

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 86/2

2309 SCOMM 95: HOUSE SPEC. COMM. ON FISHERIES 1995-1996

My Turn

Treaty quotas, growth of nonresident catches make HB390 necessary

By REP. KIM ELTON

Here's a king salmon news update: treaty obligations limited the sport fish harvest of kings to 40,000 in Southeast last year; this year, treaty negotiators may keep the sport catch to 30,000 or less; and nonresident anglers now catch two of every three kings in Southeast.

Here's what that news means for Alaskans: the international treaty quotas, coupled with the failure of king salmon runs down south, precipitous growth in nonresident catches in Alaska, and federal court decisions are squeezing locals out of the king salmon fishery.

Meanwhile, in the Kenai and Mat-Su river systems, Alaskans and nonresidents compete voraciously for the thrill of landing a king salmon. But, year-by-year, expectations of a successful and quality king salmon experience on crowded rivers sink lower and lower — especially for Alaskans who can't afford or don't want a guided fishing experience.

I've introduced HB390 to bring balance to the needs of Alaskans and non-Alaskans in the sport king salmon fishery. The bill adopts a straight-forward trophy game principle, the nonresident harvest tag, by creating a nonresident king salmon tag program.

On the game side, tags for nonresident hunters sell for as little as \$150 for a deer tag and as high as \$1,100 for a musk ox tag. The tags accomplish four purposes: they provide valuable harvest information; they tend to relieve harvest pressure — reserving more of the limited wild resources for residents and other visitors; they create a trophy mentality by establishing that limited Alaska wildlife resources have value; and tag fees pay for management and enhancement of our wild resources.

While the king salmon tag system created by HB390 is similar to the game tag system, it does allow each nonresident one free "king salmon tag." A second tag, though, costs \$100, a third costs \$200, the fourth costs \$300, and the fifth costs \$400. Sixth and subsequent tags cost \$500 each.

This "first king salmon for free harvest tag system for nonresidents" allows us to take

visiting relatives and friends fishing so they can experience the ultimate thrill of catching a king salmon. But if nonresidents want additional thrills, if they want to take two or more king salmon and further deplete the quote "pool" available to other resident and nonresident anglers, there is a cost associated that reflects the true value of this trophy fish.

This system begins to address the explosive growth in the fishing lodge and charter boat sector. Standing in airports, we see freezer boxes of king salmon flying south. HB390 doesn't tell nonresidents or guides to stop catching king salmon, it just says if a nonresident wants more than one then he or she must pay. The cost of the additional king salmon tags, in part, recognizes they are denying those additional kings to an Alaskan, my neighbor's brother-in-law, or a future lodge client.

I first fished for kings in 1961. Back then, Alaskans held 74 percent of the sport fish licenses and we defined tourists as visiting uncles and aunts. Combat fishing meant fighting to keep fish off the hook, not fighting to get through the crowds to the Kenai River banks. We couldn't conceive of fishing lodge clients paying \$3,000 for a quickie four day guided fishing experience. Times have changed since then. Now Alaska king salmon harvest levels are artificially capped by an international treaty, Alaska management principles are second-guessed by judges in Washington State, and the collapse of chinook resources from California to Washington is funneling anglers north to Alaska.

Last year, with a 40,000 king salmon sport fish limit in Southeast, nonresidents caught about 27,000 of those kings. That left 13,000 for Alaskans. We need to make sure that a potential cap of 30,000 in Southeast this year does not leave just 3,000 king salmon for Alaskans. HB390 is a way to reduce nonresident angling effort without "just saying no" to an important component of the visitor industry.

♦♦♦♦

Rep. Kim Elton represents Juneau's House District 3 in the Alaska Legislature. He still dreams of catching a 50-pound plus king on sport tackle.

Some Outsiders pay for vacations by canning salmon, sending it home

Daily News staff and wire reports

KENAI — Ever heard the one about the tourists from Outside who drive their motor homes to the Kenai Peninsula and pay for their vacations by canning salmon to sell back home?

It's no myth, according to some state Fish and Wildlife Protection officers.

"You can go to the post office during the summer and see case after case of canned salmon leaving for the Lower 48. You can go to flea markets in Arizona and find canned Kenai reds with homemade

labels," said Sgt. Jim Cockrell of the Alaska Division of Fish and Wildlife Protection in Soldotna. "A lot of out-of-staters purchase resident licenses and pay for their vacations that way."

Cockrell said the state has no idea how big the problem is because enforcement officers can't measure it.

Kevin Delaney, director of the state Division of Sport Fisheries, doubts the problem is as big as Cockrell makes it out to be, however.

All Alaska anglers combined — both

resident and nonresident — annually account for only a half of 1 percent of the salmon caught in the state, Delaney said. Even if it were assumed that all of those fish were caught by nonresidents, he added, their catch would amount to an average of fewer than five salmon per licensed nonresident angler each year.

Localized problems with nonresidents setting up fish-processing operations and sending canned or frozen fish back to the states or Europe have arisen on occasion,

Delaney said, but they do not appear widespread.

They also are illegal. He noted that it is against the law to use sportfishing gear to catch salmon for sale, and it is against the law to sell Alaska sport-caught salmon.

State fish and wildlife enforcement officers are overworked because of budget cuts, Delaney said, but if they know of sport-caught salmon showing up for sale, they should prosecute the offenders.

Please see Page B-3, **TOURISTS**

1/4/96

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"We know it's happening," Cockrell said. "We just can't prove it. The only information we get is from people in the campgrounds or people out of state."

Ed Krohn, chairman of the Kenai/Soldotna Fish and Game Advisory Committee, thinks the problem is serious.

"If people want to steal a fish, they'll find a way," Krohn said. "Some guy will come in with a big canner mounted on the back of his motor home and say, 'Give me your fish and I'll give you half of it back canned.' Once it is processed, it no longer counts against the possession limit."

Some European visitors have been known to freeze their fish for shipment home, where they are reportedly getting \$35 to \$50 a pound for smoked wild salmon, Cockrell said.

The big worry, Cockrell said, is that home-canners may process fish improperly and accidentally poison customers. He said that could amount to a public relations problem, justified or not, for the Alaska commercial salmon industry.

Some have called for restrictions on nonresidents shipping fish out of the state.

"Unless the state of Alaska puts limits on the amount of fish that can be transported out of state, there's not much we can do," Cockrell said. "The Board of

Power was restored once the engines cooled off and a tugboat escorted the ship to Homer, where the Coast Guard investigated the incident before allowing the Crystal River to continue its voyage.

Fisheries looked at limiting the amount of fish that can be exported in the past, but the tourism industry doesn't like that idea."

But, Delaney said, federal laws govern interstate commerce.

"We don't get to do it just to nonresidents," he said.

Any new laws restricting out-of-state shipment of sport-caught salmon must apply to Alaskans as well as non-Alaskans, he said, and that idea doesn't sit well with residents wishing to ship fish to friends or family out of state.

South peninsula anglers may face restrictions

By TONY LEWIS
Peninsula Clarion

Anglers who fish for kings on Deep Creek and the Anchor River could face shorter fishing times and smaller bag limits this summer because not enough of the salmon are making it to their spawning beds.

A cap also could be put on kings caught in the southern Kenai Peninsula's offshore fishery,

although saltwater anglers wouldn't likely see any changes for at least a year.

Less than half of the kings biologists say are needed to keep the Deep Creek run healthy returned to their spawning grounds last year. Deep Creek is located near Ninilchik.

The Alaska Department of Fish and Game counted 374 kings during an aerial survey of the clear-

water stream last July. Biologists say 970 or more of the fish should be in the river at that time to ensure enough eggs are laid.

In the past six years, the escapement goal has been reached only twice, although one year the water was too murky for the survey.

The Anchor River, which runs through Anchor Point, is having similar problems with its king run.

At the same time, fishing pres-

sure on the Deep Creek and Anchor River has increased dramatically.

Between 1991 and 1994, Deep Creek anglers caught an annual average of 1,896 kings, more than triple the yearly average from 1978 to 1990.

Catches on the Anchor doubled during those same time periods. Last summer's harvests are not yet known, but biologists fear that if nothing is done to limit bank

anglers, the runs could be in jeopardy.

In an effort to preserve the king runs, Fish and Game is proposing fishing restrictions intended to allow more salmon to swim past the gauntlet of bank anglers. The Alaska Board of Fisheries, which manages the state's salmon stocks, is scheduled to review the proposed restrictions this week.

See ANGLERS, back page

12 Peninsula Clarion, February 23, 1996

...Anglers

Continued from page 1

Under the department's recommendations:

■ Seasonal bag limits would be reduced from five kings to a total of two for both rivers.

■ Anglers would have to put away their poles for the day once they catch a king. Biologists estimate anglers kill 10 percent of the fish hooked from catch-and-release fishing.

■ Fishing time would be cut on Deep Creek, from five weekends to three.

■ Fishing would be prohibited during July above the two-mile mark in Deep Creek and Anchor River.

No restrictions are posed for the nearby Ninilchik River, whose stocks appear to be healthy.

Local Fish and Game advisory committees have backed the restrictions. Ninilchik residents also appear to support the conservation efforts.

"I think a few people are

opposed," said Duane Giarratana, owner of the Ninilchik General Store. "But if there's a biological problem, we need to take care of those fish, period."

Some think that bank anglers are shouldering too much of the blame for the decreased runs. While river fishing has increased dramatically in recent years, so has fishing in the saltwater.

Boats trolling with herring and plugs offshore in May and June are catching double what they did in 1987. Harvests have leveled off at around 8,000 kings during the last

few years, but the number of boats increased 40 percent from 1993 to 1995.

Biologists don't know where the kings caught in the saltwater are headed. While some undoubtedly are making their way back to Deep Creek and Anchor River, others are likely heading to the Ninilchik River, Kasilof River and Kenai River, where runs are healthy.

Fish and Game is conducting a study to determine the make-up of the marine harvest. Results won't be available until after the 1997 fishing season.

In the meantime, the department is recommending that a "guideline" harvest limit of 8,000 kings be placed on the Deep Creek marine fishery. That guideline wouldn't mean much until 1997 though, because Fish and Game has no way of knowing how many fish are caught until after the season is over. If more than 8,000 kings are caught this summer, restrictions could be put in place in 1997.

"We just want to slow the growth in the fishery until" the study is completed, said Tim McKinley, fisheries biologist with Fish and Game's

Soldotna office. "We feel we can address the problems (on the Anchor River and Deep Creek) with restricting the in-river harvest."

Overfishing isn't the only problem facing the Deep Creek and Anchor River king runs. Increased logging in the area has many worried that erosion and dirty water could harm the fish.

McKinley said biologists are keeping their eye on timber cutting. But loggers have only been working in the area for a couple years, not long enough to have had an impact on the recent king returns, he said.



Dr. Gordon Hawk

100 N. Mullan Rd., Suite 204
Spokane, WA 99206
(509) 928-8400

March 21, 1996

Representative A. Austerman
Room 434, Capitol Building
Juneau, Alaska 99801-1182

Dear Sir:

I have heard of much boneheaded government legislation but from a business sense, the "HB 390" proposal takes the cake! The tag fees are not going to add much to Alaska's coffers but they will cost Alaska her charter fishing industry and the derived state revenue as well as putting the individual charter providers out of business. More welfare! Sound good to you??

Neither will the proposal save the fish. Sports fisherman are not the problem! Learn how to manage your resources by controlling pollution, logging, commercial fishing, and hydroelectric facilities before you start hitting on the sports fisherman. Heck, they are the only people that care about preserving the runs. It seems to me that if HB 390 passes, the industrialists whose environmentally unsound practices made them wealthy but caused the depletion of our natural resources, will be the only ones that will be able to afford to fish. Good thinking, Alaska Board of Fisheries. Shape up and earn your keep.

Yours truly,

Gordon E. Hawk

GEH/dlh

cc-Mr. Wayne Sanger

March 21, 1996

Representative A. Austerman
Room 434, Capitol Building
Juneau, Alaska 99801-1182

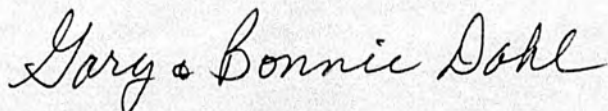
Dear Mr. Austerman,

It has been brought to our attention that there is legislation in the process to discourage out of state fishing, "HB390".

We saved very hard for a visit to Alaska to fish and the only way you can fish successfully in Alaska is to hire a charter. We are more than willing to pay license fees and charter fees. There is already a limit to the number we can catch. If you impose the suggested fees it will not discourage the fishing it will just make it impossible for middle income people to participate.

We were looking forward to our next trip to Alaska so I hope you do not decide to make it impossible.

Sincerely,

A handwritten signature in cursive script that reads "Gary & Bonnie Dahl".

Gary and Bonnie Dahl
1792 Road 6 South
Huntley, MT 59037

March 17, 1996

Rep. Alan Austerman
Alaska State Legislature
Juneau, AK 99801-1182

Dear Rep. Austerman:

I am writing you in regard to proposed bill HB 390 - King. As a non-resident angler I see this bill as highly discriminatory and a way to extort additional money from non-residents. I have fished with a guide out of Craig, on Prince of Wales Island and live in Omaha NE.

I would like to remind you that all visitors to Alaska are not wealthy people that have their trips paid for by corporations, entertaining their clients. Your solution of buying every fish reminds me of a trout farm in the lower 48 states. I don't see how you can justify this law as a conservation measure when there are plenty of wealthy individuals and corporations that would not see that "fish by the pound" even as an inconvenience.

I have read that many of the Kings caught in SE Alaska are from rivers in Canada, Washington, Oregon and California. I see them as an International Resource, and Alaska is trying to charge people to catch fish that were spawned in waters outside Alaska. I feel I have as much right to King salmon as any Alaskan because my federal taxes are paying, directly or indirectly for many of the programs that affect the fishing, timber and mining interest in Alaska.

I feel bill HB 390 does nothing to solve the dwindling king salmon resource in the Pacific Ocean. I do not have a solution, but feel every one should share in the reduced federal quota, this includes resident sport fishermen, subsistence fishing and commercial fishermen. Personally I don't understand how you can administer a trophy king fishery when 80% of the king salmon caught in Alaska are by commercial fishermen. Please consider the difference in revenue and jobs that are derived from a sport caught fish versus a troll caught king.

Please keep me informed on your views on this bill and I am looking forward to hearing from you. I am looking forward to another trip to the best state in the nation this June for some great salmon fishing.

Sincerely,

Bill Russell
Bill Russell

William E. Russell
2863 S. 93rd Plaza Apt. 11
Omaha NE 68124

March 19, 1996

Representative A. Austerman
Room 434, Capitol Building
Juneau, Alaska 99801-1182

Dear Representative Austerman:

I would like to go on record as opposed to HB 390. As a non-resident fisherman of Alaska, I think it is very unfair to be singled out as the problem of the decline of the king salmon population. As you know there are other major contributing factors such as clear cut logging and commercial salmon harvesting.

