

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672
2209 SCOMM 87: HOUSE SPECIAL COMMITTEE ON FISHERIES, 1993-94 813

HOUSE SPECIAL COMMITTEE ON FISHERIES

March 3, 1993

LETTER OF INTENT

HB 123, "An Act relating to the purchase of quota shares for fisheries in or off Alaska."

It is the intent of the House Special Committee on Fisheries that the Commercial Fisheries and Agricultural Bank (C-Fab), within its existing authority under AS 44.81.210, make financing available for the purchase of quota shares for fisheries in or off Alaska.

COMMERCIAL FISHING LOAN PROGRAM

Established:

06-21-72 Commercial Fishing Loan Act.

Programs:

- 06-21-72 COMMERCIAL FISHING LOAN ACT. When this loan program was initially established, the statutory policy was to promote the development and continued maintenance of commercial gear and vessels throughout the state by means of long-term, low interest loans. An individual must have been a resident for five continuous years and held a commercial gear license for three years. Loans were limited to \$100,000, 7% interest, with a maximum term of 15 years.
- 04-24-73 For the first time, the financing of limited entry permits was allowed; however, permits could not be used as collateral. The statutory policy was also amended by referencing a predominately Alaska resident fishery.
- 06-04-75 The statutory policy was again amended to include language promoting the rehabilitation of the state's fisheries.
- 06-24-77 The loan limit was increased from \$100,000 to \$150,000.
- 07-01-78 Now, for the first time, limited entry permits could be pledged as security for a loan. The loan limit was increased from \$150,000 to \$500,000. The five-year continuous residency had to be immediately preceding the date of the loan application, and the license requirement now encompassed a crew member or commercial fishing license or ownership of a limited entry permit. The license or permit must have been held for any one of the past five years, and the owner must have actively participated in the fishery during that period. Eligibility was expanded to include corporations, partnerships and joint ventures. Bank participation was, for the first time, provided for in the statutes.
- 06-01-79 Retroactive to July 1, 1978, the interest rate was increased from 7% to 9 1/2%, and other minor miscellaneous changes were made.
- 06-21-80 FISHERMEN'S MORTGAGE AND NOTE PROGRAM. A new loan program was created in addition to the existing Commercial Fishing Loan Act. The purpose of this new loan program was to curb the outflow of limited entry permits from rural Alaska by alleviating the difficulties in obtaining financing for limited entry permits, vessels and gear. Unlike the existing Commercial Fishing Loan Act, this was an indirect loan program. All loans were first made by banks and the state was then authorized to purchase the

loans from the banks. The state was not authorized to make direct loans under this program. To be eligible under this program, an applicant must have been a resident for five years and could not have participated in or qualified for any state or federal loan program for similar loan purposes established under the new Fishermen's Mortgage and Note Program. The applicant must have demonstrated to the satisfaction of the bank that, because of the lack of training or employment opportunities in the area of residence, the applicant did not have occupational opportunities available other than commercial fishing or was economically dependent on commercial fishing for a livelihood, and commercial fishing was a cultural and traditional way of life. Additionally, the applicant had to demonstrate to the satisfaction of the bank that there was a reasonably good chance that the loan debt would be repaid. The banks could consider all sources of income in determining the applicant's ability to repay the loan. The state could not refuse to purchase the loan from the bank due solely to the credit history of the applicant. Loans were limited to \$200,000, 10 1/2% interest, with a maximum term of 15 years.

- 07-01-81 Except for the purchase of limited entry permits, all lending functions of the Commercial Fishing Loan Act were transferred to the Alaska Industrial Development Authority.
- 07-27-81 The Fishermen's Mortgage and Note Program was amended to allow the state to precommit to the banks to purchase loans authorized under this program. The amendment also eliminated a large number of lending restrictions that previously caused banks to refuse to participate in the Fishermen's Mortgage and Note Program. The loan limit was also reduced from \$200,000 to \$100,000.
- 06-25-82 The Fishermen's Mortgage and Note Program, in actuality, was repealed and the Commercial Fishing Loan Act was rewritten. All assets of the Fishermen's Mortgage and Note Program were transferred to the newly rewritten Commercial Fishing Loan Act. Three separate loan sections were established under the rewritten program.

SECTION A was exclusively for the purchase of limited entry permits. An individual must have been a resident for five continuous years immediately preceding the date of application for the loan and held a crew member or commercial fishing license or owned a limited entry permit for one of the past five years and must have actively participated in the fishery during that period of time. Loans were limited to \$300,000, 10 1/2% interest, with a maximum term of 15 years.

SECTION B was for the purchase of limited entry permits, vessels and gear. An individual must have been a resident for five continuous years immediately preceding the date of application for the loan and, because of the lack of training or lack of employment

opportunities in the area of residence, did not have occupational opportunities available other than commercial fishing or was economically dependent on commercial fishing for a livelihood, and commercial fishing was a traditional way of life in Alaska. Applicants cannot have alternative sources of financing available to them. Loans were limited to \$100,000, 10 1/2% interest, with a maximum term of 15 years.

SECTION C was for the purchase or restoration of vessels or gear. Applicants included corporations, partnerships or joint ventures which were 100% owned by individual commercial fishermen who were state residents for a continuous period of five years immediately preceding the date of application for a loan. Applicants also had to satisfy the remaining eligibility requirements of both Section A and B. Loans were limited to \$100,000, 10 1/2% interest, with a maximum term of 15 years.

- 04-17-83 The state residency under Sections A, B and C was reduced from five to two continuous years immediately preceding the date of the loan application. In addition, under Section A, the applicant must have had the license or permit the year immediately preceding the date of the loan application and any other two of the past five years. Active participation in the fishery was increased from one to three years, including the year immediately preceding the date of the loan application.
- 07-01-85 The statutes were amended and Section C was combined with Section B. An assumption of an existing commercial fishing loan was now available to individuals who were residents of the state for a continuous period of two years immediately preceding the date of the request for an assumption. Another important change was the ability for applicants to prequalify for a limited entry permit loan. A fee, not to exceed \$200, was charged for processing a prequalification application. A special foreclosure reserve account and property disposal procedures were established.
- 09-11-85 By regulation, for purposes of Section A, an individual was considered to have actively participated in the fishery if the individual could establish one of the following circumstances for each year claimed:
- (1) 30% or more of the applicant's total gross income was derived from commercial fishing;
 - (2) the applicant engaged in commercial fishing in commercial fisheries for at least 25 days; or
 - (3) the applicant engaged in commercial fishing in a particular commercial fishery for 50% or more of the total number of days that the particular fishery was open for commercial fishing ("particular commercial fishery" refers to species, gear type, and fishing area).

By regulation, for purposes of Section B, an individual was considered to be economically dependent on commercial fishing for a livelihood if at least 30% of the individual's total gross income during the previous two years was derived from commercial fishing.

09-05-86 Eligibility was statutorily contingent upon an applicant not having a past due child support obligation as established by court order or by the child support enforcement division at the time of application.

**KODIAK LONGLINE
VESSEL OWNERS' ASSOCIATION**



326 CENTER AVENUE, P.O. BOX 135
KODIAK, ALASKA 99615
(907) 486-3781 FAX (907) 486-2470

HALIBUT • SABLEFISH • PACIFIC COD • CRAB

February 18, 1993

Representative Fran Ulmer
ALASKA STATE LEGISLATURE
State Capital
Juneau, Alaska 99801

RE: HB 123

Dear Fran,

I would like to express our support for HB 123. I have felt for some time that with the implementation of individual fishing quotas on the horizon, a loan program for Alaskans is vital. Those vessel owners who live in Alaska must be able to purchase quota quickly when the program is in place.

It is my belief that the large majority of Alaskan vessel owners who will receive quota will either sell immediately or wish to buy. Since the people who qualify for quota far exceeds the number of individuals who currently participate in the fishery, the "pie" will be cut in ways that people did not anticipate. Many vessel owners will immediately need to purchase quota in order to participate effectively in the fishery.

We strongly support this bill and would assist in any way possible to see that it is passed. It can't help but be a significant help to those Alaskan vessel owners who won't initially receive the quota they need.

Sincerely,

A handwritten signature in cursive script that reads "Linda Kozak". The signature is written in dark ink and is positioned above the printed name and title.

Linda Kozak
Director

**COMMITTEE:**

DATE: 2/19/93

SIGN-IN

Subject of meeting:

H13 123 IFQ Loans

NAME _____

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

[illegible]



STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
DIVISION OF PUBLIC SERVICES

DATE: 2/19/93

Please accept the enclosed original(s) of written testimony
for the H. ~~2/19/93~~ Fisheries ~~teleconference~~ hearing that was
scheduled on 2/19/93.

A copy of this testimony was transmitted to your committee via
fax on 2/19/93.

Thank you,

LEGISLATIVE AFFAIRS AGENCY
Sitka Legislative Office
210 Lake Street
Sitka, Alaska 99835
747-6276



Alaska State Legislature

Please enter into the record my testimony to the House Special Fisheries
committee name
committee on HB 123 (IFQ plan) dated 2/19/93
bill/subject

I support the concept of HB 123, but I have some concerns & comments on the bill. It cannot be emphasized too strongly that, even more than the probability of quota share migrating out of the hands of Alaskan residents, the most devastating effect of this IFQ plan to the state's ~~off Alaska~~ economy will be CONSOLIDATION. Please bear in mind that so much of the economic strength of virtually all Alaskan coastal communities is the large fleets of small family owned boats. The numbers of people involved in the fisheries keep these towns alive, not just pounds of fish delivered or a few very wealthy fishermen. And vital to the economic health of these businesses are (See P.2.)

Signed: Bonnie Bonohoe
Testifier
citizen & fisherperson of Sitka
Representing (Optional)
P.O. Box 2993 Sitka AK 99835
Address
747-6467
Phone No.

opportunities to diversify & the possibility to get in as P.2
well as out of fisheries. There seems to be a lot of
people with the belief that the dangers of consolidation
are being addressed by the 'Sitka Block Amendment'.
Let me remind you there is no such thing. The Council
is currently doing analysis on three proposals, none
of which are guaranteed to be adopted & the political
reality of any of them seeing the light of day is at best slim.

My concern with this bill is that without further
refinement, some measure to gear it more toward
preference to new entrants & /or current participants with
small amounts of quota share (say <5000 - 10,000 lbs) this
bill could in fact hasten consolidation by making
financing more easily available to those who already
have the edge on profitability - essentially those ~~who~~
most favored by initial allocation.

Please think seriously about this problem. It
is not just pounds staying in the state we need to worry
about but, more importantly, participation on a
wide scale needs to be protected.

Thank you.

Dorena Dornhoe

HB 123

Greg Wingan

if get an A loan, can never get a B loan
if get B loan, can get an A loan.
many people qualify for both.

A - permit only - up to \$300,000

B - permits + gear - up to \$100,000

C - IFQs - similar to A

D - IFQs - similar to B

IFQ eligibility -

preference - initial allotments or $\frac{\text{IFQ crewmembers}}{5 \text{ mos in any U.S. commercial fishing}}$

5 months ÷

def of econ. dependent

30% - income over
or previous 2 yr period
from any fishing.

or lack of training / employees.

few
crewmembers

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

February 3, 1993

To: Representative Carl Moses
Chair, House Special Committee on Fisheries

From: Representative *Fran* Ulmer

Subject: Scheduling HB 123

This is to request that you schedule HB 123, "An Act relating to loans for the purchase of individual fishery quota shares," for hearing before the House Special Committee on Fisheries as soon as possible.

Last week, the United States Department of Commerce approved regulations establishing an Individual Fishing Quota (IFQ) system for the Pacific halibut and sablefish fixed gear fisheries off Alaska. HB 123 expands the state Commercial Fishing Revolving Loan Fund to permit Alaskans to finance the purchase of quota shares.

There is fear that well-financed, Seattle bases vessels will dominate and that Alaskans and Alaskan communities will suffer economically with the advent of the IFQ system. This legislation is intended to benefit current Alaskan fishing interests and to preserve the stake local economies have in the halibut and black cod fisheries, by making loans available to purchase quota shares.

HB 123 will help Alaskans compete. Loans of up to \$300,000 will be available to Alaskans who have lived in the state at least two years before the date of application. In addition, applicants must have held a commercial fishing license for the year preceding the application as well as during 2 of the past 5 years. The applicant also must have actively participated in the fishery for which the application is sought during 3 of the last 5 years.

It is important for HB 123 to pass this session in order for financing to be available by the time the IFQ system is implemented, thus I request your immediate assistance in scheduling the bill for hearing.

Thank you.

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

PRESS RELEASE

February 3, 1993

Representative Fran Ulmer, D-Juneau, today introduced House Bill 123 which creates a state loan program to finance Individual Fishery Quota (IFQ) permits. The IFQ system was approved last week by Secretary of Commerce Ron Brown for the halibut and black cod fisheries. Although a state loan program currently exists for financing limited entry permits in Alaska, legislation is required to expand the program to finance Individual Fishery Quota permits.

"Although many Alaskans objected to this new permit, now that it is law we must preserve Alaska's traditional presence in these fisheries," Ulmer commented. "Establishing a program to finance the program is the most effective action the state can take to protect Alaska fishing interests."

