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SSA

HB

590

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HB

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1198

Honorable Terry Gardiner
Speaker of the House
March 11, 1980
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Otherwise it might be argued that there is a potential for economic hardship on those who have invested to export product out of the State to process in Canada, Washington, Japan, or Korea. If there is any such economic hardship, that is unfortunate; however, if this Bill does not pass immediately, their investments and economic hardships will be even more apparent at a later date when they have effected their operations for one or two years; and in the meantime, their arguments are being considered at the expense of Alaskan processors and labor.

The benefit of Alaska and its citizens is best enhanced by favor of in-State processors and processing.

I have included a copy of HB 590 (2 copies), representing copies of the last two drafts and in each case have indicated necessary changes to best effect the goals outlined above.

Thank you for your consideration.

Sincerely,

SALAMATOF SEAFOODS, INC.

Tom Waterer, President
TW:dle

cc: House Resource Committee Members: Patrick J. Carney
C. V. Chatterton
Samuel R. Cotten
Richard I. Eliason
John G. Fuller
Richard W. Halford
Bill Miles
Fred S. Zharoff

President of the Senate, Clem R. Tillion
Hugh Malone, House of Representatives
Jim Kross, Environmental Services
John Martins, Environmental Services
Frank McIlhargey, Economic Development Director

Enclosures

Salamatof Seafoods, Inc.



P O Drawer 4220

Kenai, Alaska 99611

Phone: (907) 283-7000

February 18, 1980

City of Kenai
P.O. Box 580
Kenai, Alaska 99611

Attn: Mayor Vincent O'Reilly

Gentlemen:

This letter will serve to advise you of a very important bill currently in the House which we believe has the potential to provide tremendous economic impact upon the City of Kenai and the entire Borough. Enclosed you will find a copy of HB 590, relating to a requirement to effect processing of herring within the State's jurisdiction. As President of Salamatof Seafoods, Inc., a substantial employer in the City of Kenai and the Kenai Peninsula Borough, I solicit your support for this most important bill.

It has the impact of not only creating employment, but also of plant utilization and in-State quality control. Stepwise this bill may create a vehicle for further guidelines requiring the maximum value added to be realized within the State for all species of our seafood resources. This I strongly advocate.

Referring specifically to herring, I have included an outline from my testimony before the House Resource Committee on Thursday, February 7th. The notes are not fully descriptive since it was my outline, however, the points are basically:

1. If Alaska wishes to receive the maximum benefit from a seafood harvest, it must so direct the processing industry by legislative action, otherwise, overhead and labor will be utilized elsewhere wherever possible.
2. The adverse market reputation for quality of Alaskan seafood can only be overcome by greater quality control measures. This, in turn, can only be scrutinized as processing occurs within the State's jurisdiction.
3. The current economic depression of the Alaskan seafood industry and especially of the Kenai Peninsula processors can be in part lessened by proper utilization of the vast herring resource just recently proven economically so important.
4. In a worst case analysis and in an industry based out of State, there would be left to the State only \$18 per ton or less by way of taxes for the herring harvested. This correlates to a State-wide return of \$720,000-\$900,000. If a best case analysis is a stake, a first wholesale value by in-State processors of up to \$100 Million Dollars of new dollars in 1980 can be realized. These new dollars, in turn, have even greater

City of Kenai
Attn: Mayor Vincent O'Reilly
February 18, 1980

impact when the particular multipliers are realized via the economics involved.

5. Our industry rule of thumb is that each ton of herring processed to the roe finished product requires about two man days of labor. If the projected Bristol Bay harvest were all processed to the roe state, it would create about 60,000 man days of employment for process workers. This is in addition to the employment of the fishermen and tendermen levels. Processing to a frozen state would require comparable labor plus capital investment only of a slighter consequence. Salting or brining of herring requires an inconsequential labor impact and, hence, a tremendous economic loss to the State and Borough.
6. Of the 1980 Bristol Bay harvest, we estimate it is probable that a minimal 20% will be processed by Kenai Peninsula processors if the product is not taken from them via foreign bulk transport means. If this is the case, at stake is a minimum 12,000 man days of labor plus the sales dollars generated into the economy by the particular Borough seafood processors involved. This will have impact upon the transportation industry and related supply industry and numerous other segments of our local economy.
7. In both the Canadian province of British Columbia and the state of California, the tremendous impact of requiring in-province or in-state processing has been realized. In each of those areas, legislation for the purpose of limiting the exports of unprocessed seafood, and especially herring, has been effected much more strictly than is proposed by HB 590. In both of those areas it has been realized that if the resource is to be harvested, it should be for the maximum economic benefit, which can only be realized by the export of the finished product.

I thank you for your consideration of this hastily prepared message. The time factor involved is that currently the matter will be brought before House Committee again on Thursday, February 22nd. I solicit a strong and immediate support of this bill to our Representatives as you deem appropriate.

Sincerely,

SALAMATOF SEAFOODS, INC.

Tom Waterer, President

TW:dle

Enc: HB 590

Testimony Outline - House Resource Committee

cc: House Speaker Terry Gardiner
Senator Clem Tillion
Representative Hugh Malon

Mayor Tom Bearup - Soldotna
Mayor Don Gilman - Kenai Pen. Bor.
Mr. Frank McIlhargey, Econ. Dev. Coun.
Mr. George Ford, Kenai Chamb. Commerce

I. INTRODUCTION

A. Company - 100% Alaskan owned; incorporated in the State in 1973:

Size, volume, position in industry, particularly in herring, employment, 1979 raw fish tax discussions.

B. Personal -

Time in industry, 18 years fisherman - processor.
Formal education in Biological Sciences.

II. ORIENTATION

Alaska should review its entire philosophies regarding management of its fishing industry. In light of the fact that its 1979 ex-vessel values alone were on the order of 700 Million Dollars, this thought should surely bear some consideration.

However, true impact of fisheries is fact that in addition to this 700 Million is added substantial payrolls of the State's processors and the notable multiplier effect this has on Alaskan economy, especially in light of the fact that generally these are imported - dollars injected directly into the private sector.

Noting that the socio-economic impact is so great it stands that some consideration be given to how best to manage the economics of a fishing as to the best benefit of Alaska and its citizens.

In my opinion HB 590 is one of first examples of such legislation.

The unfortunate reality - usually fisheries are managed only on premise that when a biological surplus exists it should be harvested by whatever means available w/o due consideration of the particular socio-economics involved. This, of course, is as much a fallacy as is conservation for the sake of conservation. I say, what purpose is there for Alaska to allow harvest if there is not maximum benefit to the State and its citizens to do such? It is time that biological management be coupled with economic management and by economic management I mean maximizing economic benefit to State, its resident fishermen, its processors.

I strongly advocate Alaska proceed stepwise toward maximizing value added within the State. Since processing in the fishing industry is very labor intensive, Alaska can only benefit by such direction. Benefit to labor, transport, taxes, etc.

DEFINE
PROCESSING
IN CASE
OF HERRING

In the case of HB 590, we strongly support it and suggest that since Alaska herring industry is just now experiencing a rapid growth, now is the time to set the guidelines by which to create the most value to the State via in-State processing, and at the same time insure the quality reputation.



February 1980

Dear Fisherman:

This letter submitted for your consideration is to serve the purpose of information flow between processor and fisherman, which is so often inadequate. I hope that you will very seriously consider what information we have to share and that you will realize how greatly your understanding and response to industry problems can, in turn, benefit us all.

The sad state of the Alaska fishing industry in general, and quite specifically that of the salmon industry, is that it is in a pronounced state of depression. Further it is unlikely that this situation will change in the near future. Currently the biggest problem the industry faces is how to cope with a badly depressed market. The problems are immense, the solutions are difficult, and the immediate economic consequences will be difficult on us all.

In the past five years the salmon industry has gone through an immense change, one in which it saw total Alaskan salmon catches in the range of 30 million to 40 million fish leap step-wise to last season's high catch of nearly 90 million fish. The large volume change, coupled with the related logistics problems faced by both fisherman and processor, has lead to a multiple of both quality control and marketing difficulties. At the same time, however, the entire salmon fisheries of the Northwest American coast has strived to make a quantum conversion from canned to frozen processing in response to changing world markets.

These two simultaneous changes in the industry have not been handled well due to lack of foresight, lack of experience, and lack of planning. This is true at both the fisherman and the processor sectors, and is most apparent by the way limited funds have been invested and how markets have been approached. The industry generally has poorly trained itself on how to properly handle fish as required for today's processing standards and today's markets.

The past five years of development has been almost entirely devoted to volume of production and not upon refinement of technique; again, this is true for both fisherman and processor. It might be said that both sectors have geared their operations almost entirely to production and not to market, consequently, both sectors are now suffering the grave consequences.

The consequences referenced above are basically related to market collapse and the resulting substantial decrease in both revenues and profits for effort. To survive in such situations, one must consider seriously the prospect of changing from production orientation to market orientation.

Without protection of bills such as HB 590, in-State processing will not only not develop, but will likely decline once the alternate modes of handling are developed. This is especially true for herring, since roe in fish can be easily preserved in unprocessed state long enough to allow cheap bulk transport to outside and generally foreign processing facilities where plants already exist, and labor is tremendously cheaper.

What's at stake -- herring -- a probably 1980 1st whole value to processors at up to 100 Million Dollars, depending upon actual volume harvested, quality and current market development. If fully realized, and if properly regulated, the large bulk of those dollars can enter the economy; and being new dollars to the State, would be magnified greatly in impact due to the related multiplier of the particular economies.

What is the worst case if HB 590 doesn't pass?

- *Multitude of Canadian processing plants waiting idle, even greater Japanese trampers carrying lightly salted fish to Korea and Japan. These are being prepared now.

- *1979 Togiak example

 - Trampers, 300-400 ft. tanker barges

- *Once proven, these could transport from SE, CI, PWS, anywhere.

Since out-of-state operators have a greater tendency to attract non-resident fishermen and since this is a developing non-limited fishery, there are a multitude of fishermen from Bellingham, Seattle, Astoria, San Francisco, and S _____ wishing to join these operations.

In a worse case analysis, an out-of-state fisherman, tenderman, barge, or trumper operator, travel to Bristol Bay to harvest and transport the fish out. In 1979 the Bristol Bay case was about \$600/ton. Alaska gets 3% or \$18 return.

Extending the worst case to 40-50,000 State-wide harvest, Alaska gets \$720,000-\$900,000 in raw fish tax--nothing else.

Obviously this won't result, for all herring close to 50% value is likely lost.

We are required to capitalize in Alaska labor, identify each carton by packer origin, and our Alaska health number, where is this, and Alaska quality control on tanker operations hauling product to Canada or Korea?

* Processing does exist in Alaska. Bering Sea must apply.
Canadian herring restrictions.

Rep. Cotten (Sam) Rules House Committee

~~Steven Noyer~~ ^{Pennoyer} Dir. Commercial Fisheries

Similar
Unprocessed fish is now required
Classifying processing

*Foreign not acceptable any
cooking, canning, salting - 20%, freezing.

*Salting not acceptable - in every case the purpose is to get roe.

**Processing required 2 man days/ton for roe

16.10.162

It is policy of legislature process shall be eliminated
Ref. to item 3.

*No reason to utilize carcass.

1979 take	(52,000,000	(9,000,000 is bait)
	(900,000	kelp
	(43,000,000	roe

Bristol Bay 70% salted

Herring is most numerous species in world.

**Salting accomplishes nothing.

The market we are facing today has been pushed harder and harder each year to accept our product, which we're increasing in volume yearly and yet asking ever greater prices. At the same time we have cared little about what our particular market, be it processor for the fisherman or consumer for the processor, really wishes to purchase. We have forced and demanded and pushed and generally have been accepted on the grace of future business and promised future improvements. However, the time of reckoning has come in which both processor and fisherman have been caught. We can push no longer; in today's market we have no choice but to accept the demands of the market or be left without. When it was that our Japanese consumers were fearful of the affects of the 200-mile limit, when their own suppliers were not proven, and when European and domestic consumers were fearful that their supply was being diverted to Japanese markets, processors were able to make ever higher demands, and in turn fisherman upon them.

Two years ago world economies were stronger, consumers more confident, and interest rates much lower. Under such circumstances, inventories could be accumulated without such problems as today, with expectation that although it had to be moved, supplies and suppliers would ultimately be needed. Today economies have changed, interest rates have increased, consumers have become more price conscious, and most especially supply alternatives from ours in Alaska have been developed. In 1979 three areas of major world salmon production all concurrently produced large volumes; Alaska produced nearly 90 million fish, of which approximately 24 million were Bristol Bay sockeye. Both of these figures are expected to increase in 1980. Also, in last season's production was counted nearly record catches by the Japanese fleets in both Siberian waters and the North Japan (hokkaido) fisheries. In the case of the latter, the Japanese chum catch exceeded 80,000 metric tons or nearly 50% greater than last year's bumper Bristol Bay harvest.

The timing of these huge catches was very poor for the market at a time when consumers' acceptance was already pushed to the limit and at a time when interest rates were rising. In a matter of just a few months inventory totals previously unknown became apparent and when coupled with the vast new productions, became awesome compared to the movement rate generally seen at the consumer level. It became apparent that something had to give. Prices could no longer be at such high levels while inventories accumulated. Financial institutions have begun pushing for liquidation of inventories and the harder they pushed the more rapidly the market has fallen. This is true both domestically and abroad.

Concurrent with the present problems of over supply, another nightmare has become apparent, and that is the fact that much of the substantial inventories, again held both domestic and abroad, are not of adequate quality to achieve consumer acceptance other than at give-away prices. Unfortunante, too, is the fact that a majority portion of the low quality product is of Alaskan origin. This factor especially depresses market confidence in future Alaskan supplies. This situation of poor market reputation because of inadequate quality control is a problem which both fisherman and processor must

strive to correct immediately. We at Salamatof must insist of ourselves and of our fishermen that major improvements be made. Without such improvements, neither we nor our fishermen can hope to attain again prices which we once received for our product. However, even though we and individuals among our fishermen move to further establish a quality reputation, we must also each push our constituents toward the same goal even through legislative action if need be. Otherwise, those of us who offer a superior product to the market are often averaged in price with those in the industry who offer lesser products. Even though this is neither fair nor reasonable, it does occur frequently for both the fisherman and processor due to numerous realities that exist both in our Alaskan industry and world markets.

