

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1957 SRES HB 198 - HB 313

1957

Senator Gilman recommended adoption of the proposed committee substitute and to take up the amendments in the Resources Committee.

HB 198 and 453 were moved with individual recommendations.

Next on the agenda was SB 523 "An Act amending the fisheries business tax; and providing for an effective date".

Rick Lauber testified on SB 523. He briefly explained the problem the bill was to alleviate.

Hank Ostroskey commented briefly on SB 523.

SB 523 was moved with individual recommendations.

The meeting was adjourned by Chairman Mulcahy at 4:36 PM.

Sectional Analysis
SCS CS HB 198 (Res)

Section 1: Findings.

This section details the public purpose of the legislation, and expresses the intent that it be funded jointly by the industry and the state.

Section 2: Purpose.

The purpose of the A.S.M.I. is to provide broader markets for all Alaska seafood products through generic advertising and promotion, and to develop quality guidelines for the industry.

Section 3:

16.51.010. This section sets up the institute as a public corporation of the state. A.S.M.I. is currently a private non-profit, but in order to develop the long range programs needed, and have the ability to generate an assessment from the industry, it must become a public corporation.

16.51.020. Board of Directors.

The board of directors is chosen by the Governor from the seafood processing industry. Thirteen members are processors, 5 members are fishermen. It is patterned after other commodity commissions in America. The board members receive no special benefit from sitting on the board. Experience has proven that these commissions work only if they have the broad support of the industry. Processors also pay an assessment based on the value of their pack, with large processors paying the most money.

16.51.030-16.51.080. Elaborate board functions.

16.51.090. Powers

The powers of the institute allow it to develop advertising, publicity, and market research projects and to function as a public corporation.

16.51.100. Duties.

The duties of the institute mandate that it promote all species of seafood harvested in Alaska, develop quality guidelines, and prepare market research and product development plans.

16.51.110. Prohibited promotions.

The institute is prohibited from promoting anything that would benefit one particular area of the state or any single processor

or fisherman.

16.51.120. Assessment.

The following sections provide for a mandatory assessment on the part of the processing industry, if it is approved by a majority of value of the industry. The board may choose between several assessment levels, each level (.1%, .2%, .3%, or .4%) would generate about \$500,000 based on 1980 harvest values. The industry or the board may terminate the assessment if 2/3 of the board or a majority of the industry vote to do so.

16.51.140. Details the procedure for the elections.

16.51.160. Collection.

The money, whether raised by assessment or added from the general fund must pass through the general fund and be appropriated by the legislature. This provides for constant monitoring of the efforts of the A.S.M.I. on the part of the state.

16.51.180. Definitions, provided for key phrases.

Section 4.

This section puts employees of the institute in exempt class for employees of the state.

Section 5:

This section subjects the institute to the conflict of interest law.

Section 6:

This section repeals the King Crab Marketing and Quality Control Act.

Section 7:

This section states that the clause subjecting the institute to the Executive Budget Act, applies to all fiscal years after June 30, 1982.

Section 8:

This section details the staggering of terms of the board of directors.



Alaska State Legislature

Senate

RESOURCES SUBCOMMITTEE ON FISHERIES

JUNEAU, ALASKA

TO: Senator Bettye Fahrenkamp, Chairman
Senate Resources Committee

FROM: Senate Resources Subcommittee on Fisheries

SUBJ: HB 198 "An Act relating to the promotion of the marketing of seafood."

The subcommittee has taken testimony and replaced HB 198 with Senate CS for CS for HB 198 and reports SCS for CS for HB 198 back to the committee as a whole with the following recommendations.

Members	Recommendation
Senator Mulcahy	<u>Bob Mulcahy Do Pass w/ Am.</u>
Senator Eliason	<u></u>
Senator Gilman	<u>Don Gilman Do Pass w/ Am</u>

SENATE AMENDMENT

By _____

To: _____ SENATE BILL No. _____

To: Senate CS for CS for _____ HOUSE BILL No. 198 (Res)

PAGE:

LINE:

Page 5, Line 15 Delete "(3) develop standards of quality for seafood processed in the state;" and Insert "(3) develop market-oriented quality specifications for Alaska seafoods to be used in developing a high quality image for Alaska seafood in world markets, and adopt and distribute recommendations regarding the handling of seafood from the moment of capture to final distribution;"

Page 11, Line 6 Add new section "* Sec. 7. Section 6 of this Act takes effect July 1, 1981." and renumber following sections accordingly.

The purpose for this amendment is to establish that the King Crab Marketing and Quality Control Act is repealed at the end of the fiscal year. The Department of Fish and Game indicated that this would make things much easier for them.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 198 (Finance) am
 Title An Act relating to the promotion of the marketing of seafood.
 Requested by Senate Resources Committee Date April 23, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 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) NONE

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

See the attached memorandum to R. D. Stevenson dated April 24, 1981.

IV. DATE April 24, 1981

PREPARED BY [Signature]

AGENCY Audit Division

PHONE 465-2320

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

MEMORANDUM

State of Alaska

TO R. D. Stevenson
Legislative Assistant

DATE: April 24, 1981

FILE NO:

TELEPHONE NO:

FROM Gary L. Jenkins
Director
Audit Division

SUBJECT: CSIB 198 (Finance) am

The amendments which have been made to this bill are very significant in relation to the source of funds for the operation of the Seafood Marketing Institute. The provision for a credit against the Fisheries Business Tax has been removed and replaced by a separate assessment which the processors will levy on themselves by majority vote. This will result in all processors being required to report and pay the seafood marketing assessment on an annual basis. In the proposed AS 16.51.160(a) the due date for paying the assessment is April 15 of each year. It is recommended that the date be changed to April 1 to coincide with the Fisheries Business Tax return due date in order that we could provide for a processor to report both liabilities on the same form. Failure to change the date will result in higher administrative costs for the state and for all the processors because of all the additional paperwork which will have to be prepared by the processors and handled by our staff. A fiscal note showing these costs has not been prepared at this time, since I am assuming the date can and will be changed.

The proposed AS 16.51.170 on page 10 of the bill provides for limited collection authority as provided in AS 43.10 to be applicable to the collection of the assessments. However, that limited cross reference to Title 43 would not give us the authority to audit the information reported, assess any interest or penalties for failure to file or pay the assessment, bill a processor for the assessment if he refuses to file and report the amount due, or impose any criminal penalties for evasion of the assessment. If the legislature intends for us to have that authority, the section should be rewritten to read as follows:

Sec. 16.51.170. ENFORCEMENT OF ASSESSMENTS. The provisions of AS 43.05 and AS 43.10 shall apply to the requirement imposed by this chapter to report and pay the seafood marketing assessment.

Several places in the proposed bill the term "Eligible Processor" is used, yet it is not defined. I think I can guess what is meant, however, it would aid administration of the act greatly if the term were defined in the law. Further, the definition of

"value" on page 11 of the bill includes the term "eligible processor" as part of the definition. Since it appears that value will be used to determine who is an "eligible processor" it is inconsistent to use the term in the definition of value.

There are several places in the bill which include the phrase "value paid by the processor". Since value will not be determined in all cases on the basis of a purchase, it would appear to be clearer if the phrase "value of the seafood products acquired by the processor" were used in place of the current phrase. I recommend that the proposed language be substituted on page 6, lines 22, 25 and 28; and on page 10, line 6. Finally, on page 9, line 22 consideration should be given to substituting the word "acquired" in place of "purchased" to be consistent with the above language.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 198 (Finance) am
 Title Relating to the promotion of the marketing of seafood
 Requested by Senate Resources Committee Date 4/27/81

II. FISCAL DETAIL

Agency Affected Department of Revenue
 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
200 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

	FUNDING (Thousands of Dollars)					
	a)	b)	c)			
GENERAL FUND	943	1886	2829	1037	1141	1255
FEDERAL FUNDS				2075	2282	2510
OTHER (Specify Fund Source)				3112	3423	3765
						4142

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

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

The figures represent the anticipated revenues collected and available for legislative appropriation, if eligible processors elect a seafood market assessment. The possible assessment rate scenarios are presented as follows:

- a) 2 percent of value
- b) .4 percent of value
- c) .6 percent of value

Value was determined by using Department of Fish and Game catch and price projections for FY 1982, with a 10% inflation rate adjustment for subsequent years.

IV. DATE 4/27/81 PREPARED BY Robert W. Elliott
 AGENCY Revenue
 PHONE 465-2309
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

WHAT HAS THE A.S.M.I. DONE WITH THE \$1.2 MILLION FOR FY 81?

Almost the entire budget is going directly to advertising and promotional efforts. \$730,500 is going to support existing promotional groups-\$481,000 for canned and frozen salmon, \$215,500 to King and Snow Crab, and \$34,000 for Halibut. This money is being used to match what the industry is already devoting. Among the results is a national radio advertising campaign with supporting recipes and promotional materials urging people to "Buy Salmon" in 21 major cities across the country, beginning Feb. 2, 1981.

One of the most important projects is a \$50,000 marketing plan. This plan will provide market research and strategy development regarding consumers, or potential consumers of Alaska seafood. With a solid base of marketing information built, the A.S.M.I. will be able to target our efforts so that marketing dollars will provide the greatest return. The plan will also provide a baseline to measure the success or failure of the A.S.M.I. The marketing strategy will indicate budget levels that are based on a greater return on investment than the cost of the program, to insure that the state and the industry are using their money wisely.

\$20,000 is being used to develop bottomfish strategy and basic marketing materials. The goal of S.S.M.I. is to help the most people in the industry to the greatest degree possible, which means that we won't be spending a lot of money promoting bottomfish until there are a lot of Americans harvesting and processing bottomfish. Outside of administrative expenses the balance of the 1980 A.S.M.I. budget is unallocated.

HB

216

COMMITTEE REPORT
SENATE

4/27/81

FURTHER: Finance

Date: _____

Mr. President:

The Committee on RESOURCES has had CSHB 216(Fin)(efd failed) authorizing Alaska Agricultural Action Council to construct and dispose of a grain terminal and elevator

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

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

MEMBERS SIGNING
DO PASS

Don Simon
Bob Mulvaney
Phil ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Betty ...
 CHAIRMAN

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

May 18, 1981
1:30 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Mulcahy
Senator Eliason
Senator Gilman
Senator Bradley
Senator Sturgulewski

Hearing:

- SJR 45 Relating to construction of the Snettisham II (Crater Lake) hydroelectric project.
- SB 370 An Act making a special appropriation to the Department of Community and Regional Affairs for a Bristol Bay Native Association gardening project.
- SB 401 An Act cancelling certain claims for reimbursement of state money granted to fair associations as state aid to fairs.
- HB 216 An Act authorizing the Alaska Agricultural Action Council to construct and dispose of grain terminals and elevators.

Senator Sturgulewski put forth the motion to move SB 370 with individual recommendations.

Senator Gilman put forth the motion to move SB 401 with individual recommendations.

Staff suggested amending HB 216 inserting an effective date clause. Senator Mulcahy put forth the motion to add an immediate effective date clause starting on page 1, line 17 which was accepted. Senator Mulcahy put forth the motion to move HB 216, as amended, with individual recommendations.

SENATE RESOURCES COMMITTEE

Page: 2

May 18, 1981

Phil Holdsworth stated that SJR 45 recommends that the funds be expended to complete Phase II of the Snettisham hydroelectric project. Phase II needs to be completed because all of the new homes under construction in Juneau are electric. There are plans to build a transmission line to Hoonah, which will go near the Greens Creek mining operation. The existing facility will not be able to handle the extra usage.