Ulmer's comments reflect fears that IFQ shares will migrate into the pockets of well-financed, Seattle based vessel owners and that Alaska coastal communities dependent on the fishing industry will suffer significant economic loss.

"This legislation is intended to benefit current Alaska fishing interests and to preserve the stake local economies have in these fisheries," said Ulmer. "The loan program will not negatively impact any other permit or loan an individual fisher may have with the state."

HB 123 authorizes loans up to \$300,000 to Alaskans who have lived in the state at least two years before the date of application. In addition, applicants must have held a commercial fishing license for the year immediately preceding the application as well as during 2 of the past 5 years. The applicant also must have actively participated in the fishery for which the application is sought during 3 of the last 5 years.

Ulmer expects bi-partisan support for HB 123 which must pass this session in order for permit financing to occur before the 1993 halibut and black cod fisheries open in the fall. Of the \$5 million currently in the Commercial Fishing Revolving Loan Fund, approximately \$3 million will be available in FY 94 to finance IFQ permits.

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 34159
3032 VINTAGE BLVD.
JUNEAU, ALASKA 99803-4159
PHONE: (907) 790-2693
FAX: (907) 790-2781

February 2, 1993

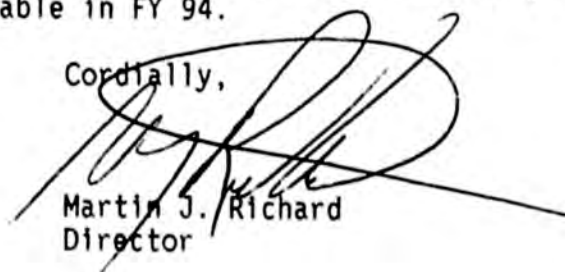
Honorable Fran Ulmer
Attention Margaret Pugh
House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Ulmer:

We are projecting excess funds available for appropriation from the Commercial Fishing Revolving Loan Fund to the General Fund in the amount of \$5,002,800 in FY 94 (HB 55, Section 20, January 15, 1993). The Governor has requested a General Fund appropriation to the Fisheries Enhancement Revolving Loan Fund in the amount of \$2,068,200 (HB 55, Section 29, January 15, 1993).

The net effect for these two fisheries funds is approximately three million dollars, available in FY 94.

Cordially,



Martin J. Richard
Director

cc: Paul Fuhs
Commissioner

Quotas OK'd for halibut, black cod

By ROSANNE PAGANO

THE ASSOCIATED PRESS

ANCHORAGE, Alaska - The U.S. Commerce Department on Friday approved a commercial fishing reform that allocates quotas of Alaska black cod and halibut.

Final regulations may be in place in time for the widely disputed individual fishing quota system to go into effect next year, the National Oceanic and Atmospheric Administration said.

Fishermen will be allotted their share based on how long they have been active in the halibut or black cod fishery, and how much fish they have caught in previous seasons.

Regulators say the system, known as IFQ, will end derby-style fishing that attract hundreds of boats for 24-hour openings in spring and fall.

Opponents in some Alaska ports say quotas will edge out some smaller operators and crews, weakening the local economy.

Fishermen using fixed gear, including pot gear and hook-and-line gear, are targets of the new system, NOAA said.

Quotas restrict the halibut and black cod commercial catch in U.S. waters. Fisheries primarily are in Alaska including Bristol Bay, the Bering Sea and the Gulf of Alaska.

William Fox, director of the National Marine Fisheries Service, a branch of NOAA, said Friday quotas would improve fishing safety and could provide consumers with fresh fish more often.

Fox said quotas permit operators to fish when the price is right, rather than work the 24-hour openings even if full crews are unavail-

able, weather is bad or vessels are unprepared.

"A derby is a very unsafe fishery," Fox said.

Details remain to be worked out in final regulations. Alaska's congressional delegation last summer sought to block final approval of IFQs, saying the reform needed more study.

That put the delegation at odds with the Hickel administration's fisheries expert, Clem Tillion, who helped win approval for quotas from the North Pacific Fishery Management Council.

The council developed the plan and approved it in 1991. Kodiak, among the nation's top fishing ports, was among Alaska communities seeking to block final approval.

A coordinator of the Kodiak Island Borough's effort said meetings may be arranged with environmental groups, also opposed to quotas, to see if continued appeals were worthwhile.

"This is going to be a very expensive program," Kodiak coordinator Jeff Stephan said. He said cost of additional paperwork would siphon monies that could have gone to fisheries research and management.

Stephan said opponents may argue the program's cost as a strike against it with members of Con-

gress.

In Sitka, the executive director of Alaska Longline Fishermen's Association said she was pleased with the federal approval.

But Linda Behnken said more work may yet be done to make quotas more fair.

"It's been long, hard work and a lot of people participated," Behnken said. "But it's also a little tough, knowing that a lot of people in the community still have a lot of concerns."

Alaska Sen. Frank Murkowski in a prepared statement Friday said he had urged delay of the IFQ approval until there were assurances the system would not harm small fishermen.

"We all know something needs to be done to protect fishermen from having to fish in bad weather, to spread out the arrival of fresh fish on the market to improve both quality and price," Murkowski said.

"I'm still not certain that the current IFQ system is the best," Murkowski said many coastal cities were "entirely dependent" on fishing.

Sen. Ted Stevens, R-Alaska, said he remained concerned that many crewmembers and other participants will be left out of the halibut and black cod fisheries.

"I am still hearing serious questions about the impact of IFQs on

coastal communities and the cost of implementing the program," Stevens said in a news release.

PAID ADVERTISEMENT

Accidental discovery may end obesity

WASHINGTON - Researchers have discovered a way to end obesity by accident!

In a study with a potential cholesterol-lowering agent, scientists found an unusual side effect. Instead of lower cholesterol levels, patients receiving the natural plant colloid lost weight while body weight in a control group remained constant.

The scientists say the mechanism behind the weight loss is not clear, but suggest it is partially due to a decrease in the intestinal absorption of calories. Scientists in another study published in the British Journal of Nutrition found that patients consuming the same colloid lost weight in spite of being instructed not to alter their eating patterns. Despite this evidence, other scientists may not agree on the weight loss benefits of colloid. Someday, pending further study, there could be universal agreement that colloids are helpful in confronting the problem of obesity.

National Dietary Research, whose research topics have been the subject of articles published in recent medical and nutritional journals, has successfully incorporated a series of colloids into a chewable food tablet called FS-1. When used as directed, FS-1 places high calorie fats with low calorie nutrients, thus providing maximum nutrition with a minimum number of fat calories. According to an article published in the American Journal of Clinical Nutrition, consciously limiting the amount of one consumes is not necessary to lose weight, provided you limit the

A Florida company has obtained exclusive distribution rights to FS-1 which is available through pharmacies and other health care professionals.

© 1992 Omicron International

Available in Juneau at

RAINBOW FOOD

2nd & Seward

586-



**Do Something Sweet
for Someone's Feet**

FOOT REFLEXOLOGY

Helps the body handle stress & normalizes the body's energy for the whole body. Great for relaxation to yourself.

**GIFT CERTIFICATES AVAILABLE
FOR VALENTINE'S DAY**

Mary DeSmet Morgan
789-3933



LET IT SNOW!

Alpaca & Wool
SWEATERS, HATS & SCARVES

Open 11-6 Mon-Sat

Pairiti Woollens • 287 South Franklin

HB 123: "An Act relating to loans for the purchase of individual fishery quota shares."

HB 123 amends the Commercial Fishing loan program to allow Alaskan residents to finance the purchase of individual fishery quota shares. In order to be eligible, an applicant must:

1. have been a two-year resident;
2. have had a crew member or commercial fishing license for the year immediately preceding the date of application and any other two of the past five years;
3. have actively participated in the fishery for which the shares are issued during three of the last five years; and
4. qualify as a transferee under applicable law.

HB 123 also allows the department to prequalify applicants for the purchase of fishery quota shares. Under this portion of the program, an applicant can obtain a 60-day commitment to finance fishery quota shares prior to locating the specific shares to be purchased.

In addition, the bill establishes a limit of \$300,000 that a borrower can have outstanding at any point in time that was used to purchase fishery quota shares.

In keeping with the mission of the Commercial Fishing program, this legislation will assist Alaskans in their efforts to participate in the halibut and sablefish fisheries in Alaska.


Paul Fuhs, Commissioner

2-10-93
Date

dgl/064pp.inv

**DEPARTMENT OF FISH AND GAME
POSITION PAPER**

Bill No: HB 123
Sponsor: Representative Ulmer
Division: Division of Commercial Fisheries
Bill Title: "An act relating to loans for the purchase of individual fishery quota shares."
Department Position: Support

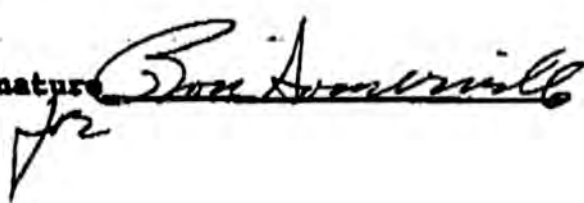
This legislation would extend the state's existing loan program for limited entry permits, vessels, and fishing gear to include loans for the purchase of individual fishery quota shares (IFQs). The harvesting sector of the seafood industry has the highest percentage of resident participation in the industry. Approximately 80% of the permits are owned by Alaskans. The state loan program has been a successful tool contributing to the high percentage of existing permits in the hands of Alaskans.

The new IFQ program will be administered by the federal government. Regulations governing the new program were recently adopted by the U.S. Secretary of Commerce. There is a great deal of concern on the part of Alaskans that these IFQs will be bought up by non-Alaskan interests, thus reducing the opportunities for Alaskans to harvest these resources occurring off the state's coastline.

While this program is authorized in Title 16, the fish and game statutes, the program is administered by the Department of Commerce and Economic Development.

There is no fiscal impact on the Department of Fish and Game from this legislation.

Commissioner's Signature



Date: 7/2/93

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 123

Revision Date: _____
Title: Loans for IFQs

Department Affected: Commerce and Economic DevelopmentBRU: InvestmentsSponsor: Representative Fran Ulmer, et al.

Component: _____

Requestor: Special Committee of FisheriesCOMPONENT SERIAL NO. 0384

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	48.2	144.5	144.5	144.5	144.5	144.5
TRAVEL	2.0	6.0	6.0	6.0	6.0	6.0
CONTRACTUAL	11.3	33.9	33.9	33.9	33.9	33.9
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	13.5	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	76.5	185.9	185.9	185.9	185.9	185.9

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
-------------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER C/F LOAN 1036	76.5	185.9	185.9	185.9	185.9	185.9
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
See attached.

Prepared by: Martin J. Richard
Division: Investments

Phone: 465-2510Date: 2/5/93

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 2-8-93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 123

ANALYSIS: (continued)

This fiscal note assumes that the IFQ program will go into effect on March 1, 1994 as estimated by the United States Department of Commerce. The operating expenses for FY 94 have been adjusted accordingly.

PERSONAL SERVICES

The passage of HB 123 will require the addition of two Loan Examiner II positions and a Loan Closer I position. The loan examiners will process loan requests generated as a result of this legislation. They will also handle inquiries, outreach, loan extensions and other collection activity associated with these loans. The loan closer will develop the documentation used to complete loans processed by the loan examiners and will obtain signatures, record collateral documents and disburse loan proceeds.

TRAVEL

It is estimated that loan examiners will make an average of six outreach trips to rural Alaska each year, at an average cost of \$1.0 per trip. In FY 94 a total of two trips are anticipated.

CONTRACTUAL

The office space rental for three additional employees is estimated at \$8.9 per year. In addition, the Department anticipates spending an additional \$25.0 per year on outside contractors to help in its outreach efforts in rural communities throughout the State.

SUPPLIES

The Department estimates \$1.5 per year to cover costs of miscellaneous office supplies and printing of application packages and brochures.

EQUIPMENT

The Department estimates a one-time cost of \$13.5 to cover the costs of office furniture and computer equipment for three new employees.

