

1124

HRES

HCR

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HCR

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120

COMMITTEE REPORT

HOUSE

FURTHER:

January 19, 1979

Date: _____

Mr. Speaker:

The Committee on RESOURCES has had HOK L

directing the Legislative Council to conduct a study relating to the extent of foreign investment in Alaska's fisheries.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten notes]

[Handwritten signature]
CHAIRMAN

HCR

9

BILL	LETTER/PHONE	INFORMED	HEARING DATE
HCR 9	3/5/79	Commerce Dept. - Julius Brecht,	3/8/79
		Dir. of Banking Division to testify	
	3/8	John Williams, Leg. Affairs	3/8

December 15, 1978

The Honorable Terry Gardiner
House of Representatives
Pouch J
Juneau, Alaska 99811

Dear Mr. Gardiner:

I recently read Pat Dougherty's article on the Alien Disclosure Law in the December 7-13, 1978 issue of the Alaska Advocate. An insert entitled "Division Omits alien disclosure law" appeared in that article relating to this division's administration of the law and is enclosed for your information.

I believe the insert is inaccurate and does not clearly state what steps the division has in fact taken to administer the law since its enactment in 1975.

The following steps are taken as a matter of course to ensure that the requirements of AS 10.05.255, 10.05.615 and 10.05.702 relating to alien affiliates are met:

1. When articles of incorporation for a domestic corporation are received, they are reviewed by the Corporations Section within this division pursuant to AS 10.05.255. If the 5% shareholder or alien affiliate requirements are not met (no reference to alien affiliates in the articles or otherwise disclosed), a letter is mailed to the person requesting the filing of the articles stating that alien affiliates must be disclosed, or if there are none, disclose that fact. The articles would, of course, be rejected if any of the other requirements of AS 10.05.255 were not met. In addition the requestor is informed that the articles will be held in the Corporations Section for 30 days awaiting his response. However, if after 30 days the required information is not received, the articles are returned to the requestor. Similar steps are taken regarding the 5% shareholder requirement.
2. When an application for certificate of authority is received from a foreign corporation, it is reviewed pursuant to 10.05.615. Every item must be completed, including the alien affiliate and 5% shareholder requirement. If any item on the application is omitted, the application is returned to the sender with a letter of explanation.

3. Annual reports are reviewed for completeness pursuant to AS 10.05.702. Every item on the report form is checked for answers, including the alien affiliate and 5% shareholder requirements. If the report is not completed, it is returned to the sender along with a letter of explanation. In previous years, when any item was omitted the report was accepted and a letter was sent requesting the additional information.

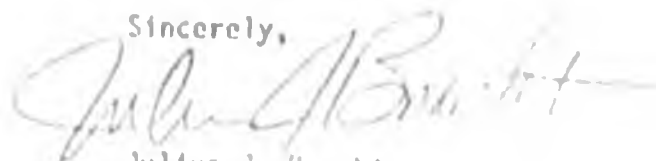
As a further inducement to corporate officers to provide correct information on future annual reports, a paragraph will be added to the reports in the next publication informing the officer filling out the form of the penalties imposed upon officers and directors by AS 10.05.706 for nondisclosure or falsification of information on the annual report filed with the department.

Recently, the division completed the conversion of a portion of its data base to an on-line computer automated system. Thirty-five types of information on each of the approximately 12,000 corporations on file with the division are now maintained in the State's computer in Juneau, enabling the division to provide vastly improved maintenance of the files and quicker response to requests from the public including members of the press. It may be possible depending on funding to have computer terminals elsewhere in the State from which requestors can obtain up-to-date information on corporations on file with the division.

Last month, the annual reports were addressed by computer. The computer is also used to generate several special reports, including a list of those corporations with alien affiliates, those with 5% shareholders, those with the same state of domicile, those with the same purpose, and various others. It will also produce the Corporate Directory, which previously was compiled using a "mag card" typewriter and took approximately two months just to type. Now the report can be produced overnight. In addition, various certificates relating to corporations are also produced.

In summary, I believe that the division has administered the law in question in a reasonable and professional fashion. I would be happy to discuss this matter with you further at your convenience. I look forward to seeing you in Juneau next month.

Sincerely,



Julius J. Krocht
Director

JJP/slp

cc: H. Phillip Hubbard

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

JAY S. HAMMOND, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811

March 9, 1979

Honorable Alvin Osterback
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Osterback:

RE: HCR-9

In my testimony before the House Resources Committee yesterday, I indicated that I had a copy for the committee of a letter which I had sent to Rep. Terry Gardiner regarding the article on foreign affiliates which appeared in the December 7-13, 1978 issue of the Alaska Advocate. Please find a copy of that letter dated December 15, 1978 enclosed.

I would also like to take this opportunity to express again that the division has, in my view, uniformly administered the foreign affiliate reporting requirement of AS 10.05.702(9) and has not devised nor used a definition of "affiliate" different from that stated in AS 10.05.825(18).

Unfortunately, Mr. Williams, who appeared after me at the hearing yesterday apparently did not grasp these simple points. The Alaska Advocate article was incorrect in this regard as well. Some of the confusion on their part stems from the annual report form used by the department. A copy is enclosed for your information.

I believe that if you review the department's corporation annual report form, you will conclude that Item 10 of that form simply is not in any way a definition. It simply restates the language of AS 10.05.702(9). It is true that there was an ambiguity regarding foreign affiliates in the 1977 annual report forms. However, that problem has been remedied in the present form.

The only change contemplated with regard to foreign affiliates on republication of the annual report forms next year, is to make specific reference to AS 10.05.786 which sets out the penalties for a false filing with the department.

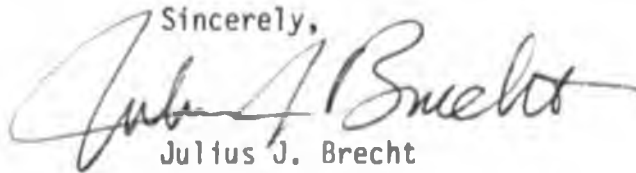
March 9, 1979

The department is enforcing the foreign affiliate law by the only effective means available:

1. rejecting articles of incorporation which do not address the issue;
2. refusing to register foreign corporations which do not address the issue in their filings, and
3. rejecting annual reports of both foreign and domestic corporations that do not respond to Item 10 of the annual report form.

I can empathize with the committee's interest in obtaining information of foreign affiliates in the fishing industry. I stand ready to answer further questions that the committee may have on foreign affiliates and invite you and the committee members to inspect the corporations filing office within this division at your convenience.

Sincerely,



Julius J. Brecht
Director

JJB/cw5/3

Enclosure

State of Alaska
Department of Commerce & Economic Development
Corporations
Pouch D
Juneau, Alaska 99811

FIRST CLASS
PERMIT NO. 83
JUNEAU, ALASKA

TO

CORPORATION FRANCHISE TAX STATEMENT

CORPORATION ANNUAL REPORT

Dear Corporation Taxpayer:

Enclosed is your corporate franchise tax statement and the annual report form to be completed and returned to this office before February 1. The corporation franchise tax is \$50.00 for domestic corporations and \$100.00 for foreign corporations (incorporated outside the State of Alaska). Tax and report must be submitted together. Tax will not be accepted without completed report.

Please follow the instructions printed on the reverse side of the form. The instruction numbers coincide with the numbered spaces on the face of the annual report.

To avoid assessment of late filing fees and penalties please file timely and attach remittance as required. Thank you for your cooperation.

Corporations Section
Department of Commerce
and Economic Development
465 2530 or 465 2531

Enc: Corp. Franchise Tax Statement
and Annual Report Form

**CORPORATION FRANCHISE TAX STATEMENT
DUE ANNUALLY JANUARY 2**

If postmarked after February 1, a penalty of \$25.00 is assessed on the tax plus a penalty on the annual report of 10% of the tax

Fee: Foreign - \$100.00 Total fee after February 1: Foreign - \$137.50
Domestic - \$ 50.00 Domestic - \$ 82.50

YEAR	DATE	NO	AMOUNT RECEIVED
		X 10347	



For Use By The Commissioner Only

RETURN WITH REMITTANCE TO:

State of Alaska
Department of Commerce & Economic Development
CORPORATION SECTION
Pouch D
Juneau, Alaska 99811

**MAKE CHECKS PAYABLE TO DEPARTMENT
OF COMMERCE & ECONOMIC DEVELOPMENT**

TO ASSURE PROPER CREDIT, THIS NOTICE MUST BE RETURNED WITH
YOUR REMITTANCE YOUR CANCELLED CHECK IS YOUR RECEIPT

Do Not Detach For Office Use Only

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
CORPORATIONS SECTION
POUCH D JUNEAU, ALASKA 99811

AUTHORITY AS 10.05.699
(Type or print legibly)

ANNUAL REPORT

NO. **X 10347**

FOR YEAR ENDING DECEMBER 31, 19 _____

NAME OF CORPORATION _____ File No. _____

1 CORPORATION IS ORGANIZED UNDER THE LAWS OF THE STATE OR COUNTRY OF _____

2 ADDRESS OF PRINCIPAL CORPORATION OFFICE _____

3 REGISTERED AGENT _____ (FILE CHANGE ON FORM 08 1B4)

4 REGISTERED OFFICE IN ALASKA _____ (FILE CHANGE ON FORM 08 1B4)

6 CHARACTER OF BUSINESS IN WHICH CORPORATION IS ACTUALLY ENGAGED IN ALASKA _____

8 AGGREGATE NUMBER OF SHARES WHICH CORPORATION HAS AUTHORITY TO ISSUE, ITEMIZED BY CLASSES, PAR VALUE OF SHARES, SHARES WITHOUT PAR VALUE, AND SERIES, IF ANY, WITHIN A CLASS

NUMBER OF SHARES	CLASS	SERIES	PAR VALUE PER SHARE

7 AGGREGATE NUMBER OF ISSUED SHARES, ITEMIZED BY CLASSES, PAR VALUE OF SHARES, SHARES WITHOUT PAR VALUE AND SERIES IF ANY WITHIN A CLASS

NUMBER OF SHARES	CLASS	SERIES	PAR VALUE PER SHARE

8 THE AMOUNT OF STATED CAPITAL AS OF THE CLOSE OF BUSINESS ON DECEMBER 31 \$ _____

9 YOU MUST FURNISH THE NAMES AND ADDRESSES OF BOTH DIRECTORS AND OFFICERS IF DIRECTORS AND OFFICERS ARE THE SAME PEOPLE WRITE IN "SAME" IN THE DIRECTORS AREA

	NAME	COMPLETE ADDRESS
DIRECTORS	1	
	2	
	3	
OFFICERS	1	
	2	
	3	

10 ATTACH AS EXHIBIT A THE NAME AND ADDRESS OF EACH NON-RESIDENT ALIEN AFFILIATE IF YOU HAVE NONE INDICATE IN THE SPACE PROVIDED (SEE REVERSE FOR EXPLANATION)

11 ATTACH AS EXHIBIT B A NAME AND ADDRESS OF EACH PERSON HAVING A DIRECT OWNERSHIP OR CONTROL OF AT LEAST 5 PERCENT OF THE SHARES OR 1 PERCENT OF ANY CLASS OF SHARES AND THE PERCENTAGE OF SHARES OWNED BY THAT PERSON EXHIBIT B SHALL COVER THE OWNERSHIP AS OF SEPTEMBER 30 OF THE REPORTING PERIOD IF YOU HAVE NONE INDICATE IN THE SPACE PROVIDED

DATED _____ 19 _____

COMPANATE SEAL

BY _____

TITLE _____

ATTESTED BY _____

For information only, see the instructions for Form 990-E.

Form 990-E is required by 26 CFR 1.1001-2 and 765

Due Date: The return is due on or before the 15th day of each year. If postmarked after February 1, a penalty of 5% of the tax due will be assessed for each month or part of a month that the return is late. A penalty of the annual report of 10% of the tax due.

Total late fee after February 1: Foreign \$137.50 Domestic \$ 82.50

NOTICE: If Corporation Franchise Tax will not be accepted without the annual report.