You need to find a more effective way to manage your fisheries than by discouraging your tourism industry.

Sincerely,


Alfred E. Carlson

ALFRED E. CARLSON
5000 Jewel Street
Capitola, CA 95010

March 21, 1996

Representative A. Austerman
Room 434, Capital Building
Juneau, Alaska 99801-1182

Dear sir,

As a non-resident fisherman I strongly oppose HB 390. My first experience in 1994, salmon fishing in Craig, was the highlight in over 60 years of sports fishing. I deliberately went in August to catch Coho because of my bad back.

For those fishermen who want to make catching a King salmon the highlight of their experience, to put an economic barrier on their once in a lifetime trip to Alaska for several days of fishing is discriminatory, and will only hurt tourism to Alaska. If saving the King salmon is truly the purpose of this legislation, the residents of Alaska should also be punished.

Sincerely

Leonard Friedman

Representative A. Austerman

113390
March 15, 1996

Room 434, Capitl Building

Juneau, Alaska 99801-1182

Dear Mr. Austerman,

I am appalled at the people who have introduced HB390. I believe that it is an example of proposed legislation that is detrimental to sport fisherman, and to the tourism industry of Alaska. I currently have a fishing trip scheduled for June of this year. In conjunction with the three days of fishing, I had planned to go sight seeing for a week. In the event that HB390 were to pass, I would not go fishing and not be traveling to Alaska for sight seeing. Talk about people who have not thought through the ramifications of raising fees to an unbearable level, the proposed bill is a prime example. Has anybody really thought through what might happen in other states in retaliation, maybe Washington might impose taxes for off season storage of fishing boats or start taxing every fish that is brought out of Alaska

I am opposed, opposed, opposed to HB390

Richard F. Shontz



P.O. Box 1212

Redwood City, Ca 94064

TO: Representative A. Aosterman

From: David Baldwin

Date 3-17-96

Subject "HB 390"

Dear Mr. Aosterman as a nonresident

Fisherman I am opposed to HB 390. The fees
you want to charge would put many nonresident
fishermen out. Please try to find a better way to raise
funds.

Sincerely

David Baldwin

David Baldwin

1410 Jamaica

Mohave Valley AZ

86440



March 2, 1996

House Fisheries and Judiciary Committee Members
Juneau, Alaska 99801-1182

Dear Representative:

I attended the teleconference of the House Special Committee on Fisheries, on February 29, 1996, and offer my comments on HJR 51 and HB 390.

HJR 51 - Constitutional Amendment to Limit Sport Fish Guides

The move by politicians, and fisheries boards and councils, appointed by politicians, to privatize public resources through limited entry or IFQs is contrary to capitalism and free enterprise. I can justify a restriction on access to a public resource because of conservation issues, but have strong reservations on restricting public access to a public resource when the result will be a defacto allocation to commercial fisheries.

I was dismayed by the comments of Rep. Green and other committee members discussing the redefinition of commercial fishers to include charter operators, thereby removing the need for a constitutional amendment. Neither the Internal Revenue Service nor the U.S. Coast Guard nor our ubiquitous insurance companies considers guides/charter operators as commercial fishers.

I do not deny that there may be too many fishing guides/charterboats in some areas, but I believe the supply and demand market should determine who succeeds or does not succeed. Fish and Game already has at its disposal the ability to regulate time and area closures, and bag limits.

HB 390 - Nonresident Anadromous King Salmon Tags

I support the concept of this bill, but not the proposed fee structure. On one hand, Rep. Elton wants to charge a nonresident recreational angler \$1,500 to catch and retain six king salmon (the first is "free"), and call them trophy fish. On the other hand, a nonresident commercial fisher can catch as many of these trophy fish as possible during an open season with no fee. I was encouraged by Deputy Sport Fish Director Burkes comments in recognizing this as a potential reallocation, again, to commercial fishers. Mr. Elton's argument that reallocation would not occur because those wanting more fish would merely have to pay for them, is wrong. Only the filthy rich would pay \$1,500 for six fish and not mind being treated that way in another state or country.

If king salmon are worth that much money as a trophy fish, maybe they should be treated like our bears, sheep, goats, bison and muskox, and not have a commercial harvest of them. Thank you for your time and consideration.

Sincerely,

Beverly P. Minn Kent F. Hall
500 Lincoln Street No.641 Sitka, Alaska 99835 (907) 747-5089

HB 390 - King

Post-it* Fax Note	7671	Date	3/7/96	Page	1
To	Bob Anderson	From	Kevin Sitt		
Cell/Dept	Alaska Wildlife	Cell			
Phone #		Phone #	465-4994		
Fax #	55-2936	Fax #	465-2108		

SPONSOR STATEMENT

HB 390 creates a non-resident king salmon tag program based on the trophy game principle, similar to Alaska's existing big-game tag program. Under the proposed trophy fish system, the first king salmon for non-resident anglers is free; the second costs \$100, the third costs \$200, the fourth costs \$300, the fifth costs \$400, and the sixth and subsequent kings cost \$500 each. Non-resident alien anglers must use a professional guide when sport fishing for kings. Revenue from king salmon tags goes to the fish and game fund, and is used for the protection, propagation and restoration of sport fish and game resources.

The purpose of this management system is to help restore balance to the needs of Alaskans in the sport king salmon fishery. Thirty years ago, 75 percent of sport anglers were Alaskans. Today, 68% of sport caught kings are taken by non-residents; Alaskans are left with only a third of this premium resource. The explosive growth in the fishing lodge and sport charter industry is partly a result of failing king salmon runs on the west coast. Anglers have moved north in search of the wild king and compete avidly for this trophy fish in Alaska.

In recent years, an international treaty has capped the number of sport caught kings. In Southeast Alaska, the harvest of sport kings last year was limited to 40,000 fish, 27,000 of which were taken by non-residents. This year, treaty negotiators may lower the cap to 30,000 kings and Alaskans will have an even more difficult time catching a fair share of the resource.

The salmon trophy tag system aims to help Alaskans preserve their share of this declining resource without resorting to reduced bag and possession limits, without more restrictive size limits, and without Draconian season or area closures. It recognizes that other changes (like limited entry for sport fish guides or lodge operators) cannot be implemented in time to avert the impact of treaty limitations in Southeast or further degradation of river fishing

experiences up north. It is also an admission that a very low possession limit (sometimes known as a freezer limit) will not work because it is unenforceable with the current number of fish and wildlife enforcement officers in the state.

The fishing lodge and sport charter industry has given a mixed response to HB 390. The industry recognizes the problem created by the declining king salmon resource but expresses no unanimity of opinion as to a solution. It is unlikely, however, that the 3%-16% increase in cost to non-resident anglers will persuade them to cancel their Alaska fishing trips entirely. More likely, non-residents fishing for king salmon will value the experience more highly and limit their catch--- preserving a king salmon opportunity for an Alaskan or for another visitor.

HB 390 - King Salmon Tags

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HB 390 - King Salmon Tags

Sectional Analysis

Section 1. Purpose. To implement a management system for king salmon which recognizes the limited availability of the species and promotes it as a "trophy" fish.

Section 2. Anadromous King Salmon Tag. Prohibits a non-resident from engaging in sport fishing for king salmon without a tag. One salmon tag received at no charge with the purchase of a king salmon stamp. Procedures for handling king salmon tags and for refunds of unused tags.

Section 3. Composition of Fund. Requires money generated by the sale of king salmon tags to be deposited into the fish and game fund.

Section 4. Use of Revenues. Prohibits revenues accruing from the sale of king salmon tags to be used for anything other than protection, propagation, investigation, and restoration of sport fish and game resources.

Section 5. Use of Funds. The Dept. of Fish and Game shall use revenue from the sale of tags for programs directly benefiting license holders.

Section 6. Prohibition of Activities. Prohibits sport fishing without the appropriate stamp.

Sections 6-11, 13-20, and 25 are housekeeping sections to incorporate the addition of the king salmon tag requirement and to rename the former king salmon "tag" a "stamp."

Section 7. Residency. Must show proof of residency when purchasing a stamp.

Section 8. Eligibility for Purchase. A person whose fishing license is revoked or suspended in another state is not eligible to purchase a salmon stamp.

Section 9. Complimentary Licenses. The governor shall receive annually 50 complimentary sport fish stamps and tags for distribution to distinguished visitors to the state.

Section 10. Criteria for Resident Purchase. Criteria for determining residency for king salmon stamp.

Section 11. Price of Non-resident King Salmon Stamp.

Section 12. Price of Non-resident King Salmon Tag.

First tag = no charge
Second tag = \$100
Third tag = \$200
Fourth tag = \$300
Fifth tag = \$400
sixth and subsequent tags = \$500.

Section 13. Replacement Tags. Duplicate stamps may be issued with payment of replacement fees.

Section 14. Expiration of Stamps and Tags. Salmon stamps and tags expire at the close of December 31 following issuance.

Section 15. Commission to Appoint Agents. Commission of Fish and Game may appoint agents to sell salmon stamps and tags.

Section 16. Compensation for Agents. An agent appointed to sell salmon stamps and tags may retain a fee and other compensation for each stamp or tag sold.

Section 17. Procedures for Agents. Proceeds from sale of stamps to be transmitted to the department.

Section 18. Payment of Agents. The commissioner may calculate and pay to agents their appropriate share of stamp fees and compensation.

Section 19. State Employees Are Not Agents. No compensation shall be paid to state employees who sell stamps and tags.

Section 20. Reporting Date. Reports and proceeds shall be transmitted to the commissioner on the last day of the month in which tags and stamps sold.

Section 21. Proxy Fishing. Clarifies that a resident may take a fish on behalf of a blind, aged or disabled resident person if appropriate licenses and stamps are in the angler's possession.

Section 22. Restrictions on Proxy Fishing. A resident may not fish on behalf of more than one person at a time.

Section 23. Procedures for Proxy Fishing. A resident fishing on behalf of another reside must retain the person's license and stamp until the fish is delivered.

Section 24. Restrictions on Non-resident Aliens: Non-resident aliens may not fish for king salmon without a professional guide.

Section 25. License, Stamp, Tag, and Permit Violations. False statements on an application for a salmon stamp or tag will void the stamp/tag and constitute the offense of unsworn falsification. May not transfer, alter, change or loan a stamp or tag to another person, or use a stamp/tag issued to another person.

10/31/95

Southeast king fishery may face limits

By BOB TKACZ
The Associated Press

JUNEAU — The king salmon sport harvest in Southeast Alaska next summer may be managed as a trophy fishery in which only fish 40 inches or longer could legally be kept, state managers told the Board of Fisheries.

Managers also said that large early season catches could force a complete shutdown of the fishery.

In an informal update requested by the board, Department of Fish and Game managers said the sport fishery could be limited to 16,000 to 26,000 kings in 1996 under the troubled Pacific Salmon Treaty or federal Endangered Species Act mandates. The treaty gave the sport fishery about 40,000 of the largest salmon species this year.

The region's commercial Fish Division.

king fishery was shut down and the sport fishery was scaled back this summer because of litigation over Alaska's salmon quotas, which Canada, Washington and Oregon said were too high.

Potential cutbacks next year could devastate the multimillion-dollar guided sport industry in Southeast, which gets much of its business from cruise ship passengers visiting Juneau, Sitka and Ketchikan.

About two-thirds of almost 120,000 sport fishermen chasing king salmon each of the past two summers were non-Alaskans, according to department statistics. The actual sport harvest of kings "is probably closer to 50-50 because residents fish a lot more," said Rocky Holmes, southeast director of the Sport

"Our best sources are saying we're looking at somewhere between 100,000 and 150,000 treaty fish next year for Southeast," said Rob Bentz, Southeast sport fishing management coordinator for the Department of Fish and Game.

Under the existing allocation plan, commercial net fisheries get 20,000 kings, the sport fisheries get 20 percent of the rest, and the commercial troll fleet gets what's left.

The Southeast commercial king fishery could be abolished as a directed fishery in which harvesters specifically target the species, according to Doug Meacum, department Southeast commercial fisheries management coordinator. Instead, the available king salmon quota

would be taken as incidental catch to the region's commercial silver salmon fishery.

The sport fishery management plan requires the department to use controls such as bag limits, gear restrictions or area closures to make sure the sport fishery remains open year round.

A large part of their difficulty is that managers may not know the sport harvest quota before the season opens in late April.

Based on recent sport harvest rates, if the bag limit was set at one fish per day at the current minimum size of 28 inches, the reduced quota could be reached in early June and the department would be forced to raise the limit to 40 inches or even shut down the sport fishery entirely, Bentz said.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 390

Revision Date: 2/16/96

Title: King salmon tags and stamps / guide for alien

Dept. Affected: Fish and Game

BRU: Sport Fish

Component: Sport Fish

Sponsor: Representative Elton

Requester: House State Affairs

COMPONENT SERIAL NO.

464

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	13.1	13.1	13.1	13.1	13.1	13.1
TRAVEL						
CONTRACTUAL	1.3	1.3	1.3	1.3	1.3	1.3
SUPPLIES	50.0	50.0	50.0	50.0	50.0	50.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	64.4	64.4	64.4	64.4	64.4	64.4

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (1024)	111.4	441.3	436.6	432.0	426.9	421.6
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Fish and Game Fund 1024)	111.4	441.3	436.6	432.0	426.9	421.6
TOTAL	111.4	441.3	436.6	432.0	426.9	421.6

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	1	1	1	1	1
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Expenditures included in this bill result from purchase of necessary tags, postage, and personnel costs.

The Licensing staff would be required to administer the issue, vendor collection receipts, return of unused stock for reconciliation of a vendor's account of king salmon locking tags, and administer the process to replace lost stock by licensees or grant or deny refunds. This additional work load would be covered by five months of salary for an Administrative Clerk I. This would be a new position.

See attached pages for assumptions made in revenue and operational expenditure calculations.