Position Title Loan Closer I			No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full Time	Staff Months 4 months		Location Juneau	Election District	
TYPE OF EXPENDITURE		AMOUNT	Justification This position is necessary to develop the documentation used to complete loans processed by the loan examiners. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.		
Salary		8.4			
Benefits		3.4			
Premium Pay					
Other					
Total Personal Services		11.8			
Travel					
Contractual		1.9			
Commodities		.2			
Equipment		4.5			
Other					
Total Cost		18.4			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
I-A Receipts	1007				
CIP Receipts	1061				
Other: CF Loan	1036				

020.WIN

Request For New Position

AGENCY Commerce and Economic DevelopmentBRU Investments

COMPONENT _____

FY 94

Page 1 of 1

Revised Date: _____

Position Title Loan Examiner II			No. of Positions 1	Range / Step 17A	Barg. Unit GGU
Time Status Full Time	Staff Months 4 months		Location Anchorage	Election District	
TYPE OF EXPENDITURE		AMOUNT	Justification This position is necessary to process loan requests generated as a result of the passage of SB 96. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.		
Salary		13.1			
Benefits		5.1			
Premium Pay					
Other					
Total Personal Services		18.2			
Travel		1.0			
Contractual		4.1			
Commodities		.2			
Equipment		4.5			
Other					
Total Cost		28.0			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
I-A Receipts	1007				
CIP Receipts	1061				
Other: CF Loan	1036				

020.WIN

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 94

Page 1 of 1
 Revised Date: _____

Position Title Loan Examiner II			No. of Positions 1	Range / Step 17A	Barg. Unit GGU
Time Status Full Time	Staff Months 4 months		Location Juneau	Election District	
TYPE OF EXPENDITURE		AMOUNT	Justification This position is necessary to process loan requests generated as a result of the passage of SB 96. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.		
Salary		13.1			
Benefits		5.1			
Premium Pay					
Other					
Total Personal Services		18.2			
Travel		1.0			
Contractual		2.9			
Commodities		.2			
Equipment		4.5			
Other					
Total Cost		26.8			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
I-A Receipts	1007				
CIP Receipts	1061				
Other: CF Loan	1036				

Request For New Position

BRU Investments

COMPONENT

FY 94

Page 1 of 1

Revised Date:

Position Title Loan Closer I			No. of Positions 1	Range / Step 10A	Barg. Unit CCU
Time Status Full Time	Staff Months 4 months		Location Juneau	Election District	
TYPE OF EXPENDITURE		AMOUNT	Justification This position is necessary to develop the documentation used to complete loans processed by the loan examiners. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.		
Salary		8.4			
Benefits		3.4			
Premium Pay					
Other					
Total Personal Services		11.8			
Travel					
Contractual		1.9			
Commodities		.2			
Equipment		4.5			
Other					
Total Cost		18.4			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
I-A Receipts	1007				
CIP Receipts	1061				
Other: CF Loan	1036				

020.WIN

Request For New Position

AGENCY Commerce and Economic Development

BRU Investments

COMPONENT _____

FY 94

Page 1 of 1

Revised Date: _____

The ABCs of IFQs

Representative Fran Ulmer Introduces a new loan program to help Alaska fishermen

**by
Representative Fran Ulmer**

A revolution is on the way for Alaska's coastal communities. After 10 years of debate in the fishing industry, the U.S. Secretary of Commerce recently approved Individual Fishery Quotas (IFQs) for the halibut and black cod fisheries in Alaska. If all goes as planned, by mid-1994 these fisheries will no longer be open to all those who want to wet a line. Instead, a new permit system will reserve catch quotas for individual fishermen who qualify for an IFQ. Gone will be the 24 hour openings, replaced by a season which may last from March through November. The new system is promoted as a solution to dangerous conditions created by derby style fishing, but critics charge that the new system will be the end of the small, independent Alaska fisherman.

Whether you think the new system will help or hurt Alaska fishermen, the reality is that a change is coming. We must do everything we can to help Alaskans retain their livelihoods in the fishing industry and to support our coastal communities. One of the best ways of doing that is by providing access to capital. That's why I recently introduced **HB 123** which provides financing for the purchase of IFQs. This legislation authorizes loans of up to \$300,000 for IFQs to Alaska residents who have actively participated in the fishery during three of the last five years. The state currently finances the purchase of limited entry permits through a revolving loan fund with loans of up to \$300,000. New legislation is required to expand the loan program to include IFQs. HB 123 does that and provides an essential tool to accomplish the goal of keeping permits in the hands of Alaskans.

How it works

The new IFQ system is designed to benefit active fishermen by allocating a quota based on an individual's actual record of past landings. When the system starts, only vessel owners and leaseholders will receive an IFQ; crew members will be given preference in acquiring their own IFQ in the future. A quota will be based on the individual fisherman's actual percentage of the total catch in a particular area during five of the last 7 years. That percentage will then be applied, on an annual basis, to the total allowable catch for the individual's region in order to determine the exact number of pounds he can harvest. To ensure maximum participation in the fishery, no one will be allowed to harvest more than 1% of the black cod resource in an area, and no more than .5% of the halibut resource.

How do Alaskans fare?

In 1994, approximately 5500 halibut fishermen and 1100 black cod fishermen will be given IFQs by the federal government free of charge. Those who receive an IFQ may sell or lease all or a portion of their quota to another, and the price of those transactions will be set by the market, based on the value of the resource and the fishery at the time of purchase. Experience has shown that the right to harvest these resources can be extremely valuable and the price for IFQs may be very high.

Although the new system is designed to preserve and increase Alaska's presence in these fisheries, many fear that IFQs will migrate into the pockets of well-financed, non-resident vessel owners and that Alaska fishermen will lose out. The cap on the percentage of the fishery resource any one person may own or lease, and the restriction prohibiting IFQs from being transferred between vessel classes, are efforts to ensure that halibut and black cod continue to be fished by a broad spectrum of Alaska fishermen. However, the only real certainty in the new equation is that a resource which was free to all will now be available only by permit, and for a price.

It is essential that Alaskans keep as many of these permits as possible so that the economy of our coastal communities will not be deprived of the wealth of this fishery resource. HB 123 and the financing it provides to Alaskans will help assure this continuing economic benefit to our residents.

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

PRESS RELEASE

February 3, 1993

Representative Fran Ulmer, D-Juneau, today introduced House Bill 123 which creates a state loan program to finance Individual Fishery Quota (IFQ) permits. The IFQ system was approved last week by Secretary of Commerce Ron Brown for the halibut and black cod fisheries. Although a state loan program currently exists for financing limited entry permits in Alaska, legislation is required to expand the program to finance Individual Fishery Quota permits.

"Although many Alaskans objected to this new permit, now that it is law we must preserve Alaska's traditional presence in these fisheries," Ulmer commented. "Establishing a program to finance the program is the most effective action the state can take to protect Alaska fishing interests."

Ulmer's comments reflect fears that IFQ shares will migrate into the pockets of well-financed, Seattle based vessel owners and that Alaska coastal communities dependent on the fishing industry will suffer significant economic loss.

"This legislation is intended to benefit current Alaska fishing interests and to preserve the stake local economies have in these fisheries," said Ulmer. "The loan program will not negatively impact any other permit or loan an individual fisher may have with the state."

HB 123 authorizes loans up to \$300,000 to Alaskans who have lived in the state at least two years before the date of application. In addition, applicants must have held a commercial fishing license for the year immediately preceding the application as well as during 2 of the past 5 years. The applicant also must have actively participated in the fishery for which the application is sought during 3 of the last 5 years.

Ulmer expects bi-partisan support for HB 123 which must pass this session in order for permit financing to occur before the 1993 halibut and black cod fisheries open in the fall. Of the \$5 million currently in the Commercial Fishing Revolving Loan Fund, approximately \$3 million will be available in FY 94 to finance IFQ permits.

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

TO: All Members of House of Representatives DATE: 2/1/93

FROM: Representative Fran Ulmer

SUBJ: IFQ System

Last week Ron Brown, Secretary of Commerce, approved the IFQ system for halibut and black cod fisheries. Although many Alaskans objected to the implementation of this new permit, it is now law and Alaskan's interests in these fisheries must be preserved. One key ingredient is financing for the purchase of the quota shares.

A loan program currently exists for financing limited entry permits. It must be expanded to include the purchase of IFQ's.

On Wednesday, I will be introducing legislation to amend Alaska's loan program to do so. It's critical that this legislation pass this session so that Alaskans are in a position to participate once the quota shares are available sometime late in 1993.

I hope you'll join me in cosponsoring this important piece of legislation essential to Alaska's economy.

FU/bvh



State loans to buy IFQs proposed by Ulmer bill

By Eric Fry
Alaska Journal of Commerce

Alaska fishers will be able to use a state loan fund to buy quota shares in federally managed fisheries, if a bill proposed by state Rep. Fran Ulmer, D-Juneau, is enacted.

House Bill 123 would add a third category of applicants

to the Commercial Fishing Revolving Loan Fund, which currently helps fishers buy state limited-entry permits or vessels and gear.

The bill is in response to the individual-fishing-quota plan for the North Pacific halibut and sablefish fixed gear fish-

Continued on Page 5



PHOTO BY MARGARET BAUMAN

Robert O. Anderson has big plans for natural gas, see Page 6

AN 50th ANNIVERSARY
FEB. 15, 1993

Ulmer proposes loans for IFQs

Continued from Page 1

eries that was approved Jan. 29 by U.S. Secretary of Commerce Ron Brown. That plan, which is scheduled to take effect March 1, 1994, grants ownership of quota shares in the fisheries to vessel owners or leaseholders according to their recent catch histories.

Up to 87 percent of the halibut quota shares and 74 percent of the sablefish shares are expected to belong initially to Alaska residents. But there is fear that the transferable shares will end up eventually in the hands of Outsiders.

"Although many Alaskans objected to this new permit, now that it is law we must preserve Alaska's traditional presence in these fisheries," Ulmer said in a prepared statement.

The bill would allow an applicant up to \$300,000 to buy IFQ shares, in

addition to a \$300,000 total loan balance for the program's current purposes. But the bill does not appropriate money for the loan fund.

Martin Richard of the state Division of Investments said the revolving loan fund, which has a current cash balance of \$15 million, has not needed a legislative appropriation since 1985.

By the end of fiscal 1994, the loan fund will have an excess of \$5 million, he said, which is available for appropriation out of the commercial fishing loan fund. The Division of Investments is asking for a \$2 million appropriation to cover requests in a similar loan program for hatchery development—leaving a total of \$3 million that could go to the general fund. Ulmer hopes to keep that \$3 million in the Commercial Fishing Revolving Loan Fund for the purchase of IFQ shares during fiscal 1994.

Alaska Airlines' January traffic down

Alaska Airlines officials say January traffic for the airline was down 9 percent to 348.5 million revenue passenger miles, compared with 383.4 million flown a year earlier.

The passenger load factor, or percentage of available seats occupied by fare paying passengers, was 47.7 percent, down from 48.7 percent in January 1992.

The Inuit Circumpolar Conference.....Page 3
Fairbanks fears military losses.....Page 4
Mt. McKinley Bank feeling its oats.....Page 7
Commercial fishers face mammal quotas.....Page 8
The List: Largest meeting facilities.....Page 19
The Journal of Record.....Page 9B

SECTION B

The Journal of Law

Lawyers endorse
civil jury system,
Page 1B

THE FOCUS

Construction and Engineering

AHFC: Big player in the
economy, Hulin says,
Page 13



Quality Services

(907) 274-1056

FEB 15 1993

Date

Anchorage Daily News

Client No. 0615

Sealaska wants quota to protect local fish jobs

The Associated Press

JUNEAU — The regional Native corporation for southeast Alaska says it will keep pushing for an area fisheries quota system out of fear many of its shareholders could be forced out or lose their jobs at seafood processors.

Sealaska Corp., based in Juneau, has made a regional quota a top priority, spokesman Robert Loescher said.

The U.S. Commerce Department approved the individual fishing quota system last month. Final regulations could be in place by next year.

Under the IFQ plan, fishermen would be allotted a share of the halibut and black cod harvests based on how long they have been active in the fisheries and how much they have caught in previous seasons.

Proponents say the system would end dangerous, derby-style fishing during

24-hour halibut openings and would increase prices and availability of fresh fish, but opponents say quotas would drive small fishermen out of the business and hurt local economies.

Loescher said Sealaska wants to follow a program adopted for Bristol Bay and Bering Sea under which communities have been given regional allocations to prevent too many local shares from going to non-local fishermen.

Many of Sealaska's 15,750 shareholders fish commercially and for subsistence, and many more work in cold storages in small communities.

A study commissioned by Sealaska suggests many rural residents would likely sell their IFQ shares because they need cash and few would be able to buy into the fishery, as has been the case with limited-entry permits for salmon, herring and

other species, Loescher said.

Fewer permits in the communities means fewer crew jobs. It also means less fish will be delivered to small communities and fewer cold-storage jobs, he said.

Financing the cost for Alaskans who want to buy halibut and black cod shares is another problem. Rep. Fran Ulmer, D-Juneau, has introduced legislation that could make it easier.

Ulmer has proposed expanding a state loan program for financing the purchase of salmon permits and boats. Qualified borrowers could receive up to \$300,000 to buy halibut and black cod quota shares.

About \$3 million would be available for halibut and black cod fishermen statewide, Ulmer said. The state's commercial fishing revolving loan fund has about \$5 million.

Juneau
Empire
Feb. 14, 1993

Fishing for answers Quotas could push out locals

By TIM HUBER

THE JUNEAU EMPIRE

Sealaska Corp. plans to continue pushing for a regional harvest allocation for rural Southeast communities under the new individual quota system for managing Alaska's commercial halibut and black cod fisheries.

The corporation believes many of its shareholders could be forced out of the fisheries or lose their jobs at seafood processors unless regional harvests are guaranteed.

The Juneau-based regional Native corporation has made a regional quota a top priority, spokesman Robert Loescher said.

The U.S. Commerce Department approved the individual fishing quota system last month; final regulations could be in place by 1994.

Under the IFQ plan, fishers will be allotted a share of the halibut and black cod harvests based on how long they have been active in the fisheries and how much they have caught in previous seasons.