Where to file: The annual report must be filed with the DEPARTMENT OF COMMERCE, CORPORATION SECTION, 100 N. BROAD ST., PHOENIX, AZ 85004. The reports and tax payments are made within the pre

LETTER FORM TO THE CORPORATIONS SECTION FOR FILING ANNUAL REPORTS

THE REPORT MUST BE COMPLETE IN FULL OR IT WILL BE RETURNED UNFILED. The return must be postmarked April 1 or \$7.50

Pre-printed data: The pre-printed data is provided for your convenience. The pre-printed data is based on the information you provided on the previous year's return. Note any changes or corrections to the data. Some changes require filing

CORPORATIONS MUST MAINTAIN A REGISTERED AGENT AND OFFICE ARE REQUIRED FOR INCORPORATION. ANY CHANGE MUST BE FILED WITH THE STATE. CHANGE OF REGISTERED AGENT AND/OR OFFICE MUST BE FILED FOR THIS PURPOSE AND MUST BE

IDENTIFY THE COMMON PREFERRED) THIS NUMBER IS THE NUMBER OF THE ARTICLES OF INCORPORATION OR AMENDMENT

to 1, which have been issued to date

The same individual cannot be registered as an agent for more than one corporation. The same individual may have the same number

resident alien or a corporation that owns 10% or more of the percentage of outstanding

of the corporation (see item 7)

one officer and the corporate

Article 8. Annual Reports.

Section

- 702. Contents of annual report
- 705. Filing of annual report of domestic and foreign corporations

Sec. 10.05.702. Contents of annual report. The annual report shall set out

(8) the name and address of each affiliate which is a nonresident alien or a corporation whose place of incorporation is outside the United States and the percentage of outstanding shares controlled by each affiliate

(9) the name and address of a person owning at least five per cent of the shares, or five per cent of any class of shares, and the percentage of the shares or class of shares owned by that person.

(am § 5 ch 145 SLA 1975; am § 14 ch 170 SLA 1976)

Effect of amendments. -- The 1975 amendment added paragraph (8). The 1976 amendment, effective January 1, 1977, added paragraph (9). As the rest of the section was not affected by the amendments, it is not set out.

Legislative committee report. -- For report on ch 145, SLA 1975 (CSSR 376 am H) see 1975 Senate Journal, p. 1028

HCR9

Sec. 10.05.705. Filing of annual report of domestic and foreign corporations. (a) The annual report of a domestic and foreign corporation shall be filed with the department and is due January 2 of each year. It is delinquent if not filed on or before February 1. Delinquent returns are subject to the penalty prescribed in § 771 of this chapter. However, the first annual report of a domestic or foreign corporation shall be filed with the commissioner and is due January 2 of the year succeeding the calendar year in which its certificate of incorporation or its certificate of authority, as the case may be, was issued by the commissioner.

(b) Proof to the satisfaction of the commissioner that before February 1 the report was deposited in the United States mail in a sealed envelope, properly addressed with postage prepaid, is compliance with (a) of this section.

(c) If the commissioner finds that the report conforms to the requirements of this chapter, he shall file it. If he finds that it does not conform to the requirements of this chapter, he shall promptly return it to the corporation for necessary corrections. If the report is corrected to conform to the requirements of this chapter and returned to the commissioner in sufficient time to be filed before April 1 of the year in which it is due, the penalties for failure to file the report within the time provided in § 771 of this chapter do not apply. (§ 119 ch 120 SLA 1957; am § 1 ch 99 SLA 1969)

Director,
Div. of Banking, Securities,
& Corp's.

Julius Brecht 465-2521

AS 10.05.255 Articles of incorporation

(a) The articles of incorporation shall set forth:

(13) the name and address of each affiliate which is a nonresident alien or a corporation whose place of incorporation is outside the U.S.

AS 10.05.825 (18) "affiliate" means a person that directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, a

corporation subject to this chapter

(19) "controls" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract, or otherwise

Does Commerce Dept actually collect all information which they are required to collect under those statutes?



CORPORATION FRANCHISE TAX STATEMENT

Dear Corporation Taxpayer:

Enclosed is your corporate franchise tax statement and the annual report form to be completed and returned to this office before February 1. Corporation Franchise fee is \$50.00 for Domestic Corporations and \$100.00 for Foreign Corporations (incorporated outside the State of Alaska).

Please follow the instructions printed on the reverse side of the form. The instruction numbers coincide with the numbered spaces on the face of the annual report.

To avoid assessment of late filing fees and penalties please file timely and attach remittance as required. Thank you for your cooperation.

Corporations Section
Department of Commerce
and Economic Development
465 2570 or 465-2581

Enc: (1) Corp. Franchise Tax Statement
(2) Annual Report Form

***** IMPORTANT NOTICE *****

ALL CORPORATIONS ARE REQUIRED TO COMPLY WITH AS 10.05.702 ON THIS REPORT. ATTACH AS EXHIBIT 'B' THE NAME AND ADDRESS OF EACH PERSON HAVING A DIRECT OWNERSHIP OR CONTROL OF AT LEAST 5 PERCENT OF THE SHARES OF 5 PERCENT OF ANY CLASS OF SHARES AND THE PERCENTAGE OF SHARES OWNED BY THAT PERSON. EXHIBIT 'B' SHALL COVER THE OWNERSHIP LIST AS OF SEPTEMBER 30 OF THE REPORTING PERIOD.

RETURN WITH REMITTANCE TO:

CORPORATION FRANCHISE TAX STATEMENT
DUE ANNUALLY JANUARY 2

No. 22529

State of Alaska
Department of Commerce & Economic Development
Corporations
Pouch D
Juneau Alaska 99811



AMOUNT DUE

Domestic 50 00
Foreign 100 00

ADD \$25.00 to this statement for
penalty if not paid by February 1

To assure proper credit this notice must be returned
with your remittance. Your cancelled check is your
receipt.

AMOUNT RECEIVED	DATE
For Use By The Commissioner Only	

Do Not Detach For Office Use Only

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
CORPORATIONS SECTION
POUCH D JUNEAU ALASKA 99811

AUTHORITY AS 10.05.699

FOR YEAR ENDING DECEMBER 31, 19 _____

- CORPORATION IS ORGANIZED UNDER THE LAWS OF THE STATE OR COUNTRY OF _____
- REGISTERED AGENT _____
- REGISTERED OFFICE IN ALASKA _____
- ADDRESS OF PRINCIPAL CORPORATION OFFICE _____
- CHARACTER OF BUSINESS IN WHICH CORPORATION IS ACTUALLY ENGAGED IN ALASKA _____

YOU MUST FURNISH THE NAMES AND ADDRESSES OF BOTH DIRECTORS AND OFFICERS. IF DIRECTORS AND OFFICERS ARE THE SAME PEOPLE WRITE IN SAME IN THE DIRECTORS AREA

	NAME	COMPLETE ADDRESS
DIRECTORS	1	
	2	
	3	
OFFICERS	1	
	2	
	3	

(IF MORE THAN THREE ATTACH LIST)

6. AGGREGATE NUMBER OF SHARES WHICH CORPORATION HAS AUTHORITY TO ISSUE, Categorized by classes, PAR VALUE OF SHARES, SHARES WITHOUT PAR VALUE, AND SERIES, IF ANY, WITHIN A CLASS

NUMBER OF SHARES	CLASS	SERIES	PAR VALUE PER SHARE

7. AGGREGATE NUMBER OF ISSUED SHARES, Categorized by classes, PAR VALUE OF SHARES, SHARES WITHOUT PAR VALUE, AND SERIES, IF ANY, WITHIN A CLASS

NUMBER OF SHARES	CLASS	SERIES	PAR VALUE PER SHARE

8. NET ASSET OF STATE CAPITAL AS OF THE CLOSE OF BUSINESS ON DECEMBER 31 _____

9. STATE AS EXHIBIT A. PLEASE ADD ADDRESS OF EACH REPRESENTATIVE (IF YOU HAVE NONE INDICATE IN THE SPACE PROVIDED) (SEE REVERSE FOR DEFINITION)

NAME OF _____

BY _____

TITLE _____

APPROVED BY _____

Follow supplies for all Domestic and Foreign Corporations

ALASKA CORPORATION FRANCHISE TAX

Due: Between January 2 and February 1 of each year. If paid after February 1 a penalty of \$25.00 is assessed.

Fee: Foreign - \$100.00
Domestic - \$50.00

ALASKA ANNUAL REPORT

Due: Between January 2 and February 1 the annual report must be filed with the DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT. The reports and tax payments are made within the prescribed time if postmarked on or before the due date.

INSTRUCTIONS FOR FILING ANNUAL REPORTS
(Do not respond with report)

All items are required by law. THE REPORT MUST BE COMPLETE IN FULL OR IT WILL BE RETURNED UNFILED FOR COMPLETION.

1. All corporations must maintain a registered agent and office in the State of Alaska. This agent and office are designated in the Articles of Incorporation. Any change must be reported to this department with a Change of Registered Agent and/or Office. Forms are available from the office and are submitted with the appropriate filing fee.

2. Be descriptive in filing the report. Instructions please note also.

3. List all officers and directors giving their complete mailing addresses. At least 3 directors are required by Alaska Statute. The same individual cannot be President and Secretary.

4. List number of authorized shares by class (common preferred). This is the same as amount authorized in the Articles of Incorporation or Amended Articles.

5. Requires the report of all shares of authorized capital stock which have been issued to date.

6. State Capital (A, B, & C)

7. "All persons who are citizens or residents of Alaska which is a nonresident alien or a corporation organized under the laws of the United States and the percentage of ownership of each class of shares."

8. Report must be filed with the Department of Commerce and Economic Development or signed by one officer and the corporation.

- REMEMBER
- 1. RE-FILE
 - 2. BE
 - 3. BE
 - 4. BE
 - 5. BE
 - 6. BE
 - 7. BE
 - 8. BE
- FOR THIS OFFICE
OF C PERIOD.
ARE PROVIDED.
THE COPY

9. If the specified time for a corporation is not met, involuntary dissolution action.

Sec. 10.05.825. Definitions. In this chapter, unless the context otherwise requires,

(1) "commissioner" means the commissioner of commerce and economic development;

(3) "department" means the Department of Commerce and Economic Development;

(18) "affiliate" means a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, a corporation subject to this chapter;

(19) "controls" (including "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract, or otherwise;

(20) "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government, or a political subdivision of a government;

(21) "reorganization" means a "reorganization" as that word is defined by § 368(a)(1)(A)—(D) of the Internal Revenue Code of 1954 as it exists on the effective date of this Act.

(am § 6 ch 145 SLA 1975; am § 62 ch 218 SLA 1976)

Effect of amendment.

The 1975 amendment added paragraphs (18) through (21).

The 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of commerce" in paragraph (1) and "Department of Commerce and Economic Development" for "Department of Commerce" in paragraph (3).

As the rest of the section was not affected by the amendments, it is not set out.

Editor's note. — Section 7, ch. 145, SLA 1975, provides: "It is the intent of the legislature to adopt the definitions for 'affiliate' and 'control' as those terms are in use and have been interpreted by the United States Securities Exchange Commission on the effective date of this Act."

Legislative committee report. — For report on ch. 145, SLA 1975 (CSSB 376 am H), see 1975 Senate Journal, p. 1028.

scribed time if postmarked on or before the due date.

MAIL THE COMPLETED FORM TO THE CORPORATIONS SECTION
INSTRUCTIONS FOR FILING ANNUAL REPORTS
(Numbers correspond with report)

All items are required by law. **THE REPORT MUST BE COMPLETE IN FULL OR IT WILL BE RETURNED UNFILED FOR COMPLETION.** Annual Reports returned for completion must be postmarked April 1 or \$7.50 late filing fee is assessed. AS 10.05.771

This form has been revised for use with the computer-based Corporation Data Systems. The pre-printed data Item 1, 2, 3, 4 & 6 are as they appear on the corporate file. Please verify these data. Note any changes or corrections on the form or as an attachment. Do not erase the pre-printed data. Some changes require filing additional forms or amendments.