Prepared by: Kevin Delaney by ERB

Division: Sport Fish

Approved by Commissioner: Garon Buene

Agency: Fish and Game

Phone: 465-4180

Date: 2/16/96

Date: 2/17/96

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FISCAL NOTE Continuation

Page 2 of 3

Bill Number HB 390 (revised 2/16/96)

Title: King salmon tags and stamps / guide for alien

1.) Operational Expenditures:

- Personal Services (Admin Clerk I for 5 months) **\$13.1**
- Contractual (Postage, etc.) **\$1.3**
- Supplies (Purchase of 500,000 locking tags) **\$50.0**

2.) Assumptions used for license and king salmon stamp revenue calculations:

- Revenue calculations are based on 1995 sales statistics.
- Approximately 25% of sport fish license sales occur in the first half of a given calendar year (based on 3 year average 1993-1995) With this in mind, FY 97 revenues are only 25% of calculated total for calendar year.
- Annual license and king salmon stamp sales growth is estimated at 2% for revenue projections.
- There will be an initial 5% reduction in all nonresident license sales and king salmon stamp sales.
- Purchase of annual king salmon stamps will be reduced an additional 70% from 1995 levels. Equal numbers of that 70% will purchase 3-day and 1-day king salmon stamps.
- Purchase of 3-day king salmon stamps will be reduced an additional 25% from 1995 levels. That 25% will purchase a 1-day king salmon stamp.
- There will be no additional reduction in the number of 1-day king salmon stamps purchased.
- Baseline revenue from 1995 will be used for 1997 and projected assuming a 2% increase per year.
- Net revenue calculations will be based on a comparison between baseline revenue (expanded from 1995) and revenue projections calculated assuming HB390 is enacted January 1, 1997.

Sport Fish License and King Salmon Stamp Sales Comparison

DESCRIPTION	# SOLD 1995	REVENUE 1995	# SOLD 1997	REVENUE 1997	REVENUE NET (+/-)
Nonresident Sport Fish	22497	1124.8	21372	1068.6	(56.2)
Nonresident 14 day Sport Fish	80377	2411.3	76358	2290.7	(120.6)
Nonresident 3 day Sport Fish	58083	871.2	55179	827.7	(43.5)
Nonresident 1 day Sport Fish	61704	617.0	58619	586.2	(30.8)
Nonresident Hunt and Sport Fish	1050	52.5	998	49.9	(2.6)
Nonresident Hunt and 14 day SF	1702	51.1	1617	48.5	(2.6)
Nonresident Military Sport Fish	4809	72.1	4569	68.5	(3.6)
Nonresident King Salmon Stamp	32994	1154.8	9403	329.1	(825.7)
Nonresident 3 day KS Stamp	27230	408.4	30371	455.6	47.2
Nonresident 1 day KS Stamp	31832	318.3	47677	476.8	158.5
Totals		7081.5		6201.6	(879.9)

FISCAL NOTE Continuation

Page 3 of 3

Bill Number HB 390 (revised 2/16/96)**Title: King salmon tags and stamps / guide for alien****3.) Assumptions used for king salmon tag revenue calculations:**

- Calculations based on 1994 harvest statistics.
- Annual sales of king salmon tags will increase at a rate of 1% after 1997.
- A total of 100406 king salmon were caught by nonresident anglers in 1994.
- There were 42240 nonresidents who caught 1 or more kings in 1994.
- Of the nonresidents who caught at least one king salmon, 20% would purchase a tag for a second king salmon. In S.E. Alaska this would constitute one days limit, in S.C. Alaska this would be two days of fishing.
- Only 10% of those who purchased the second tag would purchase a third tag. (assuming that majority of people are satisfied fishing for one day in S.E. from cruise ships, or are happy with two charter trips in S.C.)
- Of those who purchased a third tag, 50% will purchase a fourth. This percentage (50%) will remain constant for all further tag purchases. (To people who have purchased a third tag, money is probably less a concern than catching additional fish.)
- Everyone who purchases a tag will catch a fish to fill that tag (100% catch success).
- Approximately 25% of sport fish license sales occur in the first half of a given calendar year (based on 3 year average 1993-1995) With this in mind, FY 97 revenues are only 25% of calculated total for calendar year.

Actual Numbers of King Salmon Caught by Nonresident Anglers in 1994

King salmon harvested per angler	Number of anglers harvesting the king salmon	Total king salmon harvested
1	17606	17606
2	10598	21196
3	5403	16209
4	4445	17780
5	1565	7825
6+	2623	19790
Totals	42240	100406

Nonresident King Salmon Tag Revenue Calculations

Number of People	Number of Fish Caught	% Who Will Purchase Tag for an Additional Fish	Number of Tags Purchased	Tag Revenue (\$)
42240	1	20	8448	844.8
8448	2	10	845	169.0
845	3	50	423	126.9
423	4	50	212	84.8
212	5	50	106	53.0
106	6	50	53	26.5
53	7	50	27	13.5
27	8	50	14	7.0
Total Revenue				1325.5

Net Revenue Calculations by Fiscal Year

Description		FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
w/ HB 390	license	1550.4	6325.6	6452.1	6581.2	6712.8	6847.1
w/ HB 390	tags	331.4	1338.8	1352.1	1365.7	1379.3	1393.1
w/o HB 390	license	1770.4	7223.1	7367.6	7514.9	7665.2	7818.6
Net (+/-)		111.4	441.3	436.6	432.0	426.9	421.6



March 11, 1996

Representative Alan Austerman
Alaska State Legislature
State Capitol (MS3100)
Juneau, AK 99801-1182

Re: House Bill No. 390

Dear Representative Austerman:

I apologize for not responding sooner to the above mentioned bill. I was hoping it would go away. Unfortunately, it hasn't, yet. The proposal could accomplish its goal as written, however, the resulting decrease in king salmon catch would be in direct correlation to the decrease in non-resident anglers visiting our state.

King salmon is the directed fishery for sport anglers from the beginning of the season through the middle of July in southern S.E. Alaska. In other words, the reason anglers are willing to pay rates as high as \$795 per day (Waterfall Resort's current rack rate) is to go fishing for King Salmon between May 21 (our opening date) through the middle of July. After that date, the silver salmon have arrived and the directed fishery changes to silvers. Consequently, if sport anglers are further discouraged to fish for king salmon, it will be very difficult to attract clientele during this time period. A time period that covers over one-third of the season. Without good sales during this time frame, it would be impossible to maintain a profitable season.

House Bill No. 390 proposes a way to specially allocate fish to resident anglers. I was under the impression that this was the job of the Board of Fish. I also believe that the proposal may violate provisions of Interstate trade. One of the main things the proposal would do is to give Canada another large marketing advantage.

The most important issue to understand is that anglers are dreamers. Anglers dream of catching trophy fish. Anglers dream of catching their limit. If we can keep them dreaming, we can keep them coming back. If we tell them that to realize their dream over a four day fishing trip it is going to cost them an additional \$2,500 in king salmon tags (assuming a two king per day bag limit), I guarantee you that they are going to take their dream somewhere else. Anglers do not constantly catch their limits, however, they want to believe that they can, without penalties.

Two things will be accomplished by this bill. The first will be to give Canada a fantastic marketing tool which they will use to their fullest advantage. The second will be to discourage new and repeat customers to Alaska. In other words, this bill could easily destroy anyone in the sport fishing industry that has a substantial investment and needs a four month season to reach profitability.

Please, don't let this happen. The degree of harm that could be caused by this bill cannot be overstated. If you need any additional comment, please let me know. Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ken Dole', written in a cursive style.

Ken Dole
President and
Managing Partner

— Ventures North —
PO Box 21362; Juneau, Alaska 99802-1362
(907) 780-8669

Date: March 4, 1996
From: Linda Erickson
Please deliver to: Representative Kim Elton
RE: HB 390

***BRAVO** for HB 390! Last summer I spent a great deal of time in Hoonah and the abuse I witnessed by non-residents was enough to make a person mad as hell. Igloo coolers full of undersized king salmon and ping-pong-paddle halibut filled many a Canadian fisherman's van (not to mention those of our brothers and sisters down south).*

Regarding the Juneau Empire article (Fish charter owners fret... March 4, 1996), Mike Dobson fears he will lose customers to Canada; Mike, there are no "Alaska" king salmon in Canadian waters. Just as it is with our "Alaska" brown bears and non-resident hunters, visitors come to Alaska to fish the "Alaska" king salmon. There is a great deal of magic and mystique in that one word, "Alaska," and non-residents want to be a part of it. Our fish and game are a precious renewable resource (unlike timber) that deserve our consideration and protection.

I wish Mr. Dobson could have been in Hoonah this last derby weekend to observe the 20-25 Canadian boats in the harbor, packing thier coolers with undersize king salmon and halibut the size of a ping pong paddle (Hoonah had no local law enforcement last summer, though a few locals did take it upon themselves to inform and educate these particular offenders).

On the subject of fairness in fishing, my father-in-law just returned from a tour of the lower 48, and, while in Vancouver, B.C., picked up some fishing charter brochures touting "Winter kings, all you can catch, 5 to 15 pounds." Our sport catch counts, thiers doesn't - is that fair?

I would like to see the charter boat operators get their heads out of their pocket books (?) and take a good look at this bill. Being married to a charter boat operator/commercial fisherman big game guide provides me an insight into what people will pay for certain services, and they will pay to come to Alaska for big game, fish or bears (a true sportsman is more interested in the quality of the experience, not liberal bag limits). I believe your pricing structure would deter a great deal of the abuse, and would greatly benefit a financially strapped Fish & Game (that is where the proceeds would go, right?).

Bill of Rights, Amendment II

A well regulated Militia, being necessary to the security of a free State,
the Right of the People to Keep and Bear Arms, shall not be infringed.

Dear Rep. Kurn Elton;

MAR 05 1996

2-26-96

I just read your article regarding House Bill No. 390 & found it very uplifting that someone has finally decided to take action against the greediness of a lot of tourists.

I have lived on the Kenai Penn. for over 20 years & it seems that last year a lot of locals (a lot of them) were pushed out of their fishing holes from the tourists trying to fill their canning jars for their winter use. I don't mind that very much, but what I do mind is them snagging not one but several & keeping them. (Without videotaping them fish & home cannot do anything about it unless they can catch them in the act.) Or commenting on the amount of fish they caught (most past their limit for the day) and seeing them go on to a different place fishing.

It often makes me wonder if the money spent by the tourists is really worth all the destruction left behind them. My two year old is constantly telling them to pick up their trash & ended picking it up for them after they laughed at him and left. So many places where we use to pick berries are now closed due to destruction caused by careless fishermen.

Our family depends on having fish to put up for the winter to see us thru & are having a difficult time in even getting half of what the five of us need to get by.

It used to be fun & enjoyable to spend an evening fishing, but my children are no longer interested in having their lines cut, people fishing over the top of them moving in front of us so that we can no longer fish safely. And in many cases not at all. What a sad thing for our young people to witness.

We tried to do Personal Use fishing, but even then we had very little luck finding a spot on the beach because so many other locals had been going through the same thing.

I love your idea on the coast for Non Residents second tags on Kings, but wish it was for all species of salmon. Would it be possible to have a two fish limit a day on their licenses also? Most are up here on vacation & have other resources to get their winter food, which we do not.

Another thing to consider is the Guides that are not Alaskan Residents. Several friends of ours are fishing guides & so far everyone I have talked to regarding this matter feels the same way. If you want to be a Guide fishing in Alaskan waters you should:

1. Be a Resident of the State of Alaska & qualify for Ak. Perm. Fund Dividend.
2. If they choose not to do No. 1 then they should pay a Guide fee to the State

This may seem like alot, but most of the Guides charge \$100.00 per person. Many of them take two groups a day. Minimum of four in group.

Also, last I heard the Nonresident Commercial Fisherman do not pay the State of Alaska any money for fishing in our waters either. Why not have them pay at least \$15,000.00 a year per boat to fish in this State.

Why should the Residents of Alaska have to pay for non residents to take our resources away. wouldn't it make more sense to try & help the Alaskans who spend their money year around in this State rather than non residents who choose to fish here & spend their money "Outside." After all how many Alaskan Residents go to other States & fish their resources away?!

Plus with the money collected it could be used to decrease the State Deficit. what could it hurt if you give it a try?!

I would like my children to experience the joy that our beautiful State has to offer, but not at the expense of depleting our fishing. I hope that this State of ours does not end up in the same position as the East Coast and North West Coasts.

Thank you for taking the time in reading my letter. I do hope that some of my suggestions will encourage the State to take notice of what could be done, before its too late.

Regards,

Maria Brooks

HC3 Box 904B

Soldotna AK 99669



Alaska State Legislature

Please enter into the record my testimony to the House Fisheries Committee
committee name
committee on HB 390, dated 3-9-96
bill/subject

I am a resident of Sitka for 21 years and a citizen of Alaska for 27 years. Throughout this time I have fished and hunted the waters from Adak to Metlakatla and Sitka. I was a commercial fisherman for two year and decided that the rod and reel was more to my liking. For the last 21 years in Sitka I have fished the king salmon when a couple of bites was considered a good fishing day and a limit was really special. During the last 8 years My father who is retired had joined me to catch someeking salmon. A few relatives has visited me and of course have taken some salmon. House Bill 390 will make it very difficult for my father to come up and catch salmon that HB 390 proposes. On a retired income its difficult for him to travel to Alaska let alone pay a \$100 to \$500 a king. I oppose this bill on the basis of the inequity that salmon in Alaska are for the rich. I can understand the reason for trying to control some type of limit but this bill does not consider Sr. citizen who's income cannot afford the price for salmon on a non-resident basis.

I oppose it as it written.
Signed: Michael G. Hironaka

Testifier

Sports Fisherman with non-resident parents

Representing (Optional)

707 Sirstad Sitka, Ak 99835

Address

907-742-3071

Phone No.



Alaska State Legislature

House Fisheries Comm.

Please enter into the record my testimony to the _____
committee name
committee on HB 390, dated March 9, 1996
bill/subject

I feel that HB 390 is not the solution to the to the King Salmon crisis that is developing.

The sale of these stamps is not going to raise the revenue that is needed to solve the market ills that pen raised fish and decreased treaty fished have brought the various groups in Alaska. This bill in effect penalizes charters and our of town tourists. The tourists are the ones that make a \$60 King (sold as trolled caught) into a revenue bearing fish that is hard to value accurately but certainly worth 15 times the troll caught fish. The times have changed in Alaska, the world can raise a King Salmon in a pen and deliver it to market quickly, in top shape, and more cheaply than a troller can possibly do. The state must move forward and develop the resource that the Chileans and Norwegians can't that is sport caught fish. It's time to change the allocations and allow the market to seek its own level. Besides it such a shame to think of a beautiful king drug to boat under hydraulic power and clubbed without so much a chance to fight an angler on rod and reel.

If the state really wants to limit the number of kings taken just change the possession limit and do the patrolling it takes. The law must be changed to keep tourist and locals from possessing freezer fulls of Kings.

House Bill 390 is not the answer!

Signed: _____

Testifier

Representing (Optional)

Address

Phone No.