Though proponents say the system will end dangerous, derby-style fishing that attracts hundreds of boats for 24-hour halibut openings, while also increasing prices and the availability of fresh fish, opponents say quotas will drive small fishers out of the business and hurt local economies.

Bristol Bay and Bering Sea communities have been given regional allocations to prevent too many local shares from going to non-local fishers, and Sealaska wants to see similar plans for Southeast, Loescher said.

Much of Sealaska's concern involves the potential harm that small communities such as Craig and Hoonah could suffer if too many of their residents sell their IFQ shares to non-resident fishers, or if they are priced out of buying into the fisheries.

Many of Sealaska's 15,750 shareholders subsistence and commercial fish, and many more work in cold storages in small communities. They already are losing access to marine resources, in part because of limited-entry fisheries for salmon and other species, Loescher said. The new system will compound the problem, he said.

A study commissioned by Sealaska suggests that many rural residents likely will sell quota shares they receive under the new system because they need cash and few will be able to buy into the fishery. That has been the case with limited-entry permits for salmon, herring and other species, Loescher said.

Fewer permits in the communities means fewer crew jobs. It also means less fish will be delivered to small communities and fewer cold-

Please turn to Quotas, Page A-6

Quotas...

Continued from Page A-1

storage jobs, he said.

A person today needs two or three fishing permits to make ends meet year-round, Loescher said. The advent of the new management system means they will have to buy halibut and black cod quota shares too, he said.

Financing the cost for Alaskans who want to buy halibut and/or black cod shares is another problem, and Rep. Fran Ulmer has introduced legislation that could make it easier to buy the shares.

The Juneau Democrat has proposed expanding a state loan program for financing the purchase of salmon permits and boats. Qualified borrowers could receive up to \$300,000 to buy halibut and/or black cod quota shares.

About \$3 million would be available for halibut and black cod fishers statewide, according to Ulmer. The state's commercial fishing revolving loan fund has about \$5 million.

Loescher isn't sure whether Ulmer's bill will provide enough money to buy quota shares, but it would help, he said. "We believe that that's the kind of program that the state should be involved in."

Regardless of a loan program for boat owners, Sandro Lane of Taku Smokeries in Juneau expects more headaches under the quota system. Marketing and processing complications could make guaranteeing fresh halibut throughout the year more trouble than it is worth for processors. Despite its faults, the existing system is predictable, Lane said.

"I don't think it's going to make things easier, that's for darn sure," he said.

Processors now know when to prepare for processing halibut and retailers know when they can expect fresh halibut so they can plan specials and place large orders.

Lane said.

But a year-round fishery, as envisioned by the North Pacific Fishery Management Council, which drafted the new rules for the Commerce Department, could complicate things, he said.

Under the existing system, Lane can set up his plant, process halibut and be done with it. Under the quota system, he wouldn't be able to buy small loads of halibut during salmon season because the plant would be set up to process salmon, he said.

Quota owners will have to coordinate their fishing and deliveries to processors on their own, he said.

Labor also is easier under the existing system, he said. Lane can put together a crew for the May halibut opening and expect a couple busy weeks, followed by a slow

week, then more busy weeks after a second opening in June. By then, salmon season is under way and Taku Smokeries is up and running for the summer.

"It's just a real big question mark in my eyes logistically how I'm going to deal with it."

Problems also await on the marketing front, Lane said.

The strongest market for halibut is the fresh market, which involves major West Coast grocery chains such as Safeway Stores. Scheduled openings allow those retailers to advertise specials on fresh halibut and be assured of buying large amounts of halibut, Lane said. That won't happen under the new system and fishers could be left in the unfamiliar position of negotiating with large retailers on their own, he said.

FISH FACTOR

Empire
Feb. 14

By LAINE WELCH

FOR THE JUNEAU EMPIRE

IFQ's and you: Alaskan crewmembers who don't have a chance at acquiring quota shares for halibut and black cod could soon get an assist from the state. The individual fishing quota plan recently approved by federal managers limits initial allocations of shares only to eligible longline vessel owners. IFQ shares are determined according to specific catch histories in the fisheries, and may be bought or leased from owners not wanting to use them.

A bill introduced to the Legislature by Rep. Fran Ulmer, D-Juneau, would broaden the state's commercial fishing revolving loan program to include the purchase of IFQs. The loan program provides funds for the purchase of limited entry permits. House Bill 123 would authorize loans up to \$300,000 for the purchase of IFQs. The loans would not require an appropriation of additional money from the state, as there is an excess of \$3 million currently available in the limited entry revolving loan fund.

Ulmer said HB123 could provide a big boost to crewmembers who receive no allocations of halibut or black cod in the new IFQ program.

"Their only way in at this point is to be able to buy from someone who's been given IFQs by the Department of Commerce, and who does not wish to fish them. Only through a loan program like this might crewmembers have a chance of participating," Ulmer said.

HB123 is scheduled for a hearing Feb. 19 by the House Special Fisheries Committee chaired by Rep. Carl Moses, I-Unalaska. After passing through various other committees, it must make it through the full House and Senate before it becomes law. So far there has been no opposition to the bill, but Ulmer said that is no reason to become complacent.

"You can't every take this process for granted, so people who want to make this happen should definitely express their opinions of support," Ulmer said.

Pot limits back for Bering crab: Pot limits are back for crab fisheries in the Bering Sea. During its recent meeting, the state Board of Fisheries reinstated a variable pot limit based on vessel size. Last year, in an attempt to curtail a burgeoning fleet, the board imposed a limit of 250 pots per vessel for king crab and Tanner crab fisheries. However, it was rejected by federal managers who ruled the gear limits discriminated against larger boats, some of which can carry 650 pots.

Using 125 feet as the determinant of "large" and "small" vessels, large crabbers next year will be limited to 250 pots and 200 pots for smaller boats in Bering Sea red king crab, bairdi and opilio fisheries. Three other pot limits were also set for other westward crab fisheries. At Norton Sound, large boats will be allowed to drop only 50 pots, with small boats permitted 40 pots. Norton Sound will also be a super-exclusive registration area, meaning a vessel fishing for red king crab there may not harvest kings anywhere else for the calendar year. For the St. Matthew Island blue king crab fishery, pot limits were set at 75 for large boats and 60 for small. For Pribilof Islands king crab, the board set a 50-40 split.

In another big change in the Bering Sea, king and bairdi Tanner crab fisheries next year will start at

the same time on Nov. 1. Both will also close simultaneously, with the bairdi fishery reopening 10 days later in a specified area to ensure that almost all gear will be removed from the major king crab grounds.

In other Board of Fisheries action, the Kodiak Tanner crab pot limit will remain constant at 75 pots per vessel regardless of each year's harvest guideline. In Southeast Alaska, the board gave a nod of approval for the Tanner fishery to occur earlier to circumvent high catches of bitter crab disease. No date was set, but it is expected the season might take place in early November instead of the current Feb. 15. As for red king crab, pot limits in Southeast will drop from 40 to 20 if and when a fishery occurs.

The Fish Board will reconvene in Anchorage Feb. 23 when subsistence will dominate the agenda.

Salmon, wild and tame: Studies of salmon survival behavior might provide answers to why most hatchery salmon don't live long enough to reproduce. Dr. Terry Divetti, a psychologist at Central Washington University, is videotaping the behavior of hatchery and wild salmon placed in a 200-gallon tank in which light, temperature, water currents and other variables can be controlled. So far, his observations show that wild salmon tend to remain at the bottom of the water column, while hatchery fish hang near the top. Divetti believes that single behavior may be the key to a salmon's survival.

Wild salmon use rocks and branches along the bottom to hide from predators, and Divetti speculates that's also where they find food and shelter from strong currents. He believes that hatchery salmon are taught to stay near the top of their pens, since handlers dump food at the surface. Therefore, when the fish are released into the wild, they go hungry and are washed downstream where they are picked off by predators.

"Hatcheries do a good job of what they're supposed to do, which is to raise fish. But the assumption that once fish are in the rivers they will act like fish is wrong. The data supports that couldn't be farther from the truth. They simply don't survive as well," Divetti said. He believes that hatcheries must learn to awaken survival instincts that are born in the fish. "They've got the nature, they need the nurture," he said.

Divetti said a "boot camp approach" can be used to provide specific survival training for hatchery fish. However, he prefers the method which would result from finding the base conditions that produce a certain behavior, such as what induces a fish to use cover. If it can be discovered when and how salmon learn survival techniques, those measures could be introduced into hatchery life.

"It isn't complicated. We could create currents in hatcheries, or put food at the bottom of the pen to teach young fish to seek cover," he said. Divetti hopes to have some answers about fish survival behavior when his nine-month study is completed later this year.

Laine Welch produces public radio's "Alaska Fisheries Report" at KXKT, Kodiak. It can be heard on KTOO-FM at 8:30 p.m. Fridays and 7:45 a.m. Saturdays. Charles Compton of Richland, Wash. contributed to this week's column.

FISH FACTOR

Empire 2.9.93

Tender operators must submit new oil response plans

By LAINE WELCH

FOR THE JUNEAU EMPIRE

Oil plans due soon: Alaska tender operators who don't submit an oil spill response plan to the Coast Guard within two weeks could face tough restrictions this year. The new regulation is a result of the Oil Pollution Act of 1990, which followed on the heels of the 1989 Exxon Valdez oil spill. The law requires development and review of vessel and facility pollution response plans. The deadline to get it to federal reviewers in Washington, D.C. is February 18th.

Along with barges and tankers, the regulation also applies to about 90 percent of Alaska's tenders that carry fuel for distribution to fishing fleets.

According to Captain Max Miller at the Marine Safety Office in Anchorage, tenders fall under two categories: those that carry between zero and 100 barrels of oil, which comprises most of Alaska's tenders, and those that carry over 100 but less than a 1,000 barrels.

Miller said the Coast Guard is looking for a very simple response plan that outlines who would be called in the event of a spill and in what order, shipboard mitigation practices, a review of fuel-handling policy, a protocol when transferring fuel to fishing vessels and how to stop and/or alleviate a spill should it happen.

Plans should also indicate the pollution response company or people, if any, that cover an area of operation. Tenders who do not have an approved response plan onboard by the time the law goes into effect on Aug. 18, 1993 may not be allowed to transport oil and may face civil penalties.

While numerous companies have already been pitching rather expensive assistance in developing

pollution response plans, Miller said tender operators could easily do it themselves. To help operators meet the Feb. 18 deadline, the Coast Guard has prepared a simple brochure and is standing by to answer questions.

"All we're asking for is a good faith effort to comply with this new regulation, and if there's a problem, we want to know about it. I want people to feel free to call us so we can help them get their plans to headquarters on time," Miller said.

Capt. Miller's office can be reached at 271-6700, or call any Marine Safety Detachment. Pollution response plans can be sent to Commandant, G-NAF-6, USCG Headquarters, 2100 2nd Street SW, Washington, D.C. 20593.

Fishermen wanting IFQs: Alaska fishermen wanting to buy individual fishing quotas may get an assist from the state. Rep. Fran Ulmer last week introduced a bill to expand the state's commercial fishing revolving loan plan to include the purchase of IFQs. HB123 would provide up to \$300,000 for longliners to buy quota shares of halibut and sablefish or black cod.

The IFQ plan, which will assign a certain number of people the right to harvest those species, received federal approval last month and could be in effect by next year. It is the first venture into limited entry for a major groundfish fishery in the North Pacific.

Halibut catch figures for '93: The coast-wide halibut catch for 1993 is 54.34 million pounds, which is a drop of about 6 million pounds from last year's haul. The International Pacific Halibut Commission, which manages the Pacific halibut fishery on behalf of Can-

ada and the U.S., made its decisions on catches and opening dates last week in Vancouver, B.C.

The harvest reduction won't affect Southeast Alaska fishermen, however, whose total catch for this year remained at 10 million pounds. Central Gulf fishermen will face the biggest decline at 20.7 million pounds, down from last year's catch of 26.6 million.

For the Western Gulf of Alaska, the halibut harvest was set at 6.5 million pounds, a drop of over two million pounds. Halibut fishery dates for the three major areas will occur on June 10, Sept. 8 and Oct. 6.

A one-year experimental fishery will also provide 20,000 pounds of halibut for those on St. Lawrence Island. Fishing there will occur between June 6th and Aug. 10, with a 1,000-pound trip limit for all vessels.

Two Russian scientists attended this year as invited guests at the IPHC annual meeting. The Commission is considering joint research projects to determine the relationship between halibut in Russian and U.S./Canadian waters and to assure that the resource is being properly managed.

In other news, U.S. commissioner Steve Pennoyer was elected chairman of the IPHC for the coming year. Pennoyer is regional director of the National Marine Fisheries Service. Other U.S. commissioners are Richard Eliason and Ralph Hoard.

Tanner, brown king crab season starts: Tanner and brown king crab seasons start in Southeast on Feb. 15.

More than 100 vessels will share an expected biatch tanner catch of about 2 million pounds, which has been the average in recent years. The tanner fishery should last ten days to two weeks.