2. Domestic corporations must report the principal office address.
3. & 4. **VERIFY THE AGENT AND OFFICE AS SHOWN. ALL CORPORATIONS MUST MAINTAIN A REGISTERED AGENT AND OFFICE IN THE STATE OF ALASKA. THE AGENT AND OFFICE ARE ORIGINALLY DESIGNATED IN THE ARTICLES OF INCORPORATION. ANY CHANGE MUST BE APPROVED BY THE DEPARTMENT BY FILING A CHANGE OF REGISTERED AGENT AND/OR OFFICE. FORM CG 154 IS AVAILABLE FROM THIS OFFICE FOR THIS PURPOSE AND MUST BE SUBMITTED WITH THE APPROPRIATE FILING FEE.**
5. Be descriptive as to type of business, if inactive please note also.
6. **VERIFY NUMBER OF AUTHORIZED SHARES BY CLASS (COMMON PREFERRED). THIS NUMBER, AS STATED IN THE ARTICLES OF INCORPORATION OR AMENDED ARTICLES CHANGES MUST BE SUBMITTED BY AMENDMENT.**
7. List all classes of stock (preferred and common) which have been issued to date.
8. **Stock Certificates defined by AS 10.05.825 (12) (A), (B) & (C).**
9. List all officers and directors giving their complete mailing addresses. (The same individual cannot be President and Secretary.) A corporation having less than three shareholders may have the same number of directors as shareholders. (AS 10.05.177)
10. List all subsidiaries and affiliates of each affiliate which is a nonresident alien or a corporation organized in any jurisdiction outside the United States and the percentage of outstanding shares owned by the corporation.

11. List all addresses as described if shares are issued (see Item 7)

This report must be signed by officers of the corporation or is signed by one officer and the corporate secretary.

1. TYPE OR PRINT LEGIBLY
2. BE SURE REPORT IS SIGNED AND TAX ATTACHED
3. BE SURE REPORT ARRIVES IN THIS OFFICE

FOR THE DEPARTMENT OF REVENUE

HCR

50

AGU 12-022

Hearing 3/20/80 Tabled

3/24/80 - HCR 50 withdrawn
by the sponsor



American Fisheries Society

ESTABLISHED 1870

March 20, 1980

The Honorable Hugh Malone
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Malone:

Thank you for the opportunity to comment on House Concurrent Resolution 50. The American Fisheries Society is an international organization of over 8,000 fisheries, aquatic science professional, lay and student members. Chartered in 1870, the American Fisheries Society is the world's oldest and largest scientific group dedicated to the advancement of fisheries science and the conservation of renewable aquatic resources. As time was short it was impossible to canvass the entire Alaskan membership. It was possible to contact 29 percent of the membership by phone, and 86 percent of those members contacted were in favor of HC 50 and 9 percent were against the resolution with 5% having no opinion. Most of the membership contacted had not seen your letter of March 7. This testimony will attempt to summarize, those thoughts expressed most often by the members.

Several of the members expressed concern that if this resolution passed it would preclude involvement or participation by individuals and groups now currently involved in the salmon enhancement program. The entire issue is extremely complex and it is not the intent of the Alaska Chapter of the American Fisheries Society to prevent or discourage participation from others in the salmon program. The concern of the members centers around the quality of the program and not individual "territory" of the participants. The comment most frequently mentioned was that "the salmon resource in Alaska is a public resource, should remain that way and should be managed as such." The salmon resource is extremely valuable to the State and management of that resource should only be done by qualified professionals hired specifically for that purpose. Along this same line of thinking were comments that proper checks, balances and adequate review is absolutely necessary if this publicly owned renewable resource is to be properly managed to the benefit of all.

It is generally felt that adequate "grass roots" public (user) participation is a necessary element in the check and balance system. Presently there are adequate and numerous avenues for any person or group to influence the allocation and management process. Allocation of harvest cannot and should never be placed solely in the hands of the users or the managers.

The Board of Fisheries does a remarkably fine job of handling the allocation of the salmon resource. Current statutes require Regional Aquaculture Associations to jointly develop Regional Comprehensive Plans with the Department of Fish and Game. This process is adequate and can work nicely as evidenced by the recently completed draft Regional Comprehensive Plan for Southeast Alaska.

Almost all those members contacted expressed their concern that the complexity of the science of dealing with the salmon ecosystem is not appreciated fully by many lay people. The ecosystem is dynamic, extremely complex and not fully understood. Salmon husbandry is a valid and viable tool with which the salmon ecosystem can be positively influenced for man's benefit. The techniques employed, however must be carefully and scientifically interwoven with the natural ecosystem so that possible negative impacts are reduced or eliminated. The final area about which opinions were expressed was user participation. The concept of "those who benefit most should pay most" is well established in Alaska and seems well accepted by the fishing community. Through existing statutes, participation is required for planning and allowed for enhancement facilities (hatcheries.) In order to finance this participation, however, the users are left largely to their own devices to collect revenue. The social, institutional and legal barriers have prevented this concept from working efficiently.

In summary, the fisheries professionals feel that the salmon resource is a public resource and should be managed accordingly. They feel that there should be one salmon program. This position is not meant to preclude participation by any individual group or agency. However, the staff hired to implement that program must be highly trained professionals. The right "mix" of disciplines is absolutely necessary. Proper checks, balances and control through the legislative and implementation process cannot be compromised. It is unfair and certainly inefficient to expect the resource users to remove all the barriers and provide their own mechanism to participate in the salmon program financially. The legislature should provide the legal framework to allow financial participation by those who benefit most from the salmon resource and wish to participate in the salmon program.

On behalf of the Alaska Chapter of the American Fisheries Society I wish to thank you and the House Resources Committee for the opportunity to provide this testimony.

Sincerely,


S.A. Moberly, President
Alaska Chapter, American Fisheries Society



THE
AMERICAN
FISHERIES
SOCIETY



MEMBERSHIP BROCHURE

5410 Grosvenor Lane
Bethesda, Maryland 20014

AMERICAN FISHERIES SOCIETY

The American Fisheries Society is an international organization of 7,000 fisheries and aquatic science professional, lay, and student members. Chartered in 1870, AFS is the world's oldest and largest scientific group dedicated to the advancement of fisheries science and the conservation of renewable aquatic resources. The Society's executive offices are headquartered in the Washington, D.C. area with its sub-units operating throughout most of North America.

To achieve its goals, AFS has a far reaching program of activities that include:

- Publication and distribution of fisheries science materials
- Support of expanded and improved fisheries research
- Improvement of fisheries science education
- Strengthening of fisheries scientists' professional standards
- Improved social recognition and economic compensation for fisheries scientists
- Effort toward the elimination of aquatic pollutants
- Improvement and extension of fish cultural practices and developments
- Identification and control of fish health problems
- Management of fisheries resources for optimum sustainable yield
- Preparation for and conduct of fisheries science meetings
- Political activities in support of favorable legislative and fisheries policies

AFS is a nonprofit, tax-exempt corporation controlled by the membership, governed by an elected Executive Committee and presided over by an elected President. The Society holds membership meetings at widely scattered North American locations in August or September of each year, where members who are unable to attend may be represented by proxy.

Geographically, the Society is partitioned into four Divisions, with these in turn divided into a total of 48 local Chapters. In addition, the Society has several discipline Sections. New Sections and Chapters are added as the need arises. Membership is therefore optional and necessitates a small additional dues payment.



Geographic Divisions of AFS and Local Chapters in Each

NORTHEASTERN DIVISION

Atlantic International Chapter
Central European Chapter
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New York Chapter
Northern New England Chapter

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Alaska Chapter	Humboldt Chapter
Arizona-New Mexico Chapter	Idaho Chapter
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Florida Chapter	Florida Chapter
Florida Chapter	Florida Chapter
Florida Chapter	Florida Chapter

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Michigan Chapter	Upper Missouri River Chapter
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SECTIONS
(AFS Interest-Discipline Groups)

Fish Health

Fish health professionals who foster research, organize conferences, share fish health news, certify inspectors, and maintain a roster of fish health specialists.



Fish Culture

AFS members advancing aquacultural science and technology through research, workshops, publications, and a registry of qualified fish culture professionals.



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Water Quality

Pollution control and research professionals improving performance standards, focusing attention on water quality problems, and establishing a registry of water quality experts.



RETURNS ON YOUR MEMBERSHIP INVESTMENT

Publications:



This bimonthly scientific journal of AFS has been published continuously since 1970. It contains reports of fisheries and aquatic science research.

Other Publications:

Members receive an annual membership directory. They may purchase copies of monographs, conference proceedings, and other fisheries publications, most at special member prices. (See end panel of the brochure.)

Support of More Equitable Salary Structure for the Fisheries Biologist



Organized Environmental Activism in Support of Aquatic Resources



AFS represents its members in written and verbal testimony before legislative and administrative bodies, consulting in pertinent aquatic environmental issues.



The Society strengthens professional standards by certifying fisheries scientists through professional ethics and providing forums for the exchange of scientific and management information.



MEMBERSHIP ELIGIBILITY

Membership is open to anyone interested in the progress of fisheries science and education and the conservation and management of fisheries resources.

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Application for Membership

TO American Fisheries Society
2410 Grosvenor Lane
Bethesda, Maryland 20814

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(Kindly make checks payable to American Fisheries Society in U.S. currency or equivalent).

Note: Only members of the State Police, Sheriff, State Wildlife Departments, and Boards and Commissions. Retired membership is for those members 62 years of age or older. A student application must be endorsed by a teacher who declares the applicant is enrolled as a student. Student membership is available to all members. Sustaining membership is a class for conservation clubs, commercial firms, or individuals desiring to give the Society a permanent contribution. A class of Patron is available to those making contributions of a stipulated amount.

AFS PUBLICATIONS ORDER

- R. F. Smith, Chair. Mar. 1968. 154 pp. \$2
- 3rd ed. R. W. Bailey, ed. 150 pp. \$4. Paper Members—\$2.
- 5th ed. 377. 528 pp. \$7.95
- ed. 1970. 330 pp. \$3.45
- G. E. Hall, ed. 1971. 330 pp. \$4.95
- F. W. Poede, ed. 1975. 89 pp. \$4. Monograph #1 —
- D. Merriman & L. M. Thorne, eds. 1976. 252 pp. \$6. Members—\$5.50 for 1 copy only.
- AFS & USFCC. 1976. 22 pp. \$2
- Boise, ID. 1976. \$20 (2 volume set).
- Fishery, Forestry, Wildlife & Related Occupations. W. J. Hoagman. 1977. 36 pp. \$3. What is needed where to get it, contacts for jobs. Targeted all levels — HS to grad. students & from tech. grades through professional.
- Proceedings of a Symposium March 5-6, 1976. E. Schwiebert, ed. 160 pp. \$10. (Members—\$8 for 1 copy only).
- G. Post, ed. Fish Health Section. AFS. 1977. 48 pp. \$5.
- E. A. Guillion, ed. 1968. 202 pp. \$1.
- A Career Guide for the Field of Fisheries Science. 1974. Single copy—25¢, each additional copy—10¢.
- 1300 Silver & 1900 Bronze struck by U.S. Mint in 1969. Silver — \$10. Bronze — \$3.50.

Northern Southeast Regional
Aquaculture Association, Inc.

P.O. BOX 286 SITKA ALASKA 99834

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March 20, 1980

TESTIMONY SUBMITTED TO HOUSE RESOURCE COMMITTEE
ON HOUSE CONCURRENT RESOLUTION NO. 50

Gentlemen:

I regret that I can not be present to testify, but I am frantically trying to get my boat ready for fishing on April 1. On the other hand, I don't know why it should be necessary to testify. It seems that we fishermen have followed the legislature's lead in forming our self-help program, and you keep asking us to come back and tell you that we are really serious, that in fact we took your legislation serious. All I can say is, hell yes we're serious.

I feel that the aquaculture associations have proven themselves. I am speaking for Sitka, since I've been with that Association since we kicked the idea around over three years ago and now how it works. I would like to tell you what we have accomplished and Dr. Tom will be reading this letter, so you can be assured of that. I can elaborate on it.

we can show you some impressive progress in any program. I'll tell you about some of the.

For starters, fishermen demonstrated their support by voting to assess themselves \$1 to support the associations. For another, we conducted the most thorough public involvement program to date to find out

what fishermen want before we started spending money. This information not only helped us in planning our projects, but we gave the information to you in writing in the comprehensive regional salmon plan. Phase I of the Plan was just finished and we'll be giving you all copies soon.

As for this comprehensive salmon plan, which we did jointly with SSRAA and ADF&G through the Regional Planning Team you created a couple years ago, this Association put the first draft together, pulling in everyone's ideas -- fishermen, Fish and Game, Forest Service, sportsmen, you name it. I want to say Fish and Game really got on the ball for us. By successfully writing the first draft, which you probably know is the roughest work, we proved how we can get everyone to talk to us and work with us. SSRAA followed up with much hard work in putting the plan into good shape. I think when you see it, you'll agree that it is the best salmon plan you've ever seen written for our region in Southeastern.