Senator Eliason put forth the motion to add another "Whereas" to the resolution pointing out the plans for Hoonah and the Greens Creek mining operation.

Senator Mulcahy put forth the motion to move CSSJR 45 (res) with individual recommendations.

The Committee adjourned at 2:05 p.m.



Alaska State Legislature

House of Representatives

Committee on Resources

Terry Gardiner, Co-Chairman
Fred F. Zharoff, Co-Chairman
465-3715

Pouch V
State Capitol
Juneau, Alaska 99811

To: Senator Fahrenkamp, Chairman
Senate Resources

From: Rep. Gardiner, Co-chairman *T.G.*
House Resources

Date: May 18, 1981

Re: CS HB 216

HB 216 authorizes the Alaska Agricultural Action Council to construct and dispose of a grain terminal and elevator. This bill is companion to HB 49, the appropriation bill for the grain terminal and elevator. HB 216 was sponsored by House Resources Committee to alleviate the concern that the Agricultural Action Council may not have the authority to carry out construction of the facilities listed in HB 49.

MEMORANDUM

State of Alaska

TO: Bob Palmer, Coordinator
Office of Special Projects

DATE: April 6, 1981

FILE NO: J-56-644-81

TELEPHONE NO: 465-3600

FROM: WILSON L. CONDON
ATTORNEY GENERAL

SUBJECT: Authority of Agricultural Action Council to construct agricultural facilities

By:

Rodger W. Pegues
Assistant Attorney General

You have asked whether the Agricultural Action Council is authorized to construct agricultural facilities, and specifically, a grain elevator.

The council is expressly authorized to, among other things, "carry out experimental and pilot projects to develop markets for agricultural products produced in the state . . . AS 44.33.470(10)". The words "experimental and pilot projects" are exceedingly broad in their reach. So long as an experimental or pilot project may reasonably be calculated to aid in developing markets for Alaskan agriculture produce, it will fall within the meaning of the term. A grain elevator and any other facilities usually required for marketing grain easily fall within the meaning of the term so long as they are new or innovative in nature.

RWP/pjg

ranking applications shall include facility need and suitability, public support for construction or development and maintenance of a facility, availability of land, management capacity, alternatives to completion of the facility proposed, redevelopment or rehabilitation of a structure qualifying as an historic property or a building of historic value which is part of an historic district, and cost;

(2) by application of the criteria adopted under (1) of this section, advise the commissioner of commerce and economic development regarding the approval of requests for financial assistance in the construction of cultural facilities submitted in accordance with AS 43.18.500;

(3) at the request of a municipality, provide assistance in the preparation of an assessment of needs and review proposals and plan for construction or development of a cultural facility, for which financial assistance is requested under AS 43.18.500; and

(4) submit an annual report to the commissioner of commerce and economic development and the legislature summarizing its activities and expenses. (§ 3 ch 62 SLA 1979)

Article 10. Alaska Agricultural Action Council.

Section	Section
450. Creation of council	470. Powers and duties of the council
455. Compensation of members	475. Agricultural development projects
470. Meetings	500. Definitions
465. Quorum	

Termination date. — Section 4, ch 75, SLA 1979, provides that this article terminates July 1, 1984.

Sec. 44.33.450. Creation of council. (a) There is established in the Department of Commerce and Economic Development the Alaska Agricultural Action Council. The council is composed of five members appointed by the governor. The chairman of the council is to be designated by the governor from among the members.

(b) The council may invite representatives from the United States Soil Conservation Service, the United States Forest Service, or from other federal agencies to participate in the deliberations of the council in an advisory capacity.

(c) The term of a member of the council is four years. Vacancies are filled in the same manner as original appointments, but a member appointed to fill a vacancy serves for the unexpired term of the member he succeeds. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 2, ch. 75, SLA 1979, terminating July 1, 1984, provides: "Notwithstanding the terms of office specified for members of the Alaska Agricultural Action Council in AS 44.33.450(c), enacted in sec. 1 of this Act, the terms of the first appointees shall be one member serving a term ending June 30, 1980, one member serving a term ending June 30, 1981, one member serving a term ending June 30, 1982, one member

serving a term ending June 30, 1983, and one member serving a term ending June 30, 1984."

Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Legislative history report. — For adoption of the Free Conference Committee letter of intent on Senate Bill No. 14 (ch. 75, SLA 1979), see 1979 Senate Journal, p. 1138; 1979 House Journal, p. 1373.

Sec. 44.33.455. Compensation of members. (a) Members of the council who are not state officers or employees are entitled to per diem and travel expenses provided for boards and commissions under AS 39.20.

(b) State officers or employees appointed as members of the council serve without compensation but are entitled to receive per diem and travel expenses from council funds. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.460. Meetings. The council shall schedule regular meetings during the year, and may hold special meetings upon the call of the chairman or four members of the council. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.465. Quorum. Three members of the council constitute a quorum. An affirmative vote of at least three members is necessary to approve any action of the council. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.470. Powers and duties of the council. (a) The council has the power to

(1) adopt and amend bylaws for the management and regulation of its affairs; and

(2) maintain an office at any place or places in the state.

(b) The council has the duty to

(1) hold public hearings in areas of the state considered for agricultural development;

(2) evaluate the need for farm conservation plans for land under agricultural production in the state;

(3) serve as coordinator for gathering information and data relating to agriculture;

(4) recommend appropriate activities for the promotion of agriculture in the state;

(5) provide technical information and make recommendations to the commissioner of natural resources regarding the classification of state land having a potential for agricultural use;

(6) act as administrator of the Delta agricultural development project and any other agricultural development project authorized under AS 44.33.475;

(7) contract for the clearing, draining and breaking of agricultural land located in the Delta agricultural development project;

(8) contract with the owners of land prepared for agricultural use under (7) of this subsection for reimbursement to the state of the cost of the clearing, draining and breaking of the land;

(9) contract for the construction of access roads in the Delta agricultural development project;

(10) conduct studies and carry out experimental and pilot projects to develop markets for agricultural products produced in the state; and

(11) recommend legislation to the governor to improve agricultural development in the state. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.475. Agricultural development projects. (a) Before January 15 of each year the council shall report to the governor and the legislature concerning the activities of the council during the current fiscal year. The report shall contain recommendations for the development of agriculture in the state during the next fiscal year.

(b) An agricultural development project recommended under (a) of this section may not be implemented unless authorized by law. The report required by (a) of this section shall include recommended legislation which

(1) sets out the type of agricultural development to be accomplished and, if state land is to be developed for agricultural production, describes the boundaries of the land to be developed;

(2) defines specific tasks to be performed by appropriate state agencies to the extent the tasks are identifiable at that time; and

(3) grants to the council sufficient authority to insure cooperation of all state agencies involved in the implementation of the agricultural development project. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.500. Definitions. In AS 44.33.450 — 44.33.500,

(1) "council" means the Alaska Agricultural Action Council;

(2) "Delta agricultural development project" means the state funded program to develop agricultural land located in the Big Delta, Tanana Loop region for the production of small grains and other related agricultural products. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Article 11. Native Art Competitions.

Section	Section
501. Program of competitions	505. Sale of entries
502. Regional competitions	506. Other displays
503. Place of competition	507. Grants and assistance
504. Judges	512. Temporary custody

Revisor's note. — The responsibility for the competitions was initially vested in the director of tourism. In 1962 those responsibilities were codified under the Department of Economic Development and Planning Chapter 103, SLA 1966. transferred planning function from the

department to the Office of the Governor and renamed the department the Department of Economic Development. Chapter 207, SLA 1975, provided that all references to the "Department of Economic Development" be read as "Department of Commerce and Economic Development".

Sec. 44.33.501. Program of competitions. (a) The Department of Commerce and Economic Development shall direct a continuing program of competitions. The competitions shall be held each summer to select outstanding examples of Alaskan Native arts and crafts.

(b) The Department of Commerce and Economic Development, after consulting with a committee from the Alaska Native Brotherhood and Sisterhood appointed by their councils from among the memberships of those organizations, shall adopt regulations for the competitions, providing for, but not limited to the following:

(1) eligibility requirements for entrants;

(2) categories for entry, such as basketwork, wood carving, pottery, stone work, ivory work, painting, etc.;

(3) criterion for selecting category winners and grand prize winners;

(4) transportation and display of entries;

(5) prizes and awards for winning entrants which are restricted to ribbons, cups, plaques, etc.;

(6) preparation of entry forms which

(A) give the name and mailing address of the entrant,



Alaska State Legislature

House of Representatives

Committee on Resources

Terry Gardiner, Co-Chairman
Fred F. Zharoff, Co-Chairman
465-3715

Pouch V
State Capitol
Juneau, Alaska 99811

To: Senator Fahrenkamp, Chairman
Senate Resources

From: Rep. Gardiner, Co-Chairman T.G.
House Resources

Date: May 18, 1981

Re: CS HB 216

HB 216 authorizes the Alaska Agricultural Action Council to construct and dispose of a grain terminal and elevator. This bill is companion to HB 49, the appropriation bill for the grain terminal and elevator. HB 216 was sponsored by House Resources Committee to alleviate the concern that the Agricultural Action Council may not have the authority to carry out construction of the facilities listed in HB 49.

H B

237

COMMITTEE REPORT

SENATE

FURTHER: Finance

4/6/81

Date: _____

Mr. President:

The Committee on RESOURCES has had CSHB 237 (Res)
agricultural revolving loan fund

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 CSHB 237 (Res) 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

Bob Mulcahy

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Alan Selman (no fee)
McGowan "

Patricia Taborsky, Lie Pa
CHAIRMAN

AGRICULTURAL LOAN FUND SUMMARY

The Agricultural Revolving Loan Fund (ARLF) is the primary source of low interest loans for farm development and associated processing facilities. The fund was established, in accordance with legislative and administrative policy, to allow reinvestment of income from non-renewable resources into the renewable resource of agriculture. The Fund has grown, since 1953, to a total capitalization of over \$20 million with the bulk of this capital (\$16 million) having been added as a part of the State's large scale development program which began in 1978 (see the attached summary of the progression of added capital).

Loans from ARLF are made to farms of all sizes, in all areas of the State. The amounts loaned range from less than \$10 thousand to amounts in excess of \$1 million with the greatest number of borrowers falling in the under-\$50 thousand category. The total of 12-31-80 outstanding loans made per farm is as follows:

<u>Range</u>	<u>Number of Borrowers</u>	<u>Total Amount Loaned</u>	<u>Average Indebtedness of Borrower</u>
Under \$50,000	118	\$ 2,193,807	\$ 11,699
50,001 to 100,000	23	1,760,625	76,548
100,001 to 150,000	13	1,586,321	122,024
150,001 to 250,000	10	1,971,728	197,173
250,001 to 500,000	16	5,618,019	351,126
500,001 to 1,000,000	6	4,640,171	773,362
1,000,001 and over	<u>3</u>	<u>5,555,000</u>	1,851,666
Totals	<u>189*</u>	<u>\$23,325,671</u>	

160 farms received loans totalling less than \$200,000 per farm with the average loan being \$41,181 per farm. Of this 160, 141 farms borrowed less than \$100,000 each for an average of \$28,045 per farm.

The balances of loans outstanding December 31, 1980, by areas of the State, are as follows:

<u>Area</u>	<u>Number of Borrowers</u>	<u>Number of Loans</u>	<u>Amount</u>
Matanuska	70	137	\$ 7,457,130
Tanana	90	230	11,586,425
Kenai	26	40	978,140
Other	<u>6</u>	<u>14</u>	<u>697,509</u>
Total	192*	<u>421</u>	<u>20,719,204</u>
Special loans administered by ARLF		<u>2</u>	<u>1,134,451</u>
Totals		<u>423</u>	<u>\$21,853,655</u>

*3 Borrowers have loans in 2 areas

The loan totals vary between the two charts in that the first chart reflects total loans made and the second chart reflects loan balances as they existed December 31, 1980. The difference in the number of borrowers is caused by several individuals having loans in more than one area.