The multitude of problems that have so suddenly come together in our industry have led to substantial insolvencies in many processing companies, even to the extent of bankruptcy. This problem has developed not only among domestic processors but also among overseas distributors. Again, this itself has further implications; as more and more companies are deemed insolvent, more and more lending institutions are becoming skeptical in their attitude towards financing the fishing industry in both our Alaskan producing areas and in a multitude of distant distribution areas. Overseas buyers in Japan have found themselves pushed hard for high prices by past suppliers, including most Alaskan processors, and at the same time have much smaller purchasing power because of a weaker yen. In October of 1978 the value of the yen was about 180/U.S. Dollar. Today it is about 240/U.S. Dollar. This means that to buy One Dollar's worth of our salmon, a Japanese buyer has to pay about 35% more in yen than he did 16 months ago.

What does this all mean to us today as processor or fisherman?
What does this all mean to our industry in general? IT MEANS that likely we will see further drastic reductions in both market prices and fisherman prices for most seafood items and most notably salmon. IT MEANS that even to attain these price levels, qualities must be improved, and this in turn is certainly the only way by which we can hope to attain in the future the prices we were once paid. Basically, as mentioned before, IT MEANS that to survive these difficult times we must all reevaluate each step in our operations and consider in more specific terms what it is we can do to improve our efficiencies in response to lower returns. We must also consider what we might do to improve our techniques of product handling so that we might once again increase the values which originally gave us the incentive to expand. We at Salamatof Seafoods have already extensively planned for such change and in the upcoming months will be trying to work more with you, the fisherman, to effect necessary additional changes. To survive in today's glutted markets, you the fisherman and we the processor must both have something superior to offer by way of product or be passed by because of stricter market standards for frozen salmon. We at Salamatof Seafoods wish to enhance our establishing reputation for offering something extra in quality control. This we expect shall become even more important in the changing market situation, which we suspect will lead in 1980 to the greatest price differential ever between what is known as number one and number two quality salmon. This will likely be most apparent in higher value species such as

red salmon.

Speaking specifically about sockeyes...

Due to the record run expected for Bristol Bay in 1980;

Because of the already depressed market;

Plus the adverse exchange rate for the Japanese yen,

the prices likely to be available on the world market will be down substantially. Additionally, the losses sustained by processors last year cannot be continued or the current survivors will themselves fail, resulting in the absence of buyers for fishermen's catches.

The expected drop in salmon prices will mean to the Bristol Bay fisherman that they can expect probably half or even less of last season's prices for reds. This will have a carry over effect to both other species and other areas. Last season the processors generally took such a financial beating that if given the choice to pay higher prices or face the demands of a strike, it is quite possible that they may choose to minimize their loss by refusing to buy, instead of incurring even greater losses by paying too much for product they know cannot be sold at a profit. This information is certainly not pleasant to hear by anyone, but it unfortunately is a reality that does exist and must be reckoned with. In addition to refusing to pay higher prices next season, most processors will probably also be demanding from the fisherman what is demanded from the processor by the market, and, that is, a very big improvement in the techniques in handling salmon. It is likely that most processors next year will completely refuse to buy salmon that are not of top quality. The risk is simply too great.

We at Salmatof Seafoods do not wish to be bearers of gloom, but want to draw your attention, the fisherman, to the fact that it is an entirely new set of circumstances facing us all upon entering the 1980 season. We do wish to encourage you somewhat, too, to the knowledge that some time in the future the market will likely recover and we may all enjoy the returns to which we were once accustomed. The speed of this recovery can be increased by proper handling and quality control as mandated by the market.

We wish to offer the following information and suggestions to best effect quality as required today:

1. All seafood products begin decomposition and softening upon catching, either in or out of the water. The speed of this decomposition varies noticeably from species to species, including various salmon species. Decomposition can generally be classified by two categories with considerable inter-relationship. These are enzymatic and bacteriological. The first is most noticeable by action of the enzymes of the gut cavity, but is also apparent through enzymes contained in the body flesh; the latter is caused by bacteriolog-

1. (continued)

ical action from whatever source, be it from either internal or external inoculation of bacteria. Regardless, in all cases, decomposition is slowed by decreasing the temperature towards freezing and is minimized by careful handling. Careful handling precludes bruising and the breakdown of gut membranes, which speeds enzymatic breakdown. Handling by way of cleanliness in a boat hold or by whatever means will help slow bacteriological decomposition. Quality control additionally includes consideration of how a product is stowed, stored, and transported. Deep stacking because of the resulting pressure should always be avoided. For salmon, quality is best maintained if the depth of fish is kept to less than thirty inches. Whenever bruising, excessive depth in a hold, and warm temperatures occur together, exceedingly rapid decomposition occurs which is itself self-perpetuating. As a salmon begins to decompose, more temperature is generated, which in turn speeds breakdown further. At this point, something must be done quickly or the fish is lost totally.

2. Recommendations can be further extended for salmon as follows:

- a. Deliver product as rapidly as possible from catch to a cool environment. If this is not possible on a fishing vessel, it must be delivered to a processor with such ability within 12 hours of being caught, and in the interim must be kept cool and shaded as is best possible;
- b. Fishing boat hold must be insulated from engine heat;
- c. Avoid deep stacking or any walking on fish in a fish hold. Internal damage by such action will render a fish as number two almost always;
- d. Do not use fish puges or even fish picks other than on net meshes;
- e. Avoid handling salmon by the tail or dropping whenever possible, and keep handling to an absolute minimum;
- f. Before a salmon is caught, thoroughly with proper sanitizing agent, be sure to clean the fish hold into which it will be put. Never allow fish to set in gurry;

2. (continued)

- g. When salmon are first caught in the net, pick them as quickly as possible, and never allow a fish to stay in the net through a change of tide, especially, if the net is stationary, such as is usual for a set net. This has the affect of net meshes macerating a fish's flesh as tidal pressures change direction. A set netter should always take special efforts to protect and cool his catch because of the harsh conditions he generally exposes his catch to upon removal from the water.

The above are but a few suggestions of how quality can be improved to first secure a market for the fisherman and, in turn, the processor, and next to effect an eventual increase in price for the product. We do expect that sometime in the future market conditions will be improved as quality is increased and inventories gradually decrease by increased consumption. When that time comes we shall once again have a healthy industry. In the meantime, we must all work together towards a common goal, that being continuation of business during these difficult times. It is possible that the two-year time factor in effecting this, which is currently suggested by the Japanese, can be attained more rapidly. We shall try in the near future to keep you informed as situations and market conditions change.

Thank you for your past support and consideration of these matters. We look forward to better times as do you.

Cordially,

SALAMATOF SEAFOODS, INC.


Tom Waterer
President

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation which results in the disposal of solid or liquid waste material or heated process or cooling water into the waters or onto the land of the state must procure a permit from the department before disposing of the waste material or water. The permit must be obtained for direct disposal and for disposal into publicly operated sewerage systems.

(b) This section does not apply to a person discharging only domestic sewage into a sewerage system. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976)

Effect of amendment. — The 1976 amendment in the first sentence of subsection (a), substituted "an operation" for "a commercial or industrial operation," insert, "or heated process or cooling water" and "or onto the land," and added "or water" to the end of the sentence.

Sec. 46.03.110. Waste disposal permit procedure. (a) An application for a permit shall be made on forms prescribed by the department or on forms prescribed by the United States Environmental Protection Agency and shall contain the name and address of the applicant, a description of his operations, the quantity and type of waste material sought to be disposed of, the proposed method of disposal, and any other information considered necessary by the department. Application for permit shall be made at least 60 days before commencement of a proposed discharge.

(b) Upon receipt of a proper application the department shall publish notice of the application in two separate publications of a newspaper of general circulation within the general area in which the disposal of waste material is proposed to be made. The notice may also be published in other appropriate information media. The notice shall include a statement that a person who wants to present his views to the department in regard to the application may do so in writing to the department within 30 days of the second publication of the notice. The written response entitles the writer to a copy of the application.

(c) When the department receives an application, the commissioner shall immediately send copies of the application to the commissioner of fish and game, the commissioner of natural resources, the commissioner of commerce and economic development and the commissioner of health and social services.

(d) The department may specify in a permit the terms and conditions under which waste material may be disposed of. The terms and conditions shall be directed to avoiding pollution and to otherwise carry out the policies of this chapter. No permit may be effective for a period in excess of five years from the date of issuance.

(e) If the department has certified a National Pollutant Discharge Elimination System permit under sec. 401 of the Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. sec. 1341), and the United States Environmental Protection Agency has issued that permit to a person, the department may waive the requirements of this section, and adopt the federal permit as the permit required under § 100 of this chapter. (§ 3 ch 120 SLA 1971; am § 6 ch 104 SLA 1971; am § 116 ch 218 SLA 1976; am §§ 4, 5 ch 220 SLA 1976)

Effect of amendments. — The first 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of economic development" in subsection (c).

The second 1976 amendment inserted "or on forms prescribed by the United States Environmental Protection Agency" in the first sentence of subsection (a) and added subsection (e).

Article 3. Herring Spawn.

Section	Section
140 — 170. [Repealed]	173. Utilization of commercially taken herring
172. Legislative policy on utilization of herring	

Secs. 16.10.140 — 16.10.170.
Repealed by § 2 ch 91 SLA 1970.

Sec. 16.10.172. Legislative policy on utilization of herring. The legislature finds the following: (1) extensive and valuable herring populations are available for harvest in waters subject to the jurisdiction of the state; (2) commercial markets are available for herring processed in several forms; (3) one processing technique presently employed involves deliberately permitting decomposition of the herring carcass to allow for removal and subsequent sale of the roe product, with the consequence that the flesh is unusable and discarded. The legislature declares that the process referred to in (3) of this section is wasteful and does not constitute utilization of this resource for the maximum benefit of the people. Therefore, it is the policy of the legislature that this process should be eliminated to the fullest extent possible. (§ 1 ch 9 SLA 1977)

Effective date. — Section 2, ch. 9, SLA 1977, provides: "This Act takes effect January 1, 1978."

Sec. 16.10.173. Utilization of commercially taken herring. (a) It is unlawful for a person, as defined in AS 01.10.060 and including a joint venture, to waste or to cause to be wasted any commercially taken herring.

(b) As used in this section, "waste" means the failure to use the flesh of commercially taken herring for reduction to meal, production of fish food, human consumption, food for domestic animals, scientific or educational purposes, or round herring bait. Normal, inadvertent loss of flesh associated with the uses described in this subsection which cannot be prevented by practical means does not constitute waste. The commissioner may authorize other uses of commercially taken herring not inconsistent with the intent of this section and § 172 of this chapter at his discretion upon receipt of a request accompanied by a detailed justification.

(c) For purposes of this section, "flesh" means all muscular body tissue surrounding the bony skeleton of the herring.

(d) The Board of Fisheries may adopt regulations under the Administrative Procedure Act (AS 44.62) it considers necessary for implementation of this section. The board may delegate its authority under this section to the commissioner.

(e) The provisions of this section do not apply to herring taken commercially in the Bering Sea (including appurtenant bays, sounds, estuaries, and water of the state) north of 56° North Latitude, until January 1, 1979. (§ 1 ch 9 SLA 1977)

Effective date. — Section 2, ch. 9, SLA 1977, provides: "This Act takes effect January 1, 1978."

Panel approves in-state herring processing bill

The current practice of salting Bering Sea caught herring and selling it to foreign tramp steamers for shipment back to South Korea and Japan will be stopped by 1984 under a bill approved by the House Resources Committee.

The bill is a compromise between those that want to require in-state processing of all Alaska herring and those that argue the developing herring fishery in Western Alaska will never get off the ground unless the markets remain flexible.

Under the current version, salting will be phased out in the Bering Sea. The fishery will stay the same this season as the act does not take effect until Sept. 1, 1980. In 1981, salting and stripping will be permissible. In 1982 and 1983, only stripping will be allowed. From 1984 on, processors will be expected to have complete freezing and hauling capability.

"Stripping" is a process where the extremely valuable roe (eggs) is extracted from the herring carcass. The herring is put in light brine solution for three or four days which breaks the skin. Processing workers "smack" the herring to pop out the roe. The carcass is so deteriorated by this time it's considered waste.

Under current law, Alaska processors must comply with environmental regulations and run the carcasses through their bio-dry machines so there is no waste.

Since onshore processing facilities, let alone waste disposal facilities, do not exist in most of Western Alaska, the area will be granted an exemption from this requirement until July 1, 1983.

Until then, processors are to follow regulations written by the Board of Fisheries, in conjunction with the state Department of Environmental Conservation.

Board member Jim Beaton said this could be a problem because he doesn't think the department knows what herring waste is. Beaton believes herring carcasses washed up on a beach definitely are pollu-

tion, but carcasses dumped three miles out to sea enter the ecosystem-as food for other organisms.

During a Feb. 21 Resources Committee meeting, Rep. Terry Gardiner, the sponsor, said originally the bill prevented the shipment outside of raw herring. Then it was changed to include salting and then to allow stripping in the Togiak fishery. "I don't mind giving an exception if we can get rid of it over a period of time," he said.

"We can live with it (the bill) if it gives us something to do with the fish," testified Lyle Negus, vice president of the processing firm Pacific-Mist Inc. He said the company had "tried tendering (the herring) back to Kodiak (from Togiak), but it's not feasible because of the distance involved."

Beaton attended a couple hearings on the bill and, in the end, supported it. But he questioned whether the legislature really could mandate an in-state, labor intensive herring processing industry given the chaotic state of the markets.

"The thing about (sac roe) herring, that nobody seems to be able to get through their heads, is that a good catch in Canada, like they had a couple years ago, can saturate the market."

The sac roe product largely is limited to Japan, where it is used in traditional dishes.

Beaton also doubted whether the legislators were informed enough to decide on "something this big." Among the people that testified, only two were active fishermen and only two were processors.

Depending on the markets, "We may not have a herring fishery from year to year," he said.



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ganded. The effect on Kodiak was that the Gods on high had spoken, therefore the decision was irrevocable, and if we didn't like it, too bad - It's just the way it is.

We feel a much more appropriate approach would have been to send a representative to Kodiak, prior to the announcement, and at least go through the motions of consulting with the community about Western's problems with the Kodiak route, to advise us Western was considering cancellation, and ask for Kodiak input which might throw a more favorable light on the situation.

To our knowledge, since deregulation, Kodiak has never been consulted about problems by either airline providing

Violin

(Continued from Page 1)

Hopson had led workshops in fiddle, mandolin and guitar. He has been touring as Rosenhal's accompanist since 1977. Currently he is transcribing music for a forthcoming book on folk music of Southeast Alaska and performing regularly in the Juneau area.