Another project all of us fishermen are really proud of is the lake and stream survey program to do some lake stocking in a big way. We were lucky to hire the best expert in this field to design and run the project for us. Dick Crone, who started the whole program at Little Fort Walter years ago, and who is writing a book on it right now, put this project together for us last year. He apparently impressed people so much we got lots of help. Fish and Game stepped in and gave us equipment, materials, and helped us look over samples we collected. The Forest Service, which was the primary sponsor of the program, is very willing to help us and has provided us with \$40,000.

worth of help, in manpower, boat and airplane travels, and all sorts of other things. The Forest Service and Fish and Game will help us again this year, with the Forest Service throwing in \$60,000 this time. Of course, we fishermen could not possibly do this job without that kind of help, but you can see how we worked as a middleman and got everybody lined up in the same direction.

We are planning two hatcheries, one at Salmon Creek in Juneau for chum and coho salmon, and one in Sitka Sound to produce young coho to stock in the lakes we choose. Both hatcheries are what we call "cheapies" -- we wanted them to produce the most fish for the least money. Prince William Sound and Sheldon Jackson have already proven that inexpensive hatcheries do work.

We've done all of this in spite of the fact that we received very little money, because the lawsuit froze-up what was collected. We have survived day to day on small loans and grants from the State and a small amount of assessment money. We could never have survived under such conditions without fishermen support, including thousands of donated hours for organization and planning, and work such as surveying spawning streams. Also, it's taken lots of public support, cooperation and facilities from agencies, free positions from agencies such as CETA and VISTA, and an exceptional and dedicated staff, in particular our general manager Derek [redacted]. You know, for awhile we had five fundraisers working, and four of them were paid for by federal programs. Our staff got pretty good at doing a lot with very little, and as long as our organization is doing a bunch of hard-headed things, that will continue.

The aquaculture associations were created by State law, and encouraged and supported by the State. We have come a long way in the face of many obstacles. I feel the State has a moral obligation to see this program through. If they drop the ball just as we are on the verge of putting some fish in the water, they are going to face a bunch of goddamn mad fishermen.

Here's a program that won't cost the taxpayer a nickel once it gets going. In a year of budget surpluses and requests for handouts on all sides, here is one group which only asks for the right to do something for themselves. We are not asking for public monies to fund our entire program, or our organization would have no justification. If our original assessment monies had come to us, as was voted on, this hearing would never have been necessary. With the legal problems that have developed with the assessment, we have depended on state loans and grants as front monies to carry us through, and it looks like one more round will be needed. But once the legal roadblocks are removed, grants will no longer be necessary.

You told us we should help ourselves, and we told the fishermen out there that we'll do just that - to put more fish in the water. I hope you'll help us live up to our word.

Thank you.

Dexter H. [unclear]
President, [unclear]

DHK:jd

If & When **HCR50** is re-scheduled

notify: Bruce Wing - Fishery Research Biologist
789-7231

and Dick Myren
789-7231

Stan Moberly

✓ Geron Bruce

STATE OF ALASKA
THE LEGISLATURE

POUIN V. STATE CAPITOL
JUNEAU, ALASKA 99811

HOUSE OF REPRESENTATIVES

TO RESOURCES COMMITTEE

REMARKS:

Please return your committee copy
of HCR 50 which has been withdrawn
at the request of the sponsor, to
Julie at the Chief Clerk's Office.
Thanks.

FROM Chief Clerk's DATE 3/24

LAA 25-H

March 20, 1980

Statement for NMFS, Auke Bay Laboratory
Concerning HCR-50

Mr. Chairman, Members of the House Resources Committee: My name is Bill Heard. I am Coordinator of the Salmon Aquaculture Research Program at the Auke Bay Laboratory. This Laboratory is under line authority of the Northwest and Alaska Fisheries Center, one of four regional research centers of the National Marine Fisheries Service (NMFS). The Laboratory also works and coordinates closely with the NMFS Alaska Regional Office headquartered here in Juneau. I would like to read a prepared statement before your group regarding some of the issues raised in your covering letter of March 7, 1980, introducing HCR No. 50.

I wish to emphasize that I will only address some of the issues--specifically those that speak to matters of (1) technological aspects of salmon aquaculture; (2) overall welfare of Alaska's salmon resources; and (3) the high level of professionalism needed in managing Alaska salmon including the planning, design, implementation and integration of sound, rational aquaculture programs into comprehensive management plans. Most issues raised in the proposed resolution and letter speak almost totally to socio-political aspects of aquaculture, matters in which my agency does not have a direct role. NMFS does not manage lands in Alaska nor do we manage the fisheries within the State's waters. NMFS is directly involved in the Offshore Troll Fishery involving principally chinook and coho salmon by virtue of the Fishery Conservation and Management Act of 1976. Also NMFS is directly concerned with interception issues, notably those involving the United States and Canada where salmon originating in one country are caught by the other.

NMFS's primary role in Alaska aquaculture is one of supportive research; of providing sound technical and scientific support for orderly development of balanced hatchery and enhancement programs carefully integrated into comprehensive management approaches. Our Laboratory currently operates two experimental aquaculture facilities: at Auke Creek near Juneau and at Little Port Walter on the south end of Baranof Island. Both have been involved for the past decade with formal cooperative research programs between ADF&G and NMFS. A considerable volume of scientific research results on aquaculture in Alaska has resulted from these arrangements, touching such varied subjects as salmon egg incubator design, incubator substrate materials, fungus control, saltwater rearing pens, lake stocking, short-term rearing, floating raceways, brood stock development, terminal harvest strategies, vaccine testing, release time and size studies, and direct comparisons and interactions between wild and hatchery salmon. Additionally our staff has participated in the State's sockeye rehabilitation project at Lake Nunavugaluk in Bristol Bay and we have had informal research and advisory arrangements with Regional Aquaculture Associations as well as small non-association hatchery operators. Much of our research emphasis has been recently redirected toward the ecology of young salmon in estuaries, to learn the causes of variable marine survival in both wild and hatchery produced fish. Along with our programmed research, we frequently make technical comments on questions addressed to us from State and private hatcheries. Although NMFS as an agency is not involved in production hatchery programs in Alaska we will not hesitate to express concern and caution when aquaculture developments or practices are not founded on the best available technology or appear to jeopardize some portion of the salmon resource.

Specifically addressing some of the issues raised in the covering letter:

(1) Are we in danger of replacing wild with artificial stocks?

Mr. Chairman, in my opinion, it would be a very sad day for Alaska if this prospect ever became even a remote possibility. Unlike many other states and countries of the North Pacific Rim, Alaska is not yet forced into either hatchery salmon or no salmon. We must all strive to maintain this option by vigilance in protecting habitat and ecosystems that produce our wild salmon resources. Careful management by the stock concept can ensure continuation of wild stocks in concert with enhancement and development of artificial stocks.

The single most important salmon management principle that has slowly evolved over the years is the stock concept. This principle emphasizes the unique nature of each individual stock of salmon and seeks to adjust the harvest according to the strength of each stock. Weak stocks thus receive needed protection while strong stocks are more intensively harvested. The importance of hereditary and environmental factors in the evolution of wild stocks and wild stock interaction with artificial stocks must be foremost in decisions for management actions. Although the history of our salmon runs has been one of wide fluctuations, Alaska as yet has not suffered extensive irreplaceable habitat losses, as a result of industrialization, urbanization, watershed deterioration, or impounding of streams and rivers.

The core issue is not whether to focus only on natural or artificial production but how best to blend the two together to minimize the impact on wild stocks. Given increased understanding and improvements in aquaculture technology, the option to skillfully apply this knowledge should not be lost. In 1980 something between 2.5 and 3.0 billion juvenile salmon will be released from aquaculture programs around the Pacific Rim. Less than 5 percent of that amount will come from Alaska. Given the near certainty that ocean rearing areas of most Alaska salmon are not now fully utilized and given the fact that other states and nations are striving to increase their use of the available ocean carrying capacity for salmon it is important and logical for Alaska to field an active, effective aquaculture effort. Conversely, however, Alaska cannot afford indiscriminant and cavalier construction of hatcheries or other enhancement schemes. Skillful application requires scientific and social finesse in determining the appropriateness of (1) species emphasis at each location, (2) specific technology to use, (3) scope of production, (4) siting parameters, (5) harvesting strategies, and (6) interactions between other stocks and species in addition to interactions between competing user groups--all issues for which this committee is seeking answers.

(2) How many hatcheries are enough? Are we moving too fast with aquaculture efforts?

Many people do feel Alaska is trying to go too far too fast with its salmon hatchery programs. Certainly the decade of the 1970's could be called a "Decade of Hatchery Development" in the State. Perhaps the 1980's should be directed toward a "Decade of Hatchery Performance and Evaluation." The number of hatcheries and other enhancement programs and the rate of their development should be consistent with proven scientific and technical knowledge and our demonstrated ability to apply this knowledge to integrated management schemes that maintain and enhance our all-important wild stocks.

How can we maximize the benefits of artificial salmon production without jeopardizing wild stocks and yet continue to rebuild depressed natural runs? There are many aspects to this question but two principles go a long way toward achieving this goal. First we must minimize direct interaction between hatchery and wild stocks. Secondly when interactions do occur, we must carefully bias effects of the interaction in favor of the natural runs.

Hatcheries or other enhancement programs can have many positive effects on Alaska salmon fisheries, but perhaps two are most significant. A well planned, properly located and successful hatchery will produce returning fish; some will be available for harvest in existing fisheries, but of more importance are the special fisheries that may be required in terminal areas and the use of the fish after hatchery stocks separate from other stocks. Most Alaska hatcheries will be located at or near

tidewater and on simple stream systems, avoiding complicated upstream hatchery stock-wild stock mixtures in major rivers. Secondly, because hatchery stocks can sustain greater harvest rates than wild stocks, well thought-out management strategies are critical in dealing with mixtures of wild and hatchery fish. Both the fisheries manager and the fishermen he regulates will become increasingly aware of the necessity to adjust harvests to the strength of individual stocks. Thus hatcheries may be expected to cause further movement away from mixed stock fisheries toward more precise management of individual stock units. Each hatchery or enhancement project, if properly designed and evaluated becomes an important research tool in broadening our total understanding of salmon dynamics and management. Our ability to deal with mixtures of wild and hatchery fish, the limitations of ternial harvest strategies along with maintaining high standards of industry product quality will likely self-limit Alaska hatchery development.

(3) Are biological questions being adequately addressed? What about disease control, hatchery siting, brood stock development, and separation of stocks?

Mr. Chairman, these are all vital technical matters that must be effectively dealt with before Alaska can have a successful aquaculture program.

I have already touched on stock separation and hatchery siting. Disease control and brood stock development are equally important. Although our laboratory does not specialize in disease research, we are proud of our cooperative role in helping to develop a comprehensive fish disease program in the State. Regarding brood stock development for hatcheries, most MFS

research scientists in Alaska tend to be cautious and conservative on this matter mostly out of concern over possible detriment to wild stocks. Unfortunately the time required to develop brood sources for a specific hatchery is, in many people's minds, not consistent with reality. However, if Alaska is to maintain and manage aquaculture programs as discrete entities and avoid adverse interactions with wild stocks, we must proceed with caution in developing hatchery brood stocks. What are the best and most scientifically sound approaches to brood stock development? Should we try to develop a hatchery brood quickly perhaps with large transplants of eggs in a short time frame? Or should we opt for developing brood more slowly, allowing time to integrate resultant returns into the genetic makeup of the stock? How fast will genetic traits of a given stock be adapted or modified to a specific hatchery environment? Unfortunately technology can't give pat answers to these questions because of the many complex and poorly understood biological phenomena involved. Our advice in the absence of complete knowledge is to make full use of the information that is available, proceed cautiously, and tend towards adaptation and development of a local stock even though it may be more expensive and require more time.

To summarize some of these points: (1) hatcheries and related aquaculture developments in Alaska should not threaten wild stocks of salmon; management by the stock concept ensures continuation of wild stocks yet allows careful development of artificial stocks; (2) the number of hatcheries and other enhancement programs and the rate of their development should not exceed a demonstrated ability

to apply available technology and research information to management schemes that preserve and enhance wild stocks; (3) many important, unanswered questions concerning basic biological phenomena must be dealt with, frequently on a site specific or individual project basis before salmon enhancement in Alaska can reach its fullest potential.

