

ALASKA LEGISLATURE COMMITTEE FILES

1987-1988

8672

4803

HLAB

HB 78

-

HB 108

375

GINGER FYI

MAR 23 1987

March 11, 1987

Representative Dave Donley
Chairman House Labor and Commerce Committee
Pouch 7
Juneau, AK 99811

The Honorable Donley,
My name is Mike Bigge and I am a member of the North Pole Chapter of the Future Farmers of America. I am writing to you to ask you to support HB 78 which Representative Miller has introduced. This bill would allow us to move our equipment from our fields in Fairbanks to our fields in North Pole without having to get a permit. Obtaining a permit to move farm equipment is a very expensive and time consuming job. As a concerned member and also a person who has used the farm equipment on several occasions, I once again urge you to support HB 78.

Thank You for your valuable time.

Sincerely,



Mike Bigge

908 Clear Street

North Pole, AK

99705

MEMORANDUM

TO: Representative Mike Miller

FROM: Staff *Dene*

RE: Analysis of proposed committee substitute for HB 78, "An Act relating to the operation of farm equipment on state highways."

DATE: 4/11/87

Section 1

Amends the current statutory authority of the Department of Commerce and Economic Development to regulate the weight, size, and load of vehicles operating on the State highway system. Adds an exemption which is outlined in section 2 of the bill.

Section 2

Adds a new statutory section allowing implements of husbandry to operate on the State highway system without obtaining a permit. This section also establishes four criteria, for implements up to 12 feet in width, that must be met to qualify for the permit exemption. The implement may only be operated on the highway system during daylight hours. A slow-moving vehicle emblem must be displayed on the rear of the implement. The implement must display a red flag where it affords the greatest visibility. The permit exemption is only good for moves within a 50 mile radius of the implements home base.

Implements that exceed 12 feet in width are eligible for the permit exemption if they meet the four requirements for narrower implements and are preceded by a pilot car during operation on the highway.

Section 3

Adds implements of husbandry to the list of vehicles that are exempt from the motor vehicle registration requirements of AS 28.10.011.

MAR 23 1987

March 11, 1987

Representative Dave Donley
House Labor & Commerce Committee
Pouch V
Juneau, AK 99811

The Honorable Donley:

I am writing to you about HB 78. I sincerely wish that you would take action and support this bill. I am in the ninth grade, and plan on being an FFA member. How are we ever going to succeed in the field of Agriculture if everytime we move from one field to another we must get a permit. We are involed in several public service projects that require the use of our equipment and the cost of getting permits for each piece of equipment makes it very expensive. With the permits costing \$15 if we moved our 4 pieces of hay equipment to Creamers Field and back it would cost us \$180.

We are working on a field there and in North Pole by the High School and so we are moving the equipment many times during the summer. We would go broke