For brown king crab, catch quotas in Icy Strait, Chatham Strait and Frederick Sound continue on a downward spiral. Last year, only about 50,000 pounds came out of each of those areas. Biologists said things don't look good for Southeast brown king crab, and no survey money is available to get a better assessment of the stocks.

Meanwhile, Kodiak tanner crab fishermen who settled on \$2.10 per pound after 11 days of price negotiations were seeing sketchy catches due to wild weather.

Trawlers based in Dutch Harbor reportedly settled on a pollock price of 6.5 cents, 8 cents and 10 cents per pound, depending on size. Kodiak draggers were still negotiating a pollock price, although there was little hope it would be much more than the 7 to 8 cents fishermen originally rejected.

Pink and chum workshop: The 16th Pink and Chum Salmon Workshop will convene for four days in Juneau, Feb. 23-26. Subjects will include salmon oceanography, enhancement programs, forecasting run strength, strategies for mixed stock harvest management, the Exxon Valdez oil spill and salmon stocks, and marketing. Registration begins Tuesday at 7 pm with a reception at the Douglas Island Pink and Chum Gastineau Hatchery Visitor Center.

Workshop events take place at Centennial Hall. The workshop is sponsored by the Alaska Sea Grant College Program and the UAF Fisheries Division.

Laine Welch produces public radio's "Alaska Fisheries Report" at KMXT, Kodiak. It can be heard on KTOO-FM at 6:30 p.m. Fridays and 7:45 a.m. Saturdays.

Quotas OK'd for halibut, black cod

By ROSANNE PAGANO

ANCHORAGE, Alaska - The U.S. Commerce Department on Friday approved a commercial fishing reform that allocates quotas of Alaska black cod and halibut.

Final regulations may be in place in time for the widely disputed individual fishing quota system to go into effect next year, the National Oceanic and Atmospheric Administration said.

Fishermen will be allotted their share based on how long they have been active in the halibut or black cod fishery, and how much fish they have caught in previous seasons.

Regulators say the system, known as IFQ, will end derby-style fishing that attracts hundreds of boats for 24-hour openings in spring and fall.

Opponents in some Alaska ports say quotas will edge out some smaller operators and crews, weakening the local economy.

Fishermen using fixed gear, including pot gear and hook-and-line gear, are targets of the new system, NOAA said.

Quotas restrict the halibut and black cod commercial catch in U.S. waters. Fisheries primarily are in Alaska including Bristol Bay, the Bering Sea and the Gulf of Alaska.

William Fox, director of the National Marine Fisheries Service, a branch of NOAA, said Friday quotas would improve fishing safety and could provide consumers with fresh fish more often.

Fox said quotas permit operators to fish when the price is right, rather than work the 24-hour openings even if full crews are unavail-

able, weather is bad or vessels are unprepared.

"A derby is a very unsafe fishery," Fox said.

Details remain to be worked out in final regulations. Alaska's congressional delegation last summer sought to block final approval of IFQs, saying the reform needed more study.

That put the delegation at odds with the Hickey administration's fisheries expert, Clem Tillon, who helped win approval for quotas from the North Pacific Fishery Management Council.

The council developed the plan and approved it in 1991. Kodiak, among the nation's top fishing ports, was among Alaska communities seeking to block final approval.

A coordinator of the Kodiak Island Borough's effort said meetings may be arranged with environmental groups, also opposed to quotas, to see if continued appeals were worthwhile.

"This is going to be a very expensive program," Kodiak coordinator Jeff Stephan said. He said cost of additional paperwork would siphon monies that could have gone to fisheries research and management.

Stephan said opponents may argue the program's cost as a strike against it with members of Con-

gress.

In Sitka, the executive director of Alaska Longline Fishermen's Association said she was pleased with the federal approval.

But Linda Behnken said more work may yet be done to make quotas more fair.

"It's been long, hard work and a lot of people participated," Behnken said. "But it's also a little tough, knowing that a lot of people in the community still have a lot of concerns."

Alaska Sen. Frank Murkowski in a prepared statement Friday said he had urged delay of the IFQ approval until there were assurances the system would not harm small fishermen.

"We all know something needs to be done to protect fishermen from having to fish in bad weather, to spread out the arrival of fresh fish on the market to improve both quality and price," Murkowski said.

"I'm still not certain that the current IFQ system is the best," Murkowski said. Many coastal cities were "entirely dependent" on fishing.

Sen. Ted Stevens, R-Alaska, said he remained concerned that many crewmembers and other participants will be left out of the halibut and black cod fisheries.

"I am still hearing serious questions about the impact of IFQs on

coastal communities and the cost of implementing the proposal," Stevens said in a news release.

PHD ADVERTISING

Accidental discovery may end obesity

WASHINGTON - Researchers may have discovered a way to end obesity by accident!

In a study with a potential cholesterol-lowering agent, scientists noted an unusual side effect. Instead of lower cholesterol levels, patients receiving the natural plant extract lost weight while body weight in a control group remained constant.

The scientists say the mechanism behind the weight loss is not clear, but suggest it is partially due to a decrease in the intestinal absorption of calories. Scientists in another study published in the British Journal of Nutrition found that patients consuming the same extract lost weight in spite of being instructed not to alter normal eating patterns. Despite this evidence, other scientists may not agree on the weight loss benefits of ellagic acid, pending further study. There could be universal agreement that ellagic acid is helpful in confronting the problem of obesity.

National Dietary Research, whose research topics have been the subject of articles published in recent medical and nutritional journals, has successfully incorporated a series of ellagic acid into a chewable food tablet called FS-1. When used as directed, FS-1 replaces high calorie fats with lower calorie nutrients, thus providing optimum nutrition with a minimum number of fat calories. According to an article published in the American Journal of Clinical Nutrition, continuously limiting the amount of food one consumes is not necessary to lose weight, provided you limit the fat.

A Florida company has obtained exclusive distribution rights to FS-1, which is available through pharmacies and other health care professionals.

© 1992 Chawon International
Available in Juneau at
RAINBOW FOODS
2nd & Seaview 586-6476

LET IT SNOW!
Alpaca & Wool
SWEATERS, HATS & SCARVES
Open 11-6 Mon-Sat
Pointe Vendôme • 287 South Front St.

**Do Something Sweet for Someone's Feet**
FOOT REFLEXOLOGY
Give the body, handle stress & relax the mind. Supply for the whole body. Gain a relaxing experience to yourself or someone.
GIFT CERTIFICATES AVAILABLE FOR VALENTINE'S DAY
Mary DeSmet Morgan
789-3933


123: Loans for IFQs -
only thing in statute - in statute

To for B program if money gets tight.
never been used.



intent language -
manage for that -

use

→ draft letter of intent -

could put policy in regulation -?
C program *

never needed cash in fund since '85.

matter of economics - if no loan program -
- will.

CFAB:

think CFAB can do it already.

~~Ed Crane~~

Ed Crane -

CFAB would not be presently authorized -
would need amendment.

ill-considered at this point - premature.

legal status & implications of IFQs need to be
clarified.

need rational & objective analysis - does it make sense
to have them turn into value like permits.
transferable for value.

uniform commercial code AS 45. — — —

provides framework for courts + financing situation for

Ed Crane - we don't know - what IFQs are in a legal sense.

to perfect a lien on an IFQ, or foreclose.

C FAB - don't agree w/ putting mechanism for loans
into place at this point. -

what has happened to permit system - an investment device -
nothing to do with fishing.

financial burden on fishery which fishery can't
meet - can't afford to fish.

value of fish won't support structure we have created.

to allow brokers to exist + take commissions. created system
that allows permits to get out of financial neck of
rural Alaska.

HB 123 - IFQ loans* - 2/19/93
H. Fish. Cmtl.

wherein the
extent

Fran Ulmer

Greg Wiegman - loan mgr.

amends loan program -
expansion of mating program, but consistent -
promote a primarily resident fishery

2 yr residency
experience
pre-qualify.

8% interest rate
15 yrs.

f.w. - Mar 94 -

help Alaskans participate in fisheries.

2 yr ~~experience~~ ^{residency} - should it be more -
com fish program - had 5 yr limit -
struck down by ct.
decided 2 was best.

experience requirement - was 5 yr res,
1 yr exp.
then changed 2 yr res
3 yr exper.

Rick Lambert - PSPA

support legislation.

Chair of NPFC -

implemented this program over my
objection - best work w/it.

My concern - amt of money available is too small
not enough.

5x price of fish - good rule of thumb.

5yr to pay back.

non-res. share -

13m lb of halibut quota shares - non-resident
turns

$$\times 5 = \$130m$$

26m lb black cod - non-res.

$\times 5$

$$\$130 = 26m \times 5 = \$130m$$

AK fishermen caught more fish than got quota shares.
retired fishermen will get quota shares.

bill is important, but make more \$ available.
quota shares can be used as collateral.

a lot of advantages to IFQ program <sup>more fresh
halibut -
price up</sup>
but disadvantage - price is higher in port since
temptation fishermen run south w/ loads.

AK not get raw fish tax
add no shoreside workers

* promise - must land fish in AK.

Cliff - AK could subsidize export of fish from IFQs.

NMFS

Jay Linter - AK region

Sec of com. has approved IFQ program.
Jan 29

final rules to implement -
try for 94-

complex - expensive to implement.

Cliff -

very large benefit / cost ratio.
even so expensive to administer.
@ 10:1.

Ullmer - are fed.

NO fed plans for a similar loan program.

~~NO~~

Jay - econ rationale - ↑ com. efficiency + mgmt. -

Annie Thompson

UFA not involved in IFQ program,
but can support hb123,
especially

* restraint language - not give loans to
those who already have huge amt of
quota shares

Bruce Schuster -

hb123 - 8%

* salmon & herring loans - 600 in default -
are paying 10.5%.

like to see loan program have some option -
less rates.

refinance.

consistent w/ other programs.

would ↓ amt of money coming into loan fund.

* Olberg - ^{working on} legislation to plant rate w/ corp.

pt is very well taken.

Dan Kelley - personal comment -

pers of qualification - served as salmon treaty &
board chair - served state of AK.

ask state to help this individual -

sky-owned vessel ^{not used for gear} 88, 89 & 90 - halibut & sablefish.

Dan - only 3 yrs he didn't fish. -

Glenn Bruce ADFG -
support.

Martin Richards -

how would we enforce it - landing?
only monitor loans - for payment problems.
labor-intensive.

refinance existing loans -
rate in statute 10.5% - is cap.
prime rate + 2%

right now 8% - fixed floating rate.
locked in.

re-financing 1200 loans
\$1 1/2m ^{annual} loss to loan program
lose flexibility to help borrowers in certain
circumstances

modified 600 loans after 91 season.

Linda Behnken - ^{exec dir} support of AK Longline Fisher Assoc
↓ Petersburg Vessel Owners.

wish AK to be competitive

~~phase~~ keep product in state -
not in B.C. -

fishermen develop hi grade product &
work w/ local processors to develop ^{valuable} products
Custom processing.

small amts of fishing one time -
not take time to run out of state,
give AK that 1 last edge.

Fishing for answers

Quotas could push out locals

By TIM HUBER

THE JUNEAU EMPIRE

Sealaska Corp. plans to continue pushing for a regional harvest allocation for rural Southeast communities under the new individual quota system for managing Alaska's commercial halibut and black cod fisheries.

The corporation believes many of its shareholders could be forced out of the fisheries or lose their jobs at seafood processors unless regional harvests are guaranteed.

The Juneau-based regional Native corporation has made a regional quota a top priority, spokesman Robert Loescher said.

The U.S. Commerce Department approved the individual fishing quota system last month; final regulations could be in place by 1994.

Under the IFQ plan, fishers will be allotted a share of the halibut and black cod harvests based on how long they have been active in the fisheries and how much they have caught in previous seasons.

Though proponents say the system will end dangerous, derby-style fishing that attracts hundreds of boats for 24-hour halibut openings, while also increasing prices and the availability of fresh fish, opponents say quotas will drive small fishers out of the business and hurt local economies.

Bristol Bay and Bering Sea communities have been given regional allocations to prevent too many local shares from going to non-local fishers, and Sealaska wants to see similar plans for Southeast, Loescher said.

Much of Sealaska's concern involves the potential harm that small communities such as Craig and Hoonah could suffer if too many of their residents sell their IFQ shares to non-resident fishers, or if they are priced out of buying into the fisheries.

Many of Sealaska's 15,750 shareholders subsistence and commercial fish, and many more work in cold storages in small communities. They already are losing access to marine resources, in part because of limited-entry fisheries for salmon and other species, Loescher said. The new system will compound the problem, he said.

A study commissioned by Sealaska suggests that many rural residents likely will sell quota shares they receive under the new system because they need cash and few will be able to buy into the fishery. That has been the case with limited-entry permits for salmon, herring and other species, Loescher said.

Fewer permits in the communities means fewer crew jobs. It also means less fish will be delivered to small communities and fewer cold-

Please turn to Quotas, Page A-6

Quotas...

Continued from Page A-1

storage jobs, he said.

A person today needs two or three fishing permits to make ends meet year-round, Loescher said. The advent of the new management system means they will have to buy halibut and black cod quota shares too, he said.

