropriate state.

**WE NEED YOUR HELP !!
GIVE US YOUR IDEAS !!**

PLEASE TAKE A FEW MOMENTS TO ANSWER THE FOLLOWING QUESTIONS. ALL INFORMATION WILL BE REVIEWED AND USED BY SFA IN ITS EFFORTS TO ENHANCE COLUMBIA RIVER STOCKS. IDEAS ON LOCATIONS FOR REARING PONDS, NET PENS, HATCH BOXES, AND OTHER IDEAS YOU MAY HAVE ARE NEEDED. BE SPECIFIC WITH SPECIES AND RIVER, BAY OR STREAM INFORMATION.

NAME _____ PHONE _____

My ideas for enhancement on the Oregon side are:

My ideas for enhancement on the Washington side are:

I suggest Salmon for All talk with the following folks who have knowledge about enhancement and the opportunities that exist:

NAME

PHONE

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

PLEASE RETURN BY MARCH 20 TO:

THANKS !!

SALMON FOR ALL
P.O. BOX 56
ASTORIA, OR 97103

SALMON
FOR ALL



Goals
and
Accomplishments

Since 1987

When Salmon for All reorganized in 1987, it accomplished the following to set a new course for the organization:

- Organized Columbia River processors and gillnet fishermen under one organization.
- Appointed a nine member Board of Directors comprised of four processors, four fishermen, and one community member for the tie-breaking position.
- Adopted a new set of by-laws.
- Raised hundreds of thousands of dollars through a voluntary poundage assessment from processors and fishermen, 3¢/lb. from each - 6¢/lb. total.
- Hired an Executive Director and an Office Manager.
- Built membership to about 670 vested members and 100 associate members.
- Set four goals for the organization.

GOAL #1: Propose and oppose legislation in both Washington and Oregon

- Opposed legislation in Washington seeking to prioritize recreational fishing at the expense of the commercial fishery. The bill was defeated.
- Opposed legislation in Oregon seeking to eliminate commercial fishing on the Columbia River. Over 500 commercial fishing supporters crowded 5 hearing rooms. The bill was defeated.
- Created a Political Action Committee and contributed to more than 50 campaign funds and both party caucuses, in both states.
- Contracted P & B Associates as our legislative consultants for both Oregon & Washington.
- Set up a phone networking system to inform membership of legislative alerts and updates, as well as a toll-free number that allows members to call in with questions and concerns.
- Testified at numerous hearings in both Oregon and Washington involving the fishing industry.
- Opposed HB 1105 and SB 5141 in the Washington legislature which would have prioritized recreational fishing. Arranged for Garry Brown a nationally known economist to testify. The bill was defeated.
- Proposed legislation in both Oregon and Washington to establish a Joint Fisheries Interim Legislative Committee to explore, with commercial fishermen and recreational fishermen, the issues affecting proper management of the resource.
- Opposed HB 3219 in the Oregon legislature which proposed the elimination of commercial fishing on the Columbia River from January 1 through August 12. The bill was defeated.
- Opposed HB 3215 in Oregon which proposed making sturgeon a game fish. The bill was never voted on.
- Proposed legislation in Oregon that exempted fishermen who trailered their own boats from most PUC regulations. The bill passed.
- Proposed legislation in Oregon that established a moratorium on experimental sturgeon hatcheries, and calling for a legislative review in 1991. The bill passed.
- Donated salmon to both Democratic and Republican caucus fund-raisers.
- Attend, when possible, and testify at Pacific Fisheries Legislative Task Force meetings. Hosted one such meeting in Astoria.
- Became one of the sponsors of the Western States Legislative Leadership Conference.

GOAL #2: Educate commercial fishermen, legislators, and interested public to the issues faced by the Columbia River commercial fish industry.

- Publish a monthly newsletter to educate and inform members and other interested parties.
- Met with both state's political leaders prior to the legislative sessions.
- Spoke to civic and sport fishing groups, set up and staffed booths at various trade shows, community fairs and festivals, including the Portland Sportsman Show and Fish Expo.
- Met with the Oregon Coastal Caucus.
- Produced two videos: the first, a 3 1/2 minute production directed toward the individual seafood consumer, the second, a 10 1/2 minute production used for educational purposes.
- Assisted in the development of two other video efforts - one unnamed that will focus on Oregon's commercial fishing industry; and a second "Work Is Our Joy - The History of the Columbia River Gillnetter".
- Established an office and retail shop at a new Astoria public waterfront park located in the same building where SFA got it's start in 1958. Visitors come from all over the world.
- Donated salmon to the Urban League of Portland annual dinner, attended by over 800 key political and business people. Also donated salmon to six other organizations in Oregon and Washington who used this donation for fund-raising purposes.
- Hired the services of TH Hibbits, Inc. which performed a voter survey including the opinions of both Oregonians and Washingtonians regarding fishing issues.
- Successfully served salmon and sturgeon at the Oregon State Capitol Rotunda, in celebration of national nutrition month. We were joined with nationally known nutritionist, Anne Fletcher.
- Invited legislators from Washington to join commercial fishermen and women on their boats during the '89 fall season.
- Will be working with ODF&W staff to include a commercial fishing element in their sport fishermen educational project.
- Produced a hand-out brochure for use at fairs, festivals and membership recruitment.
- Have accepted 100 businesses and individuals as SFA associate members, and print a monthly Associate Membership Guide.
- Have joined nine Chambers of Commerce along the Columbia River to more closely align with the business community.
- Met with Bruce Andrews, Director of the Oregon Department of Agriculture on fisheries issues.
- Met with Senators Packwood and Hatfield, and Representative AuCoin on fisheries issues.
- In a benefit performance of "Shanghaied In Astoria" raised over \$1,600 for the Columbia River Maritime Memorial project.
- Supported, through promotion, the construction and launching of the Maritime Museum's gillnet replica bowpicker.

GOAL #3: Work with all agencies and groups to assure that fish runs are managed properly and enhanced at every reasonable opportunity.

- Attend and testify, when appropriate at Columbia River Compact hearings.
- Hired Mitchell, Lang & Smith as attorneys to represent SFA in lawsuits against both Oregon and Washington involving violations of Open Public Meeting Laws.
- Establish communications with both Oregon and Washington Department of Fisheries directors, biologists and support staff.

GOAL #3: (continued)

- Supported the Oregon Youth Conservation Corps summer program at Willamette Hatchery.
- Attend, when possible, the PFMC meetings.
- Participate on the NFI Resource Access Committee.
- Attend, when possible, NWPPC meetings... establish staff communication.
- Meet with state and federal legislators on fisheries issues.
- Participated on regional sub-basin planning committees.
- Supported the Oregon Recreation and Enhancement Bill. It was passed.
- Attended Washington meetings with Salmon for Washington & coastal harvest groups.
- Supporting a 1990 proposed Washington enhancement bill.

GOAL #4: Promote cooperation between all user and harvest groups along the River.

- Met privately with Columbia River Inter-Tribal Fish Commission Director, Tim Wapato and more recently, new Director Ted Strong.
- Initiated meetings with several different sportfishing groups or group leaders including Vancouver Wildlife League, Columbia Pacific Anglers Association, Trout Unlimited, Southwest Washington Anglers, NW Steelheaders, and Oregon Trout.
- Met with Columbia River Sportfishing Association representatives.

These accomplishments and more come as a result of many hours of hard work provided by hundreds of volunteers. Salmon for All has come this far by working together to accomplish its goals.

**"Those people doing the rowing
don't have time to rock the boat."**

The

Inlet News

The Newsletter of the Kenai Peninsula Fishermen's Association

FEB.-MARCH, 1990

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Finfish farming ban considered by the legislature

Bills have been introduced in both the state House and Senate which would prohibit salmon farming in Alaska. The Senate bill, introduced by Sitka Senator Dick Eliason, is co-sponsored by a majority of the Senate.

The fate of the bill is far from certain as it must first pass through the Senate Resources committee where chairperson Bettye Fahrenkamp favors finfish farming.

Unless legislation is passed this session, a two year moratorium of fish farming will end in July. It's unlikely that farms would be in operation in the immediate future if the ban expires since regulations would have to be written and approved governing farm operations.

Eight members of the State House have co-sponsored similar legislation in that body. Sitka representative Ben Grussendorf said allowing fish farms as part of economic diversification would hurt too many people already in the fishing business.



Cook Inlet wild fish stocks such as these could be threatened with disease and genetic impurities if fish farming is allowed. Senator Eliason explains his opposition to fish farms. Page 5.

1990 Cook Inlet Forecast

Inlet sockeye harvest should net above average catch

If anything has been learned after the past two years, fish forecasts are anything but predictable in Cook Inlet. However, ADF&G has made its preliminary estimate for 1990 and offered a wide range of possibilities to cover most any event.

ADF&G biologist Ken Tarbox predicts a return of anywhere between 3.7 and 9.7 million sockeye in 1990 with an expected return of about 5.8 million. With total escapement set at about 1.5 million to cover all river systems, the harvest should be 4.3 million but could range anywhere between 2.2 and 8.2 million.

Tarbox says the basis for the 1990 forecast is different from previous years. "The relatively poor relationship

between the number of adult spawners and the number of returning adults has resulted in significant forecast error," he said.

Using new methods, Tarbox calculated the 1990 return overall and

then went back to biological data on fry and smolt, historical returns to individual rivers and age composition to estimate production by river system. He cautioned that significant error by river system is possible.

Tarbox predicts the 1990 return will again see Kenai river sockeye predominate in the harvest. About 560,000 are predicted to return to the Kasilof and 380,000 to the Susitna. Fish Creek returns should be near 130,000 fish while adult sockeye salmon returning to Crescent River should approach 150,000.

The department also predicts 1990 will see harvests of about 25,000 chinook, 400,000 chum, 250,000 coho and 600,000 pink salmon in upper Cook Inlet.

1990 Upper Cook Inlet Forecast	
	Harvest
Sockeye	4,300,000
Pinks	600,000
Chums	400,000
Cohos	250,000
Chinook	25,000

Cowper oil-spill package; inspections and fines

Governor Cowper has introduced a package of bills as a result of recommendations made by the Alaska Oil Spill Commission. Under the proposals, the state would be able to inspect tankers and barges for structural defects, a priority

recommendation of the Commission.

Legislation is also before lawmakers that would allow the Department of Environmental Conservation to inspect oil

facilities and which would impose substantial fines for violating spill-contingency plans.

NEWS from the Industry

The state's maximum fine for spills other than crude is \$10 per gallon. The proposed legislation would increase the fine to \$50 per gallon in fresh water and \$25 in saltwater.

Under Cowper's proposals, state approved contingency plans would be required for oil storage facilities holding at least 5,000 barrels of oil. He also proposes to close a loophole which imposes no civil fine for crude oil spills of less than 18,000 gallons.

Cowper also wants to make the State Emergency Response Commission a permanent panel and expand membership to include 7 public members. The panel helps prepare and review emergency response plans for hazardous substance spills.

The Governor says his staff is working on additional legislation.

CIRO looks for response vessel

More than 20 companies are competing for an annual \$2 million contract to provide an oil spill response vessel to the Cook Inlet Response Organization.

CIRO manager Barry Eldridge says the organization has been getting a lot more attention as a result of last year's Exxon Valdez spill.

CIRO is comprised of 15 oil companies, dock owners and shippers. Since November, it has leased the "Gulf Fleet 69", an oil spill response boat, to patrol tanker traffic areas. It is equipped with boom, skimmers and other cleanup equipment. Leasing the 190-foot boat and its 8 person crew costs \$5,000-\$9,000 per day.

According to a Department of Environmental Conservation spokesman, CIRO began discussing specifications for a response vessel with 40 companies at a meeting in February.

CIRO is looking for a longer term arrangement to provide a vessel. Requests for bidders have been mailed.

State plans fish inspections to protect markets from oil

In an effort to ensure that no oil-contaminated fish reach seafood markets, the state is planning another major summer inspection program.

Cook Inlet processors can expect fish sniffing inspectors around their plants daily, and state chartered boats will patrol fishing grounds for signs of oil.

A draft document was under review early this month, and the final scope of the plan was expected to be announced shortly.

State fishery officials say they don't expect major problems with oil in harvest zones. They do fear that some beaches may continue to leach oil into coastal waters.

However, plans call for fishery managers to be given a little more flexibility if oil is discovered. Last year, Governor Cowper imposed what was termed a "zero-tolerance" policy. If any oil was present, a fishery was closed.

Coastal plan needs your support

The Kenai Peninsula Borough Coastal Management Plan is up for consideration before the Borough Assembly April 3. Years of work have gone into the Coastal Zone Management Plan which was recently approved by the state coastal zone review committee.

Attempts by some Borough Assembly members to weaken the plan are anticipated. Key issues involve the ban on fin fish farming and the increase in the Coastal Zone boundary to the 1,000 foot elevation. These are both very im-

portant issues to commercial fishermen.

The 1,000 foot elevation boundary is critical to protection of salmon habitat in the upper Kenai drainage.