Kodiak Baranof Productions wishes to thank both the Kodiak Community Schools and Kodiak Community College for their support and assistance with the Winter-Spring Concert Series.

With airline deregulation, it seems to us that your industry does hold some public responsibility and trust to provide adequate, dependable and continued service, especially to communities almost entirely dependent on air service for daily needs.

With Western's departure, we are, more or less, at the mercy of Wien, which while promising they "may" begin direct flights to Seattle by April 27th on a six day a week basis, we truly have no guarantee this will occur or continue. Their direct service was discontinued in early January with no notice.

I might add that in the Kodiak tourist brochure which is mailed to inquirers, of which there are several thousand each year, there is a picture of a Western aircraft. Unfortunately, a 30,000 re-order was placed just prior to your cancellation announcement.

No only does it leave us with an incorrect, out-of-date brochure, it proves Western Airlines with free publicity from a community which you have chosen to ignore.

A little community consideration and public relations on your part would certainly be appreciated.

Sincerely,

KODIAK AREA CHAMBER OF COMMERCE

Arthur F. Johnson
President

Herring carcass waste may continue

JUNEAU (AP) — The House voted Wednesday to allow the process of stripping roe from commercial caught Bristol Bay herring and then wasting the herring carcasses to continue for two more years.

The Legislature voted 28-12 on a reconsideration ballot to pass a bill aimed at halting the current practice of salting Bering Sea-caught herring and selling it to foreign vessels for shipment to Japan.

Under the bill, the salting of herring would be phased out in the Bering Sea. By mid-1983 processors would be required to have complete freezing and

Shrimp price negotiations

Negotiations for this year's shrimp prices are scheduled to begin soon.

Letters of intent to negotiate have been sent to all processors by the Alaska Druggers Association, according to association manager Al Burch.

Association representatives also plan to meet with Sand Point druggers in an effort to work together on shrimp price negotiations, according to Burch.

Kodiak Kalendar

FRIDAY

Museum 12 noon - 3 p.m.

Well Baby Clinic, call for appointment, 486-3319 Health Center

A. Holmes Johnson Library 1 - 9 p.m.

Ram Committee Weekly Breakfast meeting, 6:45 a.m., Shelikof Lodge

Kodiak Women in Crisis HELPLINE: 486-3625

hauling capability.

The most controversial provision of the bill would allow herring carcasses to be wasted — after the valuable roe (eggs) has been stripped from the herring — until mid-1982.

The original bill would have allowed the practice to continue until 1983, but Rep. Dick Eliason, R-Sitka, successfully argued for passage of an amendment to reduce the time period.

"In 1977 we unanimously passed a bill that said stripping of herring is a waste of a resource," Eliason said. But he said the 1977 legislation allowed a two-year exemption to permit the stripping of herring in Bristol Bay, so that American processors could gear up to process the entire herring.

"That was two years ago and they (processors) haven't done anything," Eliason said. "To be quite frank, I don't think processors will gear up" until they absolutely have to, he added.

No Breakwater

The Tuesday and Friday column Breakwater does not appear this week because assistant publisher Roger Brigham is on vacation and editor Kent Brandley is recovering from surgery, leaving Breakwater columnist Chris Blackburn acting Mirror editor.

No Abby

Dear Abby and the daily crossword puzzle do not appear in this week's Kodiak Daily Mirror because the two features have not arrived in The Mirror office. As soon as the features wend their way through the postal system to Kodiak they will again appear on our pages.

Supporters of the bill said they don't necessarily favor harvesting of herring only for the roe. "But if we don't, the foreign fleets will," said Rep. Alvin Osterback, D-Sand Point.

The bill (CSHB590 amended) now goes to the Senate.



Russell dies

Services were held in Vale, Ore. Tuesday for former Kodiak resident Ralph F. Russell, 36, who died at home in Boise, Idaho after an extended illness.

Russell is survived by his wife, Donna Russell, and his parents, Lester and Mary Russell. Russell is also survived by three daughters, two sons, three sisters, and brothers Wayne, LeRoy and Leslie.

Russell grew up in Nampa, Idaho. He lived in Seattle from 1965 to 1967, where he was employed by Boeing Aircraft Co. He then moved to Kodiak where he operated his own fishing boat and was a real estate land developer. Russell married Donna Stoler in Kodiak in 1973.

The Russells moved to Boise in 1977, where he was association with Baldwin Realty until retiring in January of 1979.

Russell attended the Hillview Church of the Nazarene in Boise, and was a member of the Nazarene Church in Nampa, Idaho. He was also a member of the Eagle Lions Club.

THE KODIAK DAILY MIRROR

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Parks and Recreation



TEEN CENTER DANCES will be held Friday, March 21, for junior students and Saturday, March 22, for high school students. The high dance will run from 8 to 11 p.m. and no one will be admitted after 9:30 p.m. Chaperones for this dance will be: parent-teacher Jody Thomas and recreation staff members Jim Balamaci, teen center manager, Steve Donaldson and Alex Legaspi. The school age dance will run from 9 to 12 p.m. and no one will be admitted after 10:30 p.m. Chaperones for this dance will be: parent-teacher Marilyn McKinnon and recreation staff members: Jim Balamaci, Alex Legaspi, Steve Donaldson, Barb Jastran, and Chris

WATER BABIES begins a new four week session Monday, March 17. There are three levels of instruction: New Water Babies for all children who are new to the program; Guppies, the next level, is a place where children continue to work and learn until they develop the physical capability to swim; and Super Guppies for children who are big enough to kick, stroke with their arms, and hold their head to get a breath of air on their own. For information on registration and class times, call the Parks and Recreation Department at 486-5363.

LEAGUE BASKETBALL ends this week in the junior high on Monday evening at 7 p.m. in the "B" tournament, Mack's Shop, the consolation bracket winner, faces the unbeaten team; and at 8:30 p.m. in the "AA" tournament, consolation winner Sweeney-Berg takes on unbeaten Sea-Land. Although these championship games, since this is a double elimination tournament, if one of the unbeaten teams lose, they will have to play Wednesday evening. This past Wednesday evening, Wien won the tournament and Afognak Natives took runner-up honors.

PARKS AND RECREATION ADVISORY BOARD meets Wednesday, March 19, at 5 p.m. in the Baranof Park Office. Agenda includes a narrative review of the annual budget and appearances by Chuck Krusz, regarding a proposal for a roller skating program, and by Krusz, regarding possible location of a visitor information and chamber building on the vacant museum lots. This meeting is open to the public.

Monday, March 17
Swimming Pool - Morning Lap Swim 6-7 a.m.; Water Babies: Water Babies 11:40-12 a.m., 12-12:20 p.m., Guppies 3 p.m., Super Guppies 3:25 p.m.; Evening Lap Swim 6-7 p.m.; Open Swim 7-8:30 p.m.; School Gym - Girl Dribblers Basketball 5:30-10 p.m.
High School - Women's Basketball: 1st Session 5:30-6:30 p.m.; 2nd Session 6:30-7:30 p.m.; League Basketball: 7 p.m. Sea-Land vs. Juniors, 8:30 p.m. Sweeney-Berg vs. Sea-Land.
Teen Center - Open Center 6:30-10 p.m.

Tuesday, March 18
Swimming Pool - Morning Lap Swim 6-7 a.m.; Water Babies: Water Babies 11:30-11:50 a.m.; Guppies 11:50-12:10 p.m.; Lessons 3:30-4:30 p.m.; Swim 7-9 p.m.; Adult Fitness Class 9-10 p.m.; Adult Lessons 9-10 p.m.; School Gym - Open Gym 7-10 p.m.
High School - Volleyball 7-10 p.m.

Wednesday, March 19
Swimming Pool - Morning Lap Swim 6-7 a.m.; Water Babies: Schedule as on Monday; Evening Lap Swim 6-7 p.m.; Open Swim 7-10 p.m.; School Gym - Girl Dribblers Basketball 6:30-10 p.m.
High School - Women's Basketball: 1st Session 5:30-6:30 p.m.; 2nd Session 6:30-7:30 p.m.; League Basketball: "B"

and "AA" Championships.
Teen Center - Open Center 6:30-10 p.m.
Thursday, March 20
Swimming Pool - Morning Lap Swim 6-7 a.m.; Youth Lessons 3:30-4:30 p.m.; Open Swim 7-9 p.m.; Adult Fitness Class 9-10 p.m.; Adult Lessons 9-10 p.m.; High School Gym - Open Gym 7-9 p.m.
Junior High School - Girl Dribblers Basketball 8:30-10 p.m.; Women's Exercise: 1st Session 5:30-6:30 p.m., 2nd Session 6:30-7:30 p.m.; School Gym - Open Gym 7-10 p.m.
Teen Center - Open Center 6:30-10 p.m.

Friday, March 21
Swimming Pool - Morning Lap Swim 6-7 a.m.; Water Babies: Guppies 3:15-3:35 p.m., Super Guppies 3:35-4 p.m.; Evening Lap Swim 6-7 p.m., Open Swim 7-9 p.m.; Quiet Swim 9-10 p.m.; Junior High School - Volleyball 7-10 p.m.
Teen Center - Junior High Dance 8-100 p.m.

Saturday, March 22
Swimming Pool - Open Swim 2-5 p.m.
High School Gym - Girl Dribblers Basketball 1-5 p.m.
Teen Center - High School Dance 9-12 p.m.

Sunday, March 23
Swimming Pool - Open Swim 2-4 p.m.; Quiet Swim 4-6 p.m.
High School Gym - Open Gym 2-9 p.m.; Indoor Soccer 7-9 p.m.
Junior High School - "B" League Practice Night.

Coast Guard rescues injured man on Calista Sea

Coast Guard performed a rescue for a crewman on the vessel Calista Sea last night, reports the Coast

Douglas, Tony and Darrel Blair were picked up from the island by the Coast Guard after Ray Hickman reported the incident. All

JUNEAU (AP) — The House today passed legislation aimed at halting the current practice of salting Bering Sea-caught herring and selling it to foreign vessels for shipment to South Korea and Japan.

But a controversial provision in the bill would allow herring carcasses to be wasted — after the valuable roe (eggs) has been stripped from the carcasses — until mid-1983.

Supporters of the legislation billed it as a "compromise" between those who want to require in-state processing of all Alaska herring and those who argue that markets must remain flexible if the developing herring fishery is to expand.

The bill passed 24-13 after considerable debate mostly focused on the provision allowing Alaska processors, until mid-1983, to waste the herring carcasses after stripping away the roe.

"We're talking about an absolute waste of a resource," Rep. Dick Eliason, R-Sitka, said in arguing for defeat of the bill (CSHB590 amended). He called for a reconsideration vote, which probably will come on Tuesday.

Under the bill, the salting of herring would be phased out in the Bering Sea.

Until July 1, 1983, the stripping of commercially taken herring for the purpose of removing the roe would be authorized if the herring is taken from the Bering Sea and the carcasses are disposed of there.

The bill would not make any changes for the current season. In 1981 salting and stripping would be permissible. In 1982 and 1983 only stripping would be allowed. From mid-1983 on, processors would be required to have complete freezing and hauling capability.

Stripping is the process where the extremely valuable roe (eggs) is extracted from the herring.

Rep. Phillip Guy, D-Kwethluk, said he could not "in good conscience support the bill." Guy said herring is the mainstay of the people in his district, who depend on herring, including the carcass, to provide protein for their diets.

But Rep. Rick Halford, R-Anchorage, urged support of the bill, which he termed a "compromise." He said that by mid-1983 industry would be required to utilize all the herring, including the carcass.

He and other supporters said that allowing waste of the carcasses until mid-1983 is necessary to give American processors time to gear up.

"I've never been in favor of harvesting for roe only," said Rep. Alvin Osterback, D-Sand Point. "But if we don't, the foreign fleets will."

Marine weather



By the Associated Press

The National Weather Service reports millibar low near Cape Saint Elias will move Monday morning and weaken over western Tuesday morning. A high pressure ridge from Island north to McGrath will move east and day evening. A weather front from Saint Paul Bay and southward will move northward to southwest of Bethel and King Salmon to 100 miles Island by early Tuesday morning then dissipate low about 380 miles south of Cold Bay will move miles south of Sitkinak Island by early Tuesday.

Area 3. Kodiak Island waters, Gore Point. Storm warning. Northwest wind to 50 knots diminishing to 30 knots Monday afternoon. Wind to southeast to 20 knots Monday evening increasing Tuesday morning. Seas to 23 feet subsiding evening then building to 15 feet early Tuesday. Moderate freezing spray diminishing Monday. Outlook: East to northeast wind to 45 knots Tuesday. Shuyak Island to Castle Cape including Shelikof Sound. West to northwest wind to 25 knots except south of Cape Sitkinak southwest wind switching to east to southeast to 20 knots south Monday morning and increasing to 35 knots then spread to Shuyak Island Monday night building to 13 feet Monday night. Increasing with snow late Monday. Outlook: East to south knots.

Area 5. Coastal waters south of the Alaska Cape to Cape Sarichef. Gale warning.

Boat Disposal
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Limited entry

(Continued from Page 1)

limited entry permits to qualified fishermen who failed to apply to the Commission for a limited entry before the original deadline, but did file after the original deadline and before the enactment of Anderson's HB 665.

Copies of the limited entry permits are available at the Kodiak Office in the Kodiak Office. Those wishing to apply should word telegrams to the Kodiak Office.

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1980 Bering Sea herring regulations

In an attempt to manage an "exploding fishery," which one member of the Alaska Board of Fisheries predicts will be "utter chaos," the Board has passed regulations governing the 1980 inshore herring fishery. The more salient decisions:

Fishing season

The May 1 opening date has been moved up two weeks to April 15. The season will still close June 30. According to ADF&G biologists, the water temperature in the Bering Sea last year was the warmest on record. The result: the herring run, which normally peaks in the Bristol Bay/Togiak area between the 20th and 25th of May, peaked May 5th—before most of the fishermen and processors were on the grounds. The earlier opening "may insure that a fleet will be on the grounds in time to harvest those fish excess to spawning requirements."

Gear limitations

In order to alleviate a situation which one Board member characterized as "where you have the protection guy running around up there with gear here, there and everywhere and he doesn't know whose gear is whose," the Board has passed limits on the number of gillnets per boat. Each permit holder per vessel may have a maximum of 150 fathoms of gillnet. The total amount of gillnets per vessel may not exceed 300 fathoms. Each gillnet must be bouyed at both ends and at least one buoy at each end of the net must be plainly marked with the operator's interim use or entry permit number as well as the ADF&G number of the vessel from which the gear is being operated.