Through December 1980, the Fiscal 80 appropriations of \$12,960,000 were loaned as follows:

<u>Loan Range</u>	<u>Number of Loans</u>	<u>Amount</u>
1,000 - 5,000	19	\$ 65,300
5,001 - 15,000	63	635,475
15,001 - 25,000	31	670,710
25,001 - 50,000	30	1,093,750
50,001 - 100,000	26	2,035,550
100,001 - 150,000	13	1,786,000
150,001 - 300,000	9	2,114,515
300,001 - 500,000	1	500,000
Over 500,001	<u>3</u>	<u>2,383,033</u>
Totals	<u>195</u>	<u>\$11,288,393</u>

As the State's development program proceeds, ARLF will continue to play a primary role in financing developing areas, farms and processors. This role is required by reluctance of other financing institutions to invest in an industry with no proven track record. Our agricultural industry is too new to have developed that track record, and, as an industry, is still incomplete. It is estimated that a developmental period of from five to ten years will be required before any substantial trend toward alternative financing sources can take place.

Once the industry has become established and has developed the needed performance record, the move to alternative financing sources can begin. In the long run, it is not in the best interest of the farm community for the industry to be based on the concept of continued low-interest loans from a single governmental source. Very soon ARLF must undergo structural and procedural changes which will ease these farm-related borrowers from reliance on the Fund and into the market for other types of financing. A decreasing role for ARLF is projected after the initial five-year development phase of each new enterprise and farm area.

The Division of Agriculture's FY 82 budget request as approved by the Governor adds \$23 million to the capitalized size of the Fund. This amount will fund the planned agricultural development needs for the next year as outlined in the Department's overall agricultural development schedule. In addition to this increase in capitalization of the Fund, the statutory fund size limit will have to be changed. We have recommended an increase to \$200,000,000, which will eliminate the need for annual fund size increases over the next three years, as additional capital is needed.

It would also be advisable to increase the maximum allowable loan size per farm. At the present time, the limit of \$500,000 per farm for farm development loans is often restrictive. A dairy, beef, or pork production unit will normally see a required investment of \$1,000,000 per farm. The allowable amounts for operating capital and chattel (equipment or livestock) are also restrictive for large, economic size units producing these products.

Through use of the Department of Revenue's willingness to purchase proven loans from the Fund, it will not be necessary for a supplemental appropriation to provide operating funds for already financed farms this spring. However, at this time, there are no funds available to finance new operations until additional capitalization is added.

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
1953	\$200,000	\$ 200,000	Fund created; authorized up to \$1,000,000 short-term loans not to exceed \$2,000 on 1-year terms at 6%; chattel loans not to exceed \$10,000 for 5-year terms at 5%; farm development loans not to exceed \$15,000 with up to 20 years at 4.5%.
1955	150,000	150,000	Farm development limit raised to \$20,000 maximum.
1957	125,000	125,000	
1959	100,000	100,000	
1960	75,000	75,000	
1961	200,000	200,000	Authorized Fund increased to \$2,000,000; short-term limit \$5,000; chattel limit \$25,000; farm development to \$40,000.
1962	200,000	200,000	
1964			Authorized to utilize TR and PER Funds
1966	45,000	45,000	Short-term limit raised to \$10,000; chattel limit increased to \$40,000 for 7 years at 6%; farm development limit raised to \$50,000 for 30 years at 5%.
1967	45,000	45,000	Short-term limit raised to \$15,000; farm development limit raised to \$75,000 and 6%.
1968	300,000	300,000	
1969	100,000	\$1,540,000	
1970	500,000	500,000	Special irrigation fund established with up to 20 years at 4%; chattel limits raised to \$100,000; farm development limits raised to \$150,000; authority to sell loans to Department of Revenue.
	800,000	800,000	Fund limits raised to \$5,000,000
1971	200,000	3,040,000	
1974 FY75	200,000	3,240,000	Additional appropriation. Short-term loan limits raised to \$25,000
1975 FY76	200,000	3,440,000	

FISCAL SUMMARY OF LOAN FUND

YEAR APPROPRIATION TOTAL FUND SIZE STATUTORY AUTHORIZATION AND CHANGES

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
1976 FY77	\$ 200,000	\$3,440,000	
1977 FY78	400,000	4,040,000	
1978 FY79	200,000	4,240,000	
1979 FY80	4,000,000	4,000,000	Taken for fire fighting .
	(1,200,000)		
	2,800,000	7,040,000	
1980 4/80	6,800,000	6,800,000	
1981	6,160,000	6,160,000	
	<u>20,000,000</u>	<u>20,000,000</u>	


DEPARTMENT OF NATURAL RESOURCES, DIVISION OF AGRICULTURE

TO: David Rogers

DATE: March 24, 1981

FILE NO:

TELEPHONE NO: 376-3276

FROM: Ed Kraber 

SUBJECT: Agricultural Revolving Loan Fund

The status of the Agricultural Revolving Loan Fund is as follows:

Loans approved for to 3/19/81 (Remaining portion not yet issued)	379.0
Loans approved at 3/19/81 Board Meeting	1,913.0
Apparently eligible loans considered at the 3/19/81 Board Meeting, for which additional information has been requested	5,546.0
Amount required to meet known existing needs	\$,1138.0

The above totals do not include any requests associated with the
Pt. MacKenzie Project.

Please forward a copy of this memo to Mary Bakala.

AGRICULTURAL REVOLVING LOAN FUND STATUS 3/20/81

	<u>HATANUSKA AREA</u>	<u>TANANA AREA</u>	<u>KENAI AREA</u>	<u>OTHER AREAS</u>	<u>TOTAL</u>
LOANS OUTSTANDING	7,733,304	12,133,139	1,142,377	790,392	<u>21,718,212</u>
Types: Short-term					2,857,419
Chattel					7,365,783
Farm Development					8,364,618
Irrigation					310,391
Production Facility					<u>2,820,000</u>
LOANS IN PROCESS (Funds vouchered; loans not closed):					
Short-term	46,000	47,000			93,000
Chattel		68,500			68,500
Farm Development	192,081	15,660	16,000		222,731
Irrigation					
Production Facility	<u>36,000</u>	<u>260,000</u>			<u>286,000</u>
Totals	274,081	381,160	16,000		<u>670,231</u>
Total Loans Outstanding and vouchered funds:					<u>22,388,443</u>
LOAN BALANCES TO BE ISSUED (not vouchered):					
Short-term					73,000
Chattel	73,000				73,000
Farm Development	575,454	44,000	126,716		722,169
Irrigation					
Production Facility	<u>874,000</u>	<u>417,000</u>			<u>1,291,000</u>
	1,498,454	461,000	126,716		<u>2,086,169</u>

AGRICULTURAL REVOLVING LOAN FUND STATUS 3/20/81 (continued)

	<u>MATANUSKA AREA</u>	<u>TANANA AREA</u>	<u>KENAI AREA</u>	<u>OTHER AREAS</u>	<u>TOTAL</u>
LOANS APPROVED:					
Short-term	248,000	851,450	10,000		1,109,450
Chatt.	54,000	579,417			633,417
Farm Development	40,000	116,100			156,100
Irrigation		15,000			15,000
Production Facility					
	<u>342,000</u>	<u>1,561,967</u>	<u>10,000</u>		<u>1,913,967</u>

LOAN REQUESTS NEEDING FURTHER INFORMATION:

Various types of loans	2,214,390	3,363,054	24,000	265,000	<u>4,416,444</u>
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Cash with Treasury and In Transit after latest transmittal and latest vouchers: 29,137.

Total anticipated immediate needs:

Balances of existing loans not disbursed

Loans approved

Loan Requests received, require additional information

2,086,169

1,913,957

4,416,444

8,416,570

Additional anticipated seed and fertilizer requirements for 1981 crop year
- applications not received by 3/19/81

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES, DIVISION OF AGRICULTURE

TO: David Rogers

DATE: March 24, 1981

FILE NO:

TELEPHONE NO: 376-3276

FROM: Ed Kramer

SUBJECT: Agricultural Revolving Loan Fund

The status of the Agricultural Revolving Loan Fund is as follows:

Loans approved prior to 3/19/81 (Remaining portion not yet issued)	2,379.0
Loans approved at 3/19/81 Board Meeting	1,913.0
Apparently eligible loans considered at the 3/19/81 Board Meeting for which additional information has been requested	5,546.0
Amount required to meet known existing needs	<u>9,838.0</u>

The above totals do not include any requests associated with the Pt. MacKenzie Project.

Please forward a copy of this memo to Mary Hakala.

HB 237



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 11, 1981

MEMORANDUM

TO: Representative Ken Fanning

You asked that we provide information on the rate of return for State loan programs which are available to farmers on the Delta Agricultural Project. As noted in the memorandum you received yesterday, the State is involved in three types of loan programs: the loans provided by the Agricultural Revolving Loan Fund; clearing loans administered by the Agricultural Action Council; and State financing of agricultural rights sales.

Loans from each of these programs carry the nominal interest rate of 6%. However, because of the payment terms provided in the latter two types of financing, the effective return is less - it is 4.4% for the clearing loan and 5.8% for the land sales financing. The following paragraphs explain how these figures were derived.

In each case, I have used actual payment amounts taken from a Delta sales contract supplied by the Division of Forest, Land and Water Management.

Clearing Loans

In Appendix A to the sales contract, the buyer is obligated to repay a loan for clearing expenses over a 40 year period at 6% interest. The relevant section of that contract, which was signed on April 13, 1979, is quoted below:

In return for the consideration given by Seller as described above, Purchaser agrees to pay to Seller the Amount of \$551,550 over a period of 40 years with interest on the unpaid principal

Representative Ken Fanning
March 11, 1981
Page 2

of 6 percent per annum. The first payment shall be due on May 31, 1984 and on each and every year thereafter, in the amount of \$36,661.53 per installment. The last payment shall be due on May 31, 2023. Interest on the unpaid principal shall begin to be charged as of May 31, 1984.

Because the seller has a five year moratorium, 1979 to 1984, on his payments, and because interest does not begin to accrue until 1984, the effective interest rate is 4.4%, or 1.6 percentage points below the stated 6% rate.

Land Sales

The sales contract specifies that the purchaser must put 5% down and pay the remainder on a 20 year contract. Interest, at 6%, on the outstanding balance accrues from the date of the contract, but no payments begin until two years after the contract is signed. Level payments are made quarterly for the next 18 years. The sales contract was signed on August 5, 1978; relevant portions are quoted below:

The Seller agrees to sell to the Purchaser, . . . the agricultural interest in and to the following parcel . . . for the total price of \$177,475.25. The amount of \$8,873.76, which is 5% of the total price, has been paid by the Purchaser. . . The balance of said total price shall be paid in quarterly equal installments of \$4,308.79 commencing on the 5th day of August, 1980, and a like sum on each and every 5th day of August, November, February and May thereafter, including interest on such unpaid balance at the rate of six percent (6%) per annum, until the entire purchase price plus interest beginning from the date of sale shall be paid in full.

While interest is charged from the date of sale, no cash is received until the beginning of the third year. Consequently, the effective interest earned by the State's financing of these sales is 5.8%.

Both of the above calculations were made on a Hewlett-Packard 38E calculator. If you would like more information on the calculations themselves, please call and I will show you how they were made.