Financing the cost for Alaskans who want to buy halibut and-or black cod shares is another problem, and Rep. Fran Ulmer has introduced legislation that could make it easier to buy the shares.

The Juneau Democrat has proposed expanding a state loan program for financing the purchase of salmon permits and boats. Qualified borrowers could receive up to \$300,000 to buy halibut and-or black cod quota shares.

About \$3 million would be available for halibut and black cod fishers statewide, according to Ulmer. The state's commercial fishing revolving loan fund has about \$5 million.

Loescher isn't sure whether Ulmer's bill will provide enough money to buy quota shares, but it would help, he said. "We believe that that's the kind of program that the state should be involved in."

Regardless of a loan program for boat owners, Sandro Lane of Taku Smokeries in Juneau expects more headaches under the quota system. Marketing and processing complications could make guaranteeing fresh halibut throughout the year more trouble than it is worth for processors. Despite its faults, the existing system is predictable, Lane said.

"I don't think it's going to make things easier, that's for darn sure," he said.

Processors now know when to prepare for processing halibut and retailers know when they can expect fresh halibut so they can plan specials and place large orders,

Lane said.

But a year-round fishery, as envisioned by the North Pacific Fishery Management Council, which drafted the new rules for the Commerce Department, could complicate things, he said.

Under the existing system, Lane can set up his plant, process halibut and be done with it. Under the quota system, he wouldn't be able to buy small loads of halibut during salmon season because the plant would be set up to process salmon, he said.

Quota owners will have to coordinate their fishing and deliveries to processors on their own, he said.

Labor also is easier under the existing system, he said. Lane can put together a crew for the May halibut opening and expect a couple busy weeks, followed by a slow

week, then more busy weeks after a second opening in June. By then, salmon season is under way and Taku Smokeries is up and running for the summer.

"It's just a real big question mark in my eyes logistically how I'm going to deal with it."

Problems also await on the marketing front, Lane said.

The strongest market for halibut is the fresh market, which involves major West Coast grocery chains such as Safeway Stores. Scheduled openings allow those retailers to advertise specials on fresh halibut and be assured of buying large amounts of halibut, Lane said. That won't happen under the new system and fishers could be left in the unfamiliar position of negotiating with large retailers on their own, he said.

AK. House Fisheries Committee, and
Donna Parker, Div. of Investments

re: IFQ loan program

Dear sirs;

Thank you for traveling to Homer for the November hearing. I feel that one aspect of the conversations that night need some clarification by referral to the factual documents.

Ms. Parker stated that IFQs would be property and commercial banks would be looking at them as the best possible collateral. Thus loan from the State would be to those who could not qualify for bank loans. As you can see from the following, it has been the stated intention of the Council/NOAA from the beginning Impact statements to the final rule that - NO PERMANENT PROPERTY RIGHTS WILL BE CREATED AND FULL NOTICE IS GIVEN TO ANY LENDER THAT THE QUOTA SHARES CAN BE CANCELED WITHOUT COMPENSATION. That would leave any lender holding a bag of worthless collateral having agreed when loaning that it may be "taken without compensation".

FEIS 2-47, 2.3.8 Duration "Harvesting privileges would be good for an indefinite period of time but would be subject to periodic change, including revocation, in accordance with appropriate management procedures as defined in the Magnuson Act. Those who control QSs or IFQs need not be compensated for any such change."

58 FR 215 59384 Comment # 6 response "there are no private property rights in wild fish before they have been reduced to one's possession. ...no property rights have been reassigned...."

58 FR 215 59400 Comment # 91 response " However, these regulations do not convey property rights in the fishery resources, and cannot legally because no property rights can accrue until halibut and sablefish are reduced to one's possession by capture. Furthermore, the IFQ program is not irreversible. ...may modify or even terminate this program.... As such, the QS and IFQ are temporary revokable permits...."

"Consequently, the IFQ program does not establish an entitlement to QS and IFQ which, if "taken" by the Government, requires just compensation under the Fifth Amendment to the U.S. Constitution."

IFQ plan language of 10/23/92 page 5. Section 14.4.7.1.7 GENERAL PROVISIONS (3) " QS are a harvest privilege, and good indefinitely. However, they constitute a use privilege which may be modified or revoked by the Council and the Secretary at any time without compensation."

12/1/ 93



Paul K. Seaton
58380 Bruce Drive
Homer, Alaska 99603
Ph. & Fax (907) 235-6342

Ron E. Horton
Box 216
Cordova, Alaska 99574
5 November 1993

I am a resident commercial fisherman in the Prince William Sound area. I have been part of a fishing operation since 1981 and in 1988 I purchased a small fishing vessel. I have been a crew member on various fishing enterprises as well as owned sport, commercial and subsistence licenses for the Prince William Sound area.

In 1988 the halibut seasons were scheduled in a manner that would allow me to increase my experience and catch record and to participate as a commercial crew member. I didn't even get it off the ground when the Exxon Valdez Oil Spill brought everything to a halt.

Since the oil spill my life has changed. This past year I started improving a replacement vessel for a fishing charter business. It is not a high tech endeavor nor is it going to be a high competitor. It is to be a small business with which I can support myself and continue a lifestyle of over a decade.

In 1989 I lost commercial halibut fishing as I was trying to minimize my financial losses due to commercial crew work. I eventually lost the substantial recorded history that now dictates how many pounds of halibut I can harvest. The individual fishing quota (IFQ) for me is negligible and the cost of harvesting halibut is so extremely high that I cannot afford to participate in that fishery as before. I can no longer support my halibut fishery with my salmon and herring crew pay as that has been reduced to zero or below.

The individual fishing quota for charter vessel enterprises is a method designed to limit the fishery to those with an investment and experience in the fishery. I have the investment, small as it may be, and I have the experience. It is the experience over the recent years since 1989 that concerns me now. I do not have the quota nor the funds to compete with those businesses outside the Prince William Sound area.

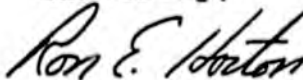
The commercial fishing in Prince William Sound has been damaged. My alternative safety net of charter vessel business is limited and diminished by IFQ's while it has

been opened more to the charter vessels business who were not interrupted by the Exxon Valdez Oil Spill.

Charter fishing businesses bring more funds into the state through their participation in the tourism industry. Local charter businesses invest their money locally through taxes, local facilities and other private services as well as the local business's contribution to the community.

I would appreciate your attention to this serious matter that affects me, Prince William Sound and the fishing communities.

Sincerely,



Ron E. Horton

cc: Rep. Harley Olberg
Sen. Georgianna Lincoln
Rep. Carl Moses
Rep. Irene Nicholai
Rep. Gail Phillips
Donna Parker, Dept. of Commerce & Economic Development

SCOMM

87:8

**ALASKA STATE LEGISLATURE
HOUSE BILL NO. 130**

HISTORY IN THE HOUSE

1943 2/5	Read first time and referred to: <u>ESH RES FIN</u> RPT ☐ CS(☐) ☐ New Title DP ☐ DNP ☐ NR ☐ AM FN ☐ OFN ☐ Previous FN RPT ☐ CS(☐) ☐ New Title DP ☐ DNP ☐ NR ☐ AM FN ☐ OFN ☐ Previous FN RPT ☐ CS(☐) ☐ New Title DP ☐ DNP ☐ NR ☐ AM FN ☐ OFN ☐ Previous FN Read second time CS(☐) Adopted Amended _____ Advanced _____ Read third time Return to second for specific amendment <table style="width: 100%;"> <tr> <td>PASSED</td> <td>EFD Same ☐ or</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table> _____ Intent adopted Reconsideration Reconsideration not taken up <table style="width: 100%;"> <tr> <td>PASSED ON RECON.</td> <td>EFD Same ☐ or</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table> _____ Intent adopted Reported correctly engrossed Signed by Speaker, to the Senate Chief Clerk of the House	PASSED	EFD Same ☐ or	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent	PASSED ON RECON.	EFD Same ☐ or	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	EFD Same ☐ or																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				
PASSED ON RECON.	EFD Same ☐ or																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				

HISTORY IN THE SENATE

19	Read first time and referred to: RPT(☐) CS ☐ DP ☐ NR ☐ DNP ☐ AM New Title ☐ Same Title ☐ Previous FN FN ☐ OFN ☐ To _____ RPT(☐) CS ☐ DP ☐ NR ☐ DNP ☐ AM New Title ☐ Same Title ☐ Previous FN FN ☐ OFN ☐ To _____ RPT(☐) CS ☐ DP ☐ NR ☐ DNP ☐ AM New Title ☐ Same Title ☐ Previous FN FN ☐ OFN ☐ To _____ _____ Rules Calendar(☐) CS ☐ AM ☐ Other _____ New Title ☐ Same Title ☐ Previous FN _____ FN ☐ OFN ☐ Read second time _____ CS Adopted (☐) _____ New Title _____ Amended _____ Advanced Read third time _____ Letter of Intent adopted _____ Return to second for specific amendment <table style="width: 100%;"> <tr> <td>PASSED</td> <td>EFD Same ☐ or</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table> Reconsideration Reconsideration not taken up <table style="width: 100%;"> <tr> <td>PASSED</td> <td>EFD Same ☐ or</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table> Reported correctly engrossed Signed by President, to the House Secretary of the Senate	PASSED	EFD Same ☐ or	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent	PASSED	EFD Same ☐ or	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	EFD Same ☐ or																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				
PASSED	EFD Same ☐ or																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				

HOUSE-SENATE HISTORY Continued

19	Received from the Senate _____ Concur in Senate amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___ Failed to concur Senate amendment, ask Senate recede Y ___ N ___ E ___ A ___ Senate failed to \ receded from amendment Y ___ N ___ E ___ A ___ CC appointed by House _____ Chair CC appointed by Senate _____ Chair (H) Granted Limited Powers of Free Conference (S) Granted Limited Powers of Free Conference
----	---

19	(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___ (S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___ To enrolling Reported enrolled and sent to Governor _____ By Governor Legislative Resolve Number _____ Filed with Lieutenant Governor
----	---

HAND CARRY

Mailroom: Direct delivery please

BLDG:

Capitol

ROOM:

204

ATTN:

(H) FSH

Chair Rep. MOSES

Message:

Requestor

ADP&G

Commissioner's Office

By

Debbe Osborne

Date

2-23

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 130

Revision Date: _____ Department Affected: Fish and Game

Title: An Act relating to the nonresident king salmon tag fee. BRU: Sport Fish, Administration and Support

Component: Sport Fisheries, Administrative Services

Sponsor: Representative Ulmer

Requestor: House Special Committee on Fisheries COMPONENT SERIAL NO. 464, 479

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	1.4	1.4	1.4	1.4	1.4	1.4
TRAVEL						
CONTRACTUAL	9.5	9.5	9.5	9.5	9.5	9.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.9	10.9	10.9	10.9	10.9	10.9

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE FUND SOURCE: 1024	-679.9	-682.8	-685.2	-687.1	-688.9	-690.3
---------------------------	--------	--------	--------	--------	--------	--------

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: 1024	10.9	10.9	10.9	10.9	10.9	10.9
TOTAL	10.9	10.9	10.9	10.9	10.9	10.9

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ - 466.2

ANALYSIS: (Attach a separate page if necessary.)
see attached

Prepared By: Rocky Holmes Phone: 465-6187

Division: Division of Sport Fish Date: 2/7/93

Approved by Commissioner: [Signature]

Agency: Department of Fish and Game Date: 2/22/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

Fiscal Note Analysis:

Expenditures included in this bill are for the additional cost of printing, distributing, and accounting for individually numbered nonresident king salmon tags. Tags will be individually numbered in order to prevent the possibility of illegal reuse of short term tags, and to facilitate accurate accounting of the number of tags sold by vendors. These costs include: \$1.4 in personal services for a non-permanent position (range 8) for 1 month to assist in mailouts of supplies and in data entry of stamps issued, sold, and returned (an estimated 120,000 tags will be sold in FY94); and 9.5 in contractual for the additional cost of printing individually numbered tags.

The enclosed table lists the assumptions used to estimate the effect of this bill on revenue. Part one of the table lists the predicted number of king salmon tags that will be sold by each class of nonresident license. Projected sales were estimated based on past increases in license sales, and it was assumed that 35% of all nonresident license holders would buy a king salmon tag. The second part of the table lists the projected king salmon tag revenue based on the current cost of a nonresident tag (\$20). The third part of the table lists the projected revenue based on the king salmon tag fees proposed in HB 130. The net effect of the bill will be to decrease revenue to the Fish and Game fund by an estimated -679.9 in FY 94.