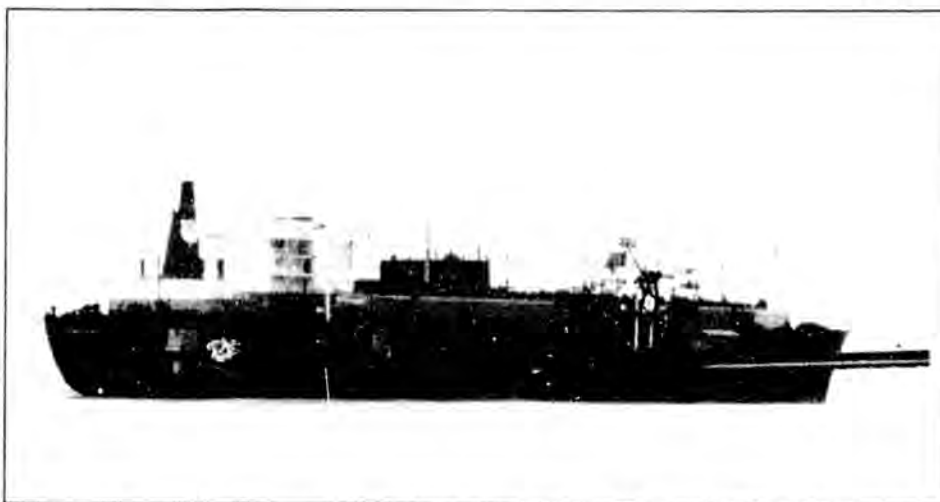
Please call your Borough Assembly representative and ask that they approve the Coastal Zone Management Plan as written. Also, people are needed to testify at the Borough Assembly meeting, April 3. If you can help, please contact Loren Flagg at 262-2492.

Oil Spill Prevention and Response

Flagg tells conference only a beginning has been made in Cook Inlet

Economics and politics are the two major reasons Cook Inlet does not have the same level of oil spill prevention and response capability as Prince William Sound according to KPFA Executive Director Loren Flagg. Speaking at the Oil Reform Alliance conference last month, Flagg said it seems a disaster would be needed to focus more attention on Cook Inlet.

"We've already had two spills which have caused major disruptions to our fisheries," he said. "It shouldn't take another major oil spill in Cook Inlet to get the kind of action needed."



Fishermen want added protection for tankers such as this one docking at Nikiski so that an oil spill in Cook Inlet will receive the same attention as a spill in Prince William Sound.

Flagg said the "wheels have started turning" concerning the present status of Inlet spill prevention and response. He noted that amendments being considered in a Joint House/Senate conference would put additional Cook Inlet language into legislation being considered in Congress. "Cook Inlet will hopefully end up with a federally mandated citizen's advisory council for oil industry oversight."

Flagg added that if improvement

the

Alaska Oil Spill Commission are put into effect, safety and response standards in Cook Inlet would be greatly improved.

"In Cook Inlet, system modifications will have the overall impact of reducing the incidence of oil spills from 2.93 spills per 1,000 port calls to 0.67 spills per 1,000 port calls," Flagg said.

Flagg had some praise for the industry noting that one significant action has been the purchase of a 190 foot response vessel, the Gulf Fleet 69. The vessel is located in upper Cook Inlet at Nikiski.

He added that the Cook Inlet Response Organization (CIRO) has also requested bids to purchase two additional pieces of spill response equipment, a barge or vessel to store oil during a spill and a tug type vessel for use with the barge.

Flagg also noted that CIRO is developing specifications and obtaining bids for a long term Cook Inlet response vessel.

He noted that the KPFA is on record along with the United Cook Inlet Drift Association in supporting a minimum response capability in Cook Inlet which includes:

1. A minimum of 30,000 feet of heavy duty, deep skirted sea boom available for immediate deployment.
2. Recovery equipment capable of removing oil from the water at a rate of not less than 10,000 barrels an hour.
3. Pumping, transfer and lightering equipment and storage capacity to handle the recovery of not less than 10,000 barrels an hour.
4. Maintenance of oil spill response equipment and trained response personnel at key locations around the Cook Inlet area.

BP halts Cook Inlet shipments of crude oil due to risk and cost

Liability risks related to a tanker spill in Cook Inlet have caused BP Exploration to halt shipments of crude oil from Valdez to a Cook Inlet refinery.

BP had been shipping several tanker loads per month to the Tesoro refinery in Nikiski. The shipments provided about a quarter of the refinery's needs.

The shipments, which were suspended in December, were ceased due to increasing penalties for spills and the increasing cost of spill prevention and response in the area according to company officials.

"Frankly we looked at the risks involved, plus we're looking at a lot more money going into spill response from shippers in Cook Inlet," said Jim Palmer, BP's director of government and public affairs. "It's a very small volume and it's a large business risk."

Following the Exxon Valdez spill last March, state lawmakers passed legislation increasing the civil fines for oil spills from \$10 per gallon to as much as \$50 per gallon.

The limit on fines was also raised from \$100 million to \$500 million.

People Count....and so do fish!



The Kenai Peninsula Fisherman's Association recently held a fisheries class for People Count in our offices. A video presentation was made, and informational handouts were provided. Gary Kyle from the Alaska Department of Fish and Game's F.R.E.D. Division assisted in the presentation.

KPFA staff members answered questions from class members and spoke on a variety of subjects including mariculture, salmon ocean ranching, sport fishing conflicts and the benefits of the commercial fishery. This provided yet another opportunity to inform members of the public about our organization and the work we are involved in.

Oil Spills at Drift River terminal; leaky valve blamed

An open pipe valve allowed 90,000 gallons of crude oil to leak from the Drift River oil storage terminal the weekend of March 11, but no environmental damage was reported. The oil was trapped by a containment dike.

Since Mt. Redoubt began erupting, fishermen and environmental groups have called for a shutdown of the facility which could become the target of potential snow and mudslides generated from Redoubt's heat. The facility is located on the west side of Cook Inlet.

Under state orders, the facility is to be kept empty of oil except when loading a tanker. Normally the seven tank facility stores oil from 10 Cook Inlet oil platforms.

Remember:
Cook Inlet Fish
Board Proposals
Due
April 10

State/ IRS battle over limited entry permits

The Internal Revenue Service plans to auction off 8 Alaskan limited entry permits at the end of this month unless the state is successful in convincing the tax collecting agency to back off.

In a letter to the affected permit holders, Commercial Fisheries Entry Commission Chairman Bruce Twomley said that, even though the state is fighting the IRS, permit holders should retain their own legal or accounting assistance.

"The state's opposition will likely discourage higher bids at the IRS auction. If the IRS finds a way to roll over the state's opposition, you will have to live with the results of the sale, unless you have protected yourself," said Twomley.

The state has opposed seizure of commercial fishing permits since the IRS actions began in 1981. In a letter to the IRS this month, Attorney General Doug Bailey returned "Notice of Intent to Transfer" forms to the IRS without the signatures of permit holders which had been requested. Bailey noted that forced transfer of a permit is generally prohibited by the legislature.

Bailey urged the IRS to examine other options of forcing payment of back taxes other than auctioning the permits. "Given the legal uncertainties surrounding the proposed forced sales, sound policy would seem to dictate that all other potential alternative remedies be exhausted before embarking on such a questionable approach," he wrote.

The auction of the permits is to take place March 29.

Redoubt mudslide wipes out Drift River setnet site

Seven feet of mud plowed into Ron and Sharon Wild's setnet camp near the mouth of the Drift River last month taking with it a scow and several aluminum dories.

The mudslide was caused by Mt. Redoubt's eruptions which heated ice causing floods and mudslides.

Ron and Sharon are asking anyone who may see the scow or dories floating around or washing onto a beach to call them.

The scow is 16 x 45 feet and has a 12 x 12 foot aluminum cabin on it. The four aluminum dories have 20-foot bottoms. There are no special markings on the boats.

Anyone with information can call the Wilds at 688-2881.

Lawmakers should prohibit fish farms once & for all

by Senator Dick Eliason

After four years of discussion on the subject of mariculture, the time has come for the Legislature to end the debate on fish farming and resolve the matter once and for all.

The grave problems associated with fish farms operating in other states and countries, the testimony of witnesses from Ketchikan to Bristol Bay expressing staunch opposition to the legalization of fish farm operations, and the findings and recommendations contained in the recently released report of the Finfish Farming Task Force have led me to introduce legislation prohibiting commercial finfish farming in Alaska.

In evaluating the costs and benefits of fish farming identified in the report, it seems apparent to me that the serious risks outweigh any potential benefits.

Several years ago when the issue of fish farming was first raised, the Legislature recognized the need to proceed slowly and withhold action until more information could be gathered. We have enacted two consecutive moratoriums on finfish farming and in 1988 called for a non-legislative task force to examine the key issues pertaining to finfish farming in Alaska and provide a well-balanced report to the legislature.

The group has done a commendable job of laying out the pertinent facts, noting several possible benefits and some serious risks, and leaves to the legislature the disposition of the issue.

One of the main conclusions in the report is that the legislature should not simply extend the current moratorium on finfish farming which expires in July, but should instead enact a law either allowing or prohibiting finfish farming.

The legislation I introduced reflects the concerns addressed in the task force report. In evaluating the costs and benefits of fish farming identified in the report, it seems apparent to me that the serious risks outweigh any potential benefits.

These risks include the spread of disease among wild fish by farmed fish, genetic intermingling of wild fish stocks with farmed fish unsuited to survival in the wild, degradation of water quality near finfish farms and land use conflicts over farm siting.

The report acknowledges that these potential threats to Alaska's valuable fishery resources and the environment can never be eliminated if fish farming is permitted. They can only be minimized.

Minimizing the risks would be accomplished largely through state regulation which would necessitate a substantial expenditure of public funds. I don't believe the public would support such an expenditure when it is unlikely that a fish farming industry can succeed here and nobody can guarantee the absolute protection of wild fish stocks upon which commercial fishing, subsistence harvests, recreational fishing and increasing sportfish-based tourism depend.

The proponents of finfish farming speak of employment and economic development. The truth is that fish farms employ very few people, approximately 3 people per farm. Is that worth risking harm to resources which currently support, among other things, Alaska's commercial fishing industry....our largest employer and second only to "Big Oil" in terms of its value to the state in dollars?

Furthermore I am concerned about the fact that most of the private sector investment in any finfish farming industry in Alaska will not be by Alaskans. Even if the industry were to make a profit here, much of it would leave the state.

A couple of good things have emerged from the debate. The question of shellfish and sea vegetable cultivation was divided from the fish farming issue during the course of legislative work on the issue. This has, in turn, given rise to a fledgling industry to which Alaska has given both its blessing and the benefit of a comprehensive regulatory process.

The report acknowledges that these potential threats to Alaska's valuable fishery resources and the environment can never be eliminated if fish farming is permitted. They can only be minimized.

In response to all that we have learned the responsible course of action is for the legislature to now move swiftly in adopting legislation prohibiting finfish farming and thus settling the debate once and for all.

Dick Eliason is a Republican state senator representing Sitka.

Marine mammals: It is no longer incidental

by Cheryl Sutton

In 1989, all fisheries in Alaska were classified to comply with the Marine Mammal Protection Act. Setnetters in Cook Inlet, largely because they employ gill nets in their operations, were classified under category II. This category contains those fisheries with "occasional" incidental takes.

Vessels (or fishermen in the case of setnetters) fishing under a Category II classification must obtain an exemption certificate and regularly compile information and file a report about marine mammal incidental takings.

According to the National Oceanic and Atmospheric Administration (NOAA), to participate fully in a Category II fishery, the vessel owner (or fishermen) must obtain an exemption certificate from NOAA whether or not marine mammals are taken. Information was distributed to setnetters last spring containing animal logs to be completed and returned.

The marine mammal population has now taken a new and frightening turn. A workshop in Anchorage sponsored by the Alaska Marine Fisheries Commission (PSMFC), it was reported that populations of Stellar (or Northern) sea lions from the Kenai Peninsula to Kiska have diminished from 140,000 in 1960 to 25,000 in 1989. A slide presentation very dramatically showed the diminished populations. Rookeries which, five years ago, had large sea lion populations now have none.

There could be a number of reasons for the decline of the Stellar sea lion populations. However, the area where most data appear is relative to the effect of commercial fisheries on the populations. Very little information exists on the environmental effects including redistribution, increased predation, disease and pollutants.

It was stated at the meeting that the reported incidental taking of marine mammals by commercial fisheries is very low and could not account for the decline. However, it was also stated that the Department of Commerce could not, under the law, wait for conclusive information to take regulatory actions mandated under the Endangered Species Act.

Concern over the apparent declines in Northern sea lions has prompted the Environmental Defense Fund (EDF) to file a petition asking that the sea lions be placed on the endangered species list. The EDF is acting on behalf of 16 environmental groups and is asking the Department of Commerce to take emergency action under the Endangered Species Act (ESA).

The action requested is as follows:

(1) an emergency listing of the Stellar sea lion as "endangered" within the meaning of the ESA; ("Endangered means in danger of extinction throughout all or a significant portion of a species range)

(2) issuance of emergency regulatory measures to pre-

vent further decline in the population, including constraints on incidental taking in commercial fisheries; and

(3) initiation of the regulatory process to have the listing and the regulatory measures made permanent.

At present, the Stellar sea lion does not appear on either the threatened or endangered list.

The Endangered Species Act is one of the most sweeping and powerful federal laws. It creates an affirmative duty on the part of the National Marine Fisheries Service (NMFS) to protect the populations of animal species under its jurisdiction from becoming "threatened" or "endangered" and to undertake regulatory measures that conserve threatened or endangered species.

Under this Act, NMFS must adopt regulations to provide for the conservation of the species. The classifications of commercial fisheries under the Marine Mammal Protection Act cannot be appealed or revoked at this time.

Whatever regulatory actions are taken will affect Category I fisheries and would likely affect Category II fisheries including Cook Inlet setnet.

The Endangered Species Act sets forth a deliberate process for NMFS to follow in determining whether Stellar sea lions should be placed on the endangered species list. It must review all technical and scientific literature to determine the status of the population of the species.

The unfortunate part of this is that very little data exists, and, in the final analysis, the decision is discretionary with NMFS. The National Marine Fisheries Service must go through public evaluation when it receives a petition; and, then, within a specified time frame of one or two years, decide whether to act upon it or not. However, under an emergency action, normal time frames are not adhered to.

The result of an endangered listing is a flat ban on the taking, incidental or otherwise, of that species. The term "take or taking" is very broadly defined and means harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect or the attempt to engage in any such conduct.