AHD/dp

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



FOUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 20, 1981
3:00 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Mulcahy
Senator Fischer
Senator Sturgulevski
Senator Gilman
Senator Eliason

HEARING:

- CSHB 237 An Act amending the Alaska Agricultural Loan Act.
- SB 49 An Act relating to limited entry to commercial fisheries.
- SB 397 An Act establishing a Fishery Industrial Technology Center as part of the University of Alaska
- CSSSSB 111 An Act relating to fishing, hunting and trapping license fees and fishing permits.

Senator Mulcahy, stated that SB 49 is an administration bill that was requested by the Limited Entry Commission. The Commission has asked that the time period in which a permit has to be used prior to the Commission initiating revocation proceedings be increased from 2 to 4 years.

Senator Mulcahy put forth the motion to move SB 49 with individual recommendations.

Senator Mulcahy, stated that SB 397 is the result of the recommendation by the University of Alaska. The University has been examining technological aspects of the fishing industry.

Senator Mulcahy put forth the motion to move SB 397 with individual recommendations.

April 20, 1981

Page: 2

The motion was made to hold CSHB 237 and CSSSSB 111 until the Committee's April 22, 1981 meeting.

The Committee adjourned at 3:30 p.m.

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 22, 1981
1:30 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Eliason
Senator Sturgulewski
Senator Mulcahy
Senator Gilman

HEARING:

CSHB 64 An Act relating to the Alaska Energy Center
CSSSSB 111 An Act relating to fishing and hunting license
 fees and fishing permits.
SCS CSHB 237 An Act amending the Alaska Agricultural Loan
 Act.

Rod Pegues, Assistant Attorney General, stated that HB 64 amends the statute to remove some technical and constitutional problems.

Senator Sturgulewski put forth the motion to move CSHB 64 with individual recommendations.

Senator Eliason, stated that the purpose of CSSSSB 111 is to repeal the salmon stamp program and increase non-resident fishing fees.

Senator Mulcahy put forth the motion to move CSSSSB 111 with individual recommendations.

Bob Palmer, Coordinator, Special Project, Office of the Governor, discussed the purpose of CSHB 237. First, it raises the interest rate from 6% to 8% on loans for farm development, irrigation systems and farm product processing, and, secondly raises the revolving loan fund ceiling from \$20 million to \$75 million.

Senator Kerttula, stated that he supports CSHB 237.

Senator Mulcahy put forth the motion to move SCS CSHB 237 with individual recommendations.

The Committee adjourned at 2:15 p.m.

CONFERENCE COMMITTEE REPORT

DATE: June 8, 1981

Mr. President:
Mr. Speaker:

The _____ Conference Committee which has had
CS FOR HOUSE BILL NO. 237 (Res) (agricultural revolving
loan fund; eff date) and SENATE CS FOR CS FOR HOUSE BILL
NO. 237 (Res) (amending the Alaska Agricultural Loan Act;
eff date)

under consideration, recommends that

SENATE CS FOR CS FOR HOUSE BILL NO. 237(Res)(CC)
(amending the Alaska Agricultural Loan Act;
eff date)

be adopted.

Senate Members:

Pettee Fahrenkamp
Senator Fahrenkamp, Chairman

Bill Ray
Senator Ray

Al Eliason
Senator Eliason

House Members:

H. Wesley Moss
Representative Moss, Chairman

Bill Rogers
Representative Rogers

Patrick W. O'Connell
Representative O'Connell

HB

272

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

June 9, 1981
3:30 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Sturgulewski
Senator Mulcahy
Senator Eliason
Senator Gilman

HEARING:

CSHB 272 (Res) am An Act relating to survey and improvement of public land.

CSSSHB 9 (Fin) An Act relating to energy.

SCSCR 31 (Res) Relating to the Southeastern Alaska troll fishery.

Staff discussed CSHB 272.

Senator Gilman put forth the motion to move CSHB 272 with individual recommendations.

Senator Fischer put forth the motion to move CSSSHB 9 (Res) am with individual recommendations.

Senator Eliason stated that he had rephrased the resolve clause and other technical changes to SCR 31.

Senator Gilman put forth the motion to move CSSCR 31 with individual recommendations.

H B

304

HB 304

SEARCH - QUERY
00001 '46.03.030'.CITATION.

AS46.03.030 DOCUMENT= 1 OF 1

HEADINGS TITLE 46.
Water, Air, Energy, and Environmental Conservation.
CHAPTER 03.
Environmental Conservation.
ARTICLE 2.
Department of Environmental Conservation.

CITATION Sec. 46.03.030.

CATCH LINE

GRANTS FOR WATER SUPPLY, SEWERAGE AND SOLID WASTE FACILITIES.

TEXT

(a) Repealed by sec. 19 ch 220 SLA 1976.

(b) The department may grant to a municipality, as funds are available, up to 50 percent of eligible costs not financed by the federal government, for public water supply, treatment and distribution systems and public sewage collection, treatment and discharge facilities for which construction has not commenced on or before June 21, 1976. The eligible cost of a project or portions of a project will be as determined by the federal agency granting the most monetary assistance. On projects or portions of projects, for which federal participation is not available, eligible costs will be determined by the department in accordance with (d) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

(c) There is a water supply, sewerage and solid waste facilities fund created in the department to carry out the purposes of this section.

(d) The department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs established in a construction contract which are necessary for construction of a project, but do not include the cost of interest and financing and right-of-way acquisition, or costs related to operation, maintenance, repair or replacement of a project.

(e) The department may grant to a municipality not more than 50 percent of the eligible costs, including costs of obtaining federal waivers from the requirement for secondary treatment plants, which are not paid for by the federal government for solid waste processing or disposal facilities constructed after July 1, 1980. However, the department may grant a municipality up to 60 percent of the eligible costs not paid for by the federal government for a solid waste processing or disposal facility constructed after July 1, 1980, if the facility is used for resource recovery. The eligible costs of a solid waste processing or disposal facility are determined by the federal agency granting the most monetary assistance for construction of the facility. For a solid waste processing or disposal facility for which federal money is not available, the department shall determine the eligible costs in accordance with (d) of this section. A municipality shall construct solid waste processing or disposal facilities financed by grants under this section according to plans and specifications approved by the department.

HISTORY

(Sec. 3 ch 120 SLA 1971; am secs. 2, 19 ch 220 SLA 1976; am secs.

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

CSHB 304 (HESS) am..
BILL NUMBER _____

IDENTIFICATION:

BILL NAME: "An Act relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date."

SPONSOR(S): HESS--Original Sponsor: Duncon

RELATED BILLS PENDING: SB 889

DATE INTRODUCED: (H) 3/10/81
(S) 4/13/82

REFERRALS

Resources
Finance

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED

SUMMARY BY LEGAL DIVISION:
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP

FISCAL NOTE:

MATERIALS: HESS, 4/27; rec'd, 4/29
Duncan, 4/27;

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPRATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED

LEGISLATION SUMMARY

CSHB 304 (HESS) am: "An Act relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date."

GENERAL: This bill would increase the allowable percentage of state financial involvement, through the Department of Environmental Conservation's grant program, for eligible costs* not federally financed, from 50% to 75% for public water supply, sewerage and solid waste processing or disposal projects which have not started construction by July 1, 1982.

Sec. 1: Amends existing law regarding the Department of Environmental grant's for public water supply and sewer projects, authorizing a maximum percentage of state financial support of 75% of the eligible costs not federally financed for projects on which construction has not begun by July 1, 1982, and requiring that the amount of state financing be the lesser of the 75% or the difference between the amount of federal financing and 87.5% of the eligible costs.

Sec. 2: Amends existing law regarding Departmental grants for public solid waste processing or disposal projects, authorizing a maximum percentage of state financial support of 75% of the eligible costs not federally financed, or 85%, if the facility is used for resource recovery, for projects on which construction has not begun by July 1, 1982.

*"Eligible costs" will be determined by the federal agency granting the most monetary assistance. For projects without federal financing, the Department will determine eligible costs by regulation under AS 46.03.030(d), to include costs under a construction contract, but not to include costs of interest and financing and right-of-way acquisition, or operating, maintenance and repair.

PRIME SPONSOR: HESS

ORIGINAL SPONSOR: Duncan

Alaska
MUNICIPAL
League

TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 31, 1981

To: House Health, Education & Social Services Committee

From: Ginny Chitwood

Re: HB 304 - Grants for Water Supply, Sewerage & Solid
Waste Facilities

The Alaska Municipal League urges your favorable consideration of HB 304, increasing the state share of construction grants for community water, sewer and solid waste projects from 50% to 75% of the non-federal share. In looking at various ways to distribute the state's revenues, this proposal should rank high on the list for many reasons.

1. Public Health Needs: Adequate and clean water, sanitary sewer and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for most areas to raise the current 50% local match.

2. Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and tax payers by reducing local improvement district (LID) payments.

3. Federal Income Tax: None of the state assistance dollars under this program will result in increased federal income tax payments, as is the case with many of the other state revenue distribution proposals. LID payments, as opposed to property and sales tax payments, are not tax deductible, nor are monthly charges for water, sewer and solid waste services.

4. Price of Land: A big issue for the last couple of years has been the high cost of land. One reason for these high prices in developing suburban areas is the high cost of installing necessary water and sewer systems. Increasing state participation in providing these systems will help to lower the cost of making land available for use. For example, it costs an average of \$13,000 per lot in Ketchikan to provide sewerage under the current state construction grants program. In Juneau, the per lot assessment for a proposed water system would drop from \$1,217.19 to \$608.65 for the smallest lot in the project and from \$8,318.70 to \$4,159.35 for the largest lot if the state share is increased to 75%.

5. Mandated Costs: Many of the municipal water, sewer and solid waste projects have costly additional features not because communities want them, but because they are mandated by federal and/or state laws. It seems only fair that a large portion of the mandated cost be borne by other than the local residents.

At one time it was feared that an increase in the state share would be a disincentive for municipalities to seek federal funds, thus increasing even more the cost to the state. It has since been determined that in many cases, "jumping through the hoops" for federal funds increases project costs so high as to negate the benefits of those funds. In addition to the extras required by the feds, the inflationary increases in the two extra years required for federal processing add tremendously to the cost of a project. In contrast, the Alaska Department of Environmental Conservation has an excellent record of timely processing applications.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL 304

Title relating to grants for water supply, sewerage and solid waste facilities

Requested by Duncan

Date 3-10-81

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected NRMEC

BRU, Program, or Subprogram(s) Affected Facility Construction and Operation Section

(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	NA	NA	91.3	98.6	106.5	115.0
200 TRAVEL	NA	NA	14.0	15.1	16.3	17.6
300 CONTRACTUAL	NA	NA	8.0	8.6	9.3	10.1
400 COMMODITIES	NA	NA	.5	0.5	0.6	0.6
500 EQUIPMENT	NA	NA	2.5	---	---	---
600 LAND & STRUCTURES	NA	NA	---	---	---	---
700 GRANTS, CLAIMS, ETC.	NA	NA	20,000.0	40,000.0	43,200.0	46,656.0
TOTAL	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3

FUNDING (Thousands of Dollars)

GENERAL FUND	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3
FEDERAL FUNDS	NA	NA	---	---	---	---
OTHER (Specify Fund Source)	NA	NA	---	---	---	---

POSITIONS

FULL TIME	NA	NA	2.0	2.0	2.0	2.0
PART TIME	NA	NA	1.0	1.0	1.0	1.0
TEMPORARY	NA	NA	---	---	---	---

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

This fiscal note details the costs associated with hiring two new engineers (environmental engineers II and III) and converting an existing half time clerk typist II position to full time (PCN 18-7281). It is estimated that these additional staff will be required to handle the increased number of grants that will result from 75% funding. It may also be necessary to increase our level of effort on some projects, since smaller communities will not be applying for grants. Many of these communities do not have the expertise to administer engineering and construction contracts and may rely on the Department for assistance. There may also be a corresponding decrease in the level of effort now devoted to EPA projects. If this occurs, it may not be necessary to fill both engineering positions.