The use of hand purse seines will be allowed, as well as gillnets and purse seines, in the Bristol Bay/Togiak districts. Originally submitted as a proposal to allow the use of lampara nets (described by one fisherman as an "old man's seine"), the Board amended the proposal to allow the use of hand purse seines.

Area gear restrictions

Ungalikthluk Bay will be closed to herring fishing to protect fragile eel grass beds from damage. The closure does not apply to the roe-on-kelp fishery.

In the Cape Romanzof district herring may be taken only with gillnets for commercial purposes.

In the Norton Sound district only gillnets and beach seines may be used to take herring for commercial purposes.

In the Bering Sea/Kotzebue area herring may be taken for commercial purposes with purse seines, beach seines and gillnets from Fort Clarence to Point Hope.

Guideline harvest levels

Bristol Bay/Togiak—Between 20,000 and 40,000 metric tons
Security Cove—750 metric tons
Goodnews Bay—800 metric tons
Norton Sound—1000 metric tons

Allocation by gear types

A proposal to guarantee a minimum of 6,000 metric tons to gillnetters in the Bristol Bay/Togiak area was rejected by the Board. Instead, the Board adopted the following management strategy: "When the total reported harvest reaches 20,000 metric tons, ADF&G shall determine the reported tonnage for gillnet and seine (purse and hand purse) gear. If the harvest for either gear type has not reached 6,000 metric tons, the fishery on the gear with the higher reported catch shall be closed for 24 hours."

[continued on previous page]

fishing, the rest is regulations on subsistence fishing ... If we open fishing to commercial interests, we are inviting state and federal people to control our resources. First we lose control of the resources, and then we lose the resources!"

It's a different story in Hooper Bay, Scammon Bay and Chevak, though. Local residents there want a commercial herring fishery. As long as it's just gillnets, and as long as it's only local fishermen. Because only a few of the herring around Kokechik Bay and Cape Romanzof are still used for subsistence, local residents contend there are enough fish available for a commercial fishery.

Fishermen from the three villages, none of whom have fished commercially for herring before, have formed the Stoknavik Cooperative and secured a loan to finance the purchase of thirty wood skiffs and outboard motors. The loan is being made by the Alaska Renewable Resources Corporation. Although Kokechik Bay has been open to commercial herring fishing since 1978, this spring's fishery will be the first opportunity for local fishermen. It will be the first year any processors have showed up to buy fish. The coop has convinced at least one processor to stop by Cape Romanzof. Icicle Seafoods, Inc., plans to have their 137' vessel *Alaska Star*, capable of freezing 25 tons of herring a day, drop anchor outside the entrance to the bay.

Cape Romanzof fishermen will now have the chance to sell their herring for cash. And that, says local fisheries coordinator Frank Fox, "is what we've been praying for." □

Western Alaska fishermen go on a buying spree

Herring fleet multiplies rapidly

by Peter Redmayne

Western Alaska natives, claiming an inshore roe fishery is "their best chance to get off welfare", are rapidly gearing up to go after herring this spring in a big way. In view of the troubled Japanese herring roe market though, it may turn out to be a case of too much, too soon.

In the coastal villages of the Yukon-Kuskokwim Delta, aspiring herring fishermen have invested over \$1 million in new boats and gear, according to a preliminary analysis recently completed by the Alaska Native Foundation for the Governor's office. Considering the limited amount of herring available in the area and the fact that many of the boats are efficient gillnetters "with hydraulics and the whole works", there may be some problems when it comes time to slice up the pie.

According to Alaska Native Foundation spokesperson, Kay Koweluk, "There's more than enough of the local people to go out and get the resource. As far as I'm concerned, right now there is a state of over-capacity for the amount of resource that's there." Furthermore, she adds, that million dollar

figure may be low. The analysis was done on a "very cursory kind of basis" using only readily available "hard data" such as actual boat purchases from local dealers.

Commercial herring fishing, with gillnets only, is permitted in three areas along the Yukon-Kuskokwim coast. The locations and their guideline harvest levels: Security Cove (750 metric tons), Goodnews Bay (300 metric tons) and Cape Romanzof (350 metric tons). Security Cove and Goodnews Bay already have established commercial herring roe fisheries, but this year will be the first time a commercial fishery has been attempted at Cape Romanzof, where most of the action takes place along the north shore of very shallow Kokechik Bay.

Koweluk expects as many as five processors to drop anchor outside the entrance to Kokechik Bay on their way up to Norton Sound. If that's the case, the herring quota could be taken in three or four days. At its December meeting, the Alaska Board of Fisheries decided to ban purse seiners from Cape Newenham to Port Clarence because local residents expressed fears that seiners could move up the coast and pick up some quotas in three days or less. Ironically, village spokesmen argued at the time that banks

wouldn't loan money to local gillnetters on a three day fishery.

Further up the eastern Bering Sea coast, the Alaska Native Foundation study shows fishermen in the Norton Sound and Kotzebue Sound region have spent slightly more than half a million dollars outfitting for this spring's herring fishery. The lower figure does not necessarily mean there is less interest in the north than the south. Norton Sound already has an established salmon fishery, unlike the Cape Romanzof area, and it doesn't require as much of an investment for salmon fishermen to convert their boats so they can go after herring. The guideline harvest level in Norton Sound is 1000 metric tons. North of Port Clarence, where seining is allowed, the level is 300 metric tons.

Much of the "incredible interest" shown by western Alaska fishermen can be attributed to the high prices paid for herring last year. Although word of the turmoil in the Japanese herring roe market is "trickling in", Koweluk indicates "for the most part the people are hoping there will be higher prices and higher roe percentages than last year". And, she predicts, "There could be some problems if the price is lower or comparable to what was happening last year." □

Western Alaska natives win herring lawsuit

A U.S. District Court judge in Anchorage, ruling in favor of a group of Yukon-Kuskokwim villages, has found the Commerce Department violated federal guidelines recently when issuing new herring regulations for the eastern Bering Sea.

The decision effectively stops the Marine Resources joint venture from taking its allotted herring quota of 5000 metric tons this winter. It also means foreign trawlers fishing in the eastern Bering Sea must treat herring as a prohibited species, returning it to the sea along with any salmon, crab or halibut.

The suit, filed in January, argued the Commerce Department didn't have "good cause" when it waived the 60-day period for public comment and "cooling off" normally required

before new regulations can take effect. The Commerce Department contended it had no choice but to waive the 60-day period in order to prevent "serious disruption" of the eastern Bering Sea groundfishery.

In siding with the villages, the judge ordered Commerce to republish the herring regulations, this time allowing for the full 60 days required before the regulations take effect. Until the regulations go into effect, no offshore herring fishing is allowed.

The Japan Fisheries Agency, intervening on the side of the Commerce Department, called the judge's decision "quite an inconvenience" for Japanese stern trawlers and appealed the ruling to the Ninth Circuit Court of Appeals. □

Bleaching chemical is suspected carcinogen

The Japanese seafood industry, already suffering serious credibility problems with the Japanese consumer, has been ordered by the Ministry of Health and Welfare to cut back on the use of their favorite bleaching agent, hydrogen peroxide. The popular chemical has been identified by government researchers as a possible carcinogen.

Hydrogen peroxide is widely used in the Japanese food processing industry to give everything from noodles to kazunoko (herring roe) that critical visual appeal. In Japan, the better it looks the more it costs. Even though the government softened its initial position, which was to completely ban the use of hydrogen peroxide, the damage may have already been done. "The problem," as one processor explains, "is anytime you identify a product with cancer, even if it's erroneous, you're going to get some kind of reaction."

After shooting mice up with what one Japanese executive claimed were "ridiculous dosages" of hydrogen peroxide, scientists detected cancer in the mice. The government

responded by slapping an outright ban on the use of the chemical in food. Food processors, complaining they would be forced out of business, were given a reprieve, of sorts, when the government vacillated and said it was still alright to use hydrogen peroxide as a bleaching agent, but only in amounts small enough so that after the chemical evaporated no residue remained.

The first sector of the Japanese seafood industry to feel the effects of the restrictions placed on the use of hydrogen peroxide was the kamoboko processors. Large quantities of kamoboko, a highly processed fish sausage usually made from Alaska pollock, reportedly had to be destroyed. A more expensive substitute chemical was quickly found and kamoboko was soon back on supermarket shelves with labels disclaiming the use of hydrogen peroxide.

As yet, no substitute has been found to replace the hydrogen peroxide used in the final processing of kazunoko. It is also too early to determine whether any of the large kazunoko inventory carried over

from last New Year's will have to be destroyed. According to Jerry Spitz, president of the Fisheries Association of British Columbia, "Most of the problems with kazunoko can be overcome if you don't use much of the hydrogen peroxide. You can still come out with a product that's maybe not quite as nice a color, but it's still a very edible and saleable product. The stuff tastes better without hydrogen peroxide and dye anyway."

Because of the many other factors influencing the price of kazunoko, the general consensus in the industry is "will be very tough to isolate what affects, if any, the continued use of hydrogen peroxide might have on price."

Is the United States government concerned about the recent brouhaha in Japan over the use of hydrogen peroxide in food products? Apparently not. Federal Food and Drug Administration official Pat Adamo reports the FDA recognizes hydrogen peroxide is safe when used as a bleaching agent. Besides, he adds, "We don't usually concern ourselves with other country's regulations." □

(continued from previous page)

food trading companies have lost credibility. The *Asahi Evening News* says one of the reasons Mitsubishi Corp., which had been giving Hoku-sho financial aid, decided it could no longer sustain the company was because of "much padding of past accountings."

Mitsubishi Corp. would probably like a full accounting from Hoku-sho President Nakamura. But that won't be easy. The problem is they can't find him. According to the Japanese press, Mr. Nakamura "has disappeared with about \$6 million."

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Herring fishery eyed by Alaskan natives

by Peter Redmayne

Cape Romanzof and the tiny villages of Hooper Bay, Scammon Bay and Chevak are situated along some of the world's most desolate coastline. The land where the Yukon and Kuskokwim rivers dump their load into the Bering Sea is low and lonely. Little about the region has changed since Captain James Cook carefully navigated the muddy coast over 200 years ago.

Describing the area, one of Cook's officers on that voyage wrote:

The Country . . . has a wretched barren appearance, we can see no single article it produces, indeed this seems upon the whole a damned unhappy part of the world, for the Country appears just as destitute as a Country can be, and the surrounding seas are scarcely navigable for the numberless shoals . . .

Voyagers into the Bering Sea normally passed Cape Romanzof at least 50 miles out to sea, sparing the villages the "benefits" of white civilization. Until recently, the people, mostly Yup'ik Eskimos, have led a nomadic existence. Depending on the season, where there was food there was a village. According to regional historians, in the last 100

years only one village has apparently retained its original name and location. Every spring the villages moved to the coast to catch herring.

Village fishermen used gillnets made from seal skin thongs. Captain C.L. Hooper, a visitor to Cape Romanzof in 1880 aboard the U.S. Revenue Cutter *Corwin*, observed the local herring fishery where the gillnets were "set from shore in a very ingenious manner." The nets were about 30 to 40 feet long and about five feet deep. After watching the fishermen, Hooper wrote:

(The net) is held vertically in the water in the usual manner by means of floats and sinkers, wood and stone being used for that purpose. To the outer end is secured a flat stone, somewhat larger than the rest, which serves as an anchor. A number of short poles, about three inches in diameter, are joined together by lashing to a length of 60 or 70 feet. This pole, used for pushing the net from shore into the desired depth of water, has its end attached to the stone anchor by a loop which allows it to be withdrawn when the net is set, the outer end of the net being held in place by the stone anchor while to the inner end is secured a line of seal thong leading to the shore by which the net is drawn in.

Cape Romanzof fishermen go outside for new skiffs

The construction of thirty wood-herring skiffs for the Stoknavik Coop is not a typical boat story. The 23' x 9' skiffs have been designed by one of the North Pacific fishing industry's more popular naval architects, Ed Monk. Although he says "they're just a nice little utilitarian boat—sturdy as hell," the skiffs will be substantially bigger than those used previously by most of the fishermen. They should pack close to 4 tons.

The boats being built by Admiral Marine Inc. of Port Townsend, Washington, will be delivered to the coop fishermen in assorted pieces, ready for final assembly. According to company president, Earle Wakefield, "We've tried to take all the hard work out of it for them."

Jigs, along with supervisory people from Admiral Marine, will be sent up to Cape Romanzof with the unassembled boats so the fishermen "don't have to put anything in much alignment. It will actually be put together," claims Wakefield. Communications, though, he explains, "have been a little tough because you can't talk to anybody on the other end who has any familiarity with boatbuilding."

Not as familiar as Wakefield,

anyway. He has taught boatbuilding at technical schools and community colleges for 26 years, or as he likes to put it, "I was really weaned on wooden boats." Wakefield says no two of the Stoknavik fishermen agree on how they're going to fish their boats. "Each one is going to be different. Each one will have their own specific detail." That, he says, "is the real beauty of the thing."

The biggest challenge of the whole operation appears to be getting the unassembled boats to an isolated place at a price the local fishermen can afford. Wakefield complains he has encountered a "ghastly amount" of miscellaneous costs involved with shipping the boats. The over 5000 separate pieces will be packed into 40' container vans and sent up to Anchorage on a Sea-Land ship. The vans then have to be unpacked before the pieces can be loaded on a cargo plane for Hooper Bay. "A new twist was added recently when a section of Hooper Bay's airstrip washed away in a storm.

All in all, Wakefield says, "It's a hell of a big job. You just can't believe it." □

The processing methods Hooper reported are very similar to those used by coastal villagers today. The herring, strung through the gills with long strings of braided grass, were hung up to dry on teepee-style racks. The process took anywhere from 4 to 8 weeks depending on how frequently it rains. The fish were

then put into grass baskets, made in such a way to allow air to circulate around the fish, thereby retarding spoilage. The grass used to make the baskets, was the same grass used to string up the herring. The fish, which were dipped in seal oil before being eaten, were a staple part of the year-round diet for the

Dilemmas in allocating Bering Sea herring roe

by Peter Reimayne

The Alaska Board of Fisheries, in a controversial effort to promote some semblance of orderly development in the state's exploding Bering Sea herring roe fishery, has laid down the rules for the 1980 season.

As Board Chairman, Nick Szabo, observed, "everybody is expecting a lot of herring up there."

The onshore Bering Sea herring fishery is another chapter in Alaska's struggle to prevent the economic benefits of a resource from flowing out of state. Testifying before the Board, State Senator George Hohman of Bethel took a cue from the movie *Network* when he complained, "I'm getting mad as hell and I don't think we should put up with it any more. Outside people continually get the jump on us." Board member Jim Beaton was more specific. "There must be some way of stopping this money from flowing to Seattle—and that's exactly where it's going."