Mr. Chairman, the complexities of these issues bring me to the last item I wish to address--that of professionalism in our fisheries. Whatever socio-political provisions the Legislature decides are appropriate for salmon aquaculture in Alaska, you should be constantly aware that aquaculture involves extremely complex biological matters that call for the highest levels of professional competence. Our salmon, as a public resource held in trust for all, deserve nothing less than the most competent, highly trained, experienced professional biologists, geneticists, pathologists, managers, culturists, engineers, and technicians available. The resource must be managed by capable responsible public agencies sensitive to both needs of the users and of the resource. And if we err let it be in favor of the resource, not the user, nor a particular social institution. To do less would be a disservice to our heritage.

DRAFT

House Concurrent Resolution No. 50, requesting the governor to suspend the issuance of grants and loans for fisheries enhancement, proposes two moratoriums-- one on grants to regional aquaculture associations and a second on loans to regional aquaculture associations until a legal assessment of fishermen is established and sufficient collateral is guaranteed to secure loans.

The state, over the last decade, has embarked on an ambitious program of fisheries enhancement and development. The current wealth of the state provides us with the opportunity to continue and expand this effort. However, before we automatically proceed, it might be wise to take a close look at the existing efforts and determine whether they should be continued in the same manner or whether changes in direction and emphasis should be made.

The House Resources Committee will hold a hearing on HCR 50 on ~~Tuesday~~, March 25 at 3 p.m. in Juneau. As sponsor of the resolution, I'd like to have it serve as a basis for discussion of aquaculture purposes and direction in general, and I invite your participation. If you cannot attend the hearing, I would appreciate your written comments and would make them available to all members of the committee. The following questions may provide a framework for your comments.

1) What should be the areas of responsibility of the regional aquaculture associations, the "Mom and Pop" non-profit hatcheries, and the state's Division of Fisheries Rehabilitation, Enhancement, and Development? Which entities should be building and operating hatcheries, fertilizing lakes, clearing streams, controlling precatation, etc?

2) Where are there needs for greater cooperation between the private non-profit hatcheries and associations and F.R.E.D.? How can cooperation be fostered, and what degree provides for the greatest efficiency?

3) What limits should be placed on the non-profit hatcheries and regional associations? How accountable are they now to the fishermen, the public, and the resource, and how can this be improved?

4) What should the role of commercial fishermen be in providing for fishery resources? What control should they exert over those resources?

5) Who is more responsive to the fishermen, the public, and the resource-- F.R.E.D. or the regional associations? Which represents the best state investment?

6) Where should the emphasis be placed in aquaculture programs? What are the relative benefits of hatcheries, rehabilitation efforts, and enhancement projects?

7) How many hatcheries are enough? What will be the effects, biologically and economically, of producing more and more salmon?

8) Are the biological questions being adequately addressed by the state and the regional associations? How are the problems of disease control, hatchery siting, brood stock supplies, and separation of stocks being handled?

9) Are we in danger of replacing wild with artificial stocks? What are the ramifications of this?

10) How will aquaculture programs-- state-run and private-- pay their way? How will costs be recovered? Are hatchery harvests appropriate?

11) Are we moving too fast with aquaculture efforts?

What would be lost by slowing expansion down and perfecting what we already have?

12) Where are the lines drawn between biological and political management? How can existing problems be mitigated and future ones averted?

- Hugh Malone

To: Mr. Chairman, Members of the House Resources Committee, and
Representative Hugh Malone

From: St. James Bay Aquaculture Association
Rob ~~Malone~~

Subject: Hearing on HCR 50

St. James Bay Aquaculture Association is a group of Alaskans who are in the process of forming a private non-profit hatchery. The following are our statements concerning HCR 50. The questions were suggested by Hugh Malone as a spring board for commenting, but our group decided we might express our feelings by commenting on each question. Several of the questions require considerable detail to answer. Others are essentially unanswerable at this time; therefore, our statements are only brief overviews.

1. The entire area of salmon enhancement should be considered an opportunity for all Alaskans who wish to participate in and enjoy the benefits of what can become one of this state's greatest renewable resources. Persons, whether they call themselves "regional association" or a private non-profit hatchery can create a stable food source for export. Their efforts will provide an income for commercial fishermen, fish processors, local business, and the state. Sports-fishing and tourism will also be enhanced. No one group should infringe upon the opportunity of others to enjoy what can easily become Alaska's greatest industry. However, ground rules should be made and enforced to prevent, ignorant, non caring, or avarice people from playing havoc with salmon stocks and other hatchery operators. For example, every effort should be made to prevent indiscriminant mixing of stocks which destroy the natural inclination

of fish to return to their home stream. The tragedy that occurred in the Columbia River drainage should be prevented in Alaska. Selective breeding should be outlawed until certain kinds can be proved safe. The genetic integrity of each stream should be maintained as much as possible. When any bonafide hatchery obeys the ground rules, they should have the freedom to develop salmon production for their area.

The state's FRED division should continue to maintain an overview of enhancement possibilities and proceed with their own hatcheries where they feel hatcheries are needed. They should set a good example of intelligence and good science for others to follow. Perhaps the greatest function the FRED division can perform is in the area of enhancement of the three high risk salmon, the red, silver, and king salmon. Perhaps in most cases, non-profit hatcheries will not attempt to propagate any one of these three species until they have developed a secure base with chum and pink salmon. Technology developed by FRED could be passed on to the non profit hatcheries.

2. To promote the greatest degree of cooperation between the three enhancement groups, there should exist an easy way for each group to communicate with the others. Good communication is the key to working out differences, for sharing ideas, and to treat each other fairly. No one group should be discriminated against by not having an equal opportunity to express their views. Perhaps the FRED division should become a central co-ordinator for funneling information between hatchery groups. Cooperation provides for the greatest degree of efficiency.

3. Non profit hatcheries and associations should always be accountable to fishermen, the public, the resource, the streams or lakes they use, the natural wildlife that also use salmon, the ocean environment they are using to rear salmon, and to various state agencies. Poorly managed hatcheries can create a host of problems. For example, they can spread disease and propogate strays. Salmon enhancement could become big business, and, like any business, should be responsible to whoever, or whatever they affect. Three limitations that may help control enhancement programs are:
 - 1) set strict guidelines for salmon farming
 - 2) prevent any group from having preferencial treatment at the expense of others
 - 3) prevent big business from eventually monopolizing all salmon enhancement.
4. Eventually, commercial and sports fishermen should enjoy a consistant and bountiful harvest of hatchery produced salmon. Since the sole support for non-profit hatcheries is to sell excess fish returning to the hatchery, perhaps fishermen could work with management biologists to ensure hatcheries get enough returns to meet expenses.
5. Because we intend to become a successful private non-profit hatchery, we feel we are as capable of showing as much responsibility to fishermen, the public and the resource as anyone. However, we feel the FRED division could probably best serve sportsmen and salmon trolle by producing silver and king salmon since these are expensive to produce and are a high risk fish. In many cases, only well

established associations or private non-profit hatcheries would dare attempt to rear these fish in numbers. This is equally true for the red salmon. Since FRED is tax supported, they are in a position to afford the facilities and develop the technology to rear these three species. Our own group could produce enough silver salmon which the streams could support naturally, but we wouldn't attempt large scale culture of this species until we had succeeded with pink and chum salmon.

Perhaps another job FRED division could undertake is to rehabilitate depressed streams by means of portable hatcheries. The hatcheries would remain on a stream long enough to produce enough fish which the stream can support naturally, then move to another stream.

6. Emphasis on aquaculture programs should include at least two concepts. First, build salmon stocks to consistent harvest levels to provide a reliable industry for the state. This industry includes tourism as well. Second, return depressed streams to their former levels.
7. The state of the art has not been reached to say how many salmon the ocean can support or what the effects will be on other life forms with too many salmon in the ocean. These are important concerns and should be addressed.

Economically, it may be possible to glut existing markets with too many salmon. However, American fishermen and processors have never developed the great potential market for salmon that exists in the U.S. and the world.

8. We do not know how well biological problems are being addressed. We hope they are being taken seriously by all concerned. Professional biologists and hatchery operators alike should be constantly aware of the biological consequences of mixing stocks, selective breeding, and other manipulations they perform on salmon.
9. A hatchery system may, theoretically, automatically replace wild stocks with artificial stocks. For example, a hatchery may promote the existence of young salmon that normally would not survive. These salmon are given the opportunity to survive and mate. A hatchery may mix early spawners with late spawners and thus destroy a stock separation that existed naturally in the stream. Selective breeding may be very bad. All of the biological problems of poor salmon ranching are not fully understood, so it seems a good idea to attempt to breed hatchery fish as much as possible as nature had done.
10. Hatcheries must be assured that part of the run will return to the stream in order for the hatchery to pay their expenses and collect brood stock.
11. Aquaculture efforts are moving too slowly. Salmon harvests are down in many areas. Yearly returns are not consistent, which is difficult for the fisherman, processors and related industries. Hatcheries help to assure consistency in the industry.
12. Political management should never supercede what is true, or fair, or honest. Politicians should weigh their decisions on the findings of competent and unbiased salmon biologists, planners, economists and other professionals.

HC250

BRUCE L. WING, PH.D.
FISHERY RESEARCH BIOLOGIST
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This testimony was not heard due to lack of time

American Institute of Fishery Research Biologists

An association incorporated in 1958 to establish and maintain high professional standards by recognition of achievement and competence.

Alaska District, Box 265, Auke Bay, AK 99821

Mr. Chairman ^{Mr.} Malone and Members of the House Resources Committee

I am Bruce Wing, Director of the Alaska District of the American Institute of Fishery Research Biologists. The Institute is an international organization of professional fishery biologists dedicated to the application of sound biological principals and the results of biological research to fisheries management and to improving the quality of professional fishery management and research. Currently we have about 50 members in Alaska representing academic, federal, state and private organizations. We are independent of the American Fisheries Society, although most of our members belong to both organizations.

All the questions of your covering letter to HCR-50 have been topics of thought and private discussion by our members. The questions are complex and many extend beyond biological technology and theory into the sociological and political arenas, thus generating strongly divergent opinions. Consequently, the Alaska District of AIFRB has not developed a consensus within the short time available. Many of the thoughts and opinions of our membership have been given by previous speakers or will be presented by following speakers.

As the representative of a group which acts in a conservative and deliberate mode after considerable debate, the rapidity of this resolution is of concern to our membership. We are worried that its final effects may

extend beyond its stated concerns and its objective of preventing wasteful expenditure of public funds.

In your cover letter to the proposal you listed 12 sets of questions. The first five are in the realms of economics, sociology and politics, not in biology. However, whoever ultimately receives responsibility for maintaining and increasing our salmonid fisheries must realize that we are not working with backyard garden plots. It is mandatory that the activities be conducted with the best professional expertise available and that the quality of the professionals continues to increase.

There always will be some conflicting opinions and a certain amount of competitiveness between the several entities involved in salmonid fishery enhancement activities. Our concern with this resolution is that it may ultimately breakdown the present lines of communications and cooperation that have been developed in the past few years. Alaska appears to be ahead of other states in developing programs in which potentially conflicting resource users and managers work cooperatively.

Question sets 6 through 9 are being addressed by many of our members in their daily work. Because we are dealing with a complex biological and physical environment, simplistic answers are not reliable. Present research efforts are at a low level. We definitely need more research activities and time to evaluate the results of present and past aquaculture actions. Observations on one or two cycles of fish are not adequate for evaluating the effectiveness of any enhancement method. There is a natural tendency to rush from a preliminary experiment to full scale if

the first results are promising. This results in failure to evaluate interactions and natural variation. Thus when the next cycle is less than expected, we look for sources of blame or error rather than understanding. Enhancement activities should be treated as long term research experiments and monitored as part of research program.

To quickly finish, we are concerned that this resolution may have the effect of endangering the present cooperation in research efforts between the existing entities (the aquaculture associations, Department of Fish and Game, National Forest Service, National Marine Fisheries, University of Alaska, etc.) and make more difficult future cooperative research programs.

Thank you.

Bruce L. Wing Ph.D.
20 March 1980

AFIRB

American Fisheries Society

Isaac Walton League

F.R.E.D., Com Fish, Sport Fish

Bob Blinn

Terry Gardner

Shee Atika, Inc.

West Side Fishermen's Association

United Fishermen of Ak.