The \$20.0 million estimate for additional grant funding in FY 82 will need to be considered as an appropriation if funds are to be available. For subsequent years program funding may be provided through either bond issues, appropriations, or a combination of the two sources. For subsequent years we also recommend that any additional program expenditures be financed as a capital improvement program with funding coming from either the bond issues or the

IV. DATE March 23, 1981

PREPARED BY KEITH KELTON

appropriation

AGENCY Department of Environmental Conservation

Original: Legislative Finance

PHONE 465-2610

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 23, 1982

To: House Finance Committee
From: Ginny Chitwood, AML Executive Director *GC*
Re: HB 304 Grants for Water Supply, Sewerage,
& Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of HB 304, increasing the state share of construction grants for community water, sewer, and solid waste projects from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the current 50% local match.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and tax payers by reducing local improvement district (LID) payments.

Price of Land: A big issue for the last several years has been the high cost of land. One reason for the high prices in developing suburban areas is the cost of installing necessary water and sewer systems. Increased state participation in providing these systems will help lower the cost of making land available for use. For example, the per lot assessment for a proposed water system in Juneau would drop from \$1,217.19 to \$608.65 for the smallest lot in the project and from \$8,318.70 to \$4,159.35 for the largest lot, if the state share is increased to 75%. It cost an average of \$13,000 per lot in Ketchikan last year to provide sewerage under the current state construction grants program.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them but because they are

mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Federal Income Tax: None of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not federal income tax deductions, not are monthly charges for water, sewer, and solid waste services.

At one time it was feared that an increase in the state share would be a disincentive for municipalities to seek federal funds, thus increasing even more the cost to the state. It has since been determined that "jumping through the hoops" for federal funds often increases project costs so high as to negate the benefits of those funds. Besides the extras required by the feds, the inflationary increases in the two additional years required for federal processing add tremendously to the cost of the project. In contrast, the Alaska Department of Environmental Conservation has an excellent record of timely processing applications.

Although the fiscal note that was prepared last spring for HB 304 indicates a \$20 million price tag, not all of that amount is attributable to this bill. Part of the cost results from an underfunding of the 1980 bond and an anticipated cutback in federal funds.

Most areas of the state are way behind the rest of the country in having basic water supply, sewage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program requiring a local share, a \$20 million expenditure by the state will generate \$26.7 million worth of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require any state operating assistance.

MEMORANDUM

State of Alaska

TO: Honorable Donald E. Clocksin
House of Representatives

DATE: April 1, 1981

FILE NO:

TELEPHONE NO:

FROM: *KZ* Keith Kelton
Chief, Facility Construction &
Operation
Department of Environmental Conservation

SUBJECT: HB 304

In response to your request the Department proposes the following substitute wording for the first full sentence beginning on line 16 of page 1 of HB 304:

"A grant awarded under this subsection, for a project partly financed by the federal government, shall be limited to the lesser of 75 percent or the difference between the amount of the federal financing and 87.5 percent of the eligible project costs."

It is our belief that the proposed substitute wording will clarify any potential conflicts with line 12 and will still retain the provisions for local financing of 12.5 percent. Please advise if you have any additional concerns.

cc: Rep. Jim Duncan
Ginny Chitwood
Senator Donald Gilman

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FACILITY CONSTRUCTION AND OPERATION DIVISION
STATUS REPORT
OF
MUNICIPAL GRANTS PROGRAM

April 1982

MUNICIPAL GRANTS

The municipal Grants Program is authorized by AS 46.03.030. This program provides grants up to 50 percent of the nonfederally financed costs for water, sewerage, and solid waste improvements. These grants may be used to pay for engineering, construction, legal, administrative and equipment costs. Grants are available only to incorporated municipalities. The State does not provide any operation and maintenance support beyond technical assistance.

Project scope, scheduling, and funding are left to local determination. The Department does not attempt to second-guess the validity or local priority of requested grants. The Department is concerned with approval of construction plans and specifications, contract documents for engineering design and for construction. Progress payments and interim construction inspections are made during the course of the project. Grantees' final project costs are audited by the Department. The emphasis of the program is to minimize grant requirements with the grantees responsible for the majority of project administration.

Funding for this program has been provided by general obligation bonds approved by the voters. Bonds totaling \$112.5 million have been authorized in 1970, 72, 76, 78, and 80. Grants are awarded on a first-come, first-served basis, subject to the availability of funds. No priority system is presently utilized in awarding these grants.

The program has currently obligated all but approximately \$1.0 million of the bonds approved by the voters. This \$1.0 million is being held in reserve to fund grant increases due to change orders for existing projects under construction. We are in receipt of approved grant applications totaling nearly \$18.7 million, which we are unable to fund at this time. The projects will be funded in the order that applications were approved, subject to the availability of funds. A list of these projects is attached.

The Governor's capital budget request obtains \$10.0 million in general funds that will be available this summer, subject to approval by the Legislature. An additional \$40.0 million is proposed for voter approval in this fall's general election. As can be noted, general fund approval of \$10.0 million by the Legislature will result in over \$8.0 million of projects that cannot be constructed this summer. Delaying these projects by a year will result in approximately a 15 percent increase due to inflation.

It is our estimate that to fully meet the needs of grantees for the 1982 construction season, \$25.0 million will be required and should be available no later than June 1. The balance of program funding requirements could then be met by voter approval of bonds in the 1982 general election. It is estimated that an additional \$50.0 million will need to be approved for FY-83 & 84 if the grants program is to fully respond to the public's demand for sanitation improvements.

If funding is unavailable at the estimated levels of need, we propose to develop a priority system considering public health, benefiting population, and level of existing services. If this occurs, all grantees will be asked to submit their project applications by a specified date for the full calendar year. The projects would then be ranked in accordance with the priority system.

PENDING GRANTS

<u>Project</u>	<u>Date Received</u>	<u>Grant Amount</u>	<u>Date Funded</u>
Anchorage - SD 81-1 Fire Hydrants	12-16-81	\$ 425,520	
W81-13 Dowling Rd Water	12-16-81	100,950	
S81-20 Brown's LID	12-16-81	103,000	
S81-21 AERO LID 112	12-16-81	272,550	
S81-22 Stella LID 112	12-16-81	107,850	
Kotzebue - Water Transmission	12-21-81	232,380	
Water System Exp.	12-21-81	248,320	
Sewer System Exp.	12-21-81	1,153,800	
Ketchikan - Karlanna/Hawkins S/D	12-24-81	90,800	
Anchorage - S81-26 Abbot Loop Manor LID 132	12-31-81	292,650	
S81-18 Original LID 117	12-31-81	45,050	
Ketchikan - Penstock Ktn Lakes	1-11-81	19,320	
Seward - Terminal Water & Sewer SW82-1	1-22-82	1,562,657	
Anchorage - W82-3 Univ. Drive 16" Water	1-26-82	50,950	
W82-4 Ship Avenue Water	1-26-82	20,900	
S82-1 Shackleton LID Sewer	1-26-82	70,500	
S82-2 Alpine Village LID Sewer	1-26-82	238,200	
S82-3 Zodiac LID Sewer	1-26-82	60,250	
S82-4 Fire Lk Int. Phase III	1-26-82	120,694	
W82-2 Northern Lights Water	1-26-82	103,100	
Houston - Sanitary Landfill	2-11-82	30,000	
Anchorage - W82-6 Ship Creek Water Plant Exp.	2-19-82	4,580,850	
W82-5 Ingra St 16" Water 11th-15th	2-19-82	109,619	
Skagway - Solid Waste	2-21-82	211,610	
Water Storage Tank	2-21-82	269,000	
Sitka - Water Storage Tank	2-22-82	1,192,500	
Water Storage Tank	2-22-82	1,186,050	
Valdez - Solid Waste Landfill	2-22-82 (permit)	210,876	
Juneau - Vanderbilt Hill Water	2-23-82	616,431	
- Lemon Road Water	2-23-82	524,173	
Skagway - Water System	2-24-82	628,000	
Juneau - Bayview S/D	2-26-82	684,600	

PENDING GRANTS

Page 2

<u>Project</u>	<u>Date Received</u>	<u>Grant Amount</u>	<u>Date Funded</u>
Valdez - Pioneer/Chitina Dr W & S	3-09-82	\$ 233,973	
Sitka - Car Smasher	3-12-82	11,160	
Sand Point- Meadows S/D Phase I	3-24-82	1,867,800	
Soldotna - Kobuk	3-25-82	383,906	
Kake - Water Dist. Loc.	3-30-82	122,305	
Nome - Increase 82 Water & Sewer	4-01-82	<u>504,236</u>	
		\$18,686,530	

ANCHORAGE \$ 6,702,633.00
 JUNEAU 1,825,204.00
 KETCHIKAN 110,120.00
 KOTZEBUE 1,634,500.00
 SKAGWAY 1,108,610.00
 SITKA 2,389,710.00
 VALDEZ 448,849.00
 SEWARD 1,562,657.00
 SAND POINT 1,867,800.00
 SOLDOTNA 383,906.00
 KAKE 122,305.00
 NOME 504,236.00

POSITION PAPER ON HOUSE BILL 304

By

Ernst W. Mueller
Commissioner
Department of Environmental Conservation

Before the
House Health, Education & Social Services Committee

March 31, 1981

Safe drinking water and hygienic sewage and solid waste disposal are essential conditions to ensure public health. For over a decade, the State of Alaska has provided grant funding to local communities to expand and improve their public water supplies and sewage collection and treatment systems. In the last session of the Alaska Legislature, provision was made to expand this program to include solid waste disposal and attendant resource recovery projects. Through these programs, the State has helped not only to prevent an unknown, but potentially large number of illnesses caused by environmental factors, but also substantially aided community expansion and residential, commercial and industrial development. Not only individual homes, but industrial areas in many communities, such as the Fairbanks Railroad Industrial area, the Kodiak waterfront seafood processing area, and the State fairgrounds in Haines, Palmer, and the Tanana Valley have been brought water or sewer service, or both, by these programs. An added advantage, in dollar and human costs, is the additional fire control and insurance savings realized by nearby hydrants feeding from the water distribution systems.

These programs have also been funded with large blocks of federal funds, as well as local matching moneys. Of the federal agencies funding local projects, the U. S. Environmental Protection Agency, the Economic Development Administration, the Farmers Home Administration, the Department of Housing and Urban Development, and the Alaska Area Native Health Service are the largest sources. Under the current program, the State's maximum grant award is one-half of the costs not borne by a federal granting agency. In a sewer project funded with EPA grants, for example, EPA would pay 75 percent, the State 12.5 percent, and the local government the remaining 12.5 percent. This formula mechanism assured a meaningful local share in the project--to ensure that the recipient of the service has a fiscal interest and a positive incentive to manage the project well.