The dilemma of resident versus non-resident is particularly acute along the remote reaches of the desolate eastern Bering Sea coast—a region one politician described as "the poorest area in the whole state." Salmon canneries never got up that far and local residents like Joe Panigak of Chevak (Pop. 500) "want herring in our future. It's our best chance to get off welfare."

But they may never get that chance. As one fisherman remarked,

"Processors are in the business of making money—they're not in the business of rural rehabilitation. Fishing is a competitive business and if you're not competitive, you're not going to make it."

It's too early to predict how many fishermen will take a chance on the herring roe fishery next spring. AFD&G statistics indicate close to 700 fishermen participated last year. Everyone is expecting a lot more this season. Analyzing the Board's role, Beaton explained, "The locals certainly don't have an equal shot at it. We have to get around that and give them some protection."

The Board voted down a number of proposals designed to give local residents, many of whom are recovering from a severe storm last November that destroyed homes, boats and subsistence fish traps, maximum protection. Rejected were proposals to: ban seiners from the Bristol Bay/Togiak area, require exclusive registration by area, limit the length of boats used in the fishery to 32 feet and ban the use of spotter aircraft.

The rationale, according to Beaton, a herring seiner, is: "You can't start putting impediments in front of the processors. I'm getting a little bit concerned... there are so many impediments being placed upon a developing industry that it amazes me they even survive. I'm not convinced this processing is such a great game."

Reflecting on his analysis, Beaton adds, "I know that's kind of a joke among the fishermen who think all

the industry people are getting fabulously wealthy. But if you start thinking in terms of taking a processor all the way up into Norton Sound and the money it costs to cut away from the docks, you have to have a safety valve."

Icicle Seafoods, Inc., is apparently willing to take that chance. According to company spokesman, Alan Otness, "We intend to be in the gillnet business buying gillnet herring north of Cape Newenham, specifically the Cape Romanzof and Hooper Bay area." Icicle plans to go north with a floating processor capable of handling 25 tons of herring a day. Icicle's policy, he claims, "is to support the local industry in the area." Observed one board member, "It looks like Icicle is cornering the market up there."

While acknowledging "our basic philosophy is to keep whatever we have operating at full capacity—like any other processor would," Otness assured the Board local fishermen would receive priority. "We don't intend to bring a fleet of Viking marauders up there to terrorize the area."

The Board spent considerable time listening to testimony weighing the merits of banning purse seiners from the fishery. Brent Keene, a herring seiner who moved to Alaska from Dover, New Hampshire, said, "We broke our butts pioneering this fishery and now we have payments. It's the only fishery left open. I'm not out to eliminate gillnetters, I don't think they should be out to eliminate me. If I'm not

allowed to seine, there goes my livelihood."

In Beaton's opinion a seiner's days may be numbered anyway. "The distribution pattern of herring for the last 2,000 years is that they come to the beach and spawn. The gillnetters are sharp—they've figured this out and that's where they put all their nets... If I was a consultant looking for a way to save the gillnet fleet a lot of money, I'd have the fishery pioneered by the seine fleet and then the gillnetters would come right in back of them and shove them out of the way."

The best protection the Board decided they could give inexperienced local fishermen was an enforceable limitation on the amount of gear gillnetters can use. The Board was reacting to reports of highly efficient boats, outfitted with herring shakers and costing as much as \$500,000, being readied for this spring's fishery. And, as one Board member pointed out, "These people aren't coming up here with 3 sets of nets like the law reads. They're coming up here with 25 nets."

The Board's decision to ban purse seines from Cape Newenham to Port Clarence reflected the fears of local residents that seiners could move up the Bering Sea coast and pick up various quotas in 3 days or less. A spokesman for one village explained local banks were ready to loan money to local gillnetters—but not on a 3-day fishery. According to testimony before the Board, various banks and the Alaska Renewable

[continued on page 25]

HB

645



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

CSHB 645 - An Act amending and transferring appropriations made in 1979; and providing for an effective date.

BY: House Finance Committee

Section 1 transfers \$2 million originally appropriated to the Power Project Revolving Fund to the Alaska Power Authority for costs associated with the Tye Lake hydroelectric project.

This transfer is being made directly to the Alaska Power Authority because the Tye Lake hydroelectric project is being developed as a capital project of the state and Revolving Fund monies are only available as loans to municipalities. The \$2 million is still regarded as a loan, although the terms for repayment have not yet been specified. Please see Governor's letter of intent, attached.

Section 2 adds Eklutna Power Plants and Paint River to the Six Mile Creek Study Grant.

The Cook Inlet Aquaculture Association received grant monies (through the Dept. of Fish and Game, Div. of Administration) to do a feasibility and design work survey on Six Mile Creek. They proceeded with the project and spent \$8,195.49 of the \$50,000 appropriated for the study. At that stage the project was deemed not constructable and further work was halted. The Cook Inlet Aquaculture Association would like to use the remaining funds (\$41,804.51) for study of the Eklutna Power Plants and Paint River. Attached please find their proposed budgets for each project as submitted to Rep. Montgomery who introduced the amendment in the House Finance Committee.

Section 3 transfers \$1,010,000 originally appropriated to the Department of Transportation and Public Facilities, for the purchase and construction of the Anchorage Skill Center, to be paid as a direct grant to the Municipality of Anchorage for the same purpose.

The House Finance Committee added this transfer of appropriations because it was felt that the municipality could get the work done faster. The Municipality of Anchorage will inform the legislature, before the bill leaves the Senate, if it is amenable to this. The House Finance Committee indicated that the state might want to keep control of the Center although the municipality will do the actual construction. If so, the bill will need some wording changes to reflect this intent.

HB HOUSE BILL NO. 645 by the Rules Committee by request of
645 the Governor, entitled:

"An Act transferring an appropriation to the Alaska Power Authority for costs associated with the Tyee Lake hydroelectric project; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The Governor's transmittal letter follows:

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill converting a \$2,000,000 FY 80 appropriation to the Power Project Revolving Fund to an appropriation to the Alaska Power Authority (APA) itself.

Last year, the APA received an appropriation of \$2,715,000 for a large number of hydroelectric projects (see ch. 80 SLA 1979, at pages 66 and 67) upon the understanding that the appropriation would be repaid to the general fund from the revenue generated by the projects for which that financial assistance was provided. Similarly, it is intended that, by transferring this \$2,000,000 from the Power Project Revolving Fund to the APA itself, the APA will repay the general fund from the revenue of the Tyee Lake project in accordance with the terms of the project bonds and generally applicable regulations to be adopted by the APA governing that kind of repayment.

I am proposing this advance to the APA in this manner only on a temporary basis pending the enactment of formal statutory guidelines on the subject.

HB
645

Sincerely,



Jay S. Hammond
Governor

Cook Inlet Aquaculture Assn.

P. O. Box 850 — Soldotna, Alaska 99669
262-4441 Ext. 257

January 31, 1980

Representative Joe Montgomery
Pouch V
Juneau, Alaska 99811

Dear Rep. Montgomery:

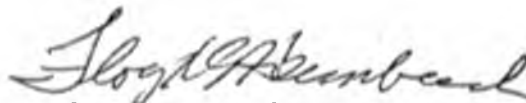
We applied for and received a \$50,000 grant to do a feasibility and design work survey on Six Mile Creek. It was funded through ADF&G.

We proceeded on that project and spent \$8195.49. We asked ADF&G to pay it and we received that amount. The project at that stage was not deemed constructable and further study was not accomplished.

We would like to have the remaining funds made available to us for work at Eklutna Power Plant and Paint River. Costs for these two projects are enclosed.

Thanks you for help in this. You will recall the Legislative Budget and Audit Committee recommended this change in the grant.

Sincerely,



Floyd E. Heimbuch
Executive Director

FEH:sa
enclosures

Cook Inlet Aquaculture Assn.

P. O. Box 850 — Soldotna, Alaska 99669
262-4411 Ext. 257

SIX MILE CREEK PROJECT

EXPENSES:

Jack Fisher survey	2914.51
Mileage/supplies for Biologist	303.70
Travel For Ex. Director	227.28
Staff(Administration costs) Biologist - 1 mon. salary and taxes, Ex. Dir.- and Secretary - ½ mo salary and taxes each.	<u>4750.00</u>
TOTAL EXPENSES	<u>8195.49</u>

TOTAL AMOUNT OF GRANT WAS:	50,000.00	
TOTAL AMOUNT OF GRANT RECEIVED:	<u>8,195.49</u>	on 10/19/79
BALANCE OF GRANT NOT RECEIVED:	41,804.51	

Cook Inlet Aquaculture Assn.

P. O. Box 850 — Soldotna, Alaska 99669
262-4441 Ext. 257

PROPOSED BUDGETS FOR PAINT RIVER PROJECT AND EKLUTNA PROJECT

PAINT RIVER PROPOSED BUDGET:

Staff - Biologist	3500.00
Staff field costs	1500.00
Travel to and on Paint River	2000.00
Lab sampling and tests	3500.00
Misc. Equipment	<u>1000.00</u>
TOTAL NEEDED FOR PAINT RIVER	11500.00

EKLUTNA HATCHERY PROPOSED BUDGET:

Staff	20000.00
Travel for egg take & to site	2000.00
Supplies	6000.00
Egg take costs & crew	<u>3500.00</u>
TOTAL NEEDED FOR EKLUTNA HATCHERY	32500.00

TOTAL PROPOSED BUDGET FOR BOTH PROJECTS: \$44,000.00

1	NATURAL RESOURCE MANAGEMENT (CONT.)				
2		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	APPROPRIATION OTHER FUNDS
3					
4	LAND DISPOSAL SURVEYS		4,400,000	4,400,000	
5	DEPARTMENT OF FISH & GAME				
6	VESSELS MAINTENANCE		40,000	40,000	
7	COMMERCIAL FISHERIES				
8	KING SALMON DRAINAGE REPAIR (EO 16)		39,500	39,500	
9	MUSKOGEE SONAR SCANNING EQUIPMENT-OWENSBORO (EO 16)		117,000	117,000	
10	FISH PROCESSING QUALITY CONTROL STUDY (EO 2)		40,000	40,000	
11	THE APPROPRIATION OF 40,000 IS FOR A FISH PROCESSING				
12	QUALITY CONTROL STUDY IN THE PRINCE WILLIAM SOUND AREA.				
13	PRIO				
14	KAWEKA CORPORATION-REEDING PROGRAM GRANT (EO 22)		10,000	10,000	
15	LAKE FERTILIZATION PROJECT - KETCHIKAN (EO 1)		85,000		85,000
16	GRAND STUDY (EO 1)		85,000	85,000	
17	ADMINISTRATION				
18	SIX MILE CREEK STUDY GRANT - ANCHORAGE (EO 7)		50,000		50,000
19	SOUTHERN SOUTHWEST REGIONAL AQUACULTURE GRANT (EO 1)		49,000		49,000
20	SMOKING BANDED-STATEWIDE		15,000	15,000	
21	POTTER MARSH RIFLE GANGE ACQUISITION (EO 7)		75,000	75,000	
22	CREAGER'S FIELD BOOKING (EO 20)		7,000		7,000
23	DEPARTMENT OF ENVIRONMENTAL CONSERVATION				
24	WATER PROGRAMS				
25	WATER FEASIBILITY STUDY - CONROVE (EO 3)		40,000	40,000	
26	THE APPROPRIATION OF 40,000 IS A DIRECT GRANT TO THE				
27	CITY OF LARAMIE.				
28	SEWER & WATER STUDY-WASILLA (EO 6)		20,000	20,000	
29	THE APPROPRIATION OF 20,000 IS A DIRECT GRANT TO THE				
30	CITY OF WASILLA.				
31	*****				
32	***** PUBLIC PROTECTION *****				
33	*****				
34	OFFICE OF THE GOVERNOR				
35	DISASTER FUND DEPLETION		400,000	400,000	

36	PUBLIC PROTECTION SERVICE				
37		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	APPROPRIATION OTHER FUNDS
38					
39	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT				
40	DIVISION OF MARINE				
41	DATA PROCESSING UPGRADE AND CROSS-REFERENCING (EO 4)		50,000	50,000	
42					
43	DEPARTMENT OF MILITARY AFFAIRS				
44	ALASKA NATIONAL GUARD				
45	ANCHORAGE ARMY (EO 7)		5,000,000		5,000,000
46	MAINTENANCE SUPP. ANCHORAGE (EO 7)		1,017,700		1,017,700
47	STATEWIDE LONGS CONTINGENT		200,000	200,000	
48	CIVIL AIR PATROL		425,100	425,100	
49	WASILLA POLICE (EO 21)				
50	WASILLA RESERVE OFFICE		191,000	191,000	
51	HOME UTILITIES FLOOD DAMAGE GRANT (EO 22)				
52	DEPARTMENT OF PUBLIC SAFETY				
53	HIGHWAY SAFETY PLANNING AGENCY		300,000	300,000	
54	CONTRACTS				
55	*****				
56	***** ADMINISTRATION OF JUSTICE *****				
57	*****				
58	DEPARTMENT OF HEALTH & SOCIAL SERVICES				
59	DIVISION OF CORRECTION				
60	WOMEN'S CORRECTION FACILITY-ANCHORAGE (EO 7)		2,000,000	2,000,000	
61	DEPARTMENT OF PUBLIC SAFETY				
62	DEPARTMENTS AND C.I.B.				
63	TRUCKER HIRING IN PORT TUGSON (EO 10)		67,000	67,000	
64	WASILLA POLICE CAPITAL INVESTIGATION AID GRANT (EO 22)		4,000	4,000	
65	THE APPROPRIATION OF 4,000 IS TO BE PAID AS A DIRECT				
66	GRANT TO THE CITY OF WYOMING FOR WYOMING POLICE DEPARTMENT				
67	INVESTIGATORY VESSEL AIR EQUIPMENT.		15,000	15,000	
68	RETRIEVE WASH BEACH AND RESCUE GRANT (EO 21)				
69	THE APPROPRIATION OF 15,000 IS TO BE PAID AS A DIRECT				
70	GRANT TO THE CITY OF WYOMING FOR BEACH AND RESCUE				

Cook Inlet Aquaculture Assn.

P. O. Box 850 — Soldotna, Alaska 99669
262-4441 Ext. 257

January 31, 1980

Representative Joe Montgomery
Pouch V
Juneau, Alaska 99811

Dear Rep. Montgomery:

We applied for and received a \$50,000 grant to do a feasibility and design work survey on Six Mile Creek. It was funded through ADF&G.