PREDICTED SALES OF KING SALMON TAGS

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
N-R. ANNUAL SF	6,827	6,857	6,881	6,900	6,918	6,932
N-R. 14-DAY SF	22,966	23,065	23,147	23,211	23,270	23,320
N-R. 3-DAY SF	16,027	16,097	16,153	16,198	16,240	16,274
N-R. 1-DAY SF	13,986	14,047	14,096	14,135	14,171	14,201
N-R. SF/HUNT	365	367	368	369	370	371
N-R MILITARY SF	2,237	2,247	2,255	2,261	2,267	2,272

STATUS QUO KING SALMON TAG COSTS

		PREDICTED REVENUE					
	KS TAG	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
	COST	-----	-----	-----	-----	-----	-----
N-R. ANNUAL SF	\$20	136,542	137,134	137,618	137,999	138,351	138,644
N-R. 14-DAY SF	\$20	459,319	461,309	462,938	464,220	465,405	466,392
N-R. 3-DAY SF	\$20	320,544	321,933	323,069	323,965	324,791	325,480
N-R. 1-DAY SF	\$20	279,720	280,932	281,924	282,705	283,426	284,027
N-R. SF/HUNT	\$20	7,308	7,340	7,366	7,386	7,405	7,421
N-R MILITARY SF	\$20	44,744	44,938	45,096	45,221	45,337	45,433

TOTAL \$1,248,177 \$1,253,585 \$1,258,010 \$1,261,496 \$1,264,715 \$1,267,396

REVISED KING SALMON TAG REVENUES (HB 130)

		PREDICTED REVENUE					
	KS TAG	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
	COST	-----	-----	-----	-----	-----	-----
N-R. ANNUAL SF	\$20	136,542	137,134	137,618	137,999	138,351	138,644
N-R. 14-DAY SF	\$10	229,660	230,655	231,469	232,110	232,702	233,196
N-R. 3-DAY SF	\$5	80,136	80,483	80,767	80,991	81,198	81,370
N-R. 1-DAY SF	\$5	69,930	70,233	70,481	70,676	70,857	71,007
N-R. SF/HUNT	\$20	7,308	7,340	7,366	7,386	7,405	7,421
N-R MILITARY SF	\$20	44,744	44,938	45,096	45,221	45,337	45,433

TOTAL \$568,320 \$570,782 \$572,797 \$574,384 \$575,850 \$577,070

NET REVENUE (\$679,858) (\$682,803) (\$685,213) (\$687,112) (\$689,866) (\$690,326)

DEPARTMENT OF FISH AND GAME
POSITION PAPER

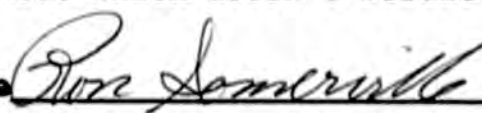
Bill No: HB 130
Sponsor: Representative Ulmer
Division: Sport Fish
Bill Title: "An act relating to the nonresident king salmon tag fee."
Department Position: Oppose

The King Salmon Tag is an important new user-pay funding source for the Department of Fish and Game. HB 130 would lower the fees for one, three, and 14-day nonresident king salmon tags. The department opposes this bill because it will result in an annual loss of approximately \$700.0 in funding to the department for king salmon sport fishing research, management, and enhancement.

The department strongly recommends that a new king salmon fee structure not go into effect until January 1, 1994. The \$20 nonresident stamps have already been distributed to the vendors and are on sale now. In addition, we believe that by the time the bill becomes law, an RFP for printing the new nonresident stamps is completed, and the new stamps are distributed to vendors, most of the 1993 fishing season for king salmon will have occurred. We believe that the cost and confusion that will result because of a 1993 effective date are not justifiable.

The department would also like the bill to be modified to require that the king salmon stamp be purchased only by people fishing for anadromous king salmon. This will exempt people who fish for pan-size king salmon in landlocked stocked lakes. We recommend this change because the landlocked lakes king salmon stocking program usually occurs in urban areas and is intended to benefit children and lower income fishermen, and because small king salmon in landlocked systems are difficult to distinguish from other salmon species.

The department is supporting House Bill 140 which addresses the same issue as this bill, but which doesn't result in a reduction in revenue.

Commissioner's Signature  **Date:** 2/19/93



FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 130

Revision Date: _____ Department Affected: Fish and Game

Title: An Act relating to the nonresident king salmon tag fee. BRU: Sport Fish, Administration and Support

Component: Sport Fisheries, Administrative Services

Sponsor: Representative Ulmer

Requestor: House Special Committee on Fisheries COMPONENT SERIAL NO. 464, 479

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	4.0	4.0	4.0	4.0	4.0	4.0
TRAVEL						
CONTRACTUAL	15.0	15.0	15.5	15.5	15.5	16.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	19.0	19.0	19.5	19.5	19.5	20.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE FUND SOURCE: 1024	-679.9	-682.8	-685.2	-687.1	-688.9	-690.3
---------------------------	--------	--------	--------	--------	--------	--------

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: 1024	11.0	11.0	11.5	11.5	11.5	12.0
TOTAL	11.0	11.0	11.5	11.5	11.5	12.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ - 486.9

ANALYSIS: (Attach a separate page if necessary.)
see attached

Prepared By: Rocky Holmes Phone: 465-6187

Division: Division of Sport Fish Date: 2/16/93

Approved by Commissioner: Bon Somerville

Agency: Department of Fish and Game Date: 2/19/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

Fiscal Note Analysis:

Expenditures included in this bill result from the fact that three different types of nonresident king salmon tags will be printed and issued, as opposed to the one currently printed, and the fact that issuing three different types of tags will necessitate that tags be individually numbered in order to prevent the possibility of illegal reuse of short term tags. These costs include: \$4.0 in personal services for a non-permanent position (range 8) for 2 months to assist in mailouts of supplies and in data entry of stamps issued, sold and returned (an estimated 120,000 tags will be sold in FY94); and \$15.0 (FY94) in contractual for the costs of postage (\$2.0) for mailouts and related correspondence with the state's 1200 license vendors, and for the cost of printing (\$13.0) the tags. Printing expenses are expected to be substantial not only because three different, individually numbered tags will be printed, but also because it will be necessary to print proportionately more stamps in order that vendors have on hand a cross-section of the different stamps that license buyers may ask for.

The enclosed table lists the assumptions used to estimate the effect of this bill on revenue. Part one of the table lists the predicted number of king salmon tags that will be sold by each class of nonresident license. Projected sales were estimated based on past increases in license sales, and it was assumed that 35% of all nonresident license holders would buy a king salmon tag. The second part of the table lists the projected king salmon tag revenue based on the current cost of a nonresident tag (\$20). The third part of the table lists the projected revenue based on the king salmon tag fees proposed in HB 140. The net effect of the bill will be to decrease revenue to the Fish and Game fund by an estimated -679.9 in FY94.

PREDICTED SALES OF KING SALMON TAGS

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
N-R. ANNUAL SF	6,827	6,857	6,881	6,900	6,918	6,932
N-R. 14-DAY SF	22,966	23,065	23,147	23,211	23,270	23,320
N-R. 3-DAY SF	16,027	16,097	16,153	16,198	16,240	16,274
N-R. 1-DAY SF	13,986	14,047	14,096	14,135	14,171	14,201
N-R. SF/HUNT	365	367	368	369	370	371
N-R MILITARY SF	2,237	2,247	2,255	2,261	2,267	2,272

STATUS QUO KING SALMON TAG COSTS

	KS TAG	PREDICTED REVENUE					
		FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
	COST						
N-R. ANNUAL SF	\$20	136,542	137,134	137,618	137,999	138,351	138,644
N-R. 14-DAY SF	\$20	459,319	461,309	462,938	464,220	465,405	466,392
N-R. 3-DAY SF	\$20	320,544	321,933	323,069	323,965	324,791	325,480
N-R. 1-DAY SF	\$20	279,720	280,932	281,924	282,705	283,426	284,027
N-R. SF/HUNT	\$20	7,308	7,340	7,366	7,386	7,405	7,421
N-R MILITARY SF	\$20	44,744	44,938	45,096	45,221	45,337	45,433

TOTAL \$1,248,177 \$1,253,585 \$1,258,010 \$1,261,496 \$1,264,715 \$1,267,396

REVISED KING SALMON TAG REVENUES (HB 130)

	KS TAG	PREDICTED REVENUE					
		FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
	COST						
N-R. ANNUAL SF	\$20	136,542	137,134	137,618	137,999	138,351	138,644
N-R. 14-DAY SF	\$10	229,660	230,655	231,469	232,110	232,702	233,196
N-R. 3-DAY SF	\$5	80,136	80,483	80,767	80,991	81,198	81,370
N-R. 1-DAY SF	\$5	69,930	70,233	70,481	70,676	70,857	71,007
N-R. SF/HUNT	\$20	7,308	7,340	7,366	7,386	7,405	7,421
N-R MILITARY SF	\$20	44,744	44,938	45,096	45,221	45,337	45,433

TOTAL \$568,320 \$570,782 \$572,797 \$574,384 \$575,850 \$577,070

NET REVENUE (\$679,858) (\$682,803) (\$685,213) (\$687,112) (\$688,866) (\$690,326)

SCOMM

87:9

WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 8, 1993

*The Honorable Carl Moses
Alaska State Representative
Chair, Special Committee on Fisheries
716 West Fourth Street
Anchorage, AK 99501*

Dear Carl,

I am pleased to inform you that the legislation sponsored by the Special Committee on Fisheries, House Bill No. 133, relating to the definition of value for fisheries tax, was signed into law on June 1, 1993. The chapter reference is Chapter 44, SLA 1993, and the effective date is January 1, 1994.

With best regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wally".

*Walter J. Hickel
Governor*

SENATE FINANCE COMMITTEE REPORT

*House Comm
on Fisheries*

DATE: 4/21/93

FURTHER:

DATE TURNED INTO OFFICE: 5-3-93

The Finance Committee considered HOUSE BILL NO. 133

"An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."

and recommends:

- ☐ replace with _____ CS _____ (FINANCE)
☐ or ☐ adopt previous _____ CS _____ (_____)
☐ attaches amendment(s)

- ☐ same title
☐ new title
☐ technical
 title change
 (HB only)

- ☐ adopts _____ Letter of Intent
☐ further referral to the _____

☒ do pass

☐ do not pass

☐ no recommendation

☐ individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
DOR	4/16/93	0	

10.0 P.W.

☐ Appropriation No Fiscal Note

DO PASS:

OTHER RECOMMENDATIONS:

[Signatures]

1. *[Signature]*
 Co-Chair: Signature/Recommendation

[Signatures]
 2. *[Signature]*
 Co-Chair: Signature/Recommendation

Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
FINANCE SUBCOMMITTEES
FISH AND GAME
PUBLIC SAFETY

SESSION:
CAPITOL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
FAX: (907) 465-3445

INTERIM:
P.O. BOX 109
UNALASKA, ALASKA 99685
PHONE: (907) 581-1234
FAX: (907) 581-2875

MEMORANDUM

TO: Senator Steve Frank, Co-chair
Senator Drue Pearce, Co-chair
Senate Finance Committee

FROM: Representative Carl Moses *CEM*

DATE: April 22, 1993

RE: Request for scheduling

I would respectfully request that you either waive from your committee or schedule for a hearing as soon as possible House Bill 133, relating to the definition of "value" for purposes of fisheries taxes. HB 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to clarify what costs and payments are used to determine the value of a fish.

The legislation has not received any opposition, and passed the House unanimously. HB 133 would take effect on January 1, 1994 and generate more than \$550,000 in raw fisheries tax paid to the State.

Thank you for your consideration of this request.

Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
FINANCE SUBCOMMITTEES
FISH AND GAME
PUBLIC SAFETY

SESSION:
CAPITOL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
FAX: (907) 465-3445

INTERIM:
P.O. BOX 109
UNALASKA, ALASKA 99685
PHONE: (907) 581-1234
FAX: (907) 581-2875

HB 133

The Definition of "Value" for Purposes of Fisheries Taxes

House Bill 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to enhance clarity.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any known opposition.

In the past, processors and fishermen have disputed the definition of value in paying the raw fisheries tax and salmon enhancement tax. The argument is that bonuses and delivery costs are not part of the actual amount paid fishermen for their fish. This interpretation leaves an opening for processors to pay lower prices for the fish, and make up for this low price by giving bonuses for services such as delivery or handling. HB 133 clarifies exactly what services and forms of payment are subject to these taxes.

HB 133 would take effect on January 1, 1994.

HB 133 - by Representative Moses

The Definition of "Value" for Purposes of Fisheries Taxes

Departmental and Administration Contact: Paul Dick, Income and Excise Audit Division, Department of Revenue - 465-3691

Supported by Department of Revenue
All the aquaculture associations
United Fishermen of Alaska is neutral

BASIS Journal Text

03/12/93 HOUSE JOURNAL PAGE 0623
Sitton, Toohey, Ulmer, Vezey, Williams

03/12/93 HOUSE JOURNAL PAGE 0624

HB 133A

Excused: Carney, Mulder, Willis

Absent: Hoffman, Therriault

And so, HB 133 passed the House.

Representative Phillips 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.

HB 133 was referred to the Chief Clerk for engrossment.