The Environmental Defense Fund petition seeks to invoke the ESA provisions authorizing emergency action.

See MAMMALS, Page 9

Hidden Lake Sockeye

A Prime Enhancement Opportunity for Alaska

by Loren Flagg

Hidden Lake, located in the Kenai National Wildlife Refuge, is one of the best potential systems found in the state of Alaska for the application of modern fisheries enhancement techniques. Unfortunately, the existing sockeye salmon enhancement project has been stalled by restrictive Refuge policies which are supported, to some extent, by anti-enhancement sentiments which exist within sport fishing and environmental groups.

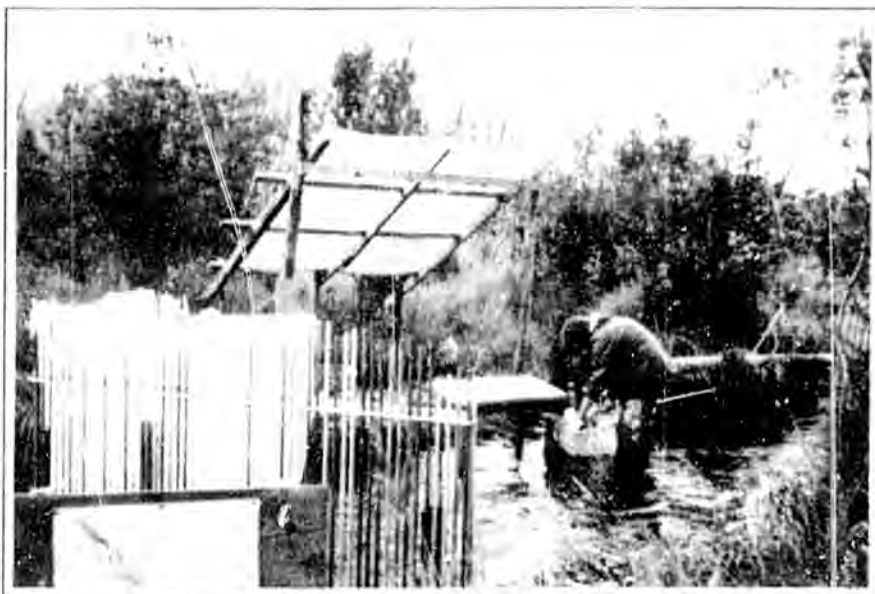
While I can accept an opposing view regarding the necessity or desire to enhance the Kenai River system, I cannot respect that view when it is founded on a collection of misinterpretations, exaggerations and untruths. A review of recent newspaper articles and letters-to-the-editor has convinced me that fisheries enhancement (Hidden Lake in particular) is being given an undeserved bad reputation.

First of all, **fisheries enhancement within a National Wildlife Refuge is a permitted use.** Fisheries enhancement and rehabilitation are allowed activities under both ANILCA and the United States Fish and Wildlife Service (USFWS) Comprehensive Conservation Plan. This is not in dispute. It is the level of enhancement that is being questioned.

The Alaska Department of Fish and Game (ADF&G) has conducted extensive limnological studies of Hidden Lake since the early 1970's. Limnological studies examine production in fresh water lake systems.

Hidden Lake was selected in 1975 as the best candidate for sockeye salmon enhancement in Southcentral Alaska based on its extremely high productivity and the fact that the lake was "spawning limited." This simply means that the potential of the lake to produce food (plankton) is greater than the capacity of the spawning area to produce salmon fry which, in turn, would utilize that food. ADF&G studies have shown that the lake can support about 30 times the number of sockeye fry than the natural spawning area is capable of providing.

ADF&G limnologists have estimated that Hidden Lake could provide rearing for a stocking level in excess of 20 million sockeye salmon fry. However, to be on the conservative side, they have recommended that the stocking rate not exceed 10 million fry at least until the impacts of increased levels can be evaluated. The proposal by the Cook Inlet Aquaculture Association (CIAA) to take 10 million sockeye eggs and stock approximately 8 million fry back into Hidden Lake is biologically sound.



The adult sockeye weir in Hidden Creek has existed since 1976.

At this stocking level the food supply in the lake will not be seriously challenged and, therefore, limited, if any, impacts would be expected on native wild stocks which compete for plankton. A condition of the fry stocking program, which was first initiated in 1976, is that limnological parameters, such as plankton abundance, be continually monitored to assess any changes. Sockeye stocking levels from 1976 to 1989 have ranged from 8,000 to six million fry yet there has been no **measurable decrease in the plankton supply.**

As long as the lake monitoring program is continued, native stocks of fish in Hidden Lake are not seriously threatened by increased stocking levels. In anything, resident species such as lake trout and rainbow trout could expect to benefit by the introduction of increased numbers of prey items (sockeye fry).

Usually the subjects of "disease" and "genetics" are brought up when Hidden Lake or other hatchery stocking programs are discussed.

Unfortunately, many mistakes were made in the development of hatchery programs along the West Coast of the United States and Canada. Fortunately, Alaska had the benefit of learning from these mistakes and has developed one of the most advanced programs in the world for minimizing fish disease and genetic concerns. There are policies in place that forbid unsound fish culture practices.

Fish disease, which is inherent in wild stocks, is controlled in the hatchery environment. Disease-ridden fish are not released from our hatcheries regardless of whether they are operated by the state or private, non-profit aquaculture groups.

See ENHANCEMENT, Page 9

The Troubled World of Subsistence

by Cheryl Sutton, Deputy Director, KPFA

In December, 1989, the Alaska State Supreme Court issued an opinion as the result of the McDowell, et al. suit, now commonly referred to as the "McDowell Decision."

The opinion, which was concurred in by four of seven Justices, stated, "We therefore conclude that the requirement contained in the 1986 subsistence statute, that one must reside in a rural area in order to participate in hunting and fishing, violates sections 3, 15 and 17 of Article VIII of the Alaska Constitution." In other words, the state can no longer use the rural criterion as a tool for administering subsistence hunting and fishing rights.

Questions remain in the minds of state officials as to whether or not this decision invalidated the entire 1986 subsistence statute or if it just severed the rural criterion. I believe the rural/urban criterion so pervades the law that the entire subsistence statute is invalidated by McDowell.

In my opinion, McDowell left us with no state statute and a necessity to implement changes on both the state and federal level. However, both Senators Murkowski and Stevens addressed the state legislature and informed lawmakers they felt the responsibility lay with the state and clearly portrayed their unwillingness to suggest amendments to ANILCA.

At present there are several resolutions and bills before the legislature addressing subsistence. Three resolutions suggest constitutional amendments. Two would amend Article VIII of the state constitution to add a new section

allowing the state to discriminate on the basis of rural residency for the purposes of subsistence.

One of the bills, HJR 90, would also seek to amend the state constitution by adding a new section including a preference for Alaska Native residents in addition to rural residents in the limitation of subsistence uses.

The resolutions proposing constitutional amendments will first have to be passed by a 2/3 majority of the legislature before they can be placed before voters of the state at the next general election. If these amendments pass the legislature and are placed on the next general election ballot, they will require a majority vote to pass and be adopted as law.

A state constitutional amendment will not solve the problems surrounding the subsistence issue, yet this seems to be the direction the Administration is going at this point.

The federal government has prepared information relative to a "takeover" plan to become effective July 1 if the state does not satisfy the requirements of ANILCA and thus regain compliance with the federal government. The details of this plan are not available to the public, and the federal government has no intentions of making them available.

I am addressing this issue through a variety of means. One way is as chairman of the United Fisherman of Alaska's Subsistence committee. Through this comprehensive representation I am able to meet with administration personnel and legislators to assist in finding a solution to this issue. In addition, our office is consulting with our own legal counsel.

One further complicating aspect of the subsistence issue is the outstanding federal case involving the Kenaitzes. This case is apart from any actions currently being taken by the legislature.

Actions affecting the subsistence issue are in constant motion. We will keep our membership informed and remain involved in an attempt to find a solution palatable to our membership.

Bay setnetters restricted again

The Alaska Board of Fisheries recently voted to reimpose restrictions regarding the distance set gill nets may extend into the water in Bristol Bay. Those restrictions were struck down several months ago by the Alaska Supreme Court which stated that certain board members who originally voted for the restrictions in 1984 had a conflict of interest.

Board members noted that the court's action did not rule on the merits of the restrictions, only on how they were adopted.

During its February meeting, board members said that new rules have since been enacted to prevent the types of conflicts which caused the court to invalidate the earlier vote. The board added that reenacting the restrictions would restore the traditional balance between Bristol Bay drift and setnetters.

River board gets new members

Two Kenai residents have been appointed to the Kenai River Special Management Area Advisory Board. Department of Natural Resources Commissioner Lennie Gorsuch recently appointed Bill Altland and Lisa Tomrle to the panel which advises the state on management of the river.

Reappointed to the Board were Al White of Sterling and John Vaughn of Soldotna.

The Board was formed in 1988 to advise the state on implementation of the Kenai River Comprehensive Management Plan. The board is to provide a public forum to obtain public opinion. The 15 member panel includes representatives of the community, borough, state and federal agencies.

ENHANCEMENT: A hidden opportunity

continued from page 7

The fish are either treated successfully or destroyed. The genetic policy, which was developed by a joint state, federal and university scientific team, contains restrictions that protect the genetic integrity of Alaska's wild stocks.

One important restriction is that a watershed with significant wild stocks can only be stocked with progeny from the indigenous stocks. At Hidden Lake this means that only Hidden Lake sockeye can be used to enhance the native sockeye population. Furthermore, the introduction of non-native salmon stocks is not allowed anywhere within the Kenai River system or other major wild salmon systems in Alaska.

Hidden Lake has been and can continue to be a successful program which benefits all user groups. Commercial fishermen, sport fishermen and personal use fishermen have all shared in the harvest of surplus sockeye as a result of the enhancement project.

ADF&G estimates that commercial fishermen intercept an estimated 50-75 percent of Hidden Lake sockeye while sport fishermen intercept about 10 percent. In the past three years personal use fishermen have taken 3-7.5 percent of the available sockeye return to the Kenai River system.

Contrary to the belief of a few sport fishermen and guides, the enhancement of Hidden Lake sockeye has not resulted in any additional commercial fishing time in Cook Inlet nor will the Hidden Lake project cause any additional commercial fishing time to be allowed in the future even if the size of the return is quadrupled. Policies and guidelines in place by ADF&G simply do not allow this situation to occur.

Fisheries management decisions are based on wild stock abundance, and the strength of a hatchery return is not considered in regulating a mixed stock fishery. The Trail Lakes Hatchery Basic Management Plan states "there will be no specific management strategies designed to harvest surplus Hidden Lake sockeye in the Cook Inlet commercial

fishery." Therefore, additional enhanced sockeye salmon in the Kenai River system does not translate to additional commercial fishing time or increased king salmon interception.

The major issue in the way of increased salmon production in Hidden Lake is that of cost recovery. All other negative issues raised concerning the enhancement project are either "red herrings" or have grown out of the ignorance or misinterpretation of the facts. They have scientifically based solutions.

The USFWS has denied CIAA's request to conduct a cost recovery program on excess sockeye salmon adults at Hidden Lake that would be produced by increasing the stocking level. Allowing a private, non-profit association to harvest surplus fish to recover costs from a project that is conducted on a National Wildlife Refuge is a complex, controversial question. However, I do not feel that the cost recovery issues should necessarily prohibit the stocking of additional fry into Hidden Lake.

There are many options available to the USFWS regarding the harvest and disposition of surplus sockeye that are above Hidden Lake escapement needs. Harvest methods and disposal schemes can be implemented without detracting from aesthetic or environmental attributes of the refuge. There has been an adult weir in place on Hidden Creek since 1976. It can easily be used to capture surplus fish. The proceeds from the sale of these fish could be used to recover actual project costs as well as support charitable organizations if cost recovery continues to be denied to CIAA.

One idea proposed is to use proceeds from the Hidden Lake project to purchase and protect wetlands and other riparian habitat along the Kenai River. This idea reflects the type of positive attitude needed.

Hidden Lake sockeye, at the proposed stocking level of 8 million fry, could provide significant benefits to all user groups and to the local economy without compromising the environ-

Mammals: Sea lion numbers are declining

continued from page 6

Emergency actions allow NMFS to bypass the usual procedural requirements for listing a species. The Endangered Species Act is a statute replete with overtones of preemption of state regulatory authorities. It would prohibit state laws conflicting with the federal regulations from being enacted.

In order to respond to the EDF petition, NMFS must, at a minimum, answer the following questions:

1. Is there sufficient data to declare an emergency?
2. Does the data indicate a threatened or endangered status?
3. If the Stellar sea lion needs further protection, what measures will be required that affect fishing operation on the part of Alaska fisheries?
4. How quickly will the agency act?
5. What role will the State of Alaska, the North Pacific Fishery Management Council, and the fishing industry play in the process?
6. What are the prospects for a lawsuit by either side in this controversy, whatever happens?

The Kenai Peninsula Fishermen's Association will continue its active involvement in this issue and inform our members on actions taken. This issue is serious, and we will dedicate the necessary time towards its resolution.

ment, the health of wild stocks or fisheries management strategies. The project should not be restricted due to misinformation, conflicts over individual interpretation of federal policies or differing opinions on cost recovery.

The sockeye salmon enhancement program in the state of Alaska is the most successful in the world. As Alaskans and fishermen of various pursuits we need to start focusing on the positive aspects of fisheries enhancement and sound programs such as Hidden Lake.

For contributing to the community

Setnetter Erik Barnes honored by N. Kenai chamber and legislature

State lawmakers and the North Peninsula Chamber of Commerce recently honored east side setnetter Erik Barnes for his long term contributions to commercial fishing and the community.