We proceeded on that project and spent \$8195.49. We asked ADF&G to pay it and we received that amount. The project at that stage was not deemed constructable and further study was not accomplished.

We would like to have the remaining funds made available to us for work at Eklutna Power Plant and Paint River. Costs for these two projects are enclosed.

Thanks you for help in this. You will recall the Legislative Budget and Audit Committee recommended this change in the grant.

Sincerely,



Floyd E. Heimbuch
Executive Director

FEh·sa
enclosures

Cook Inlet Aquaculture Assn.

P. O. Box 850 — Soldotna, Alaska 99669
262-4441 Ext. 257

SIX MILE CREEK PROJECT

EXPENSES:

Jack Fisher survey	2914.51
Mileage/supplies for Biologist	303.70
Travel For Ex. Director	227.28
Staff(Administration costs) Biologist - 1 mon. salary and taxes, Ex. Dir.- and Secretary - ½ mo salary and taxes each.	<u>4750.00</u>
TOTAL EXPENSES	<u><u>8195.49</u></u>

TOTAL AMOUNT OF GRANT WAS:	50,000.00	
TOTAL AMOUNT OF GRANT RECEIVED:	<u>8,195.49</u>	on 10/19/79
BALANCE OF GRANT NOT RECEIVED:	41,804.51	

Cook Inlet Aquaculture Assn.

P. O. Box 850 — Soldotna, Alaska 99669
262-4441 Ext. 257

PROPOSED BUDGETS FOR PAINT RIVER PROJECT AND EKLUTNA PROJECT

PAINT RIVER PROPOSED BUDGET:

Staff - Biologist	3500.00
Staff field costs	1500.00
Travel to and on Paint River	2000.00
Lab sampling and tests	3500.00
Misc. Equipment	<u>1000.00</u>
TOTAL NEEDED FOR PAINT RIVER	11,500.00

EKLUTNA HATCHERY PROPOSED BUDGET:

Staff	20000.00
Travel for egg take & to site	2000.00
Supplies	6000.00
Egg take costs & crew	<u>3500.00</u>
TOTAL NEEDED FOR EKLUTNA HATCHERY	32,500.00

TOTAL PROPOSED BUDGET FOR BOTH PROJECTS: \$44,000.00

1	NATURAL RESOURCE MANAGEMENT (CONT.)				
2			APPROPRIATION	APPROPRIATION	FUND SOURCE
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	LAND DISPOSAL SURVEYING		4,400,000	4,400,000	
5	DEPARTMENT OF FISH & GAME				
6	VESSELS MAINTENANCE		40,000	40,000	
7	COMMERCIAL FISHERIES				
8	KING SALMON DRAINAGE REPAIR (ED 1A)		29,900	29,900	
9	MUSKOGEE SONAR SCANNING EQUIPMENT-GILLJIMMAN (ED 1A)		117,000	117,000	
10	FISH PROCESSING QUALITY CONTROL STUDY (ED 9)		40,000	40,000	
11	THE APPROPRIATION OF 140,000 IS FOR A FISH PROCESSING				
12	QUALITY CONTROL STUDY IN THE PRINCE WILLIAM SOUND AREA.				
13	PRD				
14	BAHNER CORPORATION-HERRING PROGRAM GRANT (ED 22)		10,000	10,000	
15	LAKE FERTILIZATION PROJECT - KETCHIKAN (ED 1)		85,000		85,000
16	BOAT STUDY (ED 1)		85,000	85,000	
17	ADMINISTRATION				
18	312 MILE CREEK STUDY GRANT - ANCHORAGE (ED 7)		30,000		30,000
19	SOUTHERN SOUTHWEST REGIONAL AQUACULTURE GRANT (ED 1)		49,000		49,000
20	SHOOTING RANGES-STATEWIDE		15,000	15,000	
21	PORTER HORN RIFLE RANGE ACQUISITION (ED 7)		15,000	15,000	
22	CREAGER'S FIELD BROCHURE (ED 20)		7,000		7,000
23	DEPARTMENT OF ENVIRONMENTAL CONSERVATION				
24	WATER PROGRAMS				
25	WATER FEASIBILITY STUDY - CONDOVA (ED 9)		40,000	40,000	
26	THE APPROPRIATION OF 40,000 IS A DIRECT GRANT TO THE				
27	CITY OF CONDOVA.				
28	SEWER & WATER STUDY-WASILLA (ED 9)		20,000	20,000	
29	THE APPROPRIATION OF 20,000 IS A DIRECT GRANT TO THE				
30	CITY OF WASILLA.				
31	*****		*****	*****	
32	***** PUBLIC PROTECTION *****		***** PUBLIC PROTECTION *****	*****	
33	*****		*****	*****	
34	OFFICE OF THE GOVERNOR				
35	DISASTER FUND REPLENISHMENT		400,000	400,000	

PAGE 04

1	NATURAL RESOURCE MANAGEMENT (CONT.)				
2		ALLOCATIONS	APPROPRIATION	APPROPRIATION	FUND SOURCE
3			(000)	(00 OF 100, 000)	OTHER FUNDS
4	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT				
5	DIVISION OF BANKING		50,000	50,000	
6	DATA PROCESSING UPGRADE AND EXIST-REFERENCING (ED 4)				
7	DEPARTMENT OF MILITARY AFFAIRS				
8	ALASKA NATIONAL GUARD		5,044,000		5,000
9	ANCHORAGE ARMY (ED 7)		1,417,700		1,700
10	MAINTENANCE SHOP, ANCHORAGE (ED 7)		700,000	80,000	150,000
11	STATEWIDE CONST CONTINGENCY				
12	CIVIL AIR PATROL		423,100	423,100	
13	NOYDUS HANGAR (ED 7)				
14	MAMA DISASTER OFFICE		951,000	951,000	
15	MIAMI VIOLATION FLOOD DAMAGE GRANT (ED 22)				
16	DEPARTMENT OF PUBLIC SAFETY				
17	HIGHWAY SAFETY PLANNING BOARD		300,000	300,000	
18	*****		*****	*****	
19	***** ADMINISTRATION OF JUSTICE *****		***** ADMINISTRATION OF JUSTICE *****	*****	
20	*****		*****	*****	
21	*****		*****	*****	
22	DEPARTMENT OF HEALTH & SOCIAL SERVICES				
23	DIVISION OF CORRECTION		2,000,000	2,000,000	
24	WOMEN'S CORRECTION FACILITY-ANCHORAGE (ED 9)				
25	DEPARTMENT OF PUBLIC SAFETY				
26	ATTACHMENTS AND C.O.O.		87,400	87,400	
27	TRANSFER HOUSING TO PORT TUDEN (ED 19)		4,000	4,000	
28	HOME POLICE CRIMINAL INVESTIGATION RISE GRANT (ED 22)				
29	THE APPROPRIATION OF 84,100 IS TO BE PAID AS A DIRECT				
30	GRANT TO THE CITY OF HOME FOR HOME POLICE DEPARTMENT				
31	INVESTIGATION VISUAL AID EQUIPMENT.		15,000	15,000	
32	NOYDUS HANGAR SEARCH AND RESCUE GRANT (ED 22)				
33	THE APPROPRIATION OF 815,000 IS TO BE PAID AS A DIRECT				
34	GRANT TO THE CITY OF NOYDUS FOR SEARCH AND RESCUE				



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Co: 101
Juneau, Alaska 99811

CSHE 645 - An Act amending and transferring appropriations made in 1979; and providing for an effective date.

BY: House Finance Committee

Post year

appropriated to Thomas Bay Power Auth.

Section 1 transfers \$2 million originally appropriated to the Power Project Revolving Fund to the Alaska Power Authority for costs associated with the Tyee Lake hydroelectric project.

This transfer is being made directly to the Alaska Power Authority because the Tyee Lake hydroelectric project is being developed as a capital project of the state and Revolving Fund monies are only available as loans to municipalities. The \$2 million is still regarded as a loan, although the terms for repayment have not yet been specified. Please see Governor's letter of intent, attached.

Section 2 adds Eklutna Power Plants and Paint River to the Six Mile Creek Study Grant.

The Cook Inlet Aquaculture Association received grant monies (through the Dept. of Fish and Game, Div. of Administration) to do a feasibility and design work survey on Six Mile Creek. They proceeded with the project and spent \$8,195.49 of the \$50,000 appropriated for the study. At that stage the project was deemed not constructable and further work was halted. The Cook Inlet Aquaculture Association would like to use the remaining funds (\$41,804.51) for study of the Eklutna Power Plants and Paint River. Attached please find their proposed budgets for each project as submitted to Rep. Montgomery who introduced the amendment in the House Finance Committee.

Section 3 transfers \$1,010,000 originally appropriated to the Department of Transportation and Public Facilities, for the purchase and construction of the Anchorage Skill Center, to be paid as a direct grant to the Municipality of Anchorage for the same purpose.

The House Finance Committee added this transfer of appropriations because it was felt that the municipality could get the work done faster. The Municipality of Anchorage will inform the legislature, before the bill leaves the Senate, if it is amenable to this. The House Finance Committee indicated that the state might want to keep control of the Center, although the municipality will do the actual construction. If so, the bill will need some wording changes to reflect this intent.

An Act amending and transferring appropriations made in 1979; and providing for an effective date.

By (H) Finance

Section 1

The reason for the transfer of the \$2,000,000 from the Power Project Revolving Fund directly to the Alaska Power Authority is that the Tye Lake project is being developed as a capital project of the state, and Revolving Fund monies are only available as loans to municipalities. The \$2,000,000 is still regarded as a loan, though the terms for repayment haven't been specified.

Section 2 - Added by (H) Finance

Includes Eklutna Power Plants and Joint River in the \$100,000 study grant appropriated to ADF & G. Dept. of Administration.

Section 3 - Added by (H) Finance

Transfers \$1,010,000 appropriated to DORFF for purchase and construction of the Anchorage skill center to the Municipality of Anchorage for the same purpose.

---HPRG NO POSITION---



FROM POWER

HB HOUSE BILL NO. 645 by the Rules Committee by request of
645 the Governor, entitled:

"An Act transferring an appropriation to the Alaska Power Authority for costs associated with the Tye Lake hydroelectric project; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The Governor's transmittal letter follows:

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

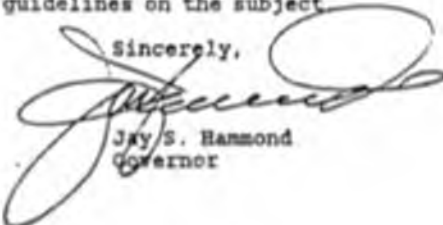
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill converting a \$2,000,000 FY 80 appropriation to the Power Project Revolving Fund to an appropriation to the Alaska Power Authority (APA) itself.

Last year, the APA received an appropriation of \$2,715,000 for a large number of hydroelectric projects (see ch. 80 SLA 1979, at pages 66 and 67) upon the understanding that the appropriation would be repaid to the general fund from the revenue generated by the projects for which that financial assistance was provided. Similarly, it is intended that, by transferring this \$2,000,000 from the Power Project Revolving Fund to the APA itself, the APA will repay the general fund from the revenue of the Tye Lake project in accordance with the terms of the project bonds and generally applicable regulations to be adopted by the APA governing that kind of repayment.

I am proposing this advance to the APA in this manner only on a temporary basis pending the enactment of formal statutory guidelines on the subject.

HB
645

Sincerely,


Jay S. Hammond
Governor

See 1st letter of intent - How

HB

778

THE PROBLEM

Since 1960, electric and telephone cooperatives have been paying 2% of gross receipts as a tax in lieu of ad valorem. This worked well through the years until the price of diesel fuel began to skyrocket after the 1973 Arab oil embargo. As the cost of diesel increased, the rates for diesel generated electricity increased. As the rates went up, the taxes went up with them.

The result of all this is that the consumers served by highest cost electric cooperative (AVEC) pay about ten times more tax than those served by the cooperative with the lowest rates (Chugach). It simply is not fair for rural consumers to have to pay disproportionately more tax than their urban neighbors just because their electricity costs more.

EFFECT OF THE BILL

This bill separates the taxing procedure used for electric cooperatives from that used for telephone cooperatives. It leaves the present procedure alone for telephone cooperatives -- they would still pay 2% of gross receipts in taxes.

Electric cooperatives would now pay 1/2 mill per kilowatt hour of electricity sold at retail. This is approximately the same tax per kilowatt hour that is now being paid by the electric cooperative with the lowest rates. It simply equalizes the taxes paid in the rest of the state to this level.



ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

8000 C STREET - SUITE C - ANCHORAGE, ALASKA 99502 • (907) 278-3235

COMPARISON OF GROSS RECEIPTS TAX
WITH PROPOSED
ELECTRIC COOPERATIVE ^{TAX} FOR 1978
(Calculated from REA Bulletin 1-1, 1978)

COOP	2% GROSS RECEIPTS TAX	G.R. TAX EXPRESSED IN MILLS/KWH	ELECTRIC COOP TAX @ 1/2 MILL/KWH
MEA	\$ 178,287	.80	\$ 111,834
KEA	95,362	1.77	26,870
HEA	140,546	.63	112,296
GVEA	388,858	1.26	154,564
GHEA	11,365	1.43	3,964
CEA	495,952	.64	390,085
NEA	15,980	2.86	2,794
KtzEA	26,551	3.10	4,281
CVEA	82,766	2.16	19,118
NEC	14,568	2.63	2,764
AVEC	109,506	6.85	7,992
*CEC	(@ 1%) 3,733	(@ 1%) 1.18	(@ 1mill) 785
TOTALS	\$1,563,474		\$ 837,347

NOTE: REA Bulletin 1-1, 1978 did not contain figures for Barrow Utilities & Electric Cooperative, which would also be affected by the proposed tax change.

* Cordova Electric Cooperative qualifies for the new coop reduced rate.



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

CSHB 778 - An Act relating to the taxation of electric cooperatives; and providing for an effective date.

BY: The Commerce Committee

Since 1960, electric and telephone cooperatives have been paying 2% of gross receipts as a tax in lieu of ad valorem. This worked well through the years until the price of diesel fuel began to skyrocket after the 1973 Arab oil embargo. As the cost of diesel increased, the rates for diesel generated electricity increased. As the rates went up, the taxes went up with them.

The result of all this is that the consumers served by highest cost electric cooperative (AVEC) pay about ten times more tax than those served by the cooperative with the lowest rates (Chugach).