March 10, 1996
Sitka, AK 99835

Representative Auserman
House Fisheries Committee
Juneau AK 99835

Dear Representative Auserman,

I am writing in regard to the house bill which would impose graduated fees on non resident salmon fisherman. I have been a resident of Alaska since 1979 and am an avid sport fisherman. It is difficult for me to believe that it would even be considered for several reasons:

- 1) We presently have a glut on the salmon market, and the dilemma of the commercial fisherman has nothing to do with sport fishing.
- 2) Non resident visitors have a much greater positive impact on our economy than the fish they take with them. Such a user fee for non-residents will probably reach and go beyond the point of diminishing returns. All but the wealthy will avoid this state like the plague. It will hurt motels, restaurants, airlines, charter operators and beyond.
- 3) People such as my 82 year old father may come to visit, but they won't go fishing.
- 4) If this user fee is intended to reduce sport salmon catch, it surely will accomplish that. I fear for the backlash and serious economic loss to other industries in the State of Alaska.
- 5) You need to be looking at ways to enhance the salmon fisheries rather than to restrict them. Alaska has had its head in the sand long enough on salmon farming. If we want to compete it is time to look in other directions.

A fish fee for non-residents creates more problems than it solves. Let's get this bill off the floor and get on to more productive matters.

Sincerely,



Walt Clark
611 Monastery
Sitka, AK 99835

March 9, 1996

House Fisheries Committee
Representative Austerman, Chairman
Alaska State House of Representatives
Juneau, Alaska

Dear Representative Austerman,

I am writing to you on behalf of HB 390. As a life-long resident of Alaska, commercial fisherman, and sport fishing enthusiast, I find this bill seriously out of line, misdirected, and discriminatory. Superficially, this bill appears to benefit Alaskans by protecting our king salmon resource. However, deeper consideration reveals the true cost-- and motivation-- of HB 390.

First of all, I support only Alaskan use of Alaska's public resources. As a commercial fisherman the past 15 years, I have witnessed a marked increase of out-of-state fishermen coming to Alaska. These fishermen make money off of Alaskan fish and then return to their home state with their earnings intact. From Bristol Bay to Dutch Harbor to Southeast Alaska, their only investment in our state is fuel, grub, and moorage fees. This is also true of Alaska's charter fishery. More and more charter operators are coming from "down south" to Alaska for the summer season to make money off of our state's resources-- then promptly leave with most of their earnings. This is wrong.

People who live in Alaska year-round should be given first consideration to use an Alaskan resource. On the surface, HB 390 attempts to do this, but the proposed king salmon fee for out-of-state anglers would hurt the Alaskan's who make a living through chartering. Alaskan-owned charter operators depend on clientele who are not Alaskans-- people who would be hard pressed to afford extreme fees on king salmon, and thus could not come up and fish.

Alaskan-owned charter operations are run by (and employ) people who contribute to Alaskan communities by paying local and state taxes, support local businesses by their purchases, raising families, and being positive and helpful citizens. This is a positive effect on Alaska that would be seriously affected by HB 390.

I would like to close this statement with the suggestion that only out-of-state charter operators be penalized. Perhaps a yearly fee that would be paid to the state of Alaska of \$10,000 per non- Alaskan-owned charter vessel, or a percentage of their earnings would be taxed, or have the fish tag system apply only to the clients out-of-state charter operators. This would be most beneficial to Alaska and the management of our public resources.

Sincerely,

Tom Henshaw
Tom and Sarah Henshaw
Sitka, Alaska



Alaska State Legislature

Please enter into the record my testimony to the House Fishery Com.
committee name
committee on HB 390, dated March 10
bill/subject

I am a resident of Alaska - 18 years -
I am very concerned about this new
bill that is proposed. I have many
family members from the lower
48 states. This bill will cause
many of my family not to come
and visit Sitka to fish. It does
not cost to trophy fish as much
in any other state/Canada as proposed
in this bill. Economic impact of
this bill needs to be considered. It
will cut the tourism economy
significantly.

Signed: Vicki Van Horn

Testifier

Myself & Family

Representing (Optional)

515 Verstovia Sitka, AK 99835

Address

907-747-6056

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Fisheries Committee
committee name
committee on 390, dated March 10
bill/subject

TO Whom It May Concern; - I am a resident sport angler and teacher in Sitka, AK.

I am opposed to House Bill 390. ~~My~~

~~This~~ This bill, if passed will devastate the King Salmon fishery in South East Alaska. It will make this fishery into a "Rich Person's" fishery, cause hardships, closure to lodges and charters, ~~HOUS~~ I have two children who live in Washington State. I cannot afford to pay for their fishing tags!!

It seems extremely suspicious that very few people that I know, have even heard about this bill. Now it's up for hearing? Let's face facts, lay all the ~~big~~ facts on the table and make a decision that will benefit us all, not just the rich, and the commercial trawler.

Signed: Carol K. Hayashi
Testifier

Myself and my children
Representing (Optional)

P.O. Box 1003 Sitka, AK 99835
Address

907-747-8883

Phone No.

TO ALASKA ST. LEGISLATURE
HOUSE FISHERIES COMMITTEE
SUBJECT: ADDENDUM TO MY COMMENTS
ON HB 390 DATED MAR. 7, 1996

ONE THING THAT TROUBLES ME VERY MUCH IS THAT IT'S A KNOWN FACT THAT SPORT FISHERMEN CONTRIBUTE MUCH MORE TO THE ECONOMY, THAN COMMERCIAL, WHILE BEING ALLOWED A VERY SMALL PERCENTAGE OF THE TOTAL CATCH. THIS BILL IS NOTHING MORE THAN A BIG FAT PENALTY FOR THE SPORTSMAN'S WILLINGNESS TO TAKE FEWER & FEWER FISH AND PAY MORE & MORE & MORE! LET'S BE FAIR, LAWMAKERS; WHERE'S THE COMMERCIAL IN THIS?

AGAIN... THE ONLY ANSWER TO EVERYONE'S PROBLEM IS SHOW THE LOWER STATES HOW TO MANAGE THEIR FISHERIES BEFORE IT'S TOO LATE. I FIRMLY BELIEVE THAT IF IT COMES DOWN TO FEDERAL INTERVENTION, EVERYBODY LOSES. "REFUSE TO LOSE".

Ron Bugh
p. 3

3-6-96

TO:
House of Representatives Fisheries Committee

THROUGH:
Representative Alan Austerman
Chair, House Fisheries committee
Alaska State Capitol
Capitol Room 434
Juneau AK

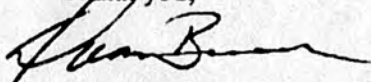
FROM:
Duane Buell
Outdoor Headquarters
9131 Glacier Hwy #2
Juneau AK 99801

As the owner and operator of a local Juneau sporting goods business I am concerned that HB390 by Representative Elton exceeds what can be considered prudent and proper. I understand the concept of utilizing dollars from non-residents to fund the major portion of Fish and Game activities, but I also believe a commodity can be priced to where it no longer will be attractive to consumers.

I believe the fees proposed by HB390 are extremely excessive and will be sufficient to cause people to rethink, and in many cases abort, their Alaskan adventure trip. If this happens, everyone involved in the outdoors or tourism as an industry will be losers. Charter businesses will lose, my store will lose, and so will gift shops, markets and nearly every other business in town.

I also question how this regulation will be enforced. Certainly the charter skippers will be placed in a position to enforce what occurs on their boat, but who will oversee the shoreside anglers? In addition I see a tremendous potential to create a black market situation in the king salmon industry that will be very difficult to control.

Thank you,



Duane Buell



Alaska State Legislature

Please enter into the record my testimony to the house fisheries committee
committee on HB #390, dated March 7, 1996
bill/subject

I am opposed to this bill because I don't think that non-residents should be treated any different ~~that~~ than residents. It's a public resource that should be every one's. Thank you. :)

Signed: Megan Pool

Testifier

Myself

Representing (Optional)

PO BOX 1349, SITKA, AK 99835

Address

(907) 747-4823

Phone No.

FAX COVER SHEET

DATE: March 7, 1996
TO: House Committee on Fisheries - Representative Austerman
FROM: Scott, Tish, and Alexandria Caddell
3313 Halibut Point Road (P.O. Box 1814) Sitka, Alaska 99835
RE: Opposition of HB390

Greetings from Sitka!

We are residents of Sitka and like to fish for king salmon. We do not have our own boat. The only way we can fish for king salmon is to go out with a friend who has a boat, and/or go out on a charter. We have done both. We think king salmon are special and we have seen many of them caught by both residents and non-residents. When talking to some of the non-residents we were grouped with on a charterboat about their travel costs, we were amazed at how much they were paying just to come to Sitka to catch a fish!

We are very opposed to HB390 because of several reasons:

1. We are all middle class american citizens. When any of our middle class american relatives and/or friends come to visit us in the future, we do not have room to house them. They most certainly could not afford the added cost of what HB390 proposes, to their existing expenses of travel, lodging, gear, license, and charter fees that they already pay.
2. King salmon are a public resource that belong to all of the citizens of the U.S. equally.
3. Commercial fishermen currently hold the majority of the allocation of this resource. Commercial fishermen are not spending the kind of money to catch these fish that the sport anglers does. Why should our non-resident relatives and friends be financially punished for catching a few fish when they come to Alaska to visit us?
4. HB390 would allow only the very wealthy to enjoy this resource in the future. Is that fair? We don't think so. That is not what Alaska represents to us.

We could not make it to the teleconference the other night. So, we wanted to add our written comments to the public record as opposing HB390.

Sincerely,

Scott, Tish & Alexandria Caddell
Scott, Tish, & Alexandria Caddell

E. Budd Simpson
One Sealaska Plaza, Suite 300
Juneau, AK 99801
(907) 586-1400

March 8, 1996

Representative Kim Elton
State Capitol Building, Room 112
Juneau, AK 99801-1182

Re: HB 390 -- Non-resident King Salmon Tags

Dear Representative Elton:

Please accept the following comment with respect to HB 390, an act relating to the non-resident anadromous king salmon tag and related matters, which you sponsored.

Most Alaskans would agree with the stated purpose of the bill: to recognize the limited availability of king salmon and to make that resource available for a larger number of people. To achieve that purpose, this bill would impose a \$100 to \$500 graduated fee on non-resident sport fishermen, essentially to manage the resource by discouraging participation in the sport by all but a few. The bill attempts to compare king salmon to other "big game" species and imposes punitive fees on individuals participating in a legitimate sport. This approach addresses only a small fraction of the total king salmon catch, and unfairly impacts a significant part of Alaska's visitor industry.

We should direct our efforts toward allocation issues between Alaska, Canada, and the other Pacific Northwest states. This silly idea of charging \$500 for the privilege of catching a fish if you happen to be from somewhere else is the worst type of knee-jerk protectionism.

In the March 4, 1996, *Juneau Empire*, you are quoted as comparing the \$500 fee for non-resident sport anglers to the fees paid by non-resident hunters to harvest a big game animal. The comparison is absurd, since there is no comparable commercial competition for the "big game" animal hunt. If we say that a single king salmon has a value of \$500 to a sportsman, what value does the same fish have to a commercial fisherman? Since the allocation of fisheries resources between sport and commercial is ultimately a political question, the commercial fish industry should be concerned with the precedent being established. This heavy-handed approach is the type of action that will lead to a backlash such as the so-called "FISH Initiative." This initiative is strongly opposed by the commercial fishermen because it makes a politically-determined allocation between sport and commercial fisheries.

Representative Kim Elton

March 8, 1996

Page 2

Also of concern is that this bill unjustly targets "non-resident" sport fishermen. By non-resident, we mean someone who spends a lot of money to come up here and have a good time. They stay in a lodge, purchase a fishing license, hire a guide or skipper, maybe charter a boat, and do other things that might actually be good for our economy. The value of a sport-caught salmon to our local economy obviously equals the amount that a sport fisherman is willing to spend to catch it. Placing a punitive price on the privilege of going fishing will keep many potential fishermen away and have an adverse impact on several sectors of the tourism industry. With about \$130 million spent in Juneau by tourists last year, it is hard to understand why your legislation targets this group in the name of protecting the resource.

This legislation is misguided. The goal of protecting the resource can be accomplished through bag and possession limits, and perhaps special regulation of problem areas such as the Kenai River. Placing a penalty on non-resident sport fishermen, however, will simply cause them to fish in Canada where their money is welcome and sport fishing is encouraged as an economic benefit.

I hope you and other legislators will reconsider this seriously flawed idea.

Sincerely,



E. Budd Simpson

cc: Gail Phillips, Speaker of the House
Senator Robin Taylor
Representative Caren Robinson
Representative Alan Austerman
Representative Carl Moses
Representative Scott Ogan
Representative Gary Davis
The Juneau Empire

FAX TO ALLEN AUSTEMAN AT 405-4956

DTD. 3/8/96

FROM: WILLIAM J. HOLMAN

P.O. 506

CRAIG AK 99921

RE: HB 390

THIS BILL SPONSORED BY KIM ELTON TO ESTABLISH A TAX OR FEE FOR NONRESIDENTS TO KEEP KING SALMON SEEMS TO BE EXCESSIVE. I CAN UNDERSTAND THE NOTION TO REDUCE THE NUMBER OF KINGS CAUGHT BY NONRESIDENT. BUT, THERE MUST BE A MORE SCIENTIFIC APPROACH TO SOLVING THE PROBLEM. NO ONE MINDS PAYING THEIR WAY. HOWEVER TO EXPECT TO SOLVE THE ENTIRE KING FISHERY PROBLEM ON THE BACKS OF THE NONRESIDENT WHO GENERALLY FISHES WITH A GUIDE IS UNREASONABLE.

THE PROBLEM WITH THE REDUCED NUMBER OF KINGS WAS CAUSED BY A NUMBER OF FACTORS WHICH INCLUDE; HIGH HEAD DAMS, NON POINT POLLUTION, PREDATION, HIGH SEA TRAWLERS, INCIDENTAL GILL NET AND SEINE TAKE AND THE TROLL FISHERY. IN ADDITION, IN ALASKA WE HAVE NOT HAD MANY PROGRAMS DEALING WITH KING HATCHERY PRODUCTION OR KING HABITAT IMPROVEMENT. WE HAVE BEEN CONCENTRATING ON PINKS AND CHUMS BECAUSE THE TURN AROUND TIME IS LESS.

THE WHOLE PICTURE MUST BE LOOKED AT TO SOLVE THE KING SITUATION. JUST PUTTING A TAX ON THE NON RESIDENT WILL NOT SOLVE THE PROBLEM. IT WILL PENALIZE A PART OF THE TOURISM INDUSTRY AND TO PICK ON THAT ONE SEGMENT IS UNFAIR!!!!

Ed and Linda Mills
1335 Fritz Cove Rd.
Juneau, AK 99801
March 5, 1996

Representative Alan Ausperman
Chairman Fisheries Committee

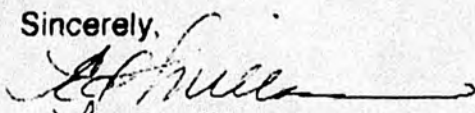
Dear Rep. Ausperman,

We are against Kim Elton's House Bill 390. Here again is a classic example where only the wealthy non-resident can buy what many other visitors can't afford. Controlling the salmon resource should be fair and equal to all non-residents.