At its annual awards banquet, the North Peninsula Chamber presented Barnes with its "Fisherman's Award." The Alaska Legislature also approved a special citation honoring him.

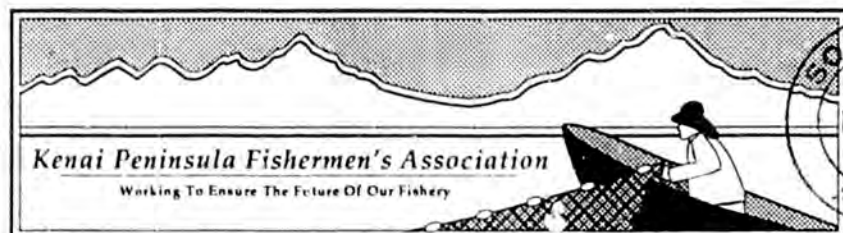
The Chamber award was given in recognition of Erik's accomplishments as a successful setnet fisherman, for his contributions to the fishing industry and his involvement in the local community.

The legislative citation notes that, as Erik's three children were going through elementary school in Nikiski, he devoted much time in order to develop the first wrestling program for the school. He served as a coach of the team for many years. The citation goes on to note Erik's assistance in establishing a cross country ski program at Nikiski Elementary school and his involvement with Boy Scouts.



Erik's daughter, Debbie, accepts the award and citation from Rep. Jim Zawacki (l) and Fred Willis (r).

Congratulations Erik!



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FIRST CLASS

Senator Dick Eliason
P.O. Box Y
Juneau, AK 99811



ALASKA

NEWS from
the U.S. Department
of Commerce for the
Business Community
in ...

Mary

INTERNATIONAL TRADE ADMINISTRATION
U.S. AND FOREIGN COMMERCIAL SERVICE
222 West 7th Avenue, Box 32
Anchorage, Alaska 99513-7591
Telephone: 907-271-5041

Charles F. Becker
Director

January 1990

Sonja P. Lawrence
Trade Assistant

ALLIANCE CONVENES OIL, GAS, AND MINING CONFERENCE

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For the full slate of speakers and reservations, call the Alliance at 563-2226.

TRADING-COMPANY EXPERT TO ADDRESS ALASKA GROUPS

Herb Ouida, Project Director of the XPORT Trading Company of the Port Authority of

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Orchestrated by the World Trade Center in Anchorage, Ouida will speak at Commonwealth North and the Alaska State Chamber of Commerce forums on Friday, January 12.

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For information on Ouida's appearances, call Commonwealth North at 276-1414, the State Chamber's office at 278-3741, and the World Trade Center at 561-1615.

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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

NORWAY'S SALMON FARMS HIT WITH REVENUE LOSSES

Newly appointed Norwegian Fisheries Minister, Sven Munkerford, said that his country's fish farm industry is undergoing a "restructuring" after nearly twenty years of steady growth.

Exporters are predicting losses of nearly \$30 million for 1989 due to falling prices and sales volume. Original projections of harvests at a robust 150,000 tons have been scaled down to 115,000 by year's end.

Although the government has assisted in the growth of the industry with infrastructure development and research, officials point out that fish farming in Norway is not a subsidized industry.

CANADIANS BLAME NORWAY FOR DEPRESSED SALMON MARKETS

Large quantities of Norwegian farm-reared salmon flooding world markets has been singled out as the contributing cause to sharply depressed prices by harried fish farmers in British Columbia.

While production costs have varied from \$2.00 to \$3.50 (Canadian) per pound, prices have been near or below cost, forcing a number of promising operations into receivership.

Farm-reared salmon production from British Columbia is expected to hit 15,000 tons in 1989. In an effort to regulate growth of the industry while protecting wild stocks, government officials have announced a \$434,000 study of the potential impacts of salmon aquaculture on native fishery resources.

U.S. AND CANADA CUSTOMS DEVELOP HOTLINES

Inking the US/Canada Free Agreement has spurred intense interest and confusion in trade expansion between the two countries.

To help exporters with their questions, both governments have established "hotlines".

U.S. Customs "help desk" will handle queries on issues associated with the Free Trade Agreement in addition to the new Harmonized Tariff System, the U.S./Mexico Special Regime and other U.S. trade programs. For assistance call (202) 566-6232 between 4:30 am and 4:00 pm Alaska time.

Canada Customs and Excise National Hotline, which will respond to questions on Rules-of-Origin and the Certificate-of-Origin, can be reached at (800) 267-6626.

U.S. & F.C.S SEOUL PUBLISHES LIST OF KOREA'S 30 LEADING CONGLOMERATES

A list of the 30 leading Korean chaebols has been compiled by the U.S. & Foreign Commercial Service at the American Embassy in Seoul.

Included in the list are the names and addresses of the chairmen or CEOs, 1988 turnover and name and addresses of their principal U.S. offices.

Firms like Samsung, Hyundai and Lucky-Goldstar have instructed their U.S. representatives to identify investment opportunities here as well as to scout for promising U.S. products for the Korean import market.

Firms interested in a copy of the list should call the Anchorage District Office of the U.S. & F.C.S. at 271-5041.

ASIA/PACIFIC BUSINESS OUTLOOK CONFERENCE A "GO"

First Interstate Bank, Korean Air, Price Waterhouse, United Parcel Service, and the U.S. Department of Commerce jointly announced scheduling of the third annual Asia/Pacific Business Outlook Conference to be held on March 5 - 7, 1990, in Los Angeles, on the campus of the University of Southern California.

Highly acclaimed by exporters, the conference brings together the senior commercial officers from American Embassies and Consulates in 13 principal trading nations in the Pacific Rim, along with leading business executives and academicians.

Participants will receive briefings on successfully doing business in and attracting investment from Hong Kong, Taiwan, Japan, Australia, and other countries and current political and economic conditions.

Mark your calendars now and call 271-5041 today for additional information and reservations.



United States Department of Commerce
International Trade Administration
U.S. and Foreign Commercial Service



International Business Education and Research
(IBEAR) Program
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SCOMM

75:25

TESTIMONY BEFORE HOUSE RESOURCES

BY SEN. ELIASON

HB 432, PROHIBITING FINFISH FARMING

When the issue of finfish farming first surfaced several years ago, I knew that it would be of the utmost importance to the district I represent in the state Senate. My district includes Sitka, a major center for Alaska's seafood industry, as well as the "iceworm district" which is made up of thousands of miles of coastline and dozens of coastal communities.

From the beginning I have had a keen interest in the issue and have studied it carefully. I have visited fishfarms in both Washington and Norway, read extensively, and talked with hundreds of people on the subject.

I must admit that at first I was excited about the prospects for this new industry, and enthusiastic about investigating its potential in Alaska. But it was also clear that this was a MAJOR policy decision for this state and had to be done with great care and complete information. The more I've learned, the more I've come to realize just what a ~~terrible~~ mistake it

would be for us to allow a finfish farm try to gain even a small foothold in this state.

I believe that the three years of moratorium we've had have been extremely beneficial. By not rushing into this new venture, we have had time to study it further, and to learn from the experiences in other states and nations where fish farming is underway. And what a lesson it has been!

Many of the areas that jumped on the finfish farming bandwagon are now experiencing enormous problems including bankruptcies, large numbers of fish escaping from farms, disease and genetics problems which are jeopardizing natural stocks, and very bad market conditions leading to the dumping of farmed fish on the market at a loss. Far fewer jobs have been generated than many people had been led to expect.

We can learn from all this. And while we note the problems in the industry elsewhere, there is an additional factor for us to consider here. In the other places where finfish farming has been legalized, they didn't have strong natural stocks to worry about - either they never had them or they had already destroyed them. Here in Alaska we have the healthiest natural runs of salmon and many other species of finfish in the world. The seafood payroll in Alaska in 1988 topped one billion dollars - more than the combined payrolls for the oil and gas,

tourism, mining and forest products industries. Now THAT is a lot to risk.

And it WOULD be at risk with the introduction of finfish farming in Alaska. And I do NOT mean because of any economic competition. With the enormous quantities of farmed fish already glutting world markets, Alaska's seafood already has that competition. The small amount that would be added to that by fishfarming in Alaska would not make a difference. Where the risk lies is in the potential dangers to our natural stocks upon which all of our commercial, sport and subsistence use depends.

As the Finfish Farming Task Force Report points out, the dangers involved in the development of the farming industry can, with enough regulation, funding, and enforcement, be MINIMIZED. Not eliminated, but minimized. To even minimize the risks we would need to spent large amounts of state money, time and personnel to set up tight regulation and monitoring, pathology services, enforcement personnel, and so on. And as we know all too well, there is simply no extra state money sitting around to do this with. We would end up chopping it off some other state program, probably other resource management programs, to fund the necessary state oversight.

WHY would we spend that kind of money, and/or take those kinds of risks with some of the most important resources in the

state, to try to start an industry that offers so LITTLE potential benefit to the state? I support economic diversification --- WHEN it makes sense. We should be able to see when something is better left untouched.

I believe that you will be asked by some fishfarming advocates to perhaps ban netpens for sa`on, but to allow SOME fish farming --- a LITTLE fish farming, maybe upland tanks, or non-salmon species, or some other small slice of the pie.

Please don't be fooled by this approach. We know from past experience how easy it is to fall into the trap of throwing good money after bad to bail out a floundering venture. We know how easy it is to be pressured into easing restrictions, weakening our resolve, once an industry is going and is in financial trouble.

Whether we have two fish farms or 100, and whether they are saltwater net pens or upland tanks, the state must resolve the whole question of broodstock acquisition, must invest a great deal of state funding for siting, permitting, regulatory functions, enforcement, pathology services, etc.

With even one fish farm, we can never again advertise that "If it's from Alaska, it is wild natural fish." With more and more consumer awareness of the huge amounts of antibiotics and other drugs and chemicals used, and disease and pollution

problems involved in fish from fishfarms around the world, a consumer backlash at some point could make the the claim of "all natural" the best marketing edge Alaska's finfish has ever had.

Even more important to the question of allowing "a little" fish farming is the "foot in the door" argument - a little fishfarming now will certainly lead to more and more of it.

After initial involvement and expense by the state, and after allowing private businesses to invest time and money and get started, we are not likely to go back later and repeal it even if it is found to have detrimental effects. On the contrary, if the industry is allowed to start, and then runs into financial troubles (which it is clear it would from the economic crisis this industry is already experiencing worldwide) the state is most likely to add a bit more area, relax the restrictions, invest more and more money and time in trying to make the industry more "viable."

This has been exactly the case in British Columbia. There they began the industry with a tight restriction prohibiting Atlantic salmon. But once the farms were established and began to struggle, they repealed that ban to bail them out.

We spoke with people in the Washington state legislature and found that they have experienced a similar phenomenon. As soon

(5)

as their "little" industry was underway, they became a very real political force, lobbying and forming political coalitions with other special interest groups to gain passage of measures they wanted.

NO KIND of finfish farming is completely without risks to Alaska's water quality and fisheries resources. And no kind of finfish farming shows much potential of bringing economic benefit to the state. And no kind of fishfarming is worth risking its eventual expansion into the other methods and species, or more massive scale, which we know pose the greatest potential harm.

Let's not be misled into believing that allowing this industry to begin is "farsighted." Recognizing a bad deal when it comes along, and preventing our state and its resources from suffering inevitable negative impacts, - THAT is farsighted.

I hope you will read over the articles in your folders to get an idea of the experiences other states and countries have had with finfish farming - the problems with disease, chemicals, pollution, and so on.

Competition - viable wild stocks

I urge your passage of HB 432.

(6)

Alaska State Legislature

Senate Resources Committee

Senator Bettye Fahrenkamp, Chairman

Senator Jay Kerttula, Vice Chairman
Senator Dick Eliason
Senator Steve Frank
Senator Rick Hallford
Senator Arliss Sturgulewski
Senator Fred Zharoff



P.O. Box V
Juneau, Alaska 99811
(907) 465-4907

MEMORANDUM

TO: All Legislators
FROM: Senator Bettye Fahrenkamp
DATE: March 30, 1990
RE: Finfish farming

If your mail is like my mail, many of you may have been the recipient of a letter writing campaign from commercial fishermen in opposition to finfish farming. I am convinced that their comments do not reflect the opinion of most Alaskans.

In a survey of voters in my district on a variety of issues, the respondents told a markedly different story on finfish farming.

173 respondents

100 favorable
12 unfavorable
61 no opinion

I have attached typical comments in favor. The responses are in my office if you would like to review them.

Typical Comments in Favor of Fish Farming

"Most governments go to great lengths to foster an 'infant industry', rather than try to strangle it in the crib! We need jobs!"

"Too long delayed. We are way behind in one of best potentials the state has. Both finfish and seaweed (nori) culture. Please break this loose and let development begin and don't let agencies set up constrictive controls. There's a big difference between regulation and strangulation."

"The fish farming moratorium should end. When Alaska's economy is so bad and fish farming a viable option for improving that economy, restricting the activity because of the greed of a select group of fishermen is a travesty. On fish farming, Alaska is way behind the times and again will miss out on a great opportunity."

"Let it develop with good environmental safeguards."

"Allow the farming with inspection of stocks/fry by Fish & Game to check for contamination/disease."

"I favor fish farming with adequate safeguards and controls to ensure safety and product quality."

"With proper precautionary measures and controls there should be few of the dangers to natural stock. It appears to be another effort by fishermen to keep out market competition."

"Finfish farming must be permitted. Why deny Alaska a valuable industry? If we don't develop this industry others will, leaving us cut out of the world salmon market."

"I'm all for mariculture. Politically, commercial fishing in this state has become a nightmare."

"Commercial fishing interests have had their way too long---Let's get on with it!"

"Worth investigation. Should not be outrightly banned simply to protect fishermen, but if there is a possibility of disease then it's questionable. Someone in FBX is doing it and I understand his system is completely closed. No chance of escape to contaminate wild stocks. He should not be restricted in any manner regarding how (or if) he can produce fish."