As I am sure you are aware, the federal funding agencies will suffer large reductions by the Reagan Administration's efforts to restrain federal budget growth. The Economic Development Administration is

planned for dissolution, the Farmers Home and HUD grant programs are scheduled for severe cutbacks, and EPA's wastewater program will be eliminated unless Congress strongly modifies it. In the latter program, we have already seen \$12.6 million in funds allocated to Alaska in 1981 and earlier federal fiscal years eliminated in the last few weeks. Also, the \$16-20 million we expected for Federal Fiscal Year 1982 will not be forthcoming. (If) any federal funding is available in the future, it may be for wastewater treatment plant construction only, not for interceptors and collector sewers. These latter projects are essential to serve new growth areas in communities and to bring sewer service to older sections of communities where single service septic tanks are failing. As a result of these reductions, for example, the local share of an interceptor sewer could be as much as four times what it would if federal funds were available. I expect that many communities in Alaska, facing increased costs everywhere because of reduced federal assistance, will be very reluctant to initiate new utility projects with these large cost increases.

House Bill 304 and its companion in the Senate, SB 252, would increase the State share of these projects to 75 percent, with a maximum State grant program/federal joint share of 87.5 percent, and maximum State share of resource recovery projects of 85 percent. I want to express our strong support for this increased State share, not only because federal shared programs are dwindling, but also because of its positive impact on local community finances. In general, water and sewer service is not paid by user fees and property assessments. The local revenues are most often generated by the sale of local revenue bonds which are redeemed by the revenues from the fees and assessments. The exceptions to this rule might be sewage treatment plant construction funds which are acquired through general obligation bonds; however, interceptor, trunk and collector sewers, water treatment, storage and distribution systems are most often handled as an enterprise activity, with those receiving the service paying for it directly. Additionally, in many cases sewer use fees are used to redeem general obligation bonds sold to construct new plants.

The Legislature is now considering ways in which to repay local property taxes, thus effectively lowering the property tax rates for landowners. While there are a variety of ways to do this, any return to the general property taxpayer will result in an increase in federal income tax for those itemizing their deductions. On the other hand, (if) the State increases its subsidy of a local government service which is paid by fees and assessments which are not tax deductible, there will be no increases in federal taxes for property taxpayers, and no resultant net loss of dollars out of the Alaska economy. Additionally, such increased grants can benefit all those receiving services from municipally-owned water, sewer, and solid waste services, whether or not they pay property taxes or federal income taxes.

We estimate that this increased grant program will result in projects being constructed that would not have been under the lower formula percentage. As a practical matter, however, there is no means by which we can detail the exact projects or their costs at this time. We have projected what additional moneys would be needed to fully fund this bill and the solid waste construction grant program, which was not fully funded by the Legislature when it passed last year because of bond fund constraints. We estimate that \$20 million will be needed in State Fiscal Year 1982, in addition to that appropriated in the water and sewer bond which the voters approved in the November general election.

In FY 83, the total need is projected to be \$40 million. Additionally, we will need a small increase in our staff to handle this expanded program; we expect that \$116,300 will be needed to fund 2-1/2 positions in FY 1982. The details of this funding is explained in the attached fiscal note.

Thank you for the opportunity to comment and I would be pleased to answer any questions you might have.

Attachment

H B

3/3

COMMITTEE REPORT

SENATE

4/19/82

FURTHER: Finance

Date: 5/10/82

Mr. President:

The Committee on RESOURCES has had CSHB 313 (En)
Alaska Fisheries Center and appropriations to the center HESS

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 recomm HESS (CS) same title
 new title
- and recommends reports it back as follows
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
Ann Lehman
Bob Mulcahy

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] No rec
[Signature] No rec

CHAIRMAN

IDENTIFICATION:

BILL NAME: "An Act relating to the Alaska Fisheries Center and to appropriations to that center; and providing for an effective date."

SPONSOR(S): HESS
Original Sponsor: Gardiner

RELATED BILLS PENDING:

DATE INTRODUCED: (H) 3/7/81
(S) 5/21/81

REFERRALS

HESS
Resources
Finance

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED ✓

SUMMARY BY LEGAL DIVISION:
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP

FISCAL NOTE: UAF, Leg Finance (HB 313)
(HESS)

MATERIALS: ~~done~~ *done for office behind mtg's*
4/27 *4/19*
(H) Fin, Gardiner, 4/27
rec'd, 4/28

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED

Rep. Gardiner (4944) / (5-6-82)
Tom Lane, or Dan Rosenberg } Fisheries Center
Exec. Director (Univ AK) } Study Group
586-1869
5-6-82
both here
ADF:G ✓
Nat'l Marine Fisheries ✓

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 313 (Page 1 of 2) CORRECTED FISCAL NOTE
 Title An act relating to the Alaska Fisheries Center
 Requested by House Resources Date 4/22/81

II. FISCAL DETAIL
 Agency Affected Department of Administration
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Alaska Fisheries Center
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		68.0				
200 TRAVEL		45.9				
300 CONTRACTUAL		302.7				
400 COMMODITIES		.5				
500 EQUIPMENT		1.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		418.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		418.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME						
TEMPORARY						

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

IV. DATE 5/20/81 PREPARED BY Elmer Lindstrom, Fiscal Analyst
 AGENCY Legislative Finance Division
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE: HB 313 (Page 2 of 2)

CORRECTED FISCAL NOTE

Personal Services

Interim Director \$4500/mo. +26% benefits x 12 68.0

TravelAdministrative Travel:

9 trips x \$300/trip transportation 2.7

9 trips x \$60/day x 2 days 1.1

Board Travel: (Assumes 5 public members &
4 state employee members)

9 trips x \$300/trip transportation x 5 13.5

9 trips x \$150/day x 2 days x 5 13.5

9 trips x \$300/trip transportation x 4 10.8

9 trips x \$60/day x 2 days x 4 4.3

Total Travel 45.9

Contractual

Facilities design and support 300.0

Office space, 150 sq.ft. x \$1.50/sq.ft./mo.
x 12 months 2.7

Total Contractual 302.7

Commodities

.5

Equipment: 1 ea: desk, chair, file cabinet, calculator 1.1TOTAL. \$418.2

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate HESS Committee Substitute for HB 313
 Title Alaska Fisheries Center
 Requested by Senate HESS Committee Date 4/12/82

II. FISCAL DETAIL
 Agency Affected University of Alaska
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		52.3	590.3	1,128.3	1,666.3	2,204.3
200 TRAVEL		21.3	65.3	109.3	153.3	197.3
300 CONTRACTUAL		92.0	867.0	1,642.0	2,417.0	3,192.0
400 COMMODITIES		3.0	73.0	143.0	213.0	283.0
500 EQUIPMENT		4.0	409.0	300.0	300.0	300.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		172.6	2,004.6	3,322.6	4,749.6	6,176.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		16	30	44	58
PART TIME (Grad. Students)		4	8	12	16
TEMPORARY					

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

Based on recommendations contained in The Report of the Alaska Fisheries Center Study Group to the State of Alaska (Feb. 1982), as modified by the University of Alaska after analysis of start-up and program costs.

IV. DATE 4/12/82 PREPARED BY Donald H. Rosenberg
 AGENCY University of Alaska
 Original: Legislative Finance PHONE 474-7086 (AFCSG 586-1869)
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Fiscal Note
HB313

FY83

ADMINISTRATION

Personnel Services

Executive Director (6 mos.) \$ 32,261

Executive Secretary (6 mos.) 10,629

Staff Benefits 22% 9,436

Total Personnel Services \$ 52,326

TRAVEL

Administration 6,000

Board of Trustees (2 meetings) 6,300

Advisory Committee (1 meeting) 9,000

Total Travel \$ 21,300

CONTRACTUAL

Facilities Planning \$ 50,000

Program Planning (consultants) 30,000

Communications 6,000

Copying and Printing 3,000

Miscellaneous 3,000

Total Contractual \$ 92,000

COMMODITIES

3,000

EQUIPMENT

4,000

Two desks/chairs, 2 side chairs,
3 file cabinets, typewriter,
calculator, work tableTotal Cost (1st year) \$172,626

Fiscal Note
HB313

FY84, 85, 86 and 87

Increment to be added each year.

A. RESEARCH AND PUBLIC INFORMATION/LIBRARY PROGRAMS

Personnel Services (includes benefits)	
Professional Staff (6) (\$45,000)	\$ 270,000
Technical Staff (4) (\$30,000)	120,000
Graduate Research Assistants (4) (\$12,000)	<u>48,000</u>
Total Personnel Services	\$ 438,000
Travel	
In-state (research related)	25,000
Professional Meetings	<u>5,000</u>
Total Travel	\$ 30,000
Contractual	
Computer Services	40,000
Vessel Charter	100,000
Analytical Services	50,000
Communication	50,000
Equipment Maintenance	50,000
Freight (equipment & samples)	20,000
Drafting and Duplicating	30,000
Space Rental	<u>50,000</u>
Total Contractual	\$ 390,000
Commodities	
	50,000
Equipment*	
Library Collection	40,000
Scientific Equipment	300,000
Data Processing	<u>35,000</u>
Total Equipment	\$ 375,000
TOTAL RESEARCH PROGRAM	
	<u><u>\$1,283,000</u></u>

B. ADMINISTRATIVE

Personnel Services (includes benefits)	
Support Staff (4) (\$25,000)	\$ <u>100,000</u>
Total Personnel Services	\$ 100,000

Travel	
In-State	10,000
Out of State	<u>4,000</u>
Total Travel	\$ 14,000
Contractual	
Equipment Maintenance	10,000
Communication	20,000
Equipment Rental	30,000
Space Rental	200,000
Utilities	75,000
Space Maintenance/Renovation	<u>50,000</u>
Total Contractual	\$ 385,000
Commodities	20,000
Equipment*	<u>30,000</u>
Office Equipment (desks, chairs)	
TOTAL ADMINISTRATION	<u>\$ 549,000</u>

*Initial equipment cost; \$300,000 total budgeted each year for administrative and research program combined.



Alaska State Legislature

SENATE Resources Committee

Official Business

BETTYE FAHRENKAMP, Chairman
VIC FISCHER, Vice-Chairman
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

TO: Senate Resources Committee
FROM: Senate Resources Committee Staff
RE: Committee Meeting, 5/10/82
DATE: May 6, 1982

Please find attached background information for Monday's hearing on the following bills:

SCS CSHB 313 (HESS) Establishing the Fisheries Research Center in the University of Alaska.

CSHJR '8 (Res) Relating to commercial fishing by foreign fleets in the 200-mile fishery conservation zone.

The meeting will be held at 1:30 p.m. in the Beltz Room.

University of Alaska
Fairbanks, Alaska

April 14, 1982

Senator Charles H. Parr
Chairman, Senate HESS Committee
Pouch V
Juneau, AK 99811

Dear Charlie:

On March 10, 1982, I testified at your committee hearings on behalf of the University of Alaska on Committee Substitute for House Bill 313 to establish an Alaska Fisheries Center. Following is a brief outline of that testimony.

1. The University is pleased that the report of the Alaska Fisheries Study Group has recommended that the Center be established within the University of Alaska. The University has demonstrated its commitment to long term basic and applied research in fisheries and in communicating the products of that research to the Alaskan fisheries industry, to policy makers, to the scientific community, and the general public.

2. The University believes that the center would have to be implemented in such a manner within the University so that it can be a truly cooperative research entity involving other research agencies and groups outside and within the University. In that regard the University would need to modify its plan for improvement of fisheries programs to take into account this expanded responsibility in the area of fisheries research.

3. The University administration has reviewed the proposed Fisheries Center legislation and encourages its passage. The Board of Regents has informally indicated its willingness to accept the Center should it be offered by the legislature. Implementation of the Center and its programs could only be accomplished within the University's fiscal and facilities constraints.