Southeast Ak. Seine Boat Owners + Operators

NMFS

USF+W

Rep. Malone's office
mailed this letter &
info to these people:

and all
aquaculture
assoc.'s listed

LIST OF PRIVATE NONPROFIT/SCIENTIFIC/EDUCATIONAL HATCHERIES

CORPORATION
SOUTHERN SOUTHEASTSTATUSLOCATIONEGG CAPACITY

- | <u>CORPORATION</u>
<u>SOUTHERN SOUTHEAST</u> | <u>STATUS</u> | <u>LOCATION</u> | <u>EGG CAPACITY</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------|---------------------------------------|
| 1. Southern Southeast Regional
Aquaculture Association
307 Mill Street #5
Ketchikan, Alaska 99901
225-2171
Attn: Ron Wendte | Regional Association
PNP Permit, Operational | Ketchikan
Whitman Lake | 23 million chum
2.3 million coho |
| 2. Alaska Aquaculture Foundation, Inc.
Box 1288
Wrangell, Alaska 99929
874-2013
Attn: Tod A. Jones | PNP Permit, Operational | Burnett Inlet | 5 million pink and chum |
| 3. Meyers Chuck Aquaculture Association
Box 15
Myers, Chuck, Alaska 99903
946-1234
Attn: Robert Meyer | PNP Permit, Operational 7/27/75 | Myers Chuck | 1 million pink |
| 4. Twin Creek Salmon Ranch, Inc.
P.O. Box 97
Petersburg, Alaska 99833
772-3282
Attn: Darline Clausen | PNP Preliminary Application | Twin Creek | Requested: 7 million pink
and chum |

CORPORATION
NORTHERN SOUTHEAST

STATUS

LOCATION

EGG CAPACITY

- | <u>CORPORATION</u>
<u>NORTHERN SOUTHEAST</u> | <u>STATUS</u> | <u>LOCATION</u> | <u>EGG CAPACITY</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|
| 1. Northern Southeast Regional
Aquaculture Association
Box 786
Sitka, Alaska 99835
747-6850
747-6730
Attn: Dr. Derek Poon | Regional Association | Sitka | No hatcheries |
| 2. Sheldon Jackson College
Aquaculture Program
P.O. Box 479
Sitka, Alaska 99835
747-6264 - Office
747-5238 - Hatchery
Attn: Mel Seifert | PNP Permit, Operational

Sci./Ed. Permit | Indian River

Indian River | 15 million pink and chum

Miscellaneous species |
| 3. Douglas Island Pink & Chum, Inc.
RR 4, Box 4754
Juneau, Alaska 99803
465-2510
Attn: Ladd Macaulay | PNP Permit, Operational

PNP Permit #11 (issued 9/79) | Kowee Creek

Sheep Creek | 5 million pink -
1 million chum

5 million pink -
and chum |
| 4. Fish Fry, Inc. (Southeast Gillnet
Federation)
853 Basin Road
Juneau, Alaska 99801
586-2242
Attn: Jev Shelton | PNP Permit Approved | Salmon Creek | 4.5 million pink and chum
500,000 coho |
| 5. Kake Nonprofit Fishery Development
Corporation
P.O. Box 263
Kake, Alaska 99830
785-3221
785-3262
Attn: Clarence Jackson | PNP Permit, Operational | Gunnuk Creek
(new construction site
being considered) | 3 million pink and chum |

CORPORATION
NORTHERN SOUTHEAST CONT'D.

STATUS

LOCATION

EGG CAPACITY

- | <u>CORPORATION</u>
<u>NORTHERN SOUTHEAST CONT'D.</u> | <u>STATUS</u> | <u>LOCATION</u> | <u>EGG CAPACITY</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------|
| 6. Richard Mathews
Dennis Lund
Box 786
Sitka, Alaska 99835 | Preliminary Application | Port Armstrong
Baranof Island | 10 million pink <i>prelim. app.</i>
and chum |
| 7. St. James Bay Aquaculture Inc.
P.O. Box 648
Douglas, Alaska 99824
Attn: Rob McLeod | Preliminary Application | St. James Point | 1.5 million pink <i>prelim app</i>
and chum |
| 8. Kake City Schools
Kake, Alaska 99830
785-3731
Attn: Chuck Larson | Sci./Ed. Permit, pending renewal | Gunnuk Creek | 40,000 pink / 25,000 chum |
| 9. Tlingit & Haida Central Council
One Sealaska Plaza, Suite 200
Juneau, Alaska 99801
586-2204
586-1432
Attn: Dr. Y. R. Mayudu | PNP Preliminary Application | Deep Cove (Baranof Island) | Requested: 12 million pink -
and chum |
| | PNP Permit, Not Operational | Maksoutof River (Baranof Island) | 1 million pink
1 million chum |
| 10. Angoon Aquaculture Association, Inc.
P.O. Box 135
Angoon, Alaska 99820
Attn: Peter Hease | PNP Preliminary Application | Mitchell Bay-
Admiralty Island | Requested at full capacity:
150,000 coho
25 million chum |
| 11. Burro Creek Farms
P.O. Box 8324
Ketchikan, Alaska 99901
225-2405
225-9696
Attn: Eugene Richards | Public Hearing Scheduled: Late
October - early November | Burro Creek | Requested: 10 million pink
and chum, |

CORPORATION
PRINCE WILLIAM SOUND

STATUS

LOCATION

EGG CAPACITY

- | <u>CORPORATION</u> | <u>STATUS</u> | <u>LOCATION</u> | <u>EGG CAPACITY</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------|------------------------------|
| 1. Prince William Sound
Aquaculture Association
.O. Box 1110
Cordova, Alaska 99574
424-7511
424-7512
Attn: Armin Koernig | Regional Association

PNP Permit, Operational | Cordova

Port San Juan | 55 million pink and chum |
| 2. NERKA, Inc.
Box 80165
Fairbanks, Alaska 99708
479-2476
Attn: Dr. Jack Van Hyning | FNP Permit, Operational | Perry Island | 3 million pink and chum |
| 3. Institute of Marine Science
University of Alaska Marine Station
P.O. Box 617
Seward, Alaska 99664
224-5261
224-5262
224-5263
Attn: Jack Schwartz | Sci./Ed. Permit | Seward | (500 Juvenile pink) |
| 4. Valdez Fisheries Development Corp.
Box 125
Valdez, Alaska 99686
835-4874
Attn: Jason Wells | Sci./Ed. Permit | Valdez | 400,000 chum
360,000 pink |

COOK INLET

- | | | | |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Cook Inlet Aquaculture Association
P.O. Box 850
Soldotna, Alaska 99669
262-4441
Attn: Floyd Helmbuch | Regional Association

PNP Preliminary Application

Sci./Ed. Permit | Soldotna

Eklutna

Eklutna Power Plant Site | No hatcheries

Requested: 65 million
pink and chum
also at capacity, 5 million
coho, 5 million king

Incubator Evaluation |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|

CORPORATION
COOK INLET CONT'D

2. Homer High School
Homer, Alaska 99603
235-8186
Attn: Frank Libal

STATUS

Sci./Ed. Permit (Inactive)

LOCATION

Homer

EGG CAPACITY

3. Un-named
P.O. Box 205
Seldovia, Alaska 99663
234-8422
Attn: Harley Hess

Public Hearing held on
11/27/78 (PNP)

Perl Island

Requested: 1 million coho

4. Bartlett School
Tyonek, Alaska 99682
583-2291
Attn: Paul Zobeck

Sci./Ed. Permit

Tyonek

4,800 pink

5. Irreantum Inc.
P.O. Box 225
Kenai, Alaska 99611
Attn: Donna L. McCubbins
776-8697

Preliminary Application

Jakolof Creek Bay

5 million pink and
15 million chum

KODIAK

1. Kodiak Area Native Association
Box 172
Kodiak, Alaska 99615
486-5725
Attn: Bill Osborne

Sci./Ed. Permits

Port Lyon's
Ouzinle
Kodiak High School (Lake
Rose Tead Creek)
Old Harbor

6,000 pink or coho each

2. Village Island Sea Ranching, Inc.
345 North Maple Avenue
Monrovia, California 91016
Attn: Blain Sikes

Preliminary Application

Uganik Bay

17 million pink and chum

CORPORATION:
BRISTOL BAY

STATUS

LOCATION

EGG CAPACITY

1. Imaprik
P.O. Box 179
Dillingham, Alaska 99576
842-5257
842-5258
Attn: Andrew Golla

Regional Association

Dillingham

No hatcheries

ALASKA PENINSULA

1. Aleutian/Pribilof Island
Association
430 "C" Street, Suite 303
Anchorage, Alaska 99501
278-3567
Attn: Patrick Plotnikof

Seeking Regional Association Status

No hatcheries

2. Sand Point Aquaculture Association
P.O. Box 132
Sand Point, Alaska 99661
283-2393
383-3545
Attn: Mike Breitzman

Sci./Ed. Permit

Sand Point (Humbolt Creek)

200,000 pink

3. Unalaska City School
Unalaska, Alaska 99685
581-1222
Attn: Delmer Olsen

Sci./Ed. Permit

Unalaska

51,200 pink
58,500 coho

*Nisilaki
Hatchery*

AYK

1. AUCP Fisheries Development
PO Box 641
Bethel, AK 99557

*Requesting Recognition
Regional Association
Sci/Ed. Permit*

Bethel

*1 Million Coho
500,000 Chum*

CPC SUBSISTENCE WORKSHOP

Issue: Limited Entry

Whether to allow the filing of applications for limited entry permits by those persons who did not file in a timely manner and to provide for the allowance of additional limited entry permits in the Upper Yukon Fishery.

The discussion of these two limited entry issues occupied a great portion of the work of the workshop. The late filing bill, HB 665, sponsored by Rep. Anderson, came under attack by both the Limited Entry Commission and the United Fishermen of Alaska. They explained that there would be too many new fishermen allowed into the salmon fisheries which have not recovered as is popularly believed. On the other hand, it was brought out that there were many problems with the initial application period and that the people who missed filing should be given the opportunity to file at this time. It was felt by the participants that it would be beneficial to rural Alaskans if the application period was reopened. HB 665 was favorably recommended 21-1.

As to SB 187, the Upper Yukon Limited Entry Bill, the participants recommended against its passage 7-6. The failure of the bill to adequately address the allocation problems that would be caused by more permits in the upper positions of the river was the primary cause for this opposition to the bill.

Issue: Aquaculture

Whether to stop financial support for aquaculture associations until the legislature was more certain of the financial responsibility of these organizations.

The participants voted 19-0 against the passage of HCR 50 which calls for the moratorium on grants to aquaculture associations feeling that these programs were very worthwhile and while the legislature has an interest and is taking a close look at the associations, this was much too drastic a response to the perceived problem.

Lower
Kuskokwim Aquaculture
Assoc. on HCR 50

one of
1. In my opinion, the primary reasons for the Private Non-Profit hatchery program and the importance of its success is that our economic system does not allow for cost efficient government operations in the process of renewing a renewable resource. The general public should not have to pay for government projects that do not provide a direct return benefit to them as tax payers.

The creation of the F.R.E.D. Division in the Alaska Department of Fish and Game has been in most cases a valuable asset to the states economy. Through research and the application of aquaculture and fisheries enhancement projects, government agencies (F.R.E.D. Division and N.M.F.S.) have not only proven the feasibility of the salmon enhancement efforts, but through their successes and failures have provided a basic model for productive salmon enhancement in Alaska. Government agencies in our economy should stay within the framework of research, education and regulation.

The means for the transition of salmon production to the private sector were provided through the legislative creation of the PNP program. Because of the Superior Court decision ruling "mandatory assessments" Section 16.10.530 unconstitutional, the PNP program appears to be in a precarious situation. Section 16.10.520 (c) reads:

All loans must be secured by collateral satisfactory to the commissioner, including but not limited to a first deed of trust, assignment of lease and leasehold improvements, sale of surplus fish from the hatchery, or royalty assessments from fishermen levied under AS 16.10.530-AS 16.10.540.

Because one of the five listed collateral arrangements was ruled out, I see no reason to let the PNP program falter. We need to focus on the final product, a statewide system of Private Non-Profit hatcheries and enhancement projects providing the fisheries resource with optimal harvests and future security in the industry. I believe the means for this final product are already here and that the problem is in their interpretation. The F.R.E.D. Division did not have to depend on a royalty assessment for their projects and neither should we. No one can just throw up a facility any were, at least not the P.N.P. outfits. The permit application process is very thorough in the review of any proposed production project and any approved project in all likelihood will be successful. It is extremely important to get the P.N.P program off to a good healthy start. The first deed of trust, a promissory note as to the sale of surplus hatchery fish and the likelihood of successful voluntary assessments when hatchery returns become evident, are sufficient means of securing the much needed start up loans. I would like to see some legislation allowing the state to "loan" existing facilities to the associations enabling the state to be payed off for the facility while at the same time providing for a smooth faster transition.