SENATE LABOR & COMMERCE COMMITTEE

Senator Richard I. (Dick) Eliason, Chairman

Senator Pat Rodey, Vice-Chairman
Senator Jan Faiks
Senator Julmar Kerttula
Senator Jack Coghill

Kevin Ar - 3

Will 2012 - 10

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206-753-6600

William - 530 4625
bill 2012

John - Dept
Sen. Jack Metcalfe
Chapman
206-753-7618

206-753-7618

John Kerwin

Original sponsor(s): REP. GRUSSENDORF, Ulmer, Goll, Davidson, Navarre,
Wallis, Hudson, Taylor, C.Davis, Jacko, Kubina, MacLean, Swackhammer

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 432 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting finfish farming; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS. Based on a legislative examination of the
10 potential effects of allowing finfish farming in the state on the common
11 property resources and on the overall economic well-being of the state; the
12 number of serious concerns associated with finfish farming and the need for
13 study of finfish farming that has caused the legislature to enact two
14 moratoriums on finfish farming and establish a nonlegislative task force to
15 study the issue and to report its findings and recommendations to the
16 legislature; a review of the final report of the Alaska Finfish Farming
17 Task Force which notes several possible benefits and some serious risks of
18 finfish farming; the need for the legislature to take action before the
19 current moratorium on finfish farming expires on July 1, 1990; the recom-
20 mendation of the task force that the legislature not extend the moratorium,
21 but make a final determination to either allow or prohibit finfish farming;
22 and the testimony and evidence received; the legislature finds that

23 (1) the state has the healthiest stocks of wild salmon and other
24 wild finfish in the world and benefits from thriving commercial, sport, and
25 subsistence fisheries for these fish and a growing tourism industry related
26 to sport fishing;

27 (2) the people, economy, and environment of the state are depen-
28 dent in large measure upon the continued health of the state's wild finfish
29 resources;

1 (3) serious risks are posed by commercial finfish farming,
2 including the spread of disease among wild fish by farmed fish, genetic
3 intermingling of wild fish stocks with genetically manipulated farmed fish,
4 degradation of water quality near finfish farms, and land use conflicts
5 over the siting of commercial finfish farms;

6 (4) the state has invested significantly in marketing efforts to
7 promote Alaskan finfish as wild and natural fish products, and this invest-
8 ment in developing the reputation of Alaskan finfish would be lost by
9 allowing commercially farmed finfish to be produced and marketed from
10 Alaska;

11 (5) the cost to the state to regulate the commercial finfish
12 farming industry would be high;

13 (6) few jobs would be generated by a commercial finfish farming
14 industry in the state;

15 (7) the state is responsible for ensuring the protection and
16 wise use of the renewable natural resources of Alaska and providing a
17 framework for a sound economy;

18 (8) a long-term decision must be made regarding the future of
19 commercial finfish farming in the state;

20 (9) avoiding harm to the state's wild finfish, land, and water
21 resources must take precedence over the development of a new speculative
22 and potentially harmful commercial finfish farming industry;

23 (10) the best interests of the state are served by prohibiting
24 commercial finfish farming.

25 * Sec. 2. AS 16.40 is amended by adding a new section to read:

26 Sec. 16.40.210. FINFISH FARMING PROHIBITED. (a) A person may
27 not grow or cultivate finfish in captivity or under positive control
28 for commercial purposes.

29 (b) This section does not restrict

1 (3) serious risks are posed by commercial finfish farming,
2 including the spread of disease among wild fish by farmed fish, genetic
3 intermingling of wild fish stocks with genetically manipulated farmed fish,
4 degradation of water quality near finfish farms, and land use conflicts
5 over the siting of commercial finfish farms;

6 (4) the state has invested significantly in marketing efforts to
7 promote Alaskan finfish as wild and natural fish products, and this invest-
8 ment in developing the reputation of Alaskan finfish would be lost by
9 allowing commercially farmed finfish to be produced and marketed from
10 Alaska;

11 (5) the cost to the state to regulate the commercial finfish
12 farming industry would be high;

13 (6) few jobs would be generated by a commercial finfish farming
14 industry in the state;

15 (7) the state is responsible for ensuring the protection and
16 wise use of the renewable natural resources of Alaska and providing a
17 framework for a sound economy;

18 (8) a long-term decision must be made regarding the future of
19 commercial finfish farming in the state;

20 (9) avoiding harm to the state's wild finfish, land, and water
21 resources must take precedence over the development of a new speculative
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27 not grow or cultivate finfish in captivity or under positive control
28 for commercial purposes.

29 (b) This section does not restrict

- 1 (1) the fishery rehabilitation, enhancement, or development
2 activities of the department;
- 3 (2) the ability of a nonprofit corporation that holds a
4 salmon hatchery permit under AS 16.10.400 to sell salmon returning
5 from the natural water of the state, as authorized under AS 16.10.450,
6 or surplus salmon eggs, as authorized under AS 16.10.420 and 16.10.-
7 450;
- 8 (3) rearing and sale of ornamental finfish for aquariums or
9 ornamental ponds provided that the fish are not reared in or released
10 into water of the state.
- 11 (c) In this section "ornamental finfish" means fish commonly
12 known as "tropical fish," "aquarium fish," or "goldfish," that are
13 imported, cultured, or sold in the state customarily for viewing in
14 aquaria or for raising in artificial systems, and not customarily used
15 for sport fishing or human consumption purposes.
- 16 * Sec. 3. This Act takes effect July 1, 1990.

The Anchorage Times

Alaska's Best Newspaper

Alaskan owned and operated since 1915

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Our purpose: To present a balanced, accurate, impartial news report; to watchdog government and other institutions depending on the public for support; to provide wholesome family entertainment; and to support our editorial page environmentally sound development of our natural resources and a diversity of other economic opportunities.

Putting on blinders

IN A different time and a different place, the 1990 edition of the Alaska Legislature may well have outlawed the horseless carriage and the flying machine. In more modern days, had this legislature been there, it surely would have banned the use of snow machines in Alaska — and outboard motors would never have replaced oars for those who fish for salmon on the Kenai River.

Let's say these lawmakers, given the chance, would have protected the canned salmon industry by making it illegal to freeze fish. And why let people cook in a modern oven when a pot over an outdoor grill will do the job?

These thoughts come to mind as a result of the recent legislature's commitment to the status quo and its rejection of modern marketing trends and lifestyles by its vote to outlaw salmon farming in Alaska.

No matter that other nations are beginning to eat Alaska's lunch by selling pen-reared salmon to eager markets around the world.

No matter that there is no evidence that properly managed aquaculture would endanger wild species and wild runs.

No matter anything. Commercial fish farming in Alaska is now permanently against the law.

IT'S HARD to imagine a more short-sighted and ludicrous move by the state to try to block progress and change.

Southeastern Alaska trolls, fearing for their livelihood, pushed this silly bill through the legislature in the final hours before adjournment earlier this month.

They overlooked the fact

that salmon farming already is being done in Alaska by the state itself, which rears salmon fry and then turns them loose in the ocean — thus guaranteeing a number of foreign fishermen a continued supply in their massive high seas fishing operations.

They also put on their blinders in an attempt not to see what is happening elsewhere in the world.

In Europe, in Latin America, on the East Coast and elsewhere salmon farming is racing forward and grabbing a major share of the world market.

And there's a reason for it that has nothing to do with the fact that Alaska salmon is still a wonderful product and a big attraction in the market place.

THE FACT is that pen-reared salmon is available year-round, in a reliable supply, at stable prices, in a size and form that makes it perfect for restaurants and food markets around the world.

And people are buying it by the ton.

To believe that commercial aquaculture operations are not compatible with continued commercial fishing for natural runs is simply not realistic.

To outlaw the one in hopes of saving the other is nothing but blind ignorance.

Norway is not going to stop fish farming just because the 1990 Alaska Legislature banned it here. Neither is Brazil. Neither are any of the other countries — or states — where this practice is not only catching on, but is becoming an economic bonanza.

Alaska may not like it, but it can't forever keep its commercial fisheries in the horse and buggy days.



Is achievement through merit

WASHINGTON — Robert Clark, dean of Harvard's law school, says the school is trying "to achieve greater diversity." Does that mean hiring conservatives? Hardly. At Harvard, the diversity that counts concerns biological not intellectual differences.

Derrick Bell, a tenured professor at the law school, says he will go on unpaid leave until a black woman becomes a tenured professor. (The school's 60 tenured professors include five white women and three black men.) Bell's act is another of the "diversity demands" that drive today's academic spoils system. Hispanics, Asians, homosexuals, the handicapped — all are heard from.

Jesse Jackson has, of course, been heard from, saying that blacks are insulted by "the gross insult" conveyed by the idea that "there is no African-American woman qualified for appointment to Harvard Law School." Actually, no one is saying that. However, Jackson is saying that prevailing standards of qualification are "archaic": "We cannot define who is qualified in the most narrow, vertical academic terms. Most people in the world are yellow, brown, black, poor, non-Christian. . . ." Therefore? Need you ask? The ugly truth is in the adjective "vertical."

The planted axiom is that a meritocracy is racist. But the rationales for racially based hiring are racist, and insulting to blacks, and subversive of the idea of a university.

One rationale is that Harvard's black students need black role models. Now, black students at Harvard are demonstrably privileged, well-launched on upward mobility. The last thing they (or any black youths) need is a role model whose hiring communicates the message that they are participants in a group entitlement to professional advancement. This entitlement mentality



George F. Will

George F. Will is a Pulitzer prize-winning columnist for the Washington Post.

itudes of victims, triggers in whites the instinct of condescension, and leads both to discount black achievements.

Such hirings cause "entitled" blacks to regard even benevolent institutions as enemies because victimhood seems to be, for privileged "victims," an unsuageable grievance.

Within the "role model" rationale for racial hiring lurks a degrading postulate: Black youths are disadvantaged unless taught by blacks because blacks are supposed to have derivative identities, derived from membership in a victimized group.

This postulate leads to the second racist rationale for racial hiring. It is intimated when Bell stresses that the "philosophies" of black academics are shaped by "life experiences" unknown to whites.

This theory of racially distinctive and automatically validated scholarship is a particularly slipshod and patently political exercise in the "sociology of knowledge." It argues — no, merely asserts — that all black scholars have had "experiences" that give them unique "perspectives" that whites are not qualified to question. Thus race is an intellectual credential. Bell says: "Race can create as legitimate a presumption as a judicial clerkship in filling a teaching position" regarding civil-rights law.

dering, carving exemption from is an academic gram (a common mistake comes where race is ment to se about judicial tion and other questions. (Tl erate, for "it and "the gay in literature, b

One charm its proponents ily paid i forfeiting the status of victi cial stereotyp means for lii scholars repr experience. I sive" version blacks are sup deed, are told nized and con lectual confor the mainstream ture.

In a scalpel these intellectu Kennedy, writi Law Review, blacks, such as ing a "propriet study of race other matters. nedy, subversiv cosmopolitan munity in w merit is an " tion." Kennedy aggerating wh making ideas craftsmanship: cial status, I threaten "cultu lectual freedo autonomy."

Kennedy we supposed guard ties, not to publi temperate ar, the Balkanizing mind. It is disc the current mi of academic di nalistically nec here that Kenn

House
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Vote 29-8, w/s excused Fish
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yesterday because
Gadro was excused
also excused: Foster, MacLean

CSHB 432(Res)

Representative M. Davis declared a possible conflict of interest.

Representative Hoffman declared a conflict of interest.

Representative Taylor placed a call of the House.

The call was satisfied.

The question to be reconsidered: "Shall CSHB 432(Res) pass the House?" The roll was taken with the following result:

CSHB 432(RES) RECONSIDERATION

Yeas:	29	Barnes, Boucher, Collins, Cotten, Davidson, Davis, C., Davis, M., Donley, Finkelstein, Goll, Gruenberg, Grussendorf, Hanley, Hoffman, Hudson, Koponen, Kubina, Larson, Leman, Martin, Menard, Navarre, Pettyjohn, Phillips, Swackhammer, Taylor, Ulmer, Wallis, Zawacki
Nays:	8	Boyer, Brown, Ellis, Furnace, Miller, Rieger, Sharp, Shultz
Excused:	3	Foster, Jacko, MacLean
Absent:	0	

And so, CSHB 432(Res) passed the House on reconsideration.

Representative Navarre moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

CSHB 432(Res) was referred to the Chief Clerk for engrossment.

UNFINISHED BUSINESS

Representative Navarre moved and asked unanimous consent that the following members be excused from a call of the House as noted:

Representative C. Davis - from 1:30 p.m., April 11 through plane time, April 17, 1990

Representative Furnace - April 11 through plane time, April 16, 1990

Representative Rieger - from 5:00 p.m., April 12 through April 16, 1990

Representative Collins - April 11 through plane time, April 17, 1990

Representative Navarre - from plane time, April 12 through plane time, April 16, 1990

There being no objection, it was so ordered.

HCR 61

The Speaker waived the State Affairs Committee referral on the following at the request of Representative Boucher (Chairman):

HOUSE CONCURRENT RESOLUTION NO. 61
Declaring April 20, 21, and 22, 1990, as Disabled American Veterans Days.

HCR 61 was sent to the Rules Committee.

HB 19

Representatives Barnes, Boucher and Hudson added their names as co-sponsors to:

HOUSE BILL NO. 19
"An Act relating to review panels for children in foster care; and amending Rule 19 of the Child in Need of Aid Rules."

CSSCR 38(Fin)

Representative C. Davis added her name as cross-sponsor to:

CS FOR SENATE CONCURRENT RESOLUTION NO. 38
(Pirance)
Establishing a task force on adolescent pregnancy and parenthood issues.