4. The University concurs with the Study Group's recommendation that start-up funding only be provided this year. The University will, under such funding, provide a plan by next year for the full integration and implementation of the proposed center into the structure and programs of the University. Until that time, the University would administer the Center under the Office of the President.

Sincerely,

George C. West
Vice President for
Academic Affairs

North Pacific Fishery Management Council

Clement V. Tillion, Chairman
Jim H. Branson, Executive Director

Mailing Address: P.O. Box 3136DT
Anchorage, Alaska 99510

Suite 32, 333 West 4th Avenue
Post Office Mall Building



Telephone: (907) 274-4563
FTS 271-4064

April 28, 1981

Honorable Terry Gardiner
House of Representatives
Pouch V
Juneau, AK 99811

Dear Terry:

Clem has asked me to respond on behalf of the Council on your proposal for a fisheries center in Alaska. The Council discussed your concept at length at its meeting last week and asked me to convey their endorsement and appreciation for your efforts. More and better research into the fishery resources of Alaska is definitely needed, and the idea of a center to coordinate the approach of the State and Federal governments, the North Pacific Council, the University, and the numerous other entities that become involved in research in this area is very desirable.

The Council felt that it would be desirable to avoid creating another organization to do so, however, and suggested that a center could be developed using one or more of the existing State entities as the parent organization. It could be specifically designed to accommodate the research activities of other organizations in one complex with a very heavy emphasis on coordinating existing activities. That approach would not only improve the efficiency of the work for which we already have funding, but would make it much easier to identify work that needs to be done and to distribute that work where appropriate.

Don Rosenberg is chairman of the Council's Scientific and Statistical Committee. He has kept the Council informed on the progress of your proposal. The Council is very much in favor of the concept and will work with you in any way they can to assist.

Sincerely,

A handwritten signature in cursive script that reads "Jim H. Branson".

Jim H. Branson
Executive Director

cc: Don Rosenberg



Alaska State Legislature

SENATE Resources Committee

POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Official Business

BETTYE FAHRENKAMP, Chairman
VIC FISCHER, Vice-Chairman
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI

MEMBERS PRESENT

Senator Fahrenkamp
Senator Bradley
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

May 10, 1982
1:40 p.m.

Beltz Room
Capitol - 211

Hearing:

SCR 36 Relating to financing of the Alaska Highway Natural Gas Pipeline.
SB 896 Relating to the Susitna River Hydroelectric Project.
CSHB 313 Establishing the Fisheries Research Center in the University
of Alaska.
CSHJR 78 Relating to commercial fishing by foreign fleets in the
200-mile fishery conservation zone along Alaska's coast.

SCR 36

Senator Colletta spoke in support of the resolution, stating that it does not compromise the prime sponsor's effort to put financing in place. He urged that since the State has already committed to extract the gas, the investigations concerning the financing continue.

Senator Gilman moved and asked unanimous consent that the first Resolve Clause be amended so that any proposals during the interim be presented to the Joint Oil and Gas Committee of the 12th Legislature.

Senator Gilman moved and asked unanimous consent to delete "negotiations" on page 1, line 26, and replace it with "investigations".

Senator Gilman moved SCR 36, as amended, with individual recommendations.

SB 896

Lynn Asper, Division of Legal Services, explained that the effect of SB 896 is to approve the Alaska Power Authority's preliminary report on Susitna, and to distinguish that approval of the APA report is not construction approval.

Senator Gilman expressed concern over wording that requires that contracts be entered into within 1 year of approval of the report.

Senator Sturgulewski expressed concern over exactly what parts of the APA preliminary report SB 896 approves.

Senator Fahrenkamp stated that the bill would be held for further work.

CSHB 313

Don Rosenberg, University of Alaska, Director of the Sea Grant Program and member of the Fisheries Center Study Group, expressed support for CSHB 313, and outlined the three needs defined by the Study Group: increased economic, biological, and social understandings; increased understanding of management procedures; expanded communication and coordination between users of fishery resources. He described the proposed Center as a foundation on which to develop fishery management programs.

Senator Sturgulewski expressed concern over the bill's large fiscal note.

Representative Gardiner stated that the bill brings together the various opinions of the University, the federal government, and the State Department of Fish and Game. Gardiner supported the bill as essential to create a high quality fisheries education program in the University.

Stan Moberley, Special Assistant to the Commissioner, Department of Fish and Game and member of the Fisheries Center Study Group, expressed support for the bill, stating that to protect and develop the State's interest in fisheries, we need to put some money into studying the resource.

Senator Anderson urged passage of HB 313, stating that there is a strong need for the State to enter into fisheries research.

Senator Mulcahy moved CSHB 313 with individual recommendations.

CSHJR 78

Larry Smith, Chairman, Troll Political Action Committee, called CSHJR 78 an important message to Washington, D.C., to let them know we have major problems on the high seas with foreign fisheries.

Rick Lauber, Pacific Seafood Processors, while calling many portions of the resolution commendable, expressed concern over aspects dealing with foreign fishing on mixed-stock fishery, the squid fishery, and the member make-up of the North Pacific Fisheries Management Council.

Senator Fahrenkamp stated that the bill would be held in Committee for further work.

The meeting was adjourned at 3:05 p.m.

MEMORANDUM

February 4, 1980

TO: Dereck Poon
Floyd Heinbuch
Robert Burkett
Curt Kearns

FROM: Wallace G. Miller *WGM*

SUBJECT: Subcommittee Report on Fisheries Research Facility

In our report to the Aquaculture Policy Study Group, Mr. Wilkerson and I recognized the need to have an improved and expanded research program for an Alaskan Fisheries Resource Development Program as one means for ensuring that the legitimate state interests in protecting and developing its fisheries resources are met.

In addition to an improved and expanded fisheries research program, we further recognized the need to improve the coordination among federal, state and others involved in fisheries research in Alaska, not only to avoid duplication of effort but also to establish coordinated fisheries research priorities and programs.

In recognition of these needs the report suggests that, "Perhaps the most important means for ensuring greater coordination of research would be the establishment of a comprehensive joint fisheries research facility in Alaska." While the report discusses several additional means for securing a coordinated fisheries research program, the report recognized the importance that federal, state and tribal fisheries scientists and biologists in Washington attached to an expanded and more coordinated fisheries research program in that state.

In Washington State a \$16.0 million fisheries research facility to house federal, state and tribal fisheries researchers is currently being designed with construction scheduled to begin later this year.

The report makes the argument that in as much as Alaska, produces as much as 80% of the nation's bottomfish resources, is the largest producer of salmon and is a major source of shellfish, Alaska should have a major center for fisheries research activities.

During the past several months I have reviewed the new Washington State Manchester Laboratory plan and have provided some general design and program information to you. In addition, I have attempted to compile staffing and budget information on organizations involved with fisheries research with a particular emphasis on identifying those organizations who perform the work at a location outside of Alaska.

Attached is a preliminary "prospectus" which discusses various aspects of an Alaskan Fisheries Research Center. In accordance with our earlier discussions about maintaining a minimum level of contact on this plan until additional review can be performed, I have limited my discussions to include only individuals who have information regarding the Manchester Lab and fisheries research expenditures and staffing.

I hope you can review the attached prospectus which I have purposely kept brief pending your further recommendations regarding this matter.

A PROSPECTUS FOR A CONSOLIDATED
ALASKA FISHERIES RESEARCH FACILITY

The Need

The need for a Consolidated Alaskan Fisheries Research Facility is based upon four major factors.

These are:

1. There is a need to have a scientific and research basis to provide the technical support to state and federal agencies which have the responsibility to manage the Alaskan fishery.
2. The State of Alaska and the federal government both have a legitimate interest in protecting and developing the Alaskan fisheries resource. Knowledge gained through research can provide the state and the federal government with the capability to develop improved regulatory practices aimed at more effectively achieving the desired balance between allowable harvest levels and stock protection. Through research the state can continue to develop such artificial propagation techniques as lake fertilization for salmon as well as other new propagation techniques for other species. Research in such areas as stock enumeration, reproduction, growth rates, genetics, disease, nutrition, and habitat are but a few of the areas in which increased knowledge would provide the information necessary to ensure that the state's and federal government's interests in protecting and developing the Alaskan fisheries resources are realized.
3. By any standard Alaska's fishery resource is enormous. Consider these statistics:
 - * Alaska's 1978 harvest of 80 million salmon amounted to 85 - 90% of the entire U.S. harvest and about 40 - 50% of the world harvest of salmon.¹
 - * The 1978 harvest of Alaskan shellfish (shrimp and crab) of 300 million pounds amounted to approximately 40% of the entire U.S. harvest of these species.¹
 - * The annual harvest level of 3 to 4 billion pounds of bottomfish within the North Pacific Fisheries Conservation and Management Zone places Alaska in the top 12 among the countries in world production of fisheries resources.¹

¹Contractor estimates developed with assistance of NMFS personnel and fisheries information.

*Currently the combined annual wholesale value of all Alaskan fisheries resources exceeds 2 billion dollars. By way of comparison this level of sales would rank the Alaskan fishery among the top 150 of the Fortune 500 corporations.

4. A substantial amount of Alaskan fisheries research is currently being largely independently conducted by a number of different organizations including:

- The Alaska Department of Fish and Game
- The National Marine Fisheries Service
- The University of Washington
- The University of Alaska
- U.S. Fish and Wildlife Service
- Alaska Fisheries Development Corporation
- The U.S. Forest Service
- The North Pacific Management Council
- Alaska Sea Grant Program
- Alaska Office of the Governor (Fisheries Council)

Notwithstanding the significant involvement of Alaskan organizations in conducting research on Alaskan Fisheries, a significant portion of the research staffing and expenditures are not being made in Alaska. The economic benefits from this employment and expenditures accrues to other states and it is expected that less than full benefit is received by Alaskans from this off-site research activity.

Alaskan Fisheries Research

Listed below in Table I is an approximation of the expenditures for Alaskan fisheries research for selected organizations. The Table does not include research expenditures made by regional aquaculture associations or for various studies (i.e., A.D. Little, Earl Coombs, etc.) performed by private contractors and others.

Table I
Alaskan Fisheries Research Expenditures

<u>Organization</u>	<u>Research</u>		<u>Total</u>
	<u>In Alaska</u>	<u>Outside Alaska</u>	
Alaska Dept. Fish & Game	\$3.5	-	\$3.5 (1)
Nat'l Marine Fisheries Service	3.2	\$7.4	10.6 (2)
University of Wash.	-	1.0	1.0 (3)
University of Alaska	7.3	-	7.3 (4)
U.S. Fish & Wildlife Service	.2	.1	.3 (5)
Alaska Fish. Develop. Corp.	1.3	-	1.3 (6)
The U.S. Forest Service	.1	-	.1 (7)
The North Pacific Mgmt. Council	.5	-	.5 (8)
TOTAL	\$16.1	\$8.5	\$24.6

- (1) Alaska Dept. of Fish and Game estimate; approximately 50 employees.
- (2) 1979 NMFS Budget. Research in Alaska includes \$3.1 million for Auke Bay and other southeast facilities and \$.1 million for a project at Kodiak. The \$7.4 million in Seattle is for an estimated equivalent of 100 employees performing research on Alaskan fisheries.
- (3) Recently announced \$1.0 million federal grant to conduct an 18 month study of Washington salmon harvested in Alaskan waters. Information regarding other Alaskan related research projects not available.

(4) University of Alaska Fisheries Research Budget includes:

<u>(U of A 1980 Budget)</u>		
Insittute of Marine Science	171*	5.1
Sea Grant Program	27	1.6
Juneau Fisheries Program	3	.3
Other	2	.1
Subtotal	<u>146</u>	<u>7.1</u>
Cooperative Fisheries Res.Unit**	4	.2
TOTAL	<u>150</u>	<u>7.3</u>

* Includes only full-time positions.