2. The need for greater cooperation between P.N.P. groups, associations, and the F.R.E.D. Division is very important. On the surface I think the cooperation has improved. There are however questions which need to be answered in regards to this cooperation. Considering that the F.R.E.D. Division is the agency responsible for providing both assistance and regulation to the P.N.P program and considering the financial position of the F.R.E.D. Division in light of the aforementioned cost effective and public funding problems and considering the possibility that the success of the P.N.P. program might directly endanger the F.R.E.D. Division, There appears to be a possible conflict of interest in the assigned role of the F.R.E.D. Division in regards to the successful initiation of the P.N.P Program.

3. The non-profit hatcheries and regional associations have more than enough limitations through the regulations imposed on them by the Alaska Department of Fish and Game. The state regulations provide adequate means of control.

4. In any renewable resource situation it stands to reason that the industries which rely directly on the resource as their means of support should commit themselves towards the rejuvenation of the resource when ever possible. The timber industry has learned that replanting a harvested area is not only responsible management, but also very profitable. In the fishing industry where many species particularly salmon, have two to eight year harvest replenishment cycles, the idea of industrial rejuvenation is even more practical.

The P.N.P. Program provides the fishing industry with an efficient method of activating such a commitment.

5. It is imperative that the state of Alaska does not view the F.R.E.D. Division and the P.N.P. Programs as a wrestling match. The best investment for the state would be to place in effect a step by step transition period of ten years at which time all major salmon production projects would be run by P.N.P. organizations. Both the F.R.E.D. Division and the P.N.P. organizations should be equally responsive to the fishermen, the public, and the resource. The F.R.E.D. Division should focus on research and regulation of fisheries enhancement programs. There are many other species of commercially feasible fish, the rehabilitation, enhancement, and development of which need to be evaluated and demonstrated.

6. The need for flexibility in fisheries enhancement programs is critical. In many cases egg eyeing stations, habitat improvement, on site artificial spawning, lake stocking or lake fertilization projects will be more cost effective than multimillion dollar hatcheries. The flexible use of any and all of these enhancement methods will play a large roll in the success of the P.N.P. program.

7,8,9. The production of any renewable resource has various problems which must be addressed. The idea behind fisheries enhancement should be to allow the fishermen optimal harvest while at the same time minimizing the impact on the available stocks by insuring adequate maximum yield escapement.

There are many guidelines to follow in any fisheries enhancement project. So long as these guidelines are followed major problems are minimized. It must be remembered that so long as artificial spawning is carefully done to avoid genetic problems and proper disease control is utilized, a hatchery reared salmon upon its return as an adult is essentially as wild as its native cousins or it never would have survived its life in the ocean.

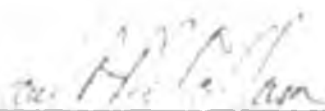
The case of wild versus hatchery reared salmon is a valid problem which is clouded over with misconceptions of past genetic or disease tragedies. As a virgin stand of timber the value of an original native stock is important. Equally important is the need for people to understand that an original native stock can be supplemented without danger to insure its survival. This can and should be done only when necessary. In the event that an original native stock is severely depleted or destroyed then the following hatchery runs must replace the original native runs. Even in these cases a "wild" run can be maintained by allowing a percentage

for natural up stream reproduction.

10. Private aquaculture programs will achieve cost recovery through the sale of surplus fish, the sale or utilization of spawned carcasses, and voluntary assessment by the fishermen and the processors.

11. Aquaculture efforts in our state are moving too slow. When private aquaculture efforts have available to them smoother start up procedures then the pace will be about right. The permit application review process perhaps could be improved. The formation through the Board of Fisheries of a fisheries enhancement body would probably be a valuable asset to the state. So long as projects are not politically bulldozed into existence and go through the existing channels no harm will come from stepping up the pace. Fisheries enhancement in Alaska needs to advance at a steady pace. The mechanics to advance too fast do not even exist so long as existing regulations stay in place. However, at the same time to advance too slowly with overcaution being the rule rather than the exception many of the states valuable fisheries resources can and are being jeopardized. In view of the fact that it takes years of planning, permit applications and biological evaluations of any enhancement project together with the number of years for construction and the initial returns of any given projects, the period of time from planning to production, can amount to ten years or more. This fact makes too slow a pace for enhancement hazardous to the fisheries resource.

12. In any industry the more money involved dictates a proportionally thinner line between biological and political management of the related resource. Fisheries has a thin line which allows all too often for depletion of the resource. This is yet another reason to insure the success of the salmon enhancement effort.



Paul McCollum
L.Y.K.A.A. Director



Alaska Trollers Association

REPRESENTING ALASKA POWER TROLLERS

205 North Franklin Street
Juneau, Alaska 99801
(907) 586-9400

March 19, 1980

Representatives Bill Miles and Alvin Osterback
Co-Chairmen
House Resources Committee
Pouch V
Juneau, Alaska 99811

RE: HCF 50

Gentlemen:

The Alaska Trollers Association strongly opposes HCR 50, and would like to go on record in the strongest terms in support of both private, non-profit and state supported aquaculture.

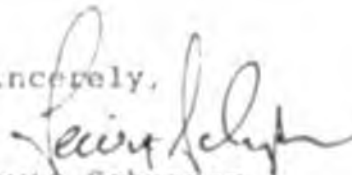
The salmon resources of southeastern Alaska are in trouble. Not only have management problems and destruction of habitat reduced the stocks, but pressure from our neighbors in Canada and along the west coast of the U.S. may further reduce the number of fish necessary to maintain a viable fishing industry in Alaska.

By far the most constructive reaction to this admittedly complex situation is aquaculture. Yet aquaculture is by no means yet an exact science, and its diverse problems and unknown areas are best served by a diversity of approach to their solution. An example of this is the spring chinook; none of the groups in Alaska have a completely workable approach, and any reduction in the various solutions being contemplated can only make a solution more difficult to reach.

There has been good cooperation between FRED facilities and those in the private sector. While state facilities can offer stability and long-term certainty of funding, the flexibility of private facilities may allow quicker results. For example, SSRAA will be releasing its first batch of cohos this spring from a completely new facility.

We urge the legislature to invest in the future of Alaska's salmon industry by supporting both state-funded and private aquaculture efforts.

Sincerely,


Lewis Schnaper
Executive Director

BACKGROUND

I. RESPONSIBILITIES

A. STATE RESPONSIBILITIES

1. ENHANCEMENT AND REHAB PROJECTS OF ALL KINDS.
2. WORK WITH REGIONAL ASSOCIATIONS TO DEVELOP COMPREHENSIVE PLAN
3. WORK WITH REGIONAL ASSOCIATIONS TO IDENTIFY BEST REGIONAL ASSOCIATION
HATCHERY SITES; TO DESIGN HATCHERIES; IDENTIFY AND MAKE AVAILABLE
SUFFICIENT BROODSTOCK; TO DEVELOP AND IMPLEMENT SATISFACTORY HARVEST
MANAGEMENT PLANS; TO INSURE THAT ONLY DISEASE-FREE JUVENILES ARE RELEASED;
TO ENTER INTO JOINT VENTURES WITH REGIONAL ASSOCIATIONS FOR LAKE
FERTILIZATION, STREAM REPAIR AND OTHER PROJECTS; TO FURNISH PRIVATE-
SECTOR TECHNICAL ASSISTANCE AS TIME AND BUDGET PERMITS ARE AVAILABLE.
4. TO MANAGE STATE-OWNED HATCHERIES SO THAT IN THOSE CASES WHERE THERE IS
ADEQUATE TERRITORIAL SEPARATION OF STOCKS AND THE HATCHERY STOCKS CAN BE
MANAGED TO PRODUCE A HIGH-QUALITY PRODUCT FOR HUMAN CONSUMPTION, THEN
THE STATE HATCHERY HARVEST SHOULD BE OFFERED SO THAT APPROXIMATELY TWO-
THIRDS OF THE PRODUCTION IS AVAILABLE FOR THE COMMERCIAL FISHERY TO

HARVEST (AS WITH NATURAL STOCKS) AND THE OTHER THIRD HARVESTED BY
COMMERCIAL FISHERMEN UNDER CONTRACT TO THE STATE, WITH THE MAJOR
SHARE OF THE REVENUES OBTAINED GOING TO THE STATE'S GENERAL FUND TO
PAY FOR THE OPERATING COSTS, INCLUDING DEBT SERVICE, OF THE HATCHERY
AND RETURN ADDITIONAL MONIES TO BENEFIT OF ALL ALASKANS.

SINCE ALL ALASKANS HAVE PAID FOR THE STATE HATCHERY FACILITIES AND
LIMITED ENTRY PERMITS ONLY A FEW TO BENEFIT DIRECTLY FROM THE HARVEST
AS COMMERCIAL FISHERMEN, OTHER ALASKANS SHOULD BE ABLE TO BENEFIT
FROM THE HARVEST REVENUES. IT IS POSSIBLE TO RETURN TO THE HATCHERY,
WHERE THIS IS POSSIBLE. I MUST EMPHASIZE THAT THE LOCAL HATCHERY
FACILITIES WILL HAVE THIS HARVEST AND GENERATION OF REVENUES
AND ONLY IF IT IS POSSIBLE. I AM EMPHASIZING THIS POLICY, BUT SPEAK
FOR THE STATE AND NOT FOR THE LOCAL HATCHERY. ONLY FOR THESE STATE HATCHERIES WHERE
RETURNING REVENUES TO THE HATCHERY IS FEASIBLE.

- THE STATE SHOULD ESTABLISH A DIVISION OF COMMERCIAL
FISHERIES; TO INCREASE AND IMPROVE THE EFFICIENCY OF COMMERCIAL
FISHERIES AND TO INCREASE AND IMPROVE THE EFFICIENCY OF COMMERCIAL

FISHERIES CAN MORE ADEQUATELY PROTECT AND PRESERVE THE NATURAL STOCKS.
(IN A MIXED STOCK FISHERY, WHICH INCLUDES LARGE NUMBERS OF HATCHERY FISH,
IT IS VITAL TO OVERHARVEST THE NATURAL STOCKS THAT ARE INTERMINGLED IN
SUCH A FISHERY.)

b. CHECK JUVENILES BEFORE RELEASE TO INSURE DISEASE-FREE STOCKS.

b. REGIONAL ASSOCIATION RESPONSIBILITIES

1. WORK WITH THE DEPARTMENT OF FISH AND GAME TO DEVELOP A COMPREHENSIVE
PLAN FOR THE REGION WHICH CONTAINS THE FOLLOWING ELEMENTS:

- a. SHORT- AND LONG-TERM HARVEST GOALS BY SPECIES;
- b. DETERMINATION OF NATURAL PRODUCTION TO REACH THOSE GOALS;
- c. DETERMINATION OF ARTIFICIAL PRODUCTION TO REACH THOSE GOALS;
- d. IDENTIFICATION OF ENHANCEMENT POTENTIALS (LARVA FERTILIZATION, ETC.);
- e. DETERMINATION OF INDIVIDUAL PROJECTS NEEDED TO PRODUCE GOALS
ESTABLISHED FOR ARTIFICIAL PRODUCTION;
- f. DETERMINATION OF WHETHER STATE OR REGIONAL ASSOCIATIONS WILL CONSTRUCT
EACH SPECIFIC FACILITY CALLED FOR BY THE PLAN AS APPROVED BY THE
REGIONAL ASSOCIATION AND THE DEPARTMENT;

G. MANAGEMENT STRATEGIES FOR HARVEST OF RETURNING ADULTS.

2. DEVELOP AN INCOME STREAM (TAX, VOLUNTARY ASSESSMENT, OR MANDATORY ASSESSMENT) TO PROVIDE COLLATERAL FOR LOANS TO CONSTRUCT REGIONAL ASSOCIATION FACILITIES AND TO PROVIDE OPERATING FUNDS FOR REGIONAL ASSOCIATION ACTIVITIES.
3. DEVELOP COMPETENT CORPORATE MANAGEMENT OF THE REGIONAL ASSOCIATIONS AND DEMONSTRATE COMPETENT MANAGEMENT OF THE FACILITIES CONSTRUCTED AND OPERATED.
4. ABIDE BY THE TERMS OF THEIR PERMITS FOR EACH FACILITY AND ESPECIALLY IN OBTAINING APPROVAL OF THE STATE PATHOLOGIST PRIOR TO ANY RELEASE OF YOUNG FISH FROM THE HATCHERY.