HB 432

Representative Navarre moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

CS FOR HOUSE BILL NO. 432 (Resources)
(same title)

There being no objection, it was so ordered.

CSHB 432(Res)

Representative Navarre moved and asked unanimous consent that CSHB 432(Res) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSHB 432(Res) was read the third time.

Representative Leman declared a conflict of interest.

The question being: "Shall CSHB 432(Res) pass the House?"
The roll was taken with the following result:

CSHB 432(RES)

Yeas:	30	Barnes, Boucher, Collins, Cotten, Davidson, Davis, C., Davis, M., Donley, Foster, Goll, Gruenberg, Grussendorf, Hanley, Hoffman, Hudson, Jacko, Koponen, Kubina, Larson, Leman, Martin, Menard, Navarre, Pettyjohn, Phillips, Swackhammer, Taylor, Ulmer, Wallis, Zawacki
Nays:	5	Brown, Ellis, Furnace, Rieger, Sharp
Excused:	0	
Absent:	5	Boyer, Finkelstein, MacLean, Miller, Shultz

And so, CSHB 432(Res) passed the House.

CSHB 432(Res)

Representative Navarre moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

Representative M. Davis gave notice of reconsideration of his vote on CSHB 432(Res).

HB 508

The following was read the second time:

HOUSE BILL NO. 508

"An Act relating to pharmacies located outside of the state."

with the:

HES RPT CS(HESS) 3DP 2NR	p. 2941
-LETTER OF INTENT WITH HES REPORT	p. 2941
-ZERO FN/ANALYSIS (DCED) 3/26/90	p. 2941
L&C RPT CS(HESS) 3DP 1NR 1AM	p. 3124
LETTER OF INTENT WITH L&C REPORT	p. 3124
-PREVIOUS ZERO FN/A (DCED) 3/26/90	p. 3125

Representative Navarre moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

CS FOR HOUSE BILL NO. 508 (HESS)
(same title)

There being no objection, it was so ordered.

CSHB 508(HESS)

Representative Navarre moved and asked unanimous consent that CSHB 508(HESS) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSHB 508(HESS) was read the third time.

The question being: "Shall CSHB 508(HESS) pass the House?"
The roll was taken with the following result:

(c) The hearing shall be conducted by the department. At a hearing for a permit under AS 16.10.400(a)(1), the applicant, shall present a plan for the proposed hatchery, describing the capacity of the hatchery and other relevant facts that may be of interest to the department or the public. Interested members of the public shall be afforded an opportunity to be heard.

(d) The department shall record and consider objections and recommendations offered by the public at the hearing conducted under this section. It shall respond in writing, within 10 days after the hearing is held, to any specific objections offered by a member of the public at the hearing. (§ 2 ch 111 SLA 1974; am § 5 ch 14 SLA 1988)

Effect of amendments. — The 1988 amendment, effective March 31, 1988, repealed and reenacted subsection (c), which formerly related to the transferability of the hatchery permit.

(a) Except as otherwise provided in a contract for the operation of a hatchery under AS 16.10.480, a hatchery operator who sells salmon returning from the natural waters of the state, or sells salmon eggs to another hatchery operating under AS 16.10.400 — 16.10.470, after utilizing the funds for reasonable operating costs, including debt retirement, expanding its facilities, salmon rehabilitation projects, fisheries research, or costs of operating the qualified regional association for the area in which the hatchery is located, shall expend the remaining funds on other fisheries activities of the qualified regional association.

(b) Fish returning to hatcheries and sold for human consumption shall be of comparable quality to fish harvested by commercial fisheries in the area and shall be sold at prices commensurate with the current market. (§ 2 ch 111 SLA 1974; am § 5 ch 154 SLA 1977; am § 6 ch 14 SLA 1988)

Effect of amendments. — The 1988 amendment, effective March 31, 1988, designated the formerly undesignated two sentences as subsections (a) and (b), added "Except as otherwise provided in a contract for the operation of a hatchery under AS 16.10.480" at the beginning of subsection (a), and made a series of minor stylistic changes throughout the section.

Sec. 16.10.480. Contracts for the operation of state hatcheries.

(a) If the department determines that it is unable to continue operating a state-owned hatchery or that it is in the best interest of the state to provide for the operation of the hatchery by another person or by another person in cooperation with the state, the department may enter into a contract for the operation or cooperative operation of the hatchery.

(b) Notwithstanding AS 36.30, when selecting a contractor under (a) of this section, the department shall give a preference to the re-

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Sec. 16.10.420. Conditions of a permit. The department shall require, in a permit issued to a hatchery operator, that

(1) salmon eggs procured by the hatchery must be from the department or a source approved by the department;

(2) no salmon eggs or resulting fry be placed in waters of the state other than those specifically designated in the permit;

(3) no salmon eggs or resulting fry, sold to a permit holder by the state or by another party approved by the department, may be resold or otherwise transferred to another person;

(4) no salmon be released by the hatchery before department approval, and, for purposes of pathological examination and approval, the department shall be notified of the proposed release of salmon at least 15 days before the date of their proposed release by the hatchery;

(5) diseased salmon be destroyed in a specific manner and place designated by the department;

(6) adult salmon be harvested by hatchery operators only at specific locations as designated by the department;

(7) surplus salmon eggs from a hatchery be sold to another hatchery operator or to the department; (16.10.420)

(8) if surplus salmon eggs are sold by a permit holder to another permit holder, a copy of the sales transaction be provided to the department;

(9) [Repealed, § 5 ch 110 SLA 1980.]

(10) a hatchery be located in an area where a reasonable segregation from natural stocks occurs, but, when feasible, in an area where returning hatchery fish will pass through traditional salmon fisheries. (§ 2 ch 111 SLA 1974; am § 5 ch 110 SLA 1980)

Sec. 16.10.430. Alteration, suspension or revocation of permit. (a) If a permit holder fails to comply with the conditions and terms of the permit issued under AS 16.10.400 — 16.10.470 within a reasonable period after notification of noncompliance by the department, the permit may be suspended or revoked, in the discretion of the commissioner after the regional planning team for the area in which the hatchery is located is notified and granted an opportunity to comment upon the proposed suspension or revocation.

(b) If the commissioner finds that the operation of the hatchery is not in the best interests of the public, the commissioner may alter the conditions of the permit to mitigate the adverse effects of the operation, or, if the adverse effects are irreversible and cannot be mitigated sufficiently, initiate a termination of the operation under the permit over a reasonable period of time under the circumstances, not to exceed four years. During the period of time that the operation is being terminated, the permit holder may harvest salmon under the terms of

Alaska State Legislature

Senate Resources Committee

Senator Bettye Fahrenkamp, Chairman
Senator Jay Kerttula, Vice Chairman
Senator Dick Eliason
Senator Steve Frank
Senator Rick Halford
Senator Arliss Sturgulewski
Senator Fred Zharoff



P.O. Box V
Juneau, Alaska 99811
(907) 465-4907

MEMORANDUM

TO: All Senators

FROM: Senator Bettye Fahrenkamp

DATE: May 1, 1990

RE: Finfish Farming Compromise

I have developed legislation that would ban most forms of commercial finfish farming, including farming in marine waters or natural lakes and ponds. The measure also would prohibit the farming of salmon in salt water pumped to land-based farms.

The effect of this bill is to fully authorize the form of finfish farming already endorsed by the legislature. The current moratorium provides an exemption for fish farming in "a privately owned freshwater body that has no outlet to state water." This language was drafted in consultation with Senator Eliason who later authored a letter of intent urging the Board of Fisheries and Alaska Department of Fish and Game to implement the provision.

This legislation is designed to provide policy clarifications requested by the Board of Fisheries and to impose a tight regulatory regime on upland tank finfish farming.

This is the narrowest of possible alternatives to a total ban on finfish farming, and alleviates any concern about the biological, environmental and economic issues raised during the four-year legislative debate. Under the terms of the bill, Alaska would have the most restrictive finfish farming program in the world.

While the measure would eliminate many of the most promising opportunities for Alaska in finfish farming, it would allow the private sector to proceed with the tank farming of arctic char, kokanee (landlocked sockeyes), rainbow trout and pan-sized coho salmon. This bill provides no hidden subsidies and would extract a fair level of taxation for the state to recover regulatory costs.

The three-year moratorium on finfish farming is scheduled to lapse on July 1, and this undoubtedly will lead to litigation

because of the vague nature of existing laws. While I prefer to avoid this unfortunate situation, my offer to draw both sides into negotiations have been rebuffed.

A full copy of the draft bill is attached. Following are highlights of the measure.

Prohibition of Marine Finfish Farming

The measure would prohibit the net pen rearing of all finfish. This is a straight forward ban with no moratorium or sunset clause, and would be coupled with a deletion of existing statutes which the Department of Law says would authorize finfish farming in the absence of a moratorium.

Prohibition of Land-based Salmon Farms Producing Full-Sized Salmon

Farmers would not be allowed to pump salt water to land-based salmon farms, virtually eliminating the ability to produce full-sized salmon competing with markets of commercial fishermen. Pacific salmon could be farmed only in fresh water, land-based farms, which produce "pan-sized" salmon. These products compete in separate market niches than Alaska salmon harvested by commercial fishermen.

Prohibition of Finfish Farming in Natural Lakes or Ponds

The farming of finfish in natural lakes or ponds would be prohibited. This would prevent any intermingling of farmed and wild stocks.

Authorization of "Tank Farming" of Finfish

Finfish farming would be restricted to tanks or artificial ponds and "raceways." The Alaska Department of Fish and Game would have authority to regulate the structural integrity of fish farming structures and to require facilities be outside of the influence of tidal zones and floodplain.

Prohibition of Exotic Species

The existing statutory ban on importation of Atlantic salmon is extended to all non-indigenous stocks of salmon. The Board of Fisheries' existing authority to authorize the importation of non-indigenous species of shellfish and aquatic plants for stocking aquatic farms is extended to other species of finfish. ADFG believes this is a fundamental protection against the spread of disease to native stocks from aquatic farms.

Protection of Native Stocks

ADFG is provided open-ended authority to impose any conditions necessary to aquatic farming permits to protect natural stocks, including requirements for the treatment of wastewater discharges

to prevent the spread of disease to natural stocks and the pollution of fish and wildlife habitats.

By adding finfish to the statutory definitions of aquatic farms and aquatic farm products, ADFG is directed to develop a comprehensive disease management and control program for finfish farms and hatcheries. The statute also provides ADFG with authority to inspect finfish farms and hatcheries and requires the destruction and disposal or quarantine as necessary to protect native stocks.

The Department of Environmental Conservation is authorized to restrict the use of chemicals and establish requirements as necessary to protect human health.

Common Property Ownership of Broodstock

One of the most complex sections of the draft legislation would provide finfish farmers with limited property rights of broodstock. The state would be provided with continued ownership of the finfish genetic pool and farmers would be prevented from obtaining patents on genetically developed farm stocks.

The farmers would be allowed to sell eggs, smolt and live fish only to other farmers or the state, but would have full property rights to the sale of fish for human consumption or related purposes. Farmers would not be allowed to export live broodstock for use in non-Alaska farms, or to "patent" a genetic strain.

Penalties

Farmers who culture species prohibited by statute (Atlantic salmon and non-indigenous Pacific salmon) or not specifically authorized by the Board of Fisheries would be subject to class C felony penalties. Other offenses would be subject to class B misdemeanor penalties.

Taxation

The draft legislation also clarifies that aquatic farm products are subject to the Fisheries Business Tax.

Labeling

All farmed finfish produced in Alaska would be required to be labeled as "aquatic farm products" at the point of first sale to eliminate any confusion with fish harvested by commercial fishermen.

Original sponsor(s):

1 IN THE SENATE

2 CS FOR SENATE BILL NO. ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting the aquatic farming of finfish in
7 marine or estuarine water of the state and natural
8 freshwater lakes and ponds; relating to commercial
9 finfish farming and aquatic farm and hatchery per-
10 mits, the fishery business tax, and commercial cul-
11 ture of fish for exhibition or aquarium purposes; and
12 providing for an effective date."

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

14 * Section 1. FINDINGS AND POLICY. (a) Based on a legislative exami-
15 nation of the potential effects of allowing finfish farming in the state on
16 the common property resources and on the overall economic well-being of the
17 state; the number of serious concerns associated with finfish farming and
18 the need for study of finfish farming that has caused the legislature to
19 enact two moratoriums on finfish farming and establish a nonlegislative
20 task force to study the issue and to report its findings and recommenda-
21 tions to the legislature; a review of the final report of the Alaska
22 Finfish Farming Task Force which notes several possible benefits and some
23 risks of finfish farming; the need for the legislature to take action
24 before the current moratorium on finfish farming expires on July 1, 1990;
25 the recommendation of the task force that the legislature not extend the
26 moratorium, but make a final determination to either allow or prohibit
27 finfish farming; and the testimony and evidence received; the legislature
28 finds that

(1) the state has the healthiest stocks of wild salmon and other

1 wild finfish in the world and benefits from thriving commercial, sport, and
2 subsistence fisheries for these fish and a growing tourism industry related
3 to sport fishing;

4 (2) the people, economy, and environment of the state are depen-
5 dent in large measure upon the continued health of the state's wild finfish
6 resources;

7 (3) risks are posed by commercial finfish farming in open fin-
8 fish farming facilities and systems in marine, estuarine, and fresh water
9 of the state, including the spread of disease among wild fish by farmed
10 fish, genetic intermingling of wild fish stocks with genetically manipulat-
11 ed farmed fish, degradation of water quality near finfish farms, and land
12 use conflicts over the siting of commercial finfish farms;

13 (4) the state has invested significantly in marketing efforts to
14 promote Alaskan finfish as wild and natural fish products, and this invest-
15 ment in developing the reputation of Alaskan finfish would be undermined by
16 allowing commercially competitive farmed finfish to be produced and mar-
17 keted from Alaska;

18 (5) the cost to the state to regulate a marine-based commercial
19 finfish farming industry would be high;

20 (6) the state is responsible for ensuring the protection and
21 wise use of the renewable natural resources of Alaska and providing a
22 framework for a sound economy;

23 (7) a long-term decision must be made regarding the future of
24 commercial finfish farming in the state;

25 (8) avoiding harm to the state's wild finfish, land, and water
26 resources must take precedence over the development of a new commercial
27 finfish farming industry in the natural marine, estuarine, or fresh water
28 of the state;

29 (9) the best interests of the state are served by prohibiting

1 commercial finfish farming in the natural marine, estuarine, and fresh
2 water of the state and authorizing closed-system finfish aquatic farms at
3 upland locations.