** Fresh water fisheries research program for artic and interior areas.

- (5) Includes approximately 5 employees in Alaska and 4 in Washington.
- (6) Recently announced grant to conduct bottomfish research and test program.
- (7) U.S. Forest Service (Forest Service Laboratory-anadramous fish habitat study; 2 employees).
- (8) North Pacific Mgmt. Council estimate; primarily contract funds and one (1) full-time staff.

As the preliminary expenditure data indicates, the aggregate, current expenditures for Alaskan fisheries research is approximately \$25.0 million, with over 1/3 of the research expenditures and staffing not located in Alaska.

If all Alaskan related fisheries research were performed in Alaska the total number of people employed would be over 300.

In addition to the research activity, the National Marine Fisheries Service operates two research vessels, the Miller Freeman and the Oregon whose primary function is research and related activities in Alaskan waters. The Miller Freeman has a shipboard crew of 24 and a \$990,000 annual operating budget. The Oregon has a shipboard crew of 5 and an annual operating budget of \$467,000.

Table 2
Types of Alaskan Fisheries Research Conducted Outside of
Alaska

Resource Surveys
Data Analysis
Fishery Oceanography
Survey Technology Development
Fisheries Habitat Investigations
Marine Mammals Conservation
Economics and Commercial
Fisheries Statistics

Availability of Research Funding

Research funding for fisheries research activities in Alaska is for the most part provided by the federal and state government. Because research programs are considered discretionary, as opposed to mandatory, research budgets tend to be reduced in tight budget periods. Fisheries research budgets could, however be substantially increased in the United States given the increased emphasis on fishing resulting from the enactment of the 200 mile territorial limit on fisheries. Another potential source for increased fisheries research funding is from the dedicated import tax receipts imposed by the Saltonstall Kennedy Act. Estimates indicate receipts to this dedicated fund could annually exceed \$100 million during the decade. Notwithstanding the predicted increase in fund receipts, congressional action may be necessary to remove expenditure ceilings imposed on the fund by the Office of Management and Budget.

A Consolidated Fishery Research Facility²

The National Marine Fisheries Service in cooperation with the University of Washington and other federal and state agencies are in the process of designing a \$16.0 million fisheries laboratory at Manchester, Washington. It is intended that this new facility be used for both interdisciplinary cooperative research programs and individual research projects in fisheries and marine science relating to the protection and management of the marine resource.

²A program concept for the Manchester Fisheries Laboratory, April 1979, Kramer, Chin & Mayo, Inc.

The new laboratory is intended to house 30 resident research scientists, technical assistants, visiting scientists and 10 resident postgraduate researchers. The primary research themes will be aquatic animal and plant husbandry, nutrition, physiology and reproduction, breeding and health.

The new facility will provide a 35,890 gross square feet building and 24,340 square feet of outside experimental areas.

The anticipated annual operating and maintenance cost excluding scientific and other technical laboratory personnel is estimated to be \$704,800.

Fishery Research Facility Management Options

If the State of Alaska, were to proceed with a plan to establish a multi-jurisdictional fisheries research facility, a logical concern is, who would manage the facility?

There are several alternative management plans which could be implemented.

A state agency (ADF & G) or a federal agency (NMFS) could be assigned the responsibility for the general maintenance and operation of the research center. Each agency (federal and state), who assigns research personnel to the research center, would be responsible for paying and providing benefits to their own employees. Space assignments, priority use of laboratory equipment could be resolved by an operations officer or committee composed of representatives from the various agencies performing research at the center. Research policies and programs under this concept would be subjected to the review and approval of a research policy committee.

Another less bureaucratic approach to the management of a multi-jurisdictional fisheries research facility could be based upon a "research park" approach which is similar in concept to that of an industrial park in which businesses with different ownerships, organizations and products independently pursue their own businesses while sharing some common buildings, other space and services.

A fisheries research park developed and operated by independent research organizations would individually pay for their capital equipment, maintenance and operations. Under this concept research policies and programs would be "coordinated" and not subjected to committee review and approval.

Fishery Research Facility Location

No attempt has been made to identify specific sites where fisheries research facilities might be located. It may be desirable to have several research facilities, at different locations, each of which specializes in some aspect of the fishery. (For example, a shellfish/bottomfish research center might be located at Kodiak, while the salmon research center might be located elsewhere).

Fishery Research Facility Cost & Source of Funds

In order to provide the State of Alaska with the fisheries research capability proposed for the new \$16.0 million Manchester Laboratory, an expenditure of \$20-25 million would be required given the higher construction costs in Alaska. Additional costs could result from specialized facilities for shellfish and bottomfish not included in the Manchester facility.

The State of Alaska and the federal government singularly or under a joint agreement could finance the capital construction costs.

Alternatively the State of Alaska could finance the capital construction of the laboratory and ask the federal government to provide research funds to the new center equivalent to those being expended outside of the State of Alaska. The state could continue to provide for state funded fisheries research through ADF & G.



Alaska State Legislature
House of Representatives

December 16, 1980

FOUCH V
JUNEAU, ALASKA 99811
OFFICIAL BUSINESS

MEMORANDUM

TO: INTERESTED PARTIES

FROM: HONORABLE TERRY GARDINER
SPEAKER OF HOUSE OF REPRESENTATIVES

RE: SEAFOODS: ALASKAS LIVING RESOURCE

I have been increasingly concerned regarding the future of the fishery resources. We as a state have an obligation to the future generations to use the common property resources in a wise manner and not destroy or irrevocably damage them.

The pressure to harvest increasing amounts of our common property resources will continue to increase. During the next 45 years world population is expected to increase and for much of the world, fishery products are the only or major source of animal protein. In addition, real income of the world, and particularly the U.S., Europe, Japan and the communist block countries, can be expected to grow. Therefore, the demand for fishery products will continue to increase. Studies by FAO, 1979, predict that MSY's of world fishery production will be reached in the early 1980's. When this happens, aggregate supply essentially becomes fixed. The major impact of a fixed supply is accelerating price increases on the world market as demand increases. Rising demand will lead to continuing pressure to exploit the common property resource and may well threaten its very existence.

Intelligent decisions will be required. Decisions based on hard factual knowledge of the resource and the entire industry. The decisions will primarily be made in an atmosphere of demands for short term benefits, both in terms of increase production of food and crises economics for the industry. The long term survival of the species will be left up to the biologist to defend with inadequate or inconclusive information. If history is a teacher then the lesson is that the short term demands usually win. Most of the viable marine resources in the world have been decimated. Knowledge of the resources takes time to gather, organize and distribute. Although we are doing a little now it is vital that we increase our efforts immediately.

The attached proposal outlines one way a approaching the challenge that lays ahead of us. Please give it your serious consideration. Send your comments to my office in Juneau.

ALASKA FISHERIES CENTER

The objective of this document is to describe in summary form, some of the primary considerations which have led to the conclusion that an Alaska Fisheries Center is critically needed in Alaska. Other factors also briefly addressed in this document include descriptions of some of the characteristics of the proposed Center.

The Need/Opportunity For an Alaska Fisheries Center

The Alaska Constitution, Article VII, Section 2, states. "The legislature shall provide for the utilization, development and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people." The question is, what actions should the legislature take to assure this constitutional mandate is being carried out for its fisheries?

We believe the establishment of an Alaska Fisheries Center would be a major step toward meeting this constitutional obligation. In addition, we believe the establishment of such a Center would provide an effective means for carrying out Article VII, Section 5, which states, "The legislature may provide for facilities, improvements and services to...assure fuller utilization of the fisheries, wildlife and waters.

In addition to the constitutional requirements placed upon the legislature, it is also important to recognize the tremendous size and value of the Alaskan fisheries resource. In terms of value in 1979 the 900 million pounds of Alaskan commercial landings had a value of almost 600 million dollars. The value of this catch was 26.7 percent of the total U.S. harvest. By way of comparison the states with the next highest harvest values were: California \$227.5 million; Louisiana \$198.5 million; Massachusetts \$175.5 million; and Texas \$160.2 million.

If both the domestic and foreign harvest in Alaskan waters were added together, the 1.6 billion metric tons harvested in 1978 would rank Alaska 15th among the nations of the world in commercial landings.

The U.S. fishing industry employs over a quarter of a million people and provided in 1979 a \$7 billion contribution to the U.S. Gross National Product. Alaska's fishery provides a substantial contribution to this important sector of the U.S. economy.

Other countries such as Japan and the Soviet Union invest heavily in fisheries research and provide a wide variety of financial incentives to support their fisheries. In the United States a limited amount of research is provided and financial incentives are generally limited to boat and gear loans. A recent study indicates that \$24.6 million was spent in 1979 on Alaska fisheries research. Of that amount \$8.5 million was spent on research by organizations not located in Alaska.

Partly, because the fishery is a common property resource, and partly because the structure of the U.S. fishing industry does not lend itself to long-term investments in fisheries research, more knowledge and better management tools are needed, if Alaska is to provide for the effective utilization, development and conservation of its fisheries resource for the maximum benefit of its people.

The best weapon Alaska has in reducing intervention by outsiders is to know more about its resources and how they should be managed than anyone else.

Goals for the Alaska Fisheries Center

1. Gather, organize and disseminate information about Alaska fisheries which will encourage the wise utilization, development and conservation of these resources for subsistence, commercial and recreational purposes.
2. Provide for improving coordination and communication among members of the fisheries scientific and management communities, fishermen, seafood processors and the public.
3. Improve the long-term economic viability of the Alaska and U.S. seafood industry.
4. Encourage the development of Alaska's fisheries resources to help meet the world's need for protein.
5. Conduct and coordinate the research activities necessary to accomplish the above purposes.

Scope of Alaska Fisheries Center

1. The Center shall encompass the renewable marine and freshwater fishery resources including groundfish, aquatic plants, shellfish and salmon.
2. Two general types of functions would be carried out at the Center. These are:

A. Prime Functions

- Basic Research (research directed at a specific research goal)
- Applied Research (research directed at a specific resource goal)

- Stock enumerations and habitat surveys
- Management research
- Industry technology
- Fishery food sciences
- Market and economic research
- Aid to fisheries education

B. Support Functions

- Data processing center
- Library (including A/V and communications)
- Support facilities (including Center, research vessels, etc.)

Location of the Alaska Fisheries Center

The primary criteria for selecting the Center location should include the following:

1. The location must provide a pleasing professional environment which will aid in attracting highly qualified professionals.
2. It should have excellent communications and transportation facilities for domestic and international linkages and travel.
3. It should be centrally located and reasonably accessible from the various fishing areas.
4. The location should have the capacity to host state-wide, national and international fisheries meetings.

Management of the Alaska Fisheries Center

One of the following alternative forms of management could be employed in managing the Center.

1. Governance by a Board of Directors who may be composed of a majority of Alaskans with others appointed based upon their recognized expertise in the national and international fisheries scientific community. A Technical Advisory Board composed of representatives from research and management organizations (see attached list of potential sources of Advisory Board members) would be established to serve in an advisory capacity to the Board of Directors. An Executive Director would be appointed by the Board of Directors to carry out the executive duties and responsibilities of the Center.

2. Governance could be provided by a User Group committee comprised of representatives from Alaska fishery research and management organizations identified in the attached list.

3. The Center could also be operated along the lines of a research park in which many different organizations would use the facilities. Coordination could be formally achieved through the appointment of interagency committees and informally through such shared facilities as the cafeteria, library and data center.