H. HATCH AND POP FACILITIES

1. ABIDE BY THE TERMS OF THEIR PERMITS.
2. KEEP ACCURATE RECORDS OF PRODUCTION, EXPENSES AND REVENUES.
3. MAINTAIN ADEQUATE RECORDS OF THE STATUS OF ALL FACILITIES.

4. CONTRIBUTE TO THE STATE'S ECONOMY BY PRODUCING MORE FISH AND EMPLOYMENT.
5. EXPLORE NEW CULTURE TECHNIQUES AND TECHNOLOGIES.

D. ALL ENTITIES SHOULD BE BUILDING HATCHERIES. STATE ON ITS OWN OR IN A JOINT VENTURE WITH A REGIONAL ASSOCIATION SHOULD BE INVOLVED FERTILIZING LAKES, ETC.

II. I'M NOT AWARE OF A LACK OF COOPERATION ON FRED'S PART.

III. REGIONAL ASSOCIATION "LIMITS" SHOULD ULTIMATELY BE DEFINED BY THE REGIONAL COMPREHENSIVE PLAN -- ITS ACCEPTED GOALS AND PLANS FOR "WATER" IS "OUTING WHAT".

AND POP "LIMITS" ARE IMPOSED BY THE PERMITTING PROCESS AND BY THE NEED FOR ANY INCOMPATIBILITY WITH THE REGIONAL COMPREHENSIVE PLAN.

THEY ARE COMPLETELY ACCOUNTABLE THROUGH THE PERMITTING PROCESS, THEIR ANNUAL REPORTING REQUIREMENTS, THE NON-PROFIT STATUS AND THE ABILITY OF THE DEPT. TO ENFORCE

COMMERCE AND REVENUE TO MONITOR NON-PROFIT CORPORATIONS AND AUDIT THEIR BOOKS IF NECESSARY TO PREVENT ABUSE.

IV. UNDER LIMITED ENTRY, THE FISHERMEN SHOULD PLAY A LARGE ROLE IN PROVIDING FOR THE EXPANSION OF THE FISHERY.

THEY CANNOT REASONABLY EXPECT TO HAVE THE FISHERY REBUILT THROUGH STATE HATCHERY AND OTHER ENHANCEMENT FACILITIES THAT ARE CONSTRUCTED AND OPERATED BY GENERAL FUND MONIES, WHILE BENEFITTING ONLY A SMALL MINORITY. THEREFORE, THE FISHERMEN SHOULD EITHER BUILD THE FACILITIES THEMSELVES AND HARVEST THE BENEFITS OR AGREE AS THEY SEE FIT OR AGREE THAT WHERE POSSIBLE, RETURNING ADULTS TO STATE FACILITIES SHOULD BE ARRANGED SO THAT THE FISHERMEN SHARE THE BENEFITS WITH THE OTHER MEMBERS WHO ARE PAYING THE BILLS.

THE STATE SHOULD HAVE A POLICY OF GIVING ADULTS TO THE FISHERMEN FOR STOCK FISHERY. THERE SHOULD BE SOME REASONABLE EXPECTATION OF REVENUE THAT WILL ASSURE ADEQUATE RETURNS TO THE FISHERY TO REEL GROUPS.

V. WHO IS MORE RESPONSIVE -- REGIONAL ASSOCIATIONS OR FRED -- IS A "PEOPLE" PROBLEM AND A VARIABLE SUBJECT TO GREAT CHANGE. IT IS MUCH TOO EARLY TO DETERMINE WHICH REPRESENTS THE BEST STATE INVESTMENT, AND IRRELEVANT. IF ALASKA IS TO KEEP PACE WITH THE OTHER SALMON-PRODUCING NATIONS OF THE NORTH PACIFIC AND MAINTAIN ITS SHARE OF THE COMMON PASTURAGE IN NORTH PACIFIC WATERS, THERE IS MORE THAN ENOUGH TO BE DONE BY REGIONAL ASSOCIATIONS AS WELL AS FRED FACILITIES.

IN ALL THE EUPHORIA OVER LARGE BRISTOL BAY RUNS EXPECTED IN 1980, WE TEND TO FORGET THE DEPLORABLE RETURNS EXPECTED THIS YEAR IN COOK INLET AND NUMEROUS OTHER FISHERIES THROUGHOUT ALASKA. THAT, COUPLED WITH A DISASTROUS PRICE DROP THIS YEAR, IS GOING TO WRITE BANKRUPTCY FOR MANY, MANY ALASKAN FISHERIES THIS YEAR.

VI. WE DON'T KNOW YET -- THE TECHNOLOGY IS STILL DEVELOPING.

IT IS KNOWN THAT THE NEW GENERATION OF HATCHERIES ARE COST EFFECTIVE AND SHOULD BE CONTINUED AND INCREASED. ALL PROVEN METHODS SHOULD BE INCORPORATED, INCLUDING THE OPPORTUNITIES OFFERED LAST YEAR, IN THE COMPETITIVE MARKET THAT EXISTS.

VII. STABILIZED PRODUCTION OF AT LEAST 100 MILLION HARVEST PER YEAR IS NOT TOO MUCH. THE COMPREHENSIVE PLAN SHOULD PROVIDE THE REQUIRED MIX OF NATURAL PRODUCTION PLUS VARIOUS ENHANCEMENT TECHNIQUES TO ARRIVE AT THAT GOAL.

THE DECADE OF THE 30'S PRODUCED A NUMBER OF RUNS IN EXCESS OF 100 MILLION HARVEST. THERE IS NO REASON TO BELIEVE THAT THE OPEN OCEAN HAS DECREASED IN ITS PRODUCTIVE CAPACITY.

THE REST OF THE WORLD IS RAPIDLY INCREASING ITS STOCKS OF SALMON. THE PRODUCTION PRODUCED BY HATCHERIES IN ALASKA WILL NOT HAVE A SIGNIFICANT IMPACT ON WORLD PRICES. IF WORLD PRICES DECLINE AND WE HAVE NOT INCREASED OUR HARVESTS, THEN OUR FISHERMEN WILL BE IN EVER MORE SERIOUS FINANCIAL STRAITS.

ALASKAN PRODUCTION OF SALMON MUST KEEP PACE WITH THAT OF THE OTHER SALMON PRODUCING NATIONS. WE ARE ONLY AT THE BEGINNING OF OUR EFFORTS TO DO THIS.

VIII. YES, ETHOLOGICAL QUESTIONS ARE ADEQUATELY BEING ADDRESSED. THE DETAILS OF THOSE ANSWERS I'LL LEAVE WITH THE DEPARTMENT.

IX. THE ECONOMIC BENEFITS OF SALMON WILL BE MAXIMIZED BY THE PLAN.

THE ALASKA DEPARTMENT OF FISH AND GAME IS TO PROTECT WILD STOCKS BY
MANAGING, IN A MIXED STOCK FISHERY, AT A LEVEL LOW ENOUGH TO PROTECT
THE WEAKEST OF THE MAJOR NATURAL RUNS REPRESENTED IN THAT MIXED STOCK
FISHERY.

THIS IS THE REASON FOR INSURING THAT HATCHERIES ARE LOCATED FAR ENOUGH
AWAY FROM STREAMS SUPPORTING SIGNIFICANT WILD STOCKS THAT THERE WILL BE
ADEQUATE "TERRITORIAL SEPARATION" BETWEEN THE WILD AND HATCHERY STOCKS AFTER
THEY LEAVE THE MIXED STOCK FISHERY.

THE REASON FOR THIS IS THAT THE WILD STOCKS ARE THE ONLY STOCKS THAT
SUPPORT THE MIXED STOCK FISHERY. IT IS
RECOGNIZED THAT THIS MAY NOT BE POSSIBLE IN ALL CASES AS WHEN THE WILD
STOCKS ARE NOT ABLE TO REPRODUCE AT A LEVEL ENOUGH TO SUPPORT THE
MIXED STOCK FISHERY. HOWEVER, THE WILD STOCKS ARE THE ONLY STOCKS
THAT ARE THE VERY FUTURE OF THE FISHERY. SIGNIFICANT BREAKTHROUGHS ARE TAKING PLACE AROUND THE WORLD EVERY YEAR,
EVEN PROBABLY EVERY MONTH, AS THIS SCIENCE AND TECHNOLOGY EVOLVES. AND
THE MORE PEOPLE WE GET INVOLVED THINKING ABOUT AND RESEARCHING THESE
ISSUES -- ESPECIALLY THE PRIVATE SECTOR WITH THEIR OWN MONEY --

THE FASTER WILL THE EVALUATION OF THE SCIENCE AND TECHNOLOGY OCCUR.

AL. NO, WE ARE NOT MOVING TOO FAST.

LITTLE PORT

2800% VARIATION

BIG RUN - BRISTOL BAY

-

DISASTER COOK INLET - MUCH OF SOUTHEAST

DEPEND ON NATURAL RUNS

=

DISASTROUS FLUCTUATIONS IN HARVESTS

CHILE

NORWAY

CANADIAN

JAPANESE

RUSSIAN

200 MILE LIMIT - GREATEST IRONY

COMMON PASTURE

STAKE OUT CLAIM

JAPAN

1970-

81,000,000 - EGG TO FRY SURVIVAL

UTSUCHI RIVER HATCHERY

1970-

100,000,000

20 MILLION CHUM HARVEST '79

PRICES - HARVESTS - PRICES ↓

NO SEAS MUST KEEP PACE OF PRODUCTION IF WE ARE TO HAVE A VIABLE FISHERY.

STATE SUCCESSES

A. CROOKED CREEK - KASTLOF RIVER

KING RUN - 5,000 - 20% MARKED (RETURN OF HATCHERY FISH)

DEEP CREEK - SPORT HARVEST

REDS - TUSTUMENA LAKE - 30 MILES LONG AND SEVERAL WIDE

QUITE LIMITED SPAWNING AREA

REDS LIVE ONE TO TWO YEARS IN LAKE; GROW TO SMOLT SIZE. MUCH GREATER

REARING CAPACITY THAN SPAWNING CAPACITY IN TUSTUMENA LAKE.

B. TITAN - 4 MILLION PLUS RELEASE - 309,000 ADULT RETURN IN 1979

THE PERCENT RETURN FROM SMOLT-TO-ADULT REARING

THE OBJECTIVE OF THE CROOKED CREEK FACILITY IS TO PRODUCE SMOLTS TRY TO
CHALLENGE THE REARING CAPACITY OF TUSTUMENA LAKE BY INCREASING THE
TOTAL NUMBER OF FRY UTILIZING THE REARER. THE LAKE WILL ASSIMILATE
THE LARGER BODY SIZE OF ADULTS FORMING FROM THE LAKE EARLY SEASON.

THE LAKE PRODUCTIVITY IS A FUNCTION OF STOCKING DENSITY, WHICH IS

DETERMINED BY THE LAKE'S PRODUCTIVITY. THE LAKE'S PRODUCTIVITY IS

OF SUNLIGHT VARIES FROM YEAR TO YEAR, THEN OBVIOUSLY IT WILL TAKE A NUMBER OF YEARS TO DETERMINE THE OPTIMUM NUMBER OF FRY RECRUITS PER YEAR.

IN LIGHT OF THE EXTREMELY PRODUCTIVE AND HIGHLY COST EFFECTIVE RESULTS FROM LAKE FERTILIZATION RESEARCH, EVEN AFTER THE BIOMASS PRODUCTION CAPABILITY OF THE UNALTERED LAKE WATERS HAS BEEN REACHED, IT APPEARS THAT LARGE INCREASES IN PRODUCTION COULD BE ACHIEVED BY ADDING NUTRIENTS TO THE WATER. THE CROOKED CREEK HATCHERY IS NECESSARY FOR THIS RESEARCH AND PRODUCTION IN LAKE TOSTIHEIDA.

iii. COMPLETE THE COMPREHENSIVE PLAN FOR LAKE RESEARCH. GET IT SIGNED OFF BY ALL

PARTIES. GET IT DONE.