4 (b) It is the policy of the state that

5 (1) scientific research projects relevant to the commercial
6 finfish farming industry be incorporated into the fishery research programs
7 of the Department of Fish and Game and the University of Alaska;

8 (2) aquatic farming of Arctic char and Dolly Varden, steelhead
9 and rainbow trout, sablefish, and sheefish, as well as Pacific salmon be
10 permitted in the state at upland locations.

11 * Sec. 2. AS 16.05.940(14) is amended to read:

12 (14) "[FISH OR] game farming" means the business of prop-
13 agating, breeding, raising, or producing [FISH OR] game in captivity
14 for the purpose of marketing the [FISH OR] game or game [THEIR] prod-
15 ucts, and "captivity" means having the [FISH OR] game under positive
16 control, as in a pen [, POND,] or an area of land [OR WATER] that is
17 completely enclosed by a generally escape-proof barrier; [IN THIS
18 PARAGRAPH, "FISH" DOES NOT INCLUDE SHELLFISH, AS DEFINED IN AS 16.40.-
19 199;]

20 * Sec. 3. AS 16.40.100(a) is amended to read:

21 (a) A person may not, without a permit from the commissioner,
22 construct or operate

23 (1) an aquatic farm; or

24 (2) a hatchery for the purpose of supplying aquatic plants,
25 finfish or shellfish to an aquatic farm.

26 * Sec. 4. AS 16.40.100(b) is repealed and reenacted to read:

27 (b) A permit issued under this section authorizes the permittee,
28 subject to the conditions of AS 03.05 and AS 16.40.100 - 16.40.199, to
29 acquire, purchase, offer to purchase, transfer, possess, sell, and

1 offer to sell stock and aquatic farm products that are used or reared
2 at the hatchery or aquatic farm.

3 * Sec. 5. AS 16.40.100(c) is amended to read:

4 (c) The commissioner may attach conditions to a permit issued
5 under this section that are necessary to protect natural fish and
6 wildlife resources, including standards for

7 (1) prevention and control of disease at a hatchery or
8 aquatic farm;

9 (2) treatment of water discharged by a hatchery or aquatic
10 farm to prevent the spread of disease and pollution of fish and wild-
11 life habitats;

12 (3) siting, design, and construction of hatchery and
13 aquatic farm facilities to ensure the structural integrity of these
14 facilities and to provide protection from floods and tides.

15 * Sec. 6. AS 16.40.100(d) is repealed and reenacted to read:

16 (d) Notwithstanding other provisions of law, the commissioner
17 may not issue a permit under this section for the farming of or hatch-
18 ery operations involving

19 (1) a subspecies, race, or variety of Pacific salmon that
20 does not occur and reproduce in the state or the water of rivers that
21 cross the border between the state and Canada;

22 (2) Atlantic salmon.

23 * Sec. 7. AS 16.40.100 is amended by adding a new subsection to read:

24 (e) The commissioner may not issue a permit under this section
25 for aquatic farming of finfish in the marine or estuarine water of the
26 state or in natural freshwater lakes or ponds. The commissioner may
27 issue a permit for aquatic farming of finfish, other than Pacific
28 salmon, in freshwater or saltwater; aquatic farming of Pacific salmon
29 may be permitted only in freshwater. Aquatic farming of finfish may

1 be permitted only at an upland location in tanks, raceways, or man-
2 made ponds approved by the commissioner.

3 * Sec. 8. AS 16.40.105 is amended to read:

4 Sec. 16.40.105. CRITERIA FOR ISSUANCE OF PERMITS. The commis-
5 sioner shall issue permits under AS 16.40.100 on the basis of the
6 following criteria:

7 (1) the physical and biological characteristics of the
8 proposed farm or hatchery location must be suitable for the farming of
9 the finfish, shellfish, or aquatic plant proposed;

10 (2) the proposed farm or hatchery may not require signifi-
11 cant alterations in traditional fisheries or other existing uses of
12 fish and wildlife resources;

13 (3) the proposed farm or hatchery may not significantly
14 affect fisheries, wildlife, or their habitats in an adverse manner;
15 and

16 (4) the proposed farm or hatchery plans and staffing plans
17 must demonstrate technical and operational feasibility.

18 * Sec. 9. AS 16.40 is amended by adding a new section to read:

19 Sec. 16.40.115. ASSISTANCE TO FINFISH AQUATIC FARMS. (a) The
20 department and the Board of Fisheries shall promote the development of
21 finfish aquatic farms by assisting finfish aquatic farms in obtaining
22 finfish brood stock from surplus production of brood stock by state
23 hatcheries and private hatcheries authorized under AS 16.10.400 or
24 from wild stocks of finfish.

25 (b) The department may obtain brood stock from a private
26 hatchery authorized under AS 16.10.400 on behalf of an aquatic farm or
27 hatchery authorized under AS 16.40.100, if the private hatchery and
28 the aquatic farm or hatchery execute an agreement that the aquatic
29 farm or hatchery will compensate the private hatchery for the value of

1 the brood stock received through the department. The acquisition of
2 brood stock on behalf of an aquatic farm or hatchery under this sub-
3 section is contingent upon no charge or fee being assessed against the
4 department by the private hatchery for obtaining brood stock on behalf
5 of the aquatic farm or hatchery.

6 * Sec. 10. AS 16.40.120(a) is amended to read:

7 (a) A person may not acquire aquatic plants, finfish, or shell-
8 fish from wild stock in the state for the purpose of supplying stock
9 to an aquatic farm or hatchery required to have a permit under AS 16.-
10 40.100 unless the person holds an acquisition permit from the commis-
11 sioner. The commissioner may not issue an acquisition permit to ac-
12 quire finfish from wild stock in the state unless

13 (1) the permit applicant has received a finfish brood
14 stock license issued under AS 16.40.125; and

15 (2) if the permit is for acquisition of Pacific salmon,

16 (A) surplus Pacific salmon brood stock is not avail-
17 able from a state hatchery or a hatchery authorized under AS 16.-
18 10.400; and

19 (B) the Board of Fisheries has allocated Pacific
20 salmon to be taken from wild stock under the permit.

21 * Sec. 11. AS 16.40.120(c) is amended to read:

22 (c) The commissioner shall specify the expiration date of an
23 acquisition permit and may attach conditions to an acquisition permit,
24 including conditions relating to the time, place, and manner of har-
25 vest. Size, gear, place, time, licensing and other limitations
26 applicable to sport, commercial, or subsistence harvest of aquatic
27 plants, finfish, and shellfish do not apply to a harvest with a permit
28 issued under this section. The commissioner [OF FISH AND GAME] shall
29 issue or deny a permit, other than a permit to acquire Pacific salmon.

1 within 30 days after receiving an application.

2 * Sec. 12. AS 16.40 is amended by adding a new section to read:

3 Sec. 16.40.125. FINFISH BROOD STOCK LICENSE. (a) An aquatic
4 farm or hatchery that holds a permit issued under AS 16.40.100 to
5 engage in the propagation, farming, or cultivation of finfish may

6 (1) obtain finfish stock only from

7 (A) the department;

8 (B) another aquatic farm or hatchery; or

9 (C) a private hatchery authorized under AS 16.10.400

10 through a transaction arranged under AS 16.40.115(b); and

11 (2) possess finfish only under terms of a finfish brood
12 stock license issued by the department.

13 (b) A finfish brood stock license allows an aquatic farm or
14 hatchery to possess, propagate, farm, and cultivate finfish under the
15 following conditions:

16 (1) the licensee may farm and cultivate finfish for produc-
17 tion of aquatic farm products for food and finfish byproducts;

18 (2) the licensee may propagate finfish for production of
19 finfish stock, subject to regulations adopted by the department;

20 (3) the licensee may not sell or otherwise transfer live
21 finfish or live finfish gametes except for

22 (A) production of food and finfish byproducts; or

23 (B) farming and cultivation by another aquatic farm or
24 hatchery that holds a finfish brood stock license, provided that
25 the sale or other transfer is approved by the department;

26 (4) the licensee surrenders all rights and interests in the
27 genetic material of finfish brood stock and its succeeding generations
28 to the department;

29 (5) the licensee surrenders all rights to patent or

1 otherwise create commercial rights in genetic material of finfish
2 brood stock and its succeeding generations to the department.

3 * Sec. 13. AS 16.40.130 is amended to read:

4 Sec. 16.40.130. IMPORTATION OF AQUATIC PLANTS, FINFISH, OR
5 SHELLFISH FOR STOCK. A person may not import into the state an
6 aquatic plant, finfish, or shellfish for the purpose of supplying
7 stock to an aquatic farm or hatchery unless authorized by a regulation
8 of the Board of Fisheries.

9 * Sec. 14. AS 16.40.140(a) is amended to read:

10 (a) A private hatchery required to have a permit under AS 16.-
11 40.100 may sell or transfer stock from the hatchery only to the de-
12 partment or to an aquatic farm or other hatchery that has a permit
13 issued under AS 16.40.100, except that

14 (1) shellfish stock may also be sold or offered for sale to
15 an aquatic farm or related hatchery outside of the state;

16 (2) finfish stock may be sold or transferred only to the
17 department or to an aquatic farm or other hatchery that has a permit
18 issued under AS 16.40.100 and a license issued under AS 16.40.125.

19 * Sec. 15. AS 16.40.140 is amended by adding a new subsection to read:

20 (f) A person who holds a permit issued under AS 16.40.100 and
21 who sells a finfish aquatic farm product shall conspicuously label the
22 container in which the product is sold as containing a finfish aquatic
23 farm product. The department shall adopt regulations implementing
24 this subsection.

25 * Sec. 16. AS 16.40.160 is amended by adding a new subsection to read:

26 (b) The commissioner shall adopt regulations prohibiting the use
27 of lethal means to control vertebrate predators at hatcheries and
28 aquatic farms and establish guidelines for the use of nonlethal means
29 to control vertebrate predators at hatcheries and aquatic farms.

1 * Sec. 17. AS 16.40.170 is amended to read:

2 Sec. 16.40.170. PENALTY. Except as provided in (b) of this
3 section, a [A] person who violates a provision of AS 16.40.100 -
4 16.40.199, a regulation adopted under AS 16.40.100 - 16.40.199, or a
5 term or condition of a permit issued under AS 16.40.100 - 16.40.199,
6 is guilty of a class B misdemeanor.

7 * Sec. 18. AS 16.40.170 is amended by adding a new subsection to read:

8 (b) A person who holds a permit under AS 16.40.100 and who
9 knowingly engages in, or attempts to engage in, aquatic farming of a
10 finfish species, subspecies, race, or variety that is not authorized
11 by a permit and license issued by the commissioner under AS 16.40.-
12 100 - 16.40.199 is guilty of a class C felony.

13 * Sec. 19. AS 16.40.199(2) is amended to read:

14 (2) "aquatic farm product" means an aquatic plant, finfish,
15 or shellfish, or part of an aquatic plant, finfish, or shellfish, that
16 is propagated, farmed, or cultivated in an aquatic farm and sold or
17 offered for sale;

18 * Sec. 20. AS 16.40.199(5) is amended to read:

19 (5) "hatchery" means a facility for the artificial propa-
20 gation of stock, including rearing of juvenile aquatic plants, fin-
21 fish, or shellfish;

22 * Sec. 21. AS 16.40.199(8) is amended to read:

23 (8) "stock" means live aquatic plants, finfish, or shell-
24 fish acquired, collected, possessed, or intended for use by a hatchery
25 or aquatic farm for the purpose of further growth or propagation .

26 * Sec. 22. AS 16.40.199 is amended by adding a new paragraph to read:

27 (9) "Pacific salmon" means pink salmon, chum salmon, coho
28 salmon, sockeye salmon, or chinook salmon.

29 * Sec. 23. AS 16.40 is amended by adding a new section to read:

1 ARTICLE 3. FISH FOR EXHIBITION OR AQUARIUM PURPOSES.

2 Sec. 16.40.210. COMMERCIAL CULTURE OF FISH FOR EXHIBITION OR
3 AQUARIUM PURPOSES. (a) The department may issue a permit for the
4 possession, propagation, and sale of native or exotic fish or their
5 eggs for exhibition purposes or for stocking aquariums and private
6 ornamental ponds.

7 (b) The board may adopt regulations relating to activities
8 permitted under this section that are necessary to protect native
9 stocks of fish.

10 * Sec. 24. AS 43.75.015 is amended by adding a new subsection to read:

11 (d) Aquatic farm products produced at an aquatic farm are sub-
12 ject to the tax levied under this section.

13 * Sec. 25. This Act takes effect immediately under AS 01.10.070(c).
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COMMENTS ON 3-26-90 DRAFT CS FOR SB195
PRO-FISH FARMING BILL

What the bill allows:

Marine and uplands rearing of Arctic char, Dolly Varden, steelhead, rainbow trout, sablefish, and sheefish.

Uplands rearing of Pacific Salmon in both fresh and salt water.