Two of our very closest friends for years (one for 15 years) have vacationed annually to Juneau to fish for spring kings. They spend a lot of money in Juneau and to get here. Our guests enjoy returning home with fresh salmon. One salmon for their whole vacation would end their reason for coming.

Please scrap HB 390.

Sincerely,


Linda Mills
Ed and Linda Mills

March 6, 1996

Representative Austerman

Representative Elton

my relatives from out of state come to fish for King salmon. Bill 390 would place the fees fish they catch out of reach for them economically. I am opposed to

HB 390

Walter Bergman

11980 Mend. Lp Rd.

Juneau, AK 99801

TONY W. RIVERA
TEN-MILE LAKE
RR #1 BOX 230
DALTON, MN.
56324

March 8, 1996

Alaska State Legislature
Attn: Representative Austerman, Chairman
Fisheries Committee:

To be entered in the record on March 11, 1996 hearing for HB 390
Title: Setting Fee's for non-residents and Classifying King
Salmon as a trophy fish. (This title may not be completely
correct as I don't have a copy of the bill in front of me.)

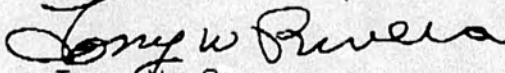
I lived with my family in Juneau for almost twenty years, before
I took early retirement from the Department of Commerce, Division
of Banking and Securities.

The State of Alaska, Division of Tourism every year budgets
millions of dollars to encourage tourist to come to Alaska and
enjoy it in the form that they desire. This bill that is
currently in committee appears to be sponsored by a group that
wants to discourage non-residents from enjoying what is
rightfully theirs. Every person that wants to participate in a
particular event, be it bird watching, camping, hiking, hunting
and fishing is willing to pay for it, however, the fee schedule
proposed for fishing for King Salmon whether one is caught or not
is totally not exceptable. As a non-resident with a relative
living in Juneau I will not be able to afford to fish for Kings.
We plan to visit our son from time to time and go fishing. This
proposed fee schedule prohibits me and many family members as
non-residents to visit our relatives and enjoy catching Kings.
If I'm not mistaken I can come to Alaska and my son can take me
brown bear hunting for only 500.00 tag fee on the same boat that
I would be on to catch King Salmon.

I recall the Alaska Department of Fish and Game defines a Trophy
King as one that weighs 50 pounds or more. We have pictures of
many kings weighing 30 to 40 pounds but never any that weighed
over 50 pounds, to reclassify a fish just because it is a King
salmon as a trophy is totally ridiculous. The size limit the
ADFG set for Kings when I still lived there was 28 inches long.
To even go out fishing your proposed bill requires me to spend
\$1,050.00 non refundable for tags with no guarantee of catching a
fish.

In closing, I understand a statement was put in the record that only Charter boat operators attended and testified at the last hearing. If I was still a resident with no connection to the charter boat operators and the tourism business I would not have attended this hearing either, as a sport fisherman it does not effect me. If your looking for more revenue for the state I suggest you don't penalize non-residents who save all their lives to come to Alaska to catch and take home two or three Kings and have a barbecue in the back yard with the neighbors and brag a little on the big fish they caught. As a sport fisherman I have fished all my life with one rod, one line and one hook and always paid license fees required, the fees proposed does not show total fiscal responsibility. Please review this bill in over all effect it has on tourism, jobs, gramma's and grampa's visiting their kids, brothers and sisters visiting with moderate incomes, not all non-residents visiting Alaska have incomes of 100M or more.

Sincerely,


Tony W. Rivera



P.O. Box 20761, Juneau, Alaska 99802

Phone/FAX (907) 789-2399

March 20, 1996

Representative Kim Elton
Alaska House of Representatives
State Capitol Building
Juneau, Alaska 99801-1182

RECEIVED
MAR 26 1996

Dear Representative Elton :

Ans'd.....

As a conservation group with over 2000 members living largely in Southeast Alaska, the Territorial Sportsmen (TS) support public use of public resources and public access to those resources. Our organization has been speaking out on fish and wildlife issues since 1945, and we are an active member of the statewide Alaska Outdoor Council. The T.S. Board is writing today to provide you with our comments on H.B. 390.

The bill explores one alternative to limit non-resident access to king salmon in our state and would in our view place a cap on the growth of recreational fisheries in many areas of the state. With perhaps the exception of certain Cook Inlet king stocks, we are not aware of any area in the state where resident sport fishermen do not have access through current regulation to the king salmon they need. While we cannot speak for all areas of the State, the Board of Fisheries has done a good job of insuring that Southeast residents have the opportunity to harvest king salmon 12 months of the year for their personal use. We believe that harvesting of king salmon by resident Alaskans for their tables must be the priority that drives the States allocation process. So long as the Board of Fisheries continues to operate under this policy it does not seem appropriate to begin separating resident and non-resident sportsmen through the legislative process.

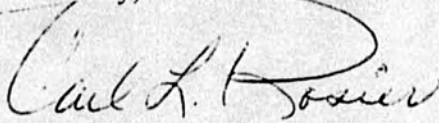
It is our view that HB 390 will negatively impact local anglers ability to fish for kings with non-resident relatives and friends. This area of catch is not a significant area of catch growth, and we see no need to impose further financial burden on these visitors to our state.

We agree that there are currently numerous uncertainties associated with king salmon harvesting in southeast and perhaps other areas of the state. As growth of non resident use occurs in specific areas, the Board of Fisheries has been willing to impose time, catch, and gear restrictions necessary to divide the king salmon pie equitably between the resident and non-resident angler. This may change in the not too distant future, but legislation is at best pre-mature until we have a better fix on what our problem is.

The Territorial Sportsmen have joined with other Southeast Alaska user groups and communities in forming the Alaska Salmon Coalition. This Coalition has been formed to aid in the legal defense of Alaska's fisheries under the U.S./Canada salmon treaty as well as our rights to manage our fisheries resources. Your support of one of the groups goals to protect Alaska's king salmon allocation under the treaty would be appreciated. Action in this arena would have a positive effect on both public access to a public resource as well as all communities in Southeast Alaska.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carl L. Rosier".

Carl L. Rosier, Vice President

cc. Governor Knowles
Senator Duncan
Senator Taylor
Representative Green
Representative Finkelstein
Senator Leman
Representative Mackie
Representative Robinson
Representative Williams
Representative Austerman
Representative Mulder



Mar 30, 1996

Representative Austerman,

I am a nonresident
fisherman from Connecticut.

If you pass HB 390 it
will be ~~very~~ ^{very} difficult for
me and my friends to
continue to fish in Alaska.

My wife vacations in
Alaska and I fish.

Please reconsider I
oppose HB 390.

499 Chamberlain Hill Rd
Higganum, Ct. 06441

I thank you
Gustaf Dascono



Dr. Gordon Hawk

100 N. Mullan Rd., Suite 204
Spokane, WA 99206
(509) 928-8400

March 21, 1996

Representative A. Austerman
Room 434, Capitol Building
Juneau, Alaska 99801-1182

Dear Sir:

I have heard of much boneheaded government legislation but from a business sense, the "HB 390" proposal takes the cake!. The tag fees are not going to add much to Alaska's coffers but they will cost Alaska her charter fishing industry and the derived state revenue as well as putting the individual charter providers out of business. More welfare! Sound good to you??

Neither will the proposal save the fish. Sports fisherman are not the problem! Learn how to manage your resources by controlling pollution, logging, commercial fishing, and hydroelectric facilities before you start hitting on the sports fisherman. Heck, they are the only people that care about preserving the runs. It seems to me that if HB 390 passes, the industrialists whose environmentally unsound practices made them wealthy but caused the depletion of our natural resources, will be the only ones that will be able to afford to fish. Good thinking, Alaska Board of Fisheries. Shape up and earn your keep.

Yours truly,

Gordon E. Hawk

GEH/dlh

cc-Mr. Wayne Sanger

March 21, 1996

Representative A. Austerman
Room 434, Capitol Building
Juneau, Alaska 99801-1182

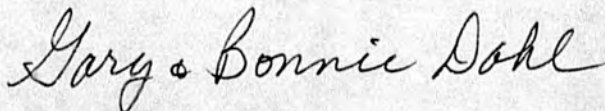
Dear Mr. Austerman,

It has been brought to our attention that there is legislation in the process to discourage out of state fishing, "HB390".

We saved very hard for a visit to Alaska to fish and the only way you can fish successfully in Alaska is to hire a charter. We are more than willing to pay license fees and charter fees. There is already a limit to the number we can catch. If you impose the suggested fees it will not discourage the fishing it will just make it impossible for middle income people to participate.

We were looking forward to our next trip to Alaska so I hope you do not decide to make it impossible.

Sincerely,

A handwritten signature in cursive script that reads "Gary & Bonnie Dahl". The ink is dark and the signature is fluid.

Gary and Bonnie Dahl
1792 Road 6 South
Huntley, MT 59037

March 17, 1996

Rep. Alan Austerman
Alaska State Legislature
Juneau, AK 99801-1182

Dear Rep. Austerman:

I am writing you in regard to proposed bill HB 390 - King. As a non-resident angler I see this bill as highly discriminatory and a way to extort additional money from non-residents. I have fished with a guide out of Craig, on Prince of Wales Island and live in Omaha NE.

I would like to remind you that all visitors to Alaska are not wealthy people that have their trips paid for by corporations, entertaining their clients. Your solution of buying every fish reminds me of a trout farm in the lower 48 states. I don't see how you can justify this law as a conservation measure when there are plenty of wealthy individuals and corporations that would not see that "fish by the pound" even as an inconvenience.

I have read that many of the Kings caught in SE Alaska are from rivers in Canada, Washington, Oregon and California. I see them as an International Resource, and Alaska is trying to charge people to catch fish that were spawned in waters outside Alaska. I feel I have as much right to King salmon as any Alaskan because my federal taxes are paying, directly or indirectly for many of the programs that affect the fishing, timber and mining interest in Alaska.

I feel bill HB 390 does nothing to solve the dwindling king salmon resource in the Pacific Ocean. I do not have a solution, but feel every one should share in the reduced federal quota, this includes resident sport fishermen, subsistence fishing and commercial fishermen. Personally I don't understand how you can administer a trophy king fishery when 80% of the king salmon caught in Alaska are by commercial fishermen. Please consider the difference in revenue and jobs that are derived from a sport caught fish versus a troll caught king.

Please keep me informed on your views on this bill and I am looking forward to hearing from you. I am looking forward to another trip to the best state in the nation this June for some great salmon fishing.

Sincerely,

Bill Russell
Bill Russell

William E. Russell
2863 S. 93rd Plaza Apt. 11
Omaha NE 68124



RED LION HOTELS & INNS

"as a nonresident fisherman and part of the consumer group that makes Alaska's tourism industry prosper, I am opposed to H.B. 390. The fees are exorbitant and will make fishing trips to Alaska unreasonable."

Robert G. Elliott



Robert G. Elliott
54 Sunset Dr
Watsonville, CA 95076-9654

RESERVATIONS: 800-RED - LION

too; Representative A Austerman

Dear Sir:

I have become aware of legislation being presented to the Alaska Board of Fisheries that is of concern to me.

This legislation, "HB 322" puts an unfair burden financially on the nonresident fisherman for King Salmon. I've been fishing twice for King Salmon in Alaska and plan to go again. This attempt to discourage out of State fisherman seems excessive, in fact very unfair.

Rowland Halsey
Calif resident

March 19, 1996

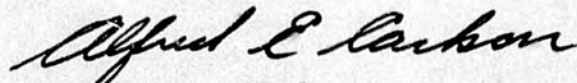
Representative A. Austerman
Room 434, Capitol Building
Juneau, Alaska 99801-1182

Dear Representative Austerman:

I would like to go on record as opposed to HB 390. As a non-resident fisherman of Alaska, I think it is very unfair to be singled out as the problem of the decline of the king salmon population. As you know there are other major contributing factors such as clear cut logging and commercial salmon harvesting.

You need to find a more effective way to manage your fisheries than by discouraging your tourism industry.

Sincerely,


Alfred E. Carlson

ALFRED E. CARLSON
5000 Jewel Street
Capitola, CA 95010

March 21, 1996

Representative A. Austerman
Room 434, Capital Building
Juneau, Alaska 99801-1182

Dear sir,

As a non-resident fisherman I strongly oppose HB 390. My first experience in 1994, salmon fishing in Craig, was the highlight in over 60 years of sports fishing. I deliberately went in August to catch Coho because of my bad back.

For those fishermen who want to make catching a King salmon the highlight of their experience, to put an economic barrier on their once in a lifetime trip to Alaska for several days of fishing is discriminatory, and will only hurt tourism to Alaska. If saving the King salmon is truly the purpose of this legislation, the residents of Alaska should also be punished.

Sincerely

Leonard Friedman

HB 390

Representative A. Austerman

March 15, 1996

Room 434, Capitl Building

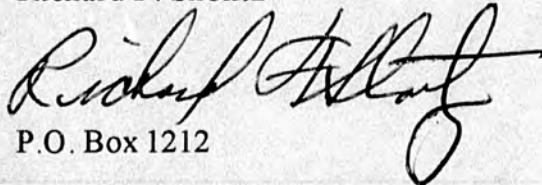
Juneau, Alaska 99801-1182

Dear Mr. Austerman,

I am appalled at the people who have introduced HB390. I believe that it is an example of proposed legislation that is detrimental to sport fisherman, and to the tourism industry of Alaska. I currently have a fishing trip scheduled for June of this year. In conjunction with the three days of fishing, I had planned to go sight seeing for a week. In the event that HB390 were to pass, I would not go fishing and not be traveling to Alaska for sight seeing. Talk about people who have not thought through the ramifications of raising fees to an unbearable level, the proposed bill is a prime example. Has anybody really thought through what might happen in other states in retaliation, maybe Washington might impose taxes for off season storage of fishing boats or start taxing every fish that is brought out of Alaska

I am opposed, opposed, opposed to HB390

Richard F. Shontz



P.O. Box 1212

Redwood City, Ca 94064

TO: Representative A. Aosterman

From: David Baldwin

Date 3-17-96

Subject "HB 390"

Dear Mr. Aosterman as a nonresident

Fisherman I am opposed to HB 390. The fees you want to charge would put many nonresident fishermen out. Please try to find a better way to raise funds.

Sincerely
David Baldwin

David Baldwin
1410 Jamaica
Mohave Valley AZ
86440



March 2, 1996

House Fisheries and Judiciary Committee Members
Juneau, Alaska 99801-1182

Dear Representative:

I attended the teleconference of the House Special Committee on Fisheries, on February 29, 1996, and offer my comments on HJR 51 and HB 390.