This bill separates the taxing procedure used for electric cooperatives from that used for telephone cooperatives. It leaves the present procedure alone for telephone cooperatives - they would still pay 2% of gross receipts in taxes.

Electric cooperatives would now pay 1/2 mill per kilowatt hour of electricity sold at retail. This is approximately the same tax per kilowatt hour that is now being paid by the electric cooperative with the lowest rates. It simply equalizes the taxes paid in the rest of the state to this level.

SB 504 and HB 778 (Taxation of electric and telephone co-ops.)

Current statutes (AS 10.25.) provide that telephone and electric co-ops shall be taxed as follows:

- a) 1% of gross revenues for co-ops which have furnished electric or telephone service to consumers for less than five years as of December 31 of the preceding calendar year.
- b) 2% of gross revenues for co-ops which have furnished electric or telephone service to consumers for five years or longer as of December 31 of the preceding calendar year.

This bill would not change the taxing procedures for telephone co-ops which would remain as shown above. However, this bill would require that the tax for electric co-ops be computed as follows:

- a) $\frac{1}{2}$ mill per kilowatt hour for electric co-ops which have furnished electric energy and power to consumers for less than five years as of December 31, of the preceding calendar year.
- b) $\frac{1}{2}$ mill per kilowatt hour for electric co-ops which have furnished electric energy and power to consumers for five years or longer as of December 31, of the preceding calendar year.

* This is a tax on the number of kilowatt hours of electricity sold at retail during the preceding calendar year.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 778.
 Title An Act relating to the taxation of electric cooperatives.
 Requested by House Rules Committee Date 4/24/80

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected _____ Fiscal Services _____
 BRU, Program, or Subprogram(s) Affected _____ Audit Division _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS


None

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandum to R. D. Stevenson dated 4/24/80.

IV. DATE April 24, 1980

PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320

Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 778

Title An Act relating to the taxation of electric cooperatives

Requested by Rules

Date 4/15/80

II. FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	-----approx. (50.0) annually-----					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill proposes to replace the present gross receipt tax for electric cooperatives with a flat amount per kwh charge. The proposed charge would vary with the length of service.

The proposed change would have a very minor impact on the general fund revenues because most of the receipts of this tax are shared with local governments.

IV. DATE 4/16/80

PREPARED BY Barbara Jorgensen

AGENCY Revenue

PHONE * 2,74

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

MEMORANDUM

TO:

R. D. Stevenson
Special Assistant
Department of Revenue

DATE: April 24, 1980

FILE NO:

TELEPHONE NO

FROM:

Gary L. Jenkins
Director
Audit Division

SUBJECT

CS for House Bill No. 778

This proposed legislation would amend the provisions of Chapter 25 of Title 10 which deals with the taxation of electric cooperatives. The proposed amendments to the current law are clearly state and there do not appear to be any administrative problems or costs.

The Committee Substitute for House Bill 778 made one minor change in the original bill; however, there were no changes made in the areas which we mentioned in our original analysis.

The Legislature may wish to consider one factor with regard to the taxation of cooperatives which in recent years has been of concern to local municipalities. That issue is the fact that cooperatives have substantial other income from pole rentals and providing other services besides the direct telephone or electric service and they are not taxed at all on these receipts. This issue was originally raised by the Matanuska - Susitna Borough and has been of concern to other boroughs. The boroughs are concerned because of the fact that the majority of the money received from this tax is shared back to the local municipalities. We did pursue the issue in depth and it was determined that we could not tax this other income under the provisions in Title 10 and further, Title 10 also exempted this income from taxation under Title 43.



ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

801 W. FIREWEED LANE • SUITE 101 • ANCHORAGE, ALASKA 99503 • (907) 276-3235

COMPARISON OF GROSS RECEIPTS TAX WITH PROPOSED ELECTRIC COOPERATIVE TAX FOR 1977 (Source: REA Bulletin 1-1, 1977)

COOP	2% GROSS RECEIPTS TAX	G.R. TAX EXPRESSED IN MILLS/KWH	ELECTRIC COOP TAX @ 1/2 MILL/KWH
MEA	\$ 130,758	.76	\$ 87,979
KEA	81,994	1.62	25,279
HEA	121,455	.63	96,993
GVEA	350,736	1.06	166,224
GHEA	10,036	1.41	3,558
CEA	418,521	.58	363,105
NEA	12,664	2.47	2,567
KtzeA	22,779	2.97	3,838
CVEA	76,568	1.81	21,186
NEC	12,495	2.62	2,384
AVEC	84,845	5.52	7,685
TOTALS	\$1,322,851		\$ 780,798

NOTE: REA Bulletin 1-1, 1977 did not contain figures for the following cooperatives which would also be affected by the proposed tax change: Barrow Utilities & Electric Cooperative and Cordova Electric Cooperative.

HB

908

COMMITTEE REPORT
SENATE

FURTHER: None

4/2/80

Date: April 23, 1980

Mr. President:

The Committee on STATE AFFAIRS has had HB 908
merit principle in state employment

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 HL 908 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

[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]

[Signature]
 CHAIRMAN



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

CSHB 908 - An Act relating to the merit principle in state employment.

BY: Rules by request of the Legislative Council (for the Blue Ribbon Commission on the State Personnel Act.)

Article XIII, Section 6 of the Alaska Constitution directs that the legislature shall establish a system under which the merit principle will govern the employment of persons by the state. Following this mandate, the State Personnel Act adopted in 1961, states that it "is the purpose of this chapter to establish a system of personnel administration based upon the merit principle..." Neither the constitution or the statutes identify the components of the merit principle. The intent of CSHB 908 is to identify these components.

The principles identified in CSHB 908 are the basic precepts governing the selection, retention, advancement and, if necessary, separation of state employees. These principles are based on similar concepts identified during the initial state constitutional debates, and are consistent with the Federal Standards for a Merit System of Personnel Administration.

The Department of Administration supports this bill.

ARTICLE 12 - GENERAL PROVISIONS

the Constitution of the State of Alaska, and that I will faithfully discharge my duties as to the best of my ability." The legislature may prescribe further oaths or affirmations.

Merit System

SECTION 6. The legislature shall establish a system under which the merit principle will govern the employment of persons by the State.

Retirement System

SECTION 7. Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

Residual Power

SECTION 8. The enumeration of specified powers in this constitution shall not be construed as limiting the powers of the State.

Provisions Self-Executing

SECTION 9. The provisions of this constitution shall be construed to be self-executing whenever possible.

Interpretation

SECTION 10. Titles and subtitles shall not be used in construing this constitution. Personal pronouns used in this constitution shall be construed as including either sex.

Law-Making Power

SECTION 11. As used in this constitution, the terms "by law" and "by the legislature", or variations of these terms, are used interchangeably when related to law-making powers. Unless clearly inapplicable, the law-making powers assigned to the legislature may be exercised by the people through the initiative, subject to the limitations of Article XI.

Disclaimer and Agreement

SECTION 12. The State of Alaska and its people forever disclaim all right and title in or to any property belonging to the United States or subject to its disposition, and not granted or confirmed to the State or its political subdivisions, by or under the act admitting Alaska to the Union. The State and its people further disclaim all right or title in

Chapter 25. State Personnel Act.

Article

- 1. Administration (§§ 39.25.010—39.25.080)
- 2. Coverage of Personnel (§§ 39.25.090—39.25.130)
- 3. Personnel Rules (§§ 39.25.140—39.25.155)
- 4. Prohibitions (§ 39.25.160)
- 5. Hearings (§ 39.25.170)
- 6. Miscellaneous Provisions (§§ 39.25.180—39.25.190)
- 7. General Provisions (§§ 39.25.210—39.25.220)

Article 1. Administration.

Section	Section
10. Purpose of chapter	50. Powers and duties
20. Appointing authority	60. Personnel board
30. Division of personnel and board	70. Powers and duties of personnel board
40. Director of personnel	80. Public records

Sec. 39.25.010. Purpose of chapter. It is the purpose of this chapter to establish a system of personnel administration based upon the merit principle and adapted to the requirements of the state to the end that persons best qualified to perform the functions of the state will be employed, and that an effective career service will be encouraged, developed and maintained. (5 1 ch 144 SLA 1960)

Legislative committee report. — For report on original bill, see 1960 House Journal, p. 209.
Am. Jur. references. — 10 Am. Jur., Civil Service, § 1 et seq.; 11 Am. Jur., Constitutional Law, §§ 240 to 242; 42 Am. Jur., Public Administrative Law, §§ 8 to 250.
Quoted in *Mueller v. Alaska State Bd. of Personnel*, Sup. Ct. Op. No. 396 (File No. 738), 425 P.2d 143 (1967).

Sec. 39.25.020. Appointing authority. The authority to appoint to positions in the state service is as follows:

- (1) The legislature is the appointing authority for all officers and employees of the legislature and the legislative agencies, but the authority to make appointments may be delegated.
- (2) The governor is the appointing authority for all officers and employees of the executive branch, but the authority to make appointments may be delegated.
- (3) The chief justice of the supreme court is the appointing authority for all administrative and clerical personnel of the state judicial system, but the authority to make appointments may be delegated.
- (4) The board of regents is the appointing authority for all employees of the University of Alaska, but the authority to make appointments may be delegated. (5 8 ch 144 SLA 1960)

Stated in *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).
Cited in *Wolfe v. O'Neill*, 336 F. Supp. 1255 (D. Ala. 1972).



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

TO: Senator Bill Ray, Chairman

FROM: Teresa B. Cramer, Administrative Assistant *TBC*

DATE: February 27, 1980

RE: House Bill 908

Relating to the merit principle in state employment.

House Bill 908 addresses Recommendation 1 of the Blue Ribbon Commission's Report to the Alaska Legislature concerning recognition of the components of the merit principle of employment.

The Alaska Constitution directs, in Article XII, Section 6, that "(t)he legislature shall establish a system under which the merit principle will govern the employment of persons by the state." The constitution does not identify the components of the "merit principle." During the constitutional debates, the delegates identified concepts which they believed were encompassed by that term. See Proceedings of the Alaska Constitution Convention, pages 2886-2895. The legislature incorporated those concepts into the State Personnel Act which was adopted in 1961, but did not identify specifically the essential elements. This bill places the five components of the merit principle identified during the Constitution Convention in the State Personnel Act.

Since the Public Employment Relations Act requires that all collective bargaining agreements conform to the merit principle of employment, the designation of these components of the merit principle would serve to insure that the parties to collective bargaining agreements were on notice as to the state's interpretation of that language.

These five principles are consistent with the federal Standards for a Merit System of Personnel Administration, 44 F.R. 10238. The federal standards must be met for employment of persons in any federal grant-in-aid program. In addition, to the five areas addressed in this bill, the federal standards include a merit principle which requires that employees be trained as needed to assure high quality performance.

TBC:sp



JUNEAU ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

TO: Senator Bill Ray, Chairman
FROM: Teresa B. Cramer, Administrative Assistant *TBC*
DATE: February 27, 1980
RE: Senate Bill 502

Relating to the merit principle in state employment.

Senate Bill 502 addresses Recommendation 1 of the Blue Ribbon Commission's Report to the Alaska Legislature concerning recognition of the components of the merit principle of employment.

The Alaska Constitution directs, in Article XII, Section 6, that "(t)he legislature shall establish a system under which the merit principle will govern the employment of persons by the state." The constitution does not identify the components of the "merit principle." During the constitutional debates, the delegates identified concepts which they believed were encompassed by that term. See Proceedings of the Alaska Constitution Convention, pages 2886-2895. The legislature incorporated those concepts into the State Personnel Act which was adopted in 1961, but did not identify specifically the essential elements. This bill places the five components of the merit principle identified during the Constitution Convention in the State Personnel Act.

Since the Public Employment Relations Act requires that all collective bargaining agreements conform to the merit principle of employment, the designation of these components of the merit principle would serve to insure that the parties to collective bargaining agreements were on notice as to the state's interpretation of that language.

These five principles are consistent with the federal Standards for a Merit System of Personnel Administration, 44 F.R. 10238. The federal standards must be met for employment of persons in any federal grant-in-aid program. In addition, to the five areas addressed in this bill, the federal standards include a merit principle which requires that employees be trained as needed to assure high quality performance.

TBC:sp

(3) Retention of employees with permanent status on the basis

of the adequacy of their performance, reasonable efforts ^{OF TEMPORARY}

^{CAUSE FOR}
DURATION for correction of inadequate performance and separation ^{FOR INADEQUATE}

~~these employees for cause. FE: PERFORMANCE, PER~~

~~(3) Retention of employees with permanent status on the basis of the adequacy of their performance, reasonable efforts of temporary duration for correction in inadequate performance and separation for cause, ~~for inadequate performance.~~~~

(3) Retention of employees with permanent status on the basis

of the adequacy of their performance, reasonable efforts ^{OF TEMPORARY} CAUSE FOR

DURATION for correction of inadequate performance and separation ^{FOR INADEQUATE}

~~these employees for cause. PERFORMANCE.~~

SCS INSERTS THIS:

(3) Retention of employees with permanent status on the basis of the adequacy of their performance, reasonable efforts of temporary duration for correction in inadequate performance and separation for cause, ~~for inadequate performance.~~

Cause - - to

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue
Ribbon Commission on the
State Personnel Act)

1 IN THE HOUSE

2 HOUSE BILL NO. 908

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the merit principle in state em-
7 ployment."

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

9 * Section 1. AS 39.25.010 is amended by adding a new subsection to read:

10 (b) The merit principle of employment includes the following:

11 (1) recruiting, selecting, and advancing employees on the
12 basis of their relative ability, knowledge, and skills, including open
13 consideration of qualified applicants for initial appointment;

14 (2) regular integrated salary programs based on the nature of
15 the work performed;

16 (3) retention of employees *with permanent status* on the basis of the adequacy of
17 their performance *reasonable efforts* (and provision) for correction of inadequate performance
18 and separation of those employees *three employees for cause* (whose inadequate performance cannot be
19 corrected;)

20 (4) equal treatment of applicants and employees with regard
21 only to consideration within the merit principles of employment; and

22 (5) selection and retention of an employee's position secure
23 from political influences.
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HB

931

Notify when bill will be heard.

Chris Noah
Exec. Dir.
3510

CSHB 931

Chris called again 4/11/80 to be notified of bill when heard.

4/9/80

Chris Noah is in hospital. Jay Hogan is contact person (465-3795)

and will testify when bills heard

unless Chris is out of the hospital by then

Jay Hogan will testify
4/14/80

Following are the differences between the Alaska Council on Science and Technology statutes as they now read (44.19.181-189), Executive Order No. 46 and CSHB 931 am.