Selection=>

B005-LAST PAGE

PF1	PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
HELP		EXIT	MENU		PRINT	BWD	FWD		FIRST	LAST	QUIT

HOUSE COMMITTEE REPORT

2/17

(5)

Date Referred: February 5, 1993

FURTHER REFERRALS:

Resources
Finance

Date of Committee Action: 2/17/93

The HOUSE SPECIAL COMMITTEE ON FISHERIES Committee considered:

HB 133

HOUSE BILL NO. 133

DEFINITION OF VALUE FOR FISHERIES TAX

"An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ [] the same title
[] a new title

[] have attached amendments(s)

[X] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[X] ^{Revenue} fiscal impact ^{DD} Revenue

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Carl E. Moses</i> Moses					
<i>Gail Phillips</i> Phillips	✓				
<i>Vene Nicholas</i> Nicholas	✓				
<i>Harley Olberg</i> Olberg	✓				

Carl E. Moses Moses
CHAIRMAN'S SIGNATURE

HOUSE COMMITTEE REPORT

2/25

(9)

Date Referred: February 17, 1993

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/24/93

The RESOURCES Committee considered:

HB 133

HOUSE BILL NO. 133

DEFINITION OF VALUE FOR FISHERIES TAX

"An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ |] the same title
|] a new title

[] have attached amendments(s)

[✓] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS:

(Dept/Date)

[] fiscal impact _____

[✓] fiscal note(s) Dept. of Revenue / 2-17-93

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Bill Hudson	✓				
Pat Carney	✓				
James James	✓	Joseph Green			✓
David Finkelstein	✓				
Col N. Davies	✓				
Ben Bunde	✓				
W.K. Williams	✓				

W.K. Williams
CHAIRMAN'S SIGNATURE

3/10 Rules

FURTHER REFERRALS:

HB 133

DEFINITION OF VALUE FOR FISHERIES TAX

☐ additional referral to the _____ Committee

☐ zero fiscal note(s) _____

Ronald J. Larson
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 133

Revision Date: February 16, 1993

Dept. Affected: Revenue

Title: Amending the definition of "value" for purposes of administration of fisheries taxes

BRU: Revenue Operations

Component: Income and Excise Audit

Sponsor: House Special Committee on Fisheries

Requestor: House Special Committee on Fisheries

COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE FUND SOURCE: General Fund	10.0	550.0	550.0	550.0	550.0	550.0
--	------	-------	-------	-------	-------	-------

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by:

Larry E. Meyers, Director

Phone: 465-2320

Division:

Income and Excise Audit Division

Date: February 16, 1993

Approved by Commissioner:

Darrel J. Rexwinkel

Date: February 16, 1993

Agency:

Department of Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

Analysis

HB 133 clarifies the definition of "value" which is used as the basis for calculating fisheries business and salmon enhancement taxes under AS 43.75 and AS 43.76, respectively. This bill amends the current definition of value under AS 43.75.290 to specify that amounts paid for delivery are included as part of the value of fisheries resources. The department has noted through its audit efforts that some taxpayers deduct actual or imputed costs of delivery when determining value for tax computations. This bill strengthens the department's position that amounts paid for delivery are part of the value of fisheries resources. Inclusion of delivery costs will eliminate understatements of value by fisheries businesses thereby increasing fisheries business and salmon enhancement taxes collected by the State.

DEPARTMENT OF FISH AND GAME
POSITION PAPER

Bill No: HB 133
Sponsor: House Fisheries Committee
Division: Commercial Fisheries
Bill Title: "An Act amending the definition of
'value' for purposes of administration of
fisheries taxes; and providing for an
effective date."
Department Position: Neutral

This legislation would plug some loopholes in the administration of the fisheries business tax. This legislation has no fiscal impact upon the department. The department has no position for or against this legislation.

Commissioner's Signature

for
Ben Lammert

Date:

2/16/93

Ray Gillespie
Gillespie & Associates
Lobbying & Governmental Affairs



Mailing Address:
9478 Riverbend Court
Juneau, Alaska 99801

Telephone: (907) 463-3375
Fax: (907) 463-5522

Office Address:
318 Fourth Street
Juneau, Alaska 99801

February 16, 1993

Representative Carl Moses
Chairman, House Special Committee on Fisheries
Alaska State Capitol
Juneau, Alaska 99801

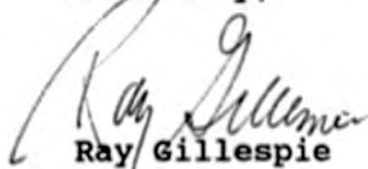
Re: House Bill 133

Dear Representative Moses:

On behalf of Cook Inlet Aquaculture Association, Prince William Sound Aquaculture Corporation, Northern Southeast Regional Aquaculture Association, and Southern Southeast Regional Aquaculture Association, I would like to express our complete support for House Bill 133.

This legislation will close loop-holes in the definition of "fisheries value." By closing the loop-holes, the incidents of tax avoidance or evasion in the collection of enhancement taxes will be minimized. This legislation is needed to give the Department of Revenue complete tools in its efforts to fully collect taxes derived from the self-imposed enhancement taxes used to support regional aquaculture programs.

Sincerely,


Ray Gillespie

fej

Sec. 43.75.290. Definitions. In this chapter(1) *[Repealed, § 7 ch 79 SLA 1986.]*(2) *[Repealed, § 38 ch 168 SLA 1990.]*

(3) "developing commercial fish species" means those species of fish and shellfish annually designated by the commissioner of fish and game under AS 16.05.050(11);

(4) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants;

(5) "fishery resource" means fin fish, shellfish and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(6) "floating fisheries business" means a fisheries business which is not a shore-based fisheries business; the term includes, but is not limited to, a shore-based fisheries business as defined in (9)(B) of this section when it is removed from the state;

(7) *[Repealed, § 7 ch 79 SLA 1986.]*(8) *[Repealed, § 7 ch 79 SLA 1986.]*

(9) "shore-based fisheries business" means a fisheries business

(A) operated from a facility which is permanently attached to the land; or

(B) operated from a facility which remains in the same location in the state for the entire tax year;

(10) "taking" means pursuing, fishing, capturing, or harvesting a fisheries resource in any manner;

(11) "value" means the actual price paid for the fisheries resource by the fisheries business, including indirect consideration such as fuel, supplies, or gear, whether paid at the time of purchase of the fisheries resource or tendered as a deferred or delayed payment, except that "value" means the market value of the fishery resource if the taking of the fishery resource is done in company-owned or company-subsidized boats operated by employees of the fisheries business or in boats which are operated under lease or other arrangement. (§ 3 ch 79 SLA 1979; am § 46 ch 94 SLA 1980; am § 46 ch 113 SLA 1980; am §§ 11, 12 ch 117 SLA 1981; am §§ 5, 7 ch 79 SLA 1986; am § 38 ch 168 SLA 1990)

Effect of amendments. — The 1986 January 1, 1992, repealed those paragraphs (1), (7) and (8), and, effective

Definition of "value" for raw fish tax.

(1) a petition is presented to the commissioner of commerce and economic development requesting termination of the salmon enhancement tax which is signed by at least 25 percent of the number of persons who voted under AS 43.76.015 in the election approving the salmon enhancement tax in the region;

(2) the commissioner of commerce and economic development determines that there are no outstanding loans to the qualified regional association under AS 16.10.510 that are secured by the tax;

(3) an election is held in accordance with AS 43.76.015; the ballot must ask the question whether the salmon enhancement tax for the region shall be terminated; the ballot must be worded so that a "yes" vote is for continuation of the salmon enhancement tax and a "no" vote is for termination of the salmon enhancement tax;

(4) a majority of the eligible interim-use permit and entry permit holders who vote in the election cast a ballot for the termination of the salmon enhancement tax; and

(5) the qualified regional association provides notice of the election in accordance with AS 43.76.015 within two months after receiving notice from the commissioner of commerce and economic development that a valid petition under (1) of this subsection has been received. (§ 2 ch 154 SLA 1980; am § 15 ch 117 SLA 1981; am §§ 4, 5 ch 33 SLA 1989)

Effect of amendments. — The 1989 amendment inserted the reference to "43.76.012" in subsection (a) and, in subsection (b), added present paragraph (2) and redesignated paragraphs (2) — (4) as paragraphs (3) — (5).

Sec. 43.76.025. Collection of tax and disposition of proceeds.

(a) A buyer who acquires fisheries resources that are subject to a salmon enhancement tax imposed by AS 43.76.010, 43.76.011, or 43.76.012 shall collect the salmon enhancement tax at the time of purchase, and shall remit the total salmon enhancement tax collected during each month to the department by the last day of the next month.

(b) A buyer who collects the salmon enhancement tax shall

(1) maintain records reflecting the region designated under AS 16.10.375 in which the fishery resource was caught; and

(2) report to the Department of Revenue by March 1 of each year [the total value, as defined in AS 43.75.140] of the salmon caught in each region designated under AS 16.10.375 which the buyer has acquired during the preceding year.

(c) The salmon enhancement tax collected under AS 43.76.010 — 43.76.030 shall be deposited in the general fund. The legislature may make appropriations based on this revenue to the Department of Commerce and Economic Development for the purpose of providing financing for qualified regional associations. The legislature may base an appropriation for a qualified regional association operating within a

HB 133 - ^{House} Resources

2/24/93

Rep. Phillips testified for bill.

Hudson - guarantee that treasury collect ^{from} all prices & services paid to fishermen.
~~the~~

Paul Dick - Revenue

strengthens our position. clarifies the definition.

Hudson - how do you follow bonus prices ^{& get the info.} for value?

Dick - processors & fishermen - file return voluntarily - have
in audit process - look at costs in occy. records - ^{mon.}

Ray Gillespie - 4 regional aqua. assoc.
unanimous support.

Bunde - fishermen encourage this reporting?

Ray bulk of fishermen & processors comply.
small gp - attempt to evade these taxes.

Passed Out.

Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
FINANCE SUBCOMMITTEES
FISH AND GAME
PUBLIC SAFETY

SESSION:
CAPITOL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
FAX: (907) 465-3445

INTERIM:
P.O. BOX 109
UNALASKA, ALASKA 99685
PHONE: (907) 581-1234
FAX: (907) 581-2875

MEMORANDUM

TO: Representative Eileen MacLean, Co-Chairman
Representative Ron Larson, Co-Chairman
House Finance Committee

FROM: Representative Carl Moses *CEM*

DATE: February 24, 1993

RE: Request for scheduling

I would respectfully request that you schedule for a hearing in your committee House Bill 133, relating to the definition of "value" for purposes of fisheries taxes. HB 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to enhance clarity.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any known opposition. HB 133 would take effect on January 1, 1994, and would generate more than \$550,000 in raw fisheries tax paid to the State.

This bill has passed through both the House Fisheries and House Resources Committees with no opposition.

Thank you for your consideration of this request.

HB 133 - Definition of value for administering fisheries taxes.

Read sponsor statement.

Tell committee members what is in their packet:

- copy of bill
- fiscal note
- copy of existing statutes
- letter of support from aquaculture associations (Ray Gillespie will hand deliver morning of hearing).

Department of Revenue is here to testify: **Paul Dick**, Income Excise Audit Division

A representative of the aquaculture associations is also here to testify in support of the bill: **Ray Gillespie**

Carl - the only question I've heard is whether to extend this new definition of value for the ASMI assessment also. ASMI now uses a similar definition of value, and it would make sense to have all of them be consistent. However, Kim Elton would rather not see their statutes opened up unless it has been opened up for other things - like the marketing tax, so, best not to even bring it up.

Do you want to hold or move bill out? If move out, need a motion, second, all in favor, etc. Also need to move out accompanying fiscal note.

HB 133

- final note & dept position papers - requested of Comm. Sec.
- sponsor statement in draft
- letters of support - call Ray G.
from aqua. assoc.
UFA-?
Municipal League -?
- copies of statutes
- Who to testify?

Southern Southeast Regional Aquaculture Association, Inc.

2721 Tongass Avenue
Ketchikan, Alaska 99901
Phone: (907) 225-9605
Fax: (907) 225-1348



MEMORANDUM

TO: Senator Lloyd Jones
FROM: Don Amend, General Manager
DATE: April 27, 1992
SUBJECT: HB448

I understand that HB448 is going to be heard on Monday, April 27, by the Senate Resources Committee. This legislation is needed to close a loophole where individuals can avoid paying certain taxes. Please support passage of this bill.

Don

To: <i>Ray Gillespie</i>	From: <i>Don Amend</i>
Co: <i>Legbyst</i>	SSRAA, Inc.
Fax # <i>463-5522</i>	Fax # (907) 225-1348
# of Pages <i>1</i>	Phone # (907) 225-9605

Prince William Sound Aquaculture Corporation



P.O. Box 1110 Cordova, Alaska 99574-1110 Phone (907) 424-7511 FAX (907) 424-7514
821 N St. #101B Anchorage, Alaska 99501-3285 Phone (907) 274-6066 FAX (907) 274-1959

February 14, 1992

Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Members of the Legislature:

Prince William Sound Aquaculture Corporation (PWSAC) is pleased to support House Bill No. 448, which amends the definition of "value" in AS 43.75.290(11), for purposes of administration of fisheries taxes; and provides for an effective date.

Representative Gail Phillips has introduced HB448 to facilitate the collection of fisheries taxes in a fair and timely manner. With fisheries practices changing rapidly in all parts of the state, the language of the statute needs to be brought up to date to ensure that the original legislative intent will continue to be carried out.

We encourage your active support of Representative Phillips' House Bill No. 448.

Best regards,

John McMullen
President