HJR 51 - Constitutional Amendment to Limit Sport Fish Guides

The move by politicians, and fisheries boards and councils, appointed by politicians, to privatize public resources through limited entry or IFQs is contrary to capitalism and free enterprise. I can justify a restriction on access to a public resource because of conservation issues, but have strong reservations on restricting public access to a public resource when the result will be a defacto allocation to commercial fisheries.

I was dismayed by the comments of Rep. Green and other committee members discussing the redefinition of commercial fishers to include charter operators, thereby removing the need for a constitutional amendment. Neither the Internal Revenue Service nor the U.S. Coast Guard nor our ubiquitous insurance companies considers guides/charter operators as commercial fishers.

I do not deny that there may be too many fishing guides/charterboats in some areas, but I believe the supply and demand market should determine who succeeds or does not succeed. Fish and Game already has at its disposal the ability to regulate time and area closures, and bag limits.

HB 390 - Nonresident Anadromous King Salmon Tags

I support the concept of this bill, but not the proposed fee structure. On one hand, Rep. Elton wants to charge a nonresident recreational angler \$1,500 to catch and retain six king salmon (the first is "free"), and call them trophy fish. On the other hand, a nonresident commercial fisher can catch as many of these trophy fish as possible during an open season with no fee. I was encouraged by Deputy Sport Fish Director Burkes comments in recognizing this as a potential reallocation, again, to commercial fishers. Mr. Elton's argument that reallocation would not occur because those wanting more fish would merely have to pay for them, is wrong. Only the filthy rich would pay \$1,500 for six fish and not mind being treated that way in another state or country.

If king salmon are worth that much money as a trophy fish, maybe they should be treated like our bears, sheep, goats, bison and muskox, and not have a commercial harvest of them. Thank you for your time and consideration.

Sincerely,

Beverly P. Minn Kent F. Hall

500 Lincoln Street No.641 Sitka, Alaska 99835 (907) 747-5089

25
pages

Post-it* Fax Note	7671	Date	3/9/96	Page	2
To	Don Henderson	From	Kevin S. Elton		
Co/Dept	Alaska Wildlife	City			
Phone #		Phone #	465-494		
Fax #	465-2934	Fax #	465-2108		

HB 390 - King

SPONSOR STATEMENT

HB 390 creates a non-resident king salmon tag program based on the trophy game principle, similar to Alaska's existing big-game tag program. Under the proposed trophy fish system, the first king salmon for non-resident anglers is free; the second costs \$100, the third costs \$200, the fourth costs \$300, the fifth costs \$400, and the sixth and subsequent kings cost \$500 each. Non-resident alien anglers must use a professional guide when sport fishing for kings. Revenue from king salmon tags goes to the fish and game fund, and is used for the protection, propagation and restoration of sport fish and game resources.

The purpose of this management system is to help restore balance to the needs of Alaskans in the sport king salmon fishery. Thirty years ago, 75 percent of sport anglers were Alaskans. Today, 68% of sport caught kings are taken by non-residents; Alaskans are left with only a third of this premium resource. The explosive growth in the fishing lodge and sport charter industry is partly a result of failing king salmon runs on the west coast. Anglers have moved north in search of the wild king and compete avidly for this trophy fish in Alaska.

In recent years, an international treaty has capped the number of sport caught kings. In Southeast Alaska, the harvest of sport kings last year was limited to 40,000 fish, 27,000 of which were taken by non-residents. This year, treaty negotiators may lower the cap to 30,000 kings and Alaskans will have an even more difficult time catching a fair share of the resource.

The salmon trophy tag system aims to help Alaskans preserve their share of this declining resource without resorting to reduced bag and possession limits, without more restrictive size limits, and without Draconian season or area closures. It recognizes that other changes (like limited entry for sport fish guides or lodge operators) cannot be implemented in time to avert the impact of treaty limitations in Southeast or further degradation of river fishing

experiences up north. It is also an admission that a very low possession limit (sometimes known as a freezer limit) will not work because it is unenforceable with the current number of fish and wildlife enforcement officers in the state.

The fishing lodge and sport charter industry has given a mixed response to HB 390. The industry recognizes the problem created by the declining king salmon resource but expresses no unanimity of opinion as to a solution. It is unlikely, however, that the 3%-16% increase in cost to non-resident anglers will persuade them to cancel their Alaska fishing trips entirely. More likely, non-residents fishing for king salmon will value the experience more highly and limit their catch--- preserving a king salmon opportunity for an Alaskan or for another visitor.

HB 390 - King Salmon Tags

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HB 390 - King Salmon Tags

Sectional Analysis

Section 1. Purpose. To implement a management system for king salmon which recognizes the limited availability of the species and promotes it as a "trophy" fish.

Section 2. Anadromous King Salmon Tag. Prohibits a non-resident from engaging in sport fishing for king salmon without a tag. One salmon tag received at no charge with the purchase of a king salmon stamp. Procedures for handling king salmon tags and for refunds of unused tags.

Section 3. Composition of Fund. Requires money generated by the sale of king salmon tags to be deposited into the fish and game fund.

Section 4. Use of Revenues. Prohibits revenues accruing from the sale of king salmon tags to be used for anything other than protection, propagation, investigation, and restoration of sport fish and game resources.

Section 5. Use of Funds. The Dept. of Fish and Game shall use revenue from the sale of tags for programs directly benefiting license holders.

Section 6. Prohibition of Activities. Prohibits sport fishing without the appropriate stamp.

Sections 6-11, 13-20, and 25 are housekeeping sections to incorporate the addition of the king salmon tag requirement and to rename the former king salmon "tag" a "stamp."

Section 7. Residency. Must show proof of residency when purchasing a stamp.

Section 8. Eligibility for Purchase. A person whose fishing license is revoked or suspended in another state is not eligible to purchase a salmon stamp.

Section 9. Complimentary Licenses. The governor shall receive annually 50 complimentary sport fish stamps and tags for distribution to distinguished visitors to the state.

Section 10. Criteria for Resident Purchase. Criteria for determining residency for king salmon stamp.

Section 11. Price of Non-resident King Salmon Stamp.

Section 12. Price of Non-resident King Salmon Tag.

First tag = no charge
Second tag = \$100
Third tag = \$200
Fourth tag = \$300
Fifth tag = \$400
sixth and subsequent tags = \$500.

Section 13. Replacement Tags. Duplicate stamps may be issued with payment of replacement fees.

Section 14. Expiration of Stamps and Tags. Salmon stamps and tags expire at the close of December 31 following issuance.

Section 15. Commission to Appoint Agents. Commission of Fish and Game may appoint agents to sell salmon stamps and tags.

Section 16. Compensation for Agents. An agent appointed to sell salmon stamps and tags may retain a fee and other compensation for each stamp or tag sold.

Section 17. Procedures for Agents. Proceeds from sale of stamps to be transmitted to the department.

Section 18. Payment of Agents. The commissioner may calculate and pay to agents their appropriate share of stamp fees and compensation.

Section 19. State Employees Are Not Agents. No compensation shall be paid to state employees who sell stamps and tags.

Section 20. Reporting Date. Reports and proceeds shall be transmitted to the commissioner on the last day of the month in which tags and stamps sold.

Section 21. Proxy Fishing. Clarifies that a resident may take a fish on behalf of a blind, aged or disabled resident person if appropriate licenses and stamps are in the angler's possession.

Section 22. Restrictions on Proxy Fishing. A resident may not fish on behalf of more than one person at a time.

Section 23. Procedures for Proxy Fishing. A resident fishing on behalf of another reside must retain the person's license and stamp until the fish is delivered.

Section 24. Restrictions on Non-resident Aliens: Non-resident aliens may not fish for king salmon without a professional guide.

Section 25. License, Stamp, Tag, and Permit Violations. False statements on an application for a salmon stamp or tag will void the stamp/tag and constitute the offense of unsworn falsification. May not transfer, alter, change or loan a stamp or tag to another person, or use a stamp/tag issued to another person.

10/31/95

Southeast king fishery may face limits

By BOB TKACZ
The Associated Press

JUNEAU — The king salmon sport harvest in Southeast Alaska next summer may be managed as a trophy fishery in which only fish 40 inches or longer could legally be kept, state managers told the Board of Fisheries.

Managers also said that large early season catches could force a complete shutdown of the fishery.

In an informal update requested by the board, Department of Fish and Game managers said the sport fishery could be limited to 16,000 to 26,000 kings in 1996 under the troubled Pacific Salmon Treaty or federal Endangered Species Act mandates. The treaty gave the sport fishery about 40,000 of the largest salmon species this year.

The region's commercial king fishery was shut down and the sport fishery was scaled back this summer because of litigation over Alaska's salmon quotas, which Canada, Washington and Oregon said were too high.

Potential cutbacks next year could devastate the multimillion-dollar guided sport industry in Southeast, which gets much of its business from cruise ship passengers visiting Juneau, Sitka and Ketchikan.

About two-thirds of almost 120,000 sport fishermen chasing king salmon each of the past two summers were non-Alaskans, according to department statistics. The actual sport harvest of kings "is probably closer to 50-50 because residents fish a lot more," said Rocky Holmes, southeast director of the Sport

Fish Division.

"Our best sources are saying we're looking at somewhere between 100,000 and 150,000 treaty fish next year for Southeast," said Rob Bentz, Southeast sport fishing management coordinator for the Department of Fish and Game.

Under the existing allocation plan, commercial net fisheries get 20,000 kings, the sport fisheries get 20 percent of the rest, and the commercial troll fleet gets what's left.

The Southeast commercial king fishery could be abolished as a directed fishery in which harvesters specifically target the species, according to Doug Meacum, department Southeast commercial fisheries management coordinator. Instead, the available king salmon quota

would be taken as incidental catch to the region's commercial silver salmon fishery.

The sport fishery management plan requires the department to use controls such as bag limits, gear restrictions or area closures to make sure the sport fishery remains open year round.

A large part of their difficulty is that managers may not know the sport harvest quota before the season opens in late April.

Based on recent sport harvest rates, if the bag limit was set at one fish per day at the current minimum size of 28 inches, the reduced quota could be reached in early June and the department would be forced to raise the limit to 40 inches or even shut down the sport fishery entirely, Bentz said.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 390

Revision Date: 2/16/96

Dept. Affected: Fish and Game

Title: King salmon tags and stamps / guide for alien

BRU: Sport Fish

Component: Sport Fish

Sponsor: Representative Elton

Requester: House State Affairs

COMPONENT SERIAL NO.

464

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	13.1	13.1	13.1	13.1	13.1	13.1
TRAVEL						
CONTRACTUAL	1.3	1.3	1.3	1.3	1.3	1.3
SUPPLIES	50.0	50.0	50.0	50.0	50.0	50.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	64.4	64.4	64.4	64.4	64.4	64.4

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (1024)	111.4	441.3	436.6	432.0	426.9	421.6
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Fish and Game Fund 1024)	111.4	441.3	436.6	432.0	426.9	421.6
TOTAL	111.4	441.3	436.6	432.0	426.9	421.6

Estimate of any current year (FY96) cost: \$

0.0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	1	1	1	1	1
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Expenditures included in this bill result from purchase of necessary tags, postage, and personnel costs.

The Licensing staff would be required to administer the issue, vendor collection receipts, return of unused stock for reconciliation of a vendor's account of king salmon locking tags, and administer the process to replace lost stock by licensees or grant or deny refunds. This additional work load would be covered by five months of salary for an Administrative Clerk I. This would be a new position.

See attached pages for assumptions made in revenue and operational expenditure calculations.

Prepared by: Kevin Delaney by JRB

Division: Sport Fish

Phone: 465-4180

Date: 2/16/96

Approved by Commissioner: Glen Bunn for

Agency: Fish and Game

Date: 2/17/96

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FISCAL NOTE Continuation

Page 2 of 3

Bill Number HB 390 (revised 2/16/96)**Title: King salmon tags and stamps / guide for alien****1.) Operational Expenditures:**

- Personal Services (Admin Clerk I for 5 months) **\$13.1**
- Contractual (Postage, etc.) **\$1.3**
- Supplies (Purchase of 500,000 locking tags) **\$50.0**

2.) Assumptions used for license and king salmon stamp revenue calculations:

- Revenue calculations are based on 1995 sales statistics.
- Approximately 25% of sport fish license sales occur in the first half of a given calendar year (based on 3 year average 1993-1995) With this in mind, FY 97 revenues are only 25% of calculated total for calendar year.
- Annual license and king salmon stamp sales growth is estimated at 2% for revenue projections.
- There will be an initial 5% reduction in all nonresident license sales and king salmon stamp sales.
- Purchase of annual king salmon stamps will be reduced an additional 70% from 1995 levels. Equal numbers of that 70% will purchase 3-day and 1-day king salmon stamps.
- Purchase of 3-day king salmon stamps will be reduced an additional 25% from 1995 levels. That 25% will purchase a 1-day king salmon stamp.
- There will be no additional reduction in the number of 1-day king salmon stamps purchased.
- Baseline revenue from 1995 will be used for 1997 and projected assuming a 2% increase per year.
- Net revenue calculations will be based on a comparison between baseline revenue (expanded from 1995) and revenue projections calculated assuming HB390 is enacted January 1, 1997.

Sport Fish License and King Salmon Stamp Sales Comparison

DESCRIPTION	# SOLD 1995	REVENUE 1995	# SOLD 1997	REVENUE 1997	REVENUE NET (+/-)
Nonresident Sport Fish	22497	1124.8	21372	1068.6	(56.2)
Nonresident 14 day Sport Fish	80377	2411.3	76358	2290.7	(120.6)
Nonresident 3 day Sport Fish	58083	871.2	55179	827.7	(43.5)
Nonresident 1 day Sport Fish	61704	617.0	58619	586.2	(30.8)
Nonresident Hunt and Sport Fish	1050	52.5	998	49.9	(2.6)
Nonresident Hunt and 14 day SF	1702	51.1	1617	48.5	(2.6)
Nonresident Military Sport Fish	4809	72.1	4569	68.5	(3.6)
Nonresident King Salmon Stamp	32994	1154.8	9403	329.1	(825.7)
Nonresident 3 day KS Stamp	27230	408.4	30371	455.6	47.2
Nonresident 1 day KS Stamp	31832	318.3	47677	476.8	158.5
Totals		7081.5		6201.6	(879.9)

FISCAL NOTE Continuation

Page 3 of 3

Bill Number HB 390 (revised 2/16/96)**Title: King salmon tags and stamps / guide for alien****3.) Assumptions used for king salmon tag revenue calculations:**

- Calculations based on 1994 harvest statistics.
- Annual sales of king salmon tags will increase at a rate of 1% after 1997.
- A total of 100406 king salmon were caught by nonresident anglers in 1994.
- There were 42240 nonresidents who caught 1 or more kings in 1994.
- Of the nonresidents who caught at least one king salmon, 20% would purchase a tag for a second king salmon. In S.E. Alaska this would constitute one days limit, in S.C. Alaska this would be two days of fishing.
- Only 10% of those who purchased the second tag would purchase a third tag. (assuming that majority of people are satisfied fishing for one day in S.E. from cruise ships, or are happy with two charter trips in S.C.)
- Of those who purchased a third tag, 50% will purchase a fourth. This percentage (50%) will remain constant for all further tag purchases. (To people who have purchased a third tag, money is probably less a concern than catching additional fish.)
- Everyone who purchases a tag will catch a fish to fill that tag (100% catch success).
- Approximately 25% of sport fish license sales occur in the first half of a given calendar year (based on 3 year average 1993-1995) With this in mind, FY 97 revenues are only 25% of calculated total for calendar year.