Present Statutes

Locate the council in the Office of the Governor. Provides for seven members who must be confirmed by the legislature. Members to serve overlapping three year terms, except for the first members who serve as follows:

2 members - 1 year
2 members - 2 years
3 members - 3 years

Executive Order No. 46

Locates the council in the Department of Environmental Conservation. Provides for seven members who do not need to be confirmed by the legislature. Members to serve terms the same as above.

CSHB 931 am

Locates the council in the Department of Administration for administrative purposes and services only. Adds one nonvoting representative (appointed by Speaker) and one nonvoting senator (appointed by President) to the council for a total of nine members. Members do not need to be confirmed by the legislature. All members to serve three year terms.



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

CSHB 931 am - An Act transferring the Council on Science and Technology from the Dept. of Environmental Conservation to the Dept. of Administration; and providing for an effective date.

BY: House State Affairs Committee

Executive Order No. 46, which will go into effect on July 1, 1980, transfers the Alaska Council on Science and Technology from the Office of the Governor to the Department of Environmental Conservation.

CSHB 931 am, which has an effective date of July 2, 1980, transfers the Council on Science and Technology from the Department of Environmental Conservation to the Department of Administration for administrative purposes and services only.

The bill also changes the organizational makeup of the Council on Science and Technology by the addition of one nonvoting representative (appointed by the Speaker) and one nonvoting senator (appointed by the President) to the Council for a total of nine members, each to serve a three year term.

Earlier this year the members of the Council on Science and Technology voted unanimously to move to the Department of Administration as that department was felt to be "neutral ground." The Council felt that it might not be appropriate to be administratively housed in a department that would likely be a recipient of grants from the Council, (i.e., Dept. of Environmental Conservation), thus avoiding a conflict-of-interest situation.

The Office of the Governor has no position on this bill.

The Department of Administration is not opposed to this bill.

Attached, for your information, is a copy of Executive Order No. 46.

EXECUTIVE ORDER NO. 46

Under the authority of Article III, Section 23, of the Constitution of the State of Alaska, and in accordance with AS 24.30.130(b), I order the following:

* Section 1. FINDINGS. As governor, I find that it would be in the best interest of efficient administration to transfer the Alaska Council on Science and Technology from the governor's office to the Department of Environmental Conservation.

* Sec. 2. AS 44.19.181 -- 44.19.189 are repealed.

* Sec. 3. AS 44.46 is amended by adding new sections to read:

ARTICLE 4. ALASKA COUNCIL ON SCIENCE AND TECHNOLOGY.

Sec. 44.46.070. COUNCIL ESTABLISHED. (a) There is established in the Department of Environmental Conservation the Alaska Council on Science and Technology. The council consists of seven members who are appointed by the governor upon the recommendations of the state's scientific, engineering, and related communities and organizations. Members have overlapping three-year terms, except that, of the first members, two have terms of one year, two have terms of two years, and three have terms of three years. Two members shall be selected from different executive departments of state government having significant research activities, two members shall be selected from the Alaska academic community, two members shall have significant activities or direct interests in research and shall be selected from the general public, and one member shall be selected from the staff of the legislature. The council shall elect one of its members as chairman. A chairman may be elected for successive terms as chairman and serves until his successor is designated. Four members constitute a quorum.

(b) Council members receive no compensation but are entitled to the travel and per diem provided by law for members of boards or

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commissions.

Sec. 44.46.080. PURPOSE, POWERS, AND DUTIES. (a) The purpose of the council is to review and recommend the scientific and technological research needs of state government, to issue research grants and contracts, to oversee the issued grants and contracts, to promote high standards of research for the priorities proposed by the council, and to address stated legislative or administrative requests for research.

(b) The council may

(1) apprise itself of local, state, federal, and private research programs, activities, and needs;

(2) convene committees, task forces, conferences, public hearings, and other meetings necessary to carry out the council's purposes;

(3) award research grants and contracts on a fair and competitive basis and administer those grants and contracts;

(4) enter into agreements creating one or more systems of information exchange with any appropriate research funding sources;

(5) at the request of any state agency, enter into and administer, but not perform, the research under research grants and contracts funded by that state agency;

(6) investigate the need for and when necessary establish advisory committees for reviewing its program;

(7) request and receive from any agency of the state government the assistance and data needed to carry out the requirements of this section;

(8) hire an executive director and staff that may be necessary to implement AS 44.46.070 -- 44.46.110.

(c) The council shall

(1) develop methods of surveying research needs of the

state, based on the present and future information needs of policy makers, state agencies, and the public at large;

(2) annually review the research needs and propose priorities for funding;

(3) annually submit to the governor and the legislature the findings of the council, including a listing, description, ranking, and justification of research needs, and a commentary on significant research activities of the preceding year funded by the state and including the relationship of that research to the state's needs and priorities;

(4) promote and enhance standards for research activities for which the council has administrative oversight;

(5) establish review procedures for research proposals;

(6) at the request of either the governor or the legislature advise in a timely fashion on inquiries concerning scientific investigation or comment;

(7) evaluate and forward to appropriate agencies and persons products of research activities funded by the council; the council shall prepare comments to accompany research reports summarizing the applications, importance, or further research needs demonstrated by the findings of council-supported research;

(8) coordinate its data and information needs with other research organizations in order to avoid unnecessary duplication;

(9) not conduct any research itself other than that necessary to further the purpose of the council as provided in (a) of this section;

(10) supply to any person or agency requesting assistance the available information on past or present research activities for which the council has information, except that the council shall not

release information which may endanger the acceptance of any research proposal which is at the time competing with other proposals for funding.

(d) The council may, as funds are appropriated, make grants of financial assistance of up to \$5,000 to persons engaged in the development or implementation of northern technology. An application for a grant under this subsection shall be submitted to the council which shall determine the manner in which applications are reviewed and approved. The council may make grants in coordination with other sources of funding. An applicant for funds for a demonstration project shall include with his application a statement that the completed project will be available for public inspection. Any patents or royalties accruing from projects funded through grants made by the council remain the property of the individual receiving the grant.

Sec. 44.46.090. RECORDS, REPORTS. (a) The council shall have its financial records audited by an independent certified public accountant. The internal auditor and legislative auditor shall jointly prescribe the form and content of the financial records of the council and shall be afforded access to these records at any time.

(b) Before January 15 of each year, the council shall submit to the governor and the legislature a comprehensive report describing operations and expenditures and the status of grants and contracts for the last preceding fiscal year.

(c) The provisions of AS 09.25.110 -- 09.25.120 apply to the council.

Sec. 44.46.100. DEFINITIONS. In AS 44.46.070 -- 44.46.110.

(1) "council" means the Alaska Council on Science and Technology established in AS 44.46.070;

(2) "northern technology" means the application in Alaska

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6 of methods of energy generation, waste disposal, recycling, food pro-
duction, transportation, building design, and industrial enterprise
which may be more efficient, and less costly and less energy intensive
than those methods presently utilized and which are appropriate to the
Alaska environment.

7
8 Sec. 44.46.110. SHORT TITLE. AS 44.46.070 -- 44.46.110 may be
cited as the Science and Technology Act.

9
10 * Sec. 4. AS 39.25.120 is amended by adding a new paragraph to read:
11 (12) the executive director, but not other staff, of the
12 Alaska Council on Science and Technology located in the Department of
Environmental Conservation.

13
14 * Sec. 5. As provided in sec. 8, ch. 56 SLA 1979, subsec. (d) of AS
15 44.46.080, as enacted in sec. 3 of this order, terminates June 30, 1984.

16
17 * Sec. 6. Contracts and proceedings entered into by the council are not
18 affected by the relocation made by this order.

19 * Sec. 7. This order takes effect July 1, 1980.

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21 DATED: 1/14/80
22 Juneau, Alaska

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CSHB 931 am An Act transferring the Council on Science and technology from the Department of Environmental Conservation to the Department of Administration; and providing for an effective date.

BY: House State Affairs Committee

Executive Order No. 46, which will go into effect on July 1, 1980, transfers the Alaska Council on Science and Technology from the governor's office to the Department of Environmental conservation.

CSHB 931 am.
 This bill, which has an effective date of July 2, 1980 (~~one day after the effective date of Executive Order No. 46~~) transfers the Council on Science and Technology from the Department of Environmental Conservation to the Department of Administration for administrative purposes and services only. ~~The changes in Council on Science and Technology statutes~~
~~The only statutory differences in this bill compared to the Executive Order statutes related to the~~

This bill ~~would~~ ^{also} change the organizational makeup of the Council on Science and Technology by the addition of one representative (appointed by the Speaker) and one senator (appointed by the President) to the council for a total of nine members, each to serve a three year term. ~~The Executive order~~ ^{keeps the membership} at 7 members appointed by the governor to serve overlapping 3 year terms, except for first members to serve as follows:

- 2 members - 1 year
- 2 " - 2 years
- 3 " - 3 years

ADMIN- WILLING TO TAKE ON RESP.

Other than the above, ~~the statutes related to the Council on Science and Technology are the same as in E.O. #46.~~

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FISCAL NOTE

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I. REQUEST
 Bill/Resolution No. CS HB 931 am
 Title An Act Transferring Council on Science & Technology to Department of Administration
 Requested by Senator Mulcahy Date 4/8/80

II. FISCAL DETAIL
 Agency Affected Administration
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administrative Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This program can be handled at no additional cost in the Department of Administration providing that one clerical position is transferred from the Office of the Governor to compensate for not only this program but also the transfer of the Public Defender Agency and the Alaska Public Offices Commission.

IV. DATE 4/9/80 PREPARED BY Judy Crondahl
 AGENCY Administration
 PHONE 465-2277
 Original Legislative Finance
 cc: Budget and Management
 Prime Sponsor (Last Legislator Named) Representative Mike Miller

HB

948



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

HB 948 - An Act making an appropriation to the Department of Transportation of Public Facilities for completion of the Snettisham hatchery; and providing for an effective date.

BY: House Finance Committee by Request

General obligation bonds authorized in chapter 140, SLA 1978, and approved by voters in 1978, appropriated \$6,002,000 for construction of a salmon hatchery at Snettisham, south of Juneau. The seven bids for this project were opened on January 30, 1980. The four lowest bids were grouped close together, indicating that the bids were reasonable and valid. However, the lowest bid received was approximately \$900,000 over the funds available for construction, hence the request for the appropriation in this bill.

The proposed revised budget for the Snettisham Hatchery is as follows:

Site Investigation Design and Other Preliminaries	\$626,273.
Site Preparation Contract	\$766,136.
Restricted for Equipment (RSA'd to A.D.F. & G.)	\$500,000.
Low Bid- Hatchery Construction	\$4,717,000.
Change Order Contingency	\$215,991.
TOTAL	\$6,825,400.

Duncan

DATE: February 14, 1980

TO: Ronald Lehr, Director
Division of Budget & Management
Office of the Governor

FILE NO: RECEIVED

TELEPHONE NO: MAR 7 1980

FROM: John Bates
Acting Deputy Commissioner
Planning & Research
Department of Transportation
and Public Facilities

SUBJECT: ~~Revised Budget Request for~~
Snettisham Hatchery, Chp. 140/78

→ Info for Amend. to HB 558.
900,000 for Snettisham Hatchery

The Department of Transportation and Public Facilities requests authorization to reallocate \$900,000 from the Kotzebue Hatchery project to the Snettisham Hatchery project.

The bids were opened on January 30, 1980 for the construction of the salmon hatchery at Snettisham. There were seven bidders with the four lowest bids being close together. This indicates that the bids are reasonable and valid. The lowest bid is approximately \$900,000 over the funds presently available for construction. The latest construction cost estimate anticipated correctly the discrepancy between available funding and prices. The request for reallocation of funding was delayed until bid opening to verify the amount required.

The required funding is requested from Kotzebue Hatchery since the project is anticipated to cost less than funds allocated. The Kotzebue project fund request was based on the assumption of poor access to a difficult to develop water supply. Because a spring water supply has been found adjacent to the Noatak River both access and water supply development will be less expensive than anticipated. In addition, development on the basis of using prefabricated modular units for hatchery construction will significantly reduce costs. For these reasons the reallocation from Kotzebue to Snettisham will not adversely effect the Kotzebue project.

The proposed revised budget for the Snettisham Hatchery is as follows:

Site Investigation Design & Other Preliminaries	\$ 626,273
Site Preparation Contract	766,136
Restricted for Equipment (RSA'd to ADF&G)	500,000
Low Bid - Hatchery Construction	4,717,000
Change Order Contingency	<u>215,991</u>
TOTAL	\$6,825,400

HB

950



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

HB 950 am - An Act making a special appropriation to the Department of Revenue to provide partial interest payments on municipal bonds as a general fund subsidy to local government; and providing for an effective date.

BY: House Finance Committee

Section 1 of this bill appropriates \$4,500,000 to the Department of Revenue, Alaska Municipal Bond Bank Authority, for the purpose of debt service and bond reserves.

Section 2 appropriates \$1,500,000 to the Dept. of Revenue to pay the difference between the purchase price of bonds of the municipality of Anchorage, at 8% interest, and the initial reoffering price. If the city decides to sell its bonds to the Bond Bank, the appropriation will go directly to the Bond Bank for debt service and bond reserves.

Because of recent increases in rates of interest charged for municipal bonds, seven Alaska municipalities have been rendered incapable of issuing bonds, totaling \$49,500,000, for projects slated to begin this construction season. They are as follows:

	<u>Amount of Bonds</u>	<u>Purpose</u>
Ketchikan	\$ 400,000	Airports
Kodiak	12,100,000	Schools
*Anchorage	19,000,000	Sewer/Roads/ Librarys
+Seward	1,700,000	Elec. Dist. Lines
*Sitka	5,600,000	Hospital
Bristol Bay Borough	4,000,000	Schools
Kenai Penin. Bor.	6,700,000	Hospital

*Mandated cap which can't exceed 8%.

+Mandated cap which can't exceed 7%.

Three of these municipalities have voter mandated "caps" or limits on the rate of interest they can pay on their bonds. There is not enough time for them to call special elections to raise their caps and still catch the summer construction season. The other four places are being treated by the Municipal Bond Bank as if they had caps of 8%. The Municipal Bond Bank has scheduled a bond sale for March 25, 1980 and urges immediate and favorable action on this bill.



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

HB 950 am - (cont.)

Attached please find House Finance Committee Letter of Intent.

The House Finance Committee, the original sponsor of the bill, has amended it by additional language in the title only, as highlighted on the bill.