Concerns:

Sets up enormously time and money consuming responsibilities for the Dept. of Fish and Game. Where will the funding come from? Will we cut programs that support and manage common property fisheries which bring huge benefits and tax revenues to the people of the state in order to fund support for a few private businesses?

Directs Dept. and University to spend time and money on research for fish farming. What research will have to be stopped to do this?

Rearing of salmon and other species is allowed in "upland locations." It does not limit this to TANKS alone. Upland ponds increase the danger of groundwater contamination and less positive control of wastes, chemicals, and used water.

Allows non-salmon species to be farmed anywhere, including in marine net pens. There are environmental risks involved with that, including water contamination (ground water, streams, and ocean water) and genetic intermingling with wild stocks, siting conflicts with the many other shoreline user groups, and a host of other netpen problems that are not exclusively related to salmon.

Broodstock acquisition. Allowing fish farming and setting up mechanism to get eggs either from "surplus" hatchery eggs or from wild stocks implies a "forever" obligation on the part of the state to ensure a source of eggs for this new industry.

Who determines if eggs are surplus? Surplus to what? Do we circumvent the intended purpose of the state and PNP hatchery systems which was to produce the maximum possible number of fish for the common property resource. What if they can make more "cost recovery" money by selling eggs to farms than sticking to their original goals?

And for species not currently available in established hatcheries, will we be forced to take eggs from wild stock at the expense of sport, subsistence, and commercial fisheries,

and the health of natural runs? If there is a huge investment in the fishfarming industry, the Department and Board of Fish will be under tremendous pressure to keep the industry supplied with enough broodstock. A new, and competing "user" group will have been established for broodstock.

Will fishermen, who directly and indirectly have paid to build the hatcheries, and rebuild and conserve the natural fish stocks of this state, be forced to inadvertently fund the broodstock sources for the fish farming industry which could so easily destroy the very resources and markets upon which they depend?

Fish and Game is made responsible for standards for waste water treatment - the expertise for that sort of thing is in DEC.

Water rights, "in-stream flow" issues are not addressed. Farms will require large amounts of water. Where will their right to the water fit in with rights of municipalities, homeowners, miners, etc?

What are the penalties for violations of fishfarm regulations? Besides a fine for a violation of water discharge regs or regs regarding disposal of diseased fish, does the state have any recourse if streams and wild stocks are irreparably harmed by a fish farmer's actions?

Pathology services. Bill allows for certification of private pathology labs to service farms. It would be very expensive for state to provide all those services but is it safe to leave it to private industry? If the lab is private for-profit, and thus is working FOR the fish farmer, will they be strict in their reporting of results? Would they want to shut down their own client? How much will it cost the state to properly monitor those private labs?

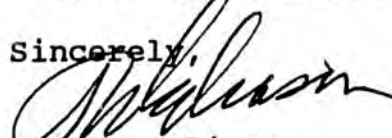
Dear Senator Fahrenkamp:

While it is important to establish the ban as a statutory base, I do believe that there is merit in the consideration of carefully and selectively allowing certain types of finfish farming in the future. Specifically, I support the concept of upland tank farming of non-salmon species, assuming that such things as pollution controls, siting criteria, and broodstock acquisition and ownership are adequately addressed.

The draft Senate Resources Committee substitute for SB 195 (4/30/90) minus the reference to salmon, is a good starting point for deliberations.

I am hopeful that the two Resources Committees will study the issues and by next session provide the Legislature with some solid information regarding both the potential benefits, and suggestions about how to best guard against potential negative impacts, if fishfarming within the parameters stated above were to be allowed.

Sincerely,



Senator Eliason

SENATE RESOURCES COMMITTEE LETTER OF INTENT TO HB 432

It is the intent of the legislature to support the concept of upland tank farming of non-salmon species. It is further the intent of the legislature that the Department of Fish and Game work with the Senate and House Resources Committees during the interim to develop environmental, siting and broodstock acquisition and ownership criteria, including identification of potential sources of broodstock, for the upland tank farming of non-salmon species for incorporation into legislation to authorize upland tank farming of non-salmon species for introduction in the 17th Legislature.

May 6, 1990 - Senate Resources Committee passed CS HB 432 (Res), which was the version of the bill passed by the House, and attached this letter of intent.

May 7 - Full Senate passed the bill and adopted the letter as the "Senate's letter of intent."

May 8 - Legislature adjourned. Bill has gone to the Governor for his signature.

Testimony for Dick
for Senate Resources
(and/or the floor).

This works fine for
either SB195 or HB432
Addresses question of
upland tanks, etc.

Commercial Fishermen

Fairbanks

219	entry permits
+ 290	crewmember licenses
509	total

Anchorage

1432	entry permits
+ 1961	crewmember licenses
3393	total

Back-up notes/info for Dick

REASONS NOT TO ALLOW ANY FINFISH FARMING:

Even allowing a small amount, or narrow types of fishfarming will be very expensive to the state. Whether you allow two farms or 100, state must resolve the whole question of broodstock acquisition, must invest state funding for siting, permitting, regulatory functions, enforcement, pathology services, etc.

"Foot in the Door" - A little fishfarming allowed now will lead to more and more of it.

After initial involvement and expense by the state in regulations, etc., and after allowing private businesses to invest time and money to get started, we are not likely to go back later and repeal if it is found to have detrimental affects.

On the contrary, when a venture we have sanctioned is struggling, we have a tendency to "throw good money after bad," and ease our resolve to keep tight controls. If initial start up is floundering, the state is likely to add a bit more area, relax restrictions, invest more and more money and time in trying to make the industry "more viable."

No kind of fishfarming is completely without risks to Alaska's water quality and fisheries resources. And no kind of fishfarming shows much potential for bringing economic benefit to the state. So with more to lose than to gain, no amount of fishfarming is worth taking the inherent resource risks.

The majority of Alaskans (and Legislators) who have voiced their opinions on this matter, say they want a total ban on finfish farming in Alaska.

With EVEN ONE fishfarm in the state, we can never again advertise that "If it's from Alaska, it is wild natural fish."

With more and more consumer awareness of the huge amounts of antibiotics and other drugs and chemicals, and disease and pollution problems involved in fish from fishfarms around the world, a consumer back-lash at some point could make the claim of "all natural" the best marketing edge Alaska's finfish has ever had.

Senate passed labelling bill by vote of 20-0.
We recognize importance of not jeopardizing
Alaska's seafood reputation worldwide.

FOR FLOOR AND
Senate
TESTIMONY BEFORE ~~HOUSE~~ RESOURCES
BY SEN. ELIASON

HB 432, PROHIBITING FINFISH FARMING
or SB 195
or SB 397

When the issue of finfish farming first surfaced several years ago, I knew that it would be of the utmost importance to the district I represent in the state Senate. My district includes Sitka, a major center for Alaska's seafood industry, as well as the "iceworm district" which is made up of thousands of miles of coastline and dozens of coastal communities.

From the beginning I have had a keen interest in the issue and have studied it carefully. I have visited fishfarms in both Washington and Norway, read extensively, and talked with hundreds of people on the subject.

I must admit that at first I was excited about the prospects for this new industry, and enthusiastic about investigating its potential in Alaska. But it was also clear that this was a MAJOR policy decision for this state and had to be done with great care and complete information. The more I've learned, the more I've come to realize just what a terrible mistake it

would be for us to allow a finfish farming industry to gain even a small foothold in this state.

I believe that the three years of moratorium we've had have been extremely beneficial. By not rushing into this new venture, we have had time to study it further, and to learn from the experiences in other states and nations where fish farming is underway. And what a lesson it has been!

Many of the areas that jumped on the finfish farming bandwagon are now experiencing enormous problems including bankruptcies, large numbers of fish escaping from farms, disease and genetics problems which are jeopardizing natural stocks, and very bad market conditions leading to the dumping of farmed fish on the market at a loss. Far fewer jobs have been generated than many people had been led to expect.

We can learn from all this. And while we note the problems in the industry elsewhere, there is an additional factor for us to consider here. In the other places where finfish farming has been legalized, they didn't have strong natural stocks to worry about - either they never had them or they had already destroyed them. Here in Alaska we have the healthiest natural runs of salmon and many other species of finfish in the world. The seafood payroll in Alaska in 1988 topped one billion dollars - more than the combined payrolls for the oil and gas,

tourism, mining and forest products industries. Now THAT is a lot to risk.

And it WOULD be at risk with the introduction of finfish farming in Alaska. And I do NOT mean because of any economic competition. With the enormous quantities of farmed fish already glutting world markets, Alaska's seafood already has that competition. The small amount that would be added to that by fishfarming in Alaska would not make a difference. Where the risk lies is in the potential dangers to our natural stocks upon which all of our commercial, sport and subsistence use depends.

As the Finfish Farming Task Force Report points out, the dangers involved in the development of the farming industry can, with enough regulation, funding, and enforcement, be MINIMIZED. Not eliminated, but minimized. To even minimize the risks we would need to spent large amounts of state money, time and personnel to set up tight regulation and monitoring, pathology services, enforcement personnel, and so on. And as we know all too well, there is simply no extra state money sitting around to do this with. We would end up chopping it off some other state program, probably other resource management programs, to fund the necessary state oversight.

WHY would we spend that kind of money, and/or take those kinds of risks with some of the most important resources in the

state, to try to start an industry that offers so LITTLE potential benefit to the state? I support economic diversification --- WHEN it makes sense. We should be able to see when something is better left untouched.

I believe that you will be asked by some fishfarming advocates to perhaps ban netpens for salmon, but to allow SOME fish farming --- a LITTLE fish farming, maybe upland tanks, or non-salmon species, or some other small slice of the pie.

Please don't be fooled by this approach. We know from past experience how easy it is to fall into the trap of throwing good money after bad to bail out a floundering venture. We know how easy it is to be pressured into easing restrictions, weakening our resolve, once an industry is going and is in financial trouble.

Whether we have two fish farms or 100, and whether they are saltwater net pens or upland tanks, the state must resolve the whole question of broodstock acquisition, must invest a great deal of state funding for siting, permitting, regulatory functions, enforcement, pathology services, etc.

With even one fish farm, we can never again advertise that "If it's from Alaska, it is wild natural fish." With more and more consumer awareness of the huge amounts of antibiotics and other drugs and chemicals used, and disease and pollution

problems involved in fish from fishfarms around the world, a consumer backlash at some point could make the the claim of "all natural" the best marketing edge Alaska's finfish has ever had.

Even more important to the question of allowing "a little" fish farming is the "foot in the door" argument - a little fishfarming now will certainly lead to more and more of it.

After initial involvement and expense by the state, and after allowing private businesses to invest time and money and get started, we are not likely to go back later and repeal it even if it is found to have detrimental effects. On the contrary, if the industry is allowed to start, and then runs into financial troubles (which it is clear it would from the economic crisis this industry is already experiencing worldwide) the state is most likely to add a bit more area, relax the restrictions, invest more and more money and time in trying to make the industry more "viable."

This has been exactly the case in British Columbia. There they began the industry with a tight restriction prohibiting Atlantic salmon. But once the farms were established and began to struggle, they repealed that ban to bail them out.

We spoke with people in the Washington state legislature and found that they have experienced a similar phenomenon. As soon

as their "little" industry was underway, they became a very real political force, lobbying and forming political coalitions with other special interest groups to gain passage of measures they wanted.

NO KIND of finfish farming is completely without risks to Alaska's water quality and fisheries resources. And no kind of finfish farming shows much potential of bringing economic benefit to the state. And no kind of fishfarming is worth risking its eventual expansion into the other methods and species, or more massive scale, which we know pose the greatest potential harm.

Let's not be misled into believing that allowing this industry to begin is "farsighted." Recognizing a bad deal when it comes along, and preventing our state and its resources from suffering inevitable negative impacts, - THAT is farsighted.

I hope you will read over the articles in your folders to get an idea of the experiences other states and countries have had with finfish farming - the problems with disease, chemicals, pollution, and so on.

I urge your passage of HB 432.

6

Some responses to
Governor's "8 criteria"
for fish farming —

A tank farm
compromise does not
even meet the
Gov.'s criteria

Governor's Own Criteria

"The 8 points" - can't be met

Fisheries Cabinet Recommendation
Cowper Administration Position on Mariculture
March 13, 1987

Mariculture may provide substantial economic benefits to our coastal communities and help diversify and stabilize our economy if it is developed in an orderly fashion which provides the maximum benefit to Alaskans while ensuring protection for our fisheries resources, other resource users and the environment. In order to accomplish these objectives, any legislation authorizing a mariculture industry must satisfy the following principles:

1. The mariculture industry must benefit Alaskans.

non-resident investment

The mariculture industry must be developed in a manner which does not result in unfair competition with existing fisheries or cause undue economic displacement in our coastal communities. Legislation should, to the extent possible under the law, provide for local hire at mariculture facilities and give preferential access to mariculture permits and mariculture related tidelands leases to Alaskans.

2. The mariculture industry must pay for itself and the state should get a fair return for the use of state resources.

Benefits will not outweigh the costs

Legislation should contain provisions for recovering administrative and other state costs associated with managing the industry. The legislation should also ensure that the state gets a fair return for the use of tidelands and other resources.

3. The development of the mariculture industry in Alaska should be done in an orderly fashion which encourages a stable, dependable industry.

Huge numbers of bankruptcies & economic trouble in industry elsewhere

Legislation should provide general criteria which will lead to the development of a regulatory program which discourages speculation on permits and tidelands leases, encourages sound financial planning, and provides for a diverse industry ranging from "Mom and Pop" ventures to larger corporate operations.

4. The mariculture industry must meet all state and federal requirements for human health, product quality and sanitation.

not a stable, dependable industry

Legislation should ensure that mariculture facilities meet all state and federal requirements for human health, safety, and sanitation. Legislation should also require that mariculture products meet or exceed