Actual Numbers of King Salmon Caught by Nonresident Anglers in 1994

King salmon harvested per angler	Number of anglers harvesting the king salmon	Total king salmon harvested
1	17606	17606
2	10598	21196
3	5403	16209
4	4445	17780
5	1565	7825
6+	2623	19790
Totals	42240	100406

Nonresident King Salmon Tag Revenue Calculations

Number of People	Number of Fish Caught	% Who Will Purchase Tag for an Additional Fish	Number of Tags Purchased	Tag Revenue (\$)
42240	1	20	8448	844.8
8448	2	10	845	169.0
845	3	50	423	126.9
423	4	50	212	84.8
212	5	50	106	53.0
106	6	50	53	26.5
53	7	50	27	13.5
27	8	50	14	7.0
Total Revenue				1325.5

Net Revenue Calculations by Fiscal Year

Description		FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
w/ HB 390	license	1550.4	6325.6	6452.1	6581.2	6712.8	6847.1
w/ HB 390	tags	331.4	1338.8	1352.1	1365.7	1379.3	1393.1
w/o HB 390	license	1770.4	7223.1	7367.6	7514.9	7665.2	7818.6
Net (+/-)		111.4	441.3	436.6	432.0	426.9	421.6



Alaska State Legislature

Please enter into the record my testimony to the House Special Comm. Fisheries
committee name
committee on HB 390, dated March 11, 1996.
bill/subject

I have been a resident of Sitka, AK,
most of my life. Me & my family rely on
Salmon & Halibut for a healthy food source.
Because of all the unnatural ingredients
contained now in most meats, our way
to enjoy meat w/out unwanted chemicals
is by substituting it w/ healthy fish. This
Bill that is being considered would stop any
fishing done by my family and many others
because of the outrageous cost. Why shouldn't
non-residents deserve the same access to the resource

Signed: _____

Testifier

that my family & I currently enjoy ???

Representing (Optional)

Martin D. Welsh

Address

1614 DAVIDOFF ST. SITKA, AK, 99835

Phone No.

(907) 747-8705 / 6430



Alaska State Legislature

Please enter into the record my testimony to the House special committee on fisheries
committee name
committee on HB 390, dated Mar 11, 1996
bill/subject

I have only lived in Sitka for one year, and I plan on staying forever. I am very opposed to House Bill 390, because it's very discriminatory. ^{fishing} Sport ^{not} should pertain to the wealthy only. The poor and middle class Americans should be able to equally enjoy Alaska's resources such as King Salmon as well.

Signed:

Allysa Monique Weidenhof
Testifier

Myself

Representing (Optional)

1614 Davidoff Street Sitka, AK 99835

Address

(907) 747-6430

Phone No.

SCOMM

95:32



Alaska State Legislature

House of Representatives Special Committee on Fisheries

SPONSOR STATEMENT SSHB 397 FISHERY RESOURCE LANDING TAX & SEAFOOD MARKETING ASSESSMENT

Summary

This legislation is designed to more precisely align the current fisheries resource landing tax (AS 43.77) with the fisheries business tax (AS 43.75) and the ASMI seafood marketing assessment provisions (AS 16.51). This is needed to avoid future legal questions and add a measure of fairness to the tax. Specifically, SSHB 397 clarifies that the landing tax is an occupational tax and equalizes tax rates and credits with the fisheries business tax.

In SSHB 397, the 3.3 percent landing tax which includes .3 percent for ASMI is reestablished to a 3 percent landing tax with a separate .3 percent seafood marketing assessment application. This separates the marketing assessment in the landing tax statutes and equalizes the landing tax with the shore-based fisheries business tax.

Throughout SSHB 397, the term "purchased" is replaced with "produced" in order to eliminate the loophole of those who do not specifically purchase seafood and thereby avoid the ASMI assessment. Then, in Section 14, the word "produced" is then defined to include "purchase, production, landing, or export of a fisheries resource." The point of valuation at which the product is taxed the ASMI assessment does not change with this legislation.

Also, this legislation specifies that a person subject to the landing tax is liable for the .3 percent seafood marketing assessment and that all persons who produce less than \$50,000 in seafood products per calendar year would be exempt from the assessment. This encourages small operator value added processing.

The provisions in SSHB 397 retroactively apply effective January 1, 1994.

Background

Two years ago the Legislature passed the Fishery Resource Landing Tax which established a tax on offshore fisheries which landed product in Alaska. Prior to January 1, 1994, these fishery resources were not subject to any Alaska state fishery tax.

The landing tax provisions apply to fishery resources that are caught and processed outside Alaska's three mile jurisdiction and thereafter brought into the state and first landed in this state. As currently in statute, the Landing Tax levies a 3.3% tax on the value of the unprocessed resource which is landed in Alaska for shipment to market elsewhere.

The 3.3 percent is the same percentage applied to shore-based fisheries businesses under the Fisheries Business Tax and the ASMI provisions combined. Of the 3.3 percent landing tax, ASMI receives .3 percent of the tax collected. 50 percent of the tax revenues collected (excluding the ASMI portion) are shared with local governments. This mirrors the fisheries business tax municipal sharing.

The fisheries business tax has been around since 1949 and applies to those fishery resources that are either caught or processed in Alaska's waters. The landing tax does not apply to fishery resources subject to the fisheries business tax.

Update

The American Factory Trawler Association filed suit on February 17, 1994 in the State Superior Court claiming the Landing Tax discriminated against interstate commerce. The Superior Court dismissed the case for failure to exhaust administrative remedies. The case is now being tried administratively in the Department of Revenue.

**SELECTED MATERIAL FROM COURT DOCUMENTS
REGARDING CHALLENGE TO LANDING TAX
BY AFTA**

AFTA SUPERIOR COURT COMPLAINT

- p. 4, Paragraph 9 AFTA alleges the landing tax is not an occupation tax nor is it a compensating tax, that it imposes a higher tax rate than under the fisheries business tax, that it imposes a higher tax rate on developing species compared to the fisheries business tax, and that it fails to provide credits found in the fisheries business tax.

AFTA REPLY MEMORANDUM

- p. 12 and 14 AFTA argues the landing tax is a tax directly on goods or property rather than an occupation tax as argued by the state.
- p. 23-33 AFTA argues that the landing tax discriminates against interstate commerce in that the landing tax does not complement the fisheries business tax, that the tax rates are higher under the landing tax, that the landing tax levies a higher tax on developing species, and that the landing tax fails to grant tax credits granted to fisheries business taxpayers.

CURRENT STATUS

AFTA members filed suit directly in Superior Court asking the court to rule that AS 43.77 is unconstitutional. On September 26, 1994, the Superior Court concluded that AFTA members must first exhaust administrative remedies with the Department of Revenue before the court will hear the case. The Alaska Supreme Court affirmed the Superior Court decision on May 10, 1995. The AFTA members are currently pursuing administrative remedies within the Department of Revenue with depositions scheduled to begin in February leading to a formal hearing this summer.

**Alaska Department of Revenue
Income and Excise Audit Division**

SB 298

Fish Landing Tax/Seafood Marketing Assessment

9-LS1663\C

February 19, 1996

Page 4 of 4

Revenue

Department of Revenue cannot feasibly estimate the amount of contributions for education or capital expenditures which would qualify for credits under this bill. Revenue projections are based on past experiences of the department pertaining to both credit programs.

Education credit. Assuming that landing taxpayers make education contributions equivalent to fisheries business taxpayers for FY 95, the department estimates that credits claimed under this program would result in a **\$150,000 loss** per year. Note that this amount may increase as the department has seen significant increases in education credits claimed over the past few fiscal years.

Capital expenditures credit. In estimating the revenue impact of this credit program, the department based its projections on a similar credit program which applied to the fisheries business tax in the late 1980s. Credits for capital expenditures claimed against fisheries business tax liabilities during those years averaged 25% of total liabilities. Assuming that the magnitude of capital expenditure credits would be the same as for the fisheries business tax, the department estimates that credits claimed under this program would result in a **\$1.5 million loss** per year ($\$6.1$ FY 95 landing tax revenue (3% portion) x 25%). Credits will not be claimed until FY 98 when 1997 calendar year returns are due.

Total revenue loss from credit programs under this bill is estimated to be **\$1.65 million loss** when both programs are in effect beginning in FY 98.

**ALASKA DEPARTMENT OF REVENUE
INCOME AND EXCISE AUDIT DIVISION**

February 20, 1996

SSIB 397 - Fish Landing Tax / Seafood Marketing Assessment

Overview

Estimating the potential revenue loss from adding the education tax credit and Winn Brindle Scholarship credit. Detailed on the attached schedule is the a two year history of tax credits taken, sorted by tax program. Also listed is the percentage of the annual total tax that was lost due to credits. For example, in FY95 education credits taken against fishery business tax was \$150,400 compared to a total tax liability to the state (before credits) of \$39,600,000. Thus 4 tenths of one percent (.4) of the liability was claimed as a credit. In calculating the potential revenue loss due to tax credits we have decided to the percentage of tax revenues lost to tax credits in prior years as a guide.

Estimated Amount of Tax Credits

Education credit - the average percentage of revenue lost (based on corporate, insurance and fisheries business) for FY95 was .7%. The total revenue collected in for the fishery landing tax in FY95 was \$7.3 million. Thus the estimated revenue loss is \$51,000.

Winn Brindle Scholarship Credit - the percentage of revenue lost for the fisheries business tax in FY95 was 1.1%. The total revenue collected in for the fishery landing tax in FY95 was \$7.3 million. Thus the estimated revenue loss is \$80,300.

Alaska Department of Revenue
Income and Excise Audit Division

Education Credits Claimed in FY 94 and 95

Tax Type	Reference	FY 95	% of GF Revenue	FY 94	% of GF Revenue
Education Credit					
Corporation Net Income	AS 43.20.014	\$ 1,306,300	0.7%	\$ 796,300	1.3%
Insurance Premium	AS 21.89.070	285,900	1.0%	N/A*	N/A*
Fisheries Business	AS 43.65.018	150,400	0.4%	500	0.0%
Mining License	AS 43.75.018	150,000	30.4%	150,000	48.1%
Oil and Gas Production	AS 43.55.019	86,500	0.0%	140,700	0.0%
Oil and Gas Property	AS 43.56.018	0	0.0%	20,100	0.0%
Total		<u>\$ 1,979,100</u>		<u>\$ 1,107,600</u>	

**Insurance premium education credit was authorized by the 1994 Legislature. First-year credits were claimed in FY 95.*

Winn Brindle Scholarship Credit

Fisheries Business	AS 43.75.032	\$ 446,200	1.1%	\$ 398,900	1.2%
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STATE OF ALASKA

DEPARTMENT OF REVENUE

TONY KNOWLES, GOVERNOR

INCOME AND EXCISE AUDIT
P. O. BOX 110420
JUNEAU, AK 99811-0420
FAX: (907) 465-2375

DEPARTMENT OF REVENUE POSITION PAPER

ON CSSSHB 397(FIN)

FISHERY RESOURCE LANDING TAX/SEAFOOD MARKETING ASSESSMENT

CSSSHB 397(FIN) addresses a number of the issues raised by the offshore trawler fleet in the litigation over the constitutionality of the Fishery Resource Landing Tax ("FRLT"). The FRLT was enacted by the legislature in 1994. The amendments to the FRLT provisions resulting from the bill would resolve those issues and strengthen the state case in the litigation.

Specifically, CSSSHB 397(FIN) contains a legislative findings, intent, and purpose provision to clarify that the FRLT is an occupation tax to complement the Fisheries Business Tax. These findings are consistent with the intent of the legislature in enacting the FRLT. In complementing the Fisheries Business Tax, the bill makes it clear that the tax applies to a person who engages in a fisheries business in the state which includes any part of the business of harvesting, processing, transportation, or delivery of a fishery resource. This amendment specifically rejects the argument of the offshore trawler fleet that the FRLT is an unconstitutional property tax on the mere movement of processed fisheries resources through the state.

CSSSHB 397(FIN) also reduces the FRLT rate from 3.3% to 3%. The .3% rate reduction is the Alaska Seafood Marketing Institute ("ASMI") levy which is moved to the ASMI provisions in AS 16.51. Since the amendments are to have retroactive application, the only effect is to reallocate the levy of the total 3.3% between the FRLT and ASMI provisions. No new tax or tax liabilities are imposed by this change. This amendment extinguishes the argument of the offshore trawler fleet that the FRLT rate of 3.3% unconstitutionally discriminates against interstate commerce because it exceeds the 3% shore based rate applicable to instate fisheries business. It also addresses the argument that the .3% rate cannot be comparable to the tax paid by shore based fisheries businesses to ASMI because the offshore trawler fleet has no representation or voice in ASMI. The amendment gives the offshore trawler fleet the same representation and voice as possessed by other fisheries businesses.

CSSSHB 397(FIN) reduces the FRLT rate on developing species to 1%, and provides an education credit and Winn Brindle credit. These changes have a minimal

revenue impact. This rate reduction and credit scheme is already a part of the Fisheries Business Tax, bringing the FRLT into alignment with those provisions, and defeats the argument of the offshore trawler fleet that the failure to provide these provisions under the FRLT is an unconstitutional discrimination.

CSSSHB 397(FIN) also moves the due date of the ASMI return to March 31 to conform to the Fisheries Business Tax and FRLT return due dates. In addition to this technical change, the bill makes a number of housecleaning amendments to harmonize the ASMI provisions. However, the ASMI tax base is unchanged and a FRLT taxpayer would use the value determined under the FRLT provisions and a Fisheries Business taxpayer would use the value determined under the Fisheries Business provisions. In both instances, the values are unprocessed or raw fish values. The word "produce" in the bill does not effect a change to the use of a value based on a processed product.

The Department concurs with the bill sponsor that this legislation will resolve serious legal questions as well as add a measure of fairness to the FRLT. **The Department strongly supports CSSSHB 397(FIN) and urges its passage.**

**DEPARTMENT OF REVENUE
INCOME & EXCISE AUDIT DIVISION
SECTIONAL ANALYSIS OF
CS FOR SPONSOR SUBSTITUTE FOR HB NO. 397(FIN)
A BILL FOR AN ACT ENTITLED**

"An Act relating to the fishery resource landing tax and to the seafood marketing assessment; and providing for an effective date."

Section 1 provides a statement of the legislative findings, intent, and purpose for the imposition of the landing tax. The proviso confirms those findings made by the Department of Revenue in regulations adopted contemporaneous in time with the enactment of the landing tax legislation. This section will make it clear that the landing tax is a compensatory fisheries occupation tax on in-state activities that is intended to complement the fisheries business tax under AS 43.75. Section 1 will strengthen the state position in litigation since it encompasses findings that are currently being disputed by the trawler industry.

Sections 2 through 6 amend AS 16.51.120 to substitute the word "produce" for "purchase". Currently, the seafood marketing assessment is levied on the value of products purchased in Alaska. A processor pays the assessment on a percentage of the value the processor paid for the seafood products. The levy of the assessment on seafood products purchased based on value paid by the processor arguably might not encompass the custom processor and exporter situations where the purchase is not made by the processor. It also would not fit the landing of fishery resources. The value of seafood products produced is addressed in Section 11 to include all these situations.

Section 7 amends AS 16.51.120 by adding a subsection to exempt from the assessment processors, as defined in Section 13, who produce less than \$50,000 in value of seafood products. The tax liability under AS 43 would be unaffected by this exemption. This exemption is consistent with current law.

Sections 8, 9 and 10 are conforming amendments to AS 16.51.130 and AS 16.51.150 to substitute the word "produce" for "purchase".

Section 11 amends AS 16.51.150 by adding new subsections to provide that the value of seafood products produced is the sum of the values under AS 43.75.015 (fisheries business tax), AS 43.75.100 (export and custom processor situations under fisheries business tax), and AS 43.77 (landing tax). Thus, the value used for purposes of the Alaska Seafood Marketing Institute ("ASMI") assessment will be the identical value used for purposes of AS 43.

Section 12 amends AS 16.51.160 to correspond with the change from purchase to produce. In addition, a technical correction is made to move the return due date from April 1 to March 31 to correspond to the due dates for fisheries business and landing tax returns.

Section 13 repeals and reenacts AS 16.51.180(3) to define a processor as a person who processes, custom processes, or exports fishery resources and is liable for the fisheries business tax under AS 43.75, or who is liable for the landing tax under AS 43.77.

Section 14 amends AS 16.51.180 by adding a new paragraph to define "produce" as an activity upon which a fisheries business or landing tax liability is imposed. In conjunction with taxpayers other than those subject to the tax under AS 43.75.015 being made subject to AS

16.51, an "eligible processor" is defined as a person liable for the assessment levied under AS 16.51.120. This gives equal voting and other rights under AS 16.51 to all persons liable for the ASMI assessment.

Sections 15 through 20 make technical amendments to the education credit provisions throughout AS 43 to include the landing tax education credit in the combined \$150,000 limitation.

Section 21 amends AS 43.77.010 by using language similar to that found in AS 43.75 to articulate that the tax applies to a person who engages or attempts to engage in a fisheries business in the state. This provision corroborates the Department of Revenue position that the tax is a business occupation tax, as opposed to a property tax on the resource as argued by the trawler industry.

This section also reduces the tax rate from 3.3% to 3% to coincide with the fisheries business shore based tax rate under AS 43.75. As originally enacted, the 3.3% tax rate was composed of a 3% tax and a .3% ASMI levy. The trawler industry attacked the 3.3% as imposing a higher rate under AS 43.77 than is imposed under AS 43.75. This amendment extinguishes that argument by removing the ASMI levy from AS 43.77 to achieve equal tax rates under both AS 43.77 and AS 43.75.

The tax rate for a developing commercial fish species is established at 1% of the value of the fishery resource. Developing fish species are those species designated by Fish and Game under AS 16.05.050. These developing species are eligible for a 1% tax rate under the fisheries business tax provisions. The trawler industry argued that AS 43.77 imposed an unconstitutionally higher tax burden than was imposed under AS 43.75 for these species. The amendment addresses that argument and corrects an unintended consequence of the original legislation.

Section 22 amends AS 43.77 by adding a new provision to provide a tax credit for certain contributions to the A.W. Winn Brindle memorial scholarship account. This credit is identical to the credit allowed under the Fisheries Business Tax provisions in AS 43.75. The dollar for dollar credit may not exceed 5% of the Landing Tax liability.

Section 23 amends AS 43.77 by adding a new provision to provide an education credit identical to that contained in AS 43.75 and other state tax provisions. The trawler industry argued that the failure to provide equal credits in AS 43.77 was unconstitutional. The amendment addresses that argument and corrects an unintended consequence of the original legislation.

Sections 24 and 28 amend the revenue sharing provision in AS 43.77.050 to repeal the ASMI allocation under AS 43.77 consistent with the amendments in Section 21. All tax revenue will continue to be deposited into the general fund with Community Development Quota tax credits paid from revenue otherwise shared with municipalities.

Section 28 would also repeal, in conformity with value under Section 11, the present definition of value in AS 16.51.180(6).

Section 25 amends AS 43.77.060 to add a new provision to provide that tax revenue collected shall be calculated as if the tax had been collected without application of the education and Winn Brindle credits. The effect of this provision is to hold the municipalities harmless from the effect of the credit in determining revenue sharing. The state will absorb the revenue impact of the credits.

Section 26 amends AS 43.77.200 to define "engages or attempts to engage in a floating fisheries business in the state" as any part of the comprehensive occupation of harvesting or taking, processing, transportation, or delivery of a fishery resource.

Section 27 provides that the ASMI portion of the current landing tax is to be applied by the Department as a credit against the ASMI assessment that is retroactively imposed under Sec. 27. In practice, the retroactive imposition of the ASMI assessment under AS 16 will only amount to a reallocation of monies paid under AS 43.77 to AS 16.51.

Section 29 provides that the act is retroactive to January 1, 1994. This retroactive application does not create an additional tax liability on any person and effectively averts some of the constitutional arguments advanced by the trawler industry.

Section 30 provides that the act takes effect immediately.

AMENDMENT

OFFERED IN THE HOUSE

TO: SSHB 397

1 Page 7, after line 9:

2 Insert a new bill section to read:

3 **"* Sec. 22. AS 43.77 is amended by adding a new section to read:**

4 **Sec. 43.77.035. TAX CREDIT FOR SCHOLARSHIP CONTRIBUTIONS.**

5 (a) A fisheries business is entitled to a credit of not more than five percent of the
6 landing tax liability under AS 43.77.010 for contributions made during the tax year
7 to the A. W. "Winn" Brindle memorial scholarship account under AS 14.43.250. A
8 tax credit under this section may not be approved for more than 100 percent of a
9 scholarship contribution.

10 (b) The department may not approve a tax credit under this section if the
11 fisheries business claiming the credit is in arrears in the payment of the landing tax
12 under AS 43.77.010. For purposes of this subsection, a taxpayer is not in arrears if
13 the payment is under administrative or judicial appeal.

14 (c) The department shall prepare an application form for a credit under this
15 section.

16 (d) The department shall approve or disapprove an application for a credit
17 under this section not later than 60 days after receiving the application."

18 **Renumber the following bill sections accordingly.**

19 Page 8, after line 4:

20 Insert a new bill section to read:

21 **"* Sec. 25. AS 43.77.060 is amended by adding a new subsection to read:**

22 (e) For purposes of this section, tax revenue collected under AS 43.77.010
23 from a person entitled to a credit under AS 43.77.035 or 43.77.045 shall be calculated

- 1 as if the person's tax had been collected without applying the credits."
- 2 Renumber the following bill sections accordingly.

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**DEPARTMENT OF REVENUE
INCOME & EXCISE AUDIT DIVISION
SECTIONAL ANALYSIS OF SPONSOR SUBSTITUTE FOR HB NO. 397
A BILL FOR AN ACT ENTITLED**

"An Act relating to the fishery resource landing tax and to the seafood marketing assessment; and providing for an effective date."

Section 1 provides a statement of the legislative findings, intent, and purpose for the imposition of the landing tax. The proviso confirms those findings made by the Department of Revenue in regulations adopted contemporaneous in time with the enactment of the landing tax legislation. This section will make it clear that the landing tax is a compensatory fisheries occupation tax on in-state activities that is intended to complement the fisheries business tax under AS 43.75. Section 1 will strengthen the state position in litigation since it encompasses findings that are currently being disputed by the trawler industry.

Sections 2 through 6 amend AS 16.51.120 to substitute the word "produce" for "purchase". Currently, the seafood marketing assessment is levied on the value of products purchased in Alaska. A processor pays the assessment on a percentage of the value the processor paid for the seafood products. The levy of the assessment on seafood products purchased based on value paid by the processor arguably might not encompass the custom processor and exporter situations where the purchase is not made by the processor. It also would not fit the landing of fishery resources. The value of seafood products produced is addressed in Section 11 to include all these situations.

Section 7 amends AS 16.51.120 by adding a subsection to exempt from the assessment processors, as defined in Section 13, who produce less than \$50,000 in value of seafood products. The tax liability under AS 43 would be unaffected by this exemption. This exemption is consistent with current law.

Sections 8, 9 and 10 are conforming amendments to AS 16.51.130 and AS 16.51.150 to substitute the word "produce" for "purchase".

Section 11 amends AS 16.51.150 by adding new subsections to generally provide that the value of seafood products produced is the sum of the values under AS 43.75.015 (fisheries business tax), AS 43.75.100 (export and custom processor situations under fisheries business tax), and AS 43.77 (landing tax). Thus, the value used for purposes of the ASMI ("ASMI") assessment will be the identical value used for purposes of AS 43.

Section 12 amends AS 16.51.160 to correspond with the change from purchase

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to produce. In addition, a technical correction is made to move the return due date from April 1 to March 31 to correspond to the due dates for fisheries business and landing tax returns.

Section 13 repeals and reenacts AS 16.51.180(3) to define a processor as a person who processes, custom processes, or exports fishery resources and is liable for the fisheries business tax under AS 43.75, or who is liable for the landing tax under AS 43.77.

Section 14 amends AS 16.51.180 by adding a new paragraph to define "produce" as an activity upon which a fisheries business or landing tax liability is imposed. In conjunction with taxpayers other than those subject to the tax under AS 43.75.015 being made subject to AS 16.51, an eligible processor is defined as a person liable for the assessment levied under AS 16.51.120. This gives equal voting and other rights under AS 16.51 to all persons liable for the ASMI assessment.

Sections 15 through 20 make technical amendments to the education credit provisions throughout AS 43 to include the landing tax education credit in the combined \$150,000 limitation.

Section 21 amends AS 43.77.010 by using language similar to that found in AS 43.75 to articulate that the tax applies to a person who engages or attempts to engage in a fisheries business in the state. This provision corroborates the Department of Revenue position that the tax is a business occupation tax, as opposed to a property tax on the resource as argued by the trawler industry.

This section also reduces the tax rate from 3.3% to 3% to coincide with the fisheries business shore based tax rate under AS 43.75. As originally enacted, the 3.3% tax rate was composed of a 3% tax and a .3% Alaska Seafood Marketing Institute levy. The trawler industry attacked the 3.3% as imposing a higher rate under AS 43.77 than is imposed under AS 43.75. This amendment extinguishes that argument by removing the ASMI levy from AS 43.77 to achieve equal tax rates under both AS 43.77 and AS 43.75.

The tax rate for a developing commercial fish species is established at 1% of the value of the fishery resource. Developing fish species are those species designated by Fish and Game under AS 16.05.050. These developing species are eligible for a 1% tax rate under the fisheries business tax provisions. The trawler industry argued that AS 43.77 imposed an unconstitutionally higher tax burden than was imposed under AS 43.75 for these species. The amendment addresses that argument and corrects an unintended consequence of the original legislation.

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Section 22 amends AS 43.77 by adding a new provision to provide an education credit identical to that contained in AS 43.75 and other state tax provisions. The trawler industry argued that the failure to provide equal credits in AS 43.77 was unconstitutional. The amendment addresses that argument and corrects an unintended consequence of the original legislation.

Sections 23 and 26 amend the revenue sharing provision in AS 43.77.050 to repeal the ASMI allocation under AS 43.77 consistent with the amendments in Section 21. All tax revenue will continue to be deposited into the general fund with Community Development Quota tax credits paid from revenue otherwise shared with municipalities.

Section 26 would also repeal, in conformity with value under Section 11, the present definition of value in AS 16.51.180(6).

Section 24 amends AS 43.77.200 to define "engages or attempts to engage in a floating fisheries business in the state" as any part of the comprehensive occupation of harvesting or taking, processing, transportation, or delivery of a fishery resource.

Section 25 provides that the ASMI portion of the current landing tax is to be applied by the Department as a credit against the ASMI assessment that is retroactively imposed under Sec. 27. In practice, the retroactive imposition of the ASMI assessment under AS 16 will only amount to a reallocation of monies paid under AS 43.77 to AS 16.51.

Section 27 provides that the act is retroactive to January 1, 1994. This retroactive application does not create an additional tax liability on any person and effectively averts some of the constitutional arguments advanced by the trawler industry.

Section 28 provides that the act takes effect immediately.

Table 9 - Fishery Resource Landing Tax

	FY 95	FY 94 *	FY 93 *	FY 92 *	FY 91 *	Total All Years
Borough						
Aleutians East	\$ 3,641	-	-	-	-	\$ 3,641
Kenai Peninsula	10,315	-	-	-	-	10,315
Kodiak Island	18,533	-	-	-	-	18,533
Yakutat	3,266	-	-	-	-	3,266
Total Boroughs	35,756	-	-	-	-	35,756
City						
Atka	8,511	-	-	-	-	8,511
Kodiak	60,164	-	-	-	-	60,164
Saint Paul	229,839	-	-	-	-	229,839
Sand Point	1,042	-	-	-	-	1,042
Seward	45,036	-	-	-	-	45,036
Unalaska	2,512,253	-	-	-	-	2,512,253
Total Cities	2,856,845	-	-	-	-	2,856,845
GRAND TOTAL	\$2,892,601	-	-	-	-	\$2,892,601
Number of Communities Subject to Sharing						
	10	0	0	0	0	10
Additional Sharing with DCRA **						
	\$89,195	N/A	N/A	N/A	N/A	\$89,195

* Fishery resource landing tax took effect January 1, 1994. Calendar year 1994 landing tax returns were due June 30, 1995.

** As part of the fisheries resource landing tax statute enacted by the 1993 legislature, section 43.77.060(d) authorizes sharing 50% of fisheries resource landing tax revenue for landings in the unorganized borough (Ch 67 SLA 1993). DCRA is responsible for disbursing the 50% share of revenue to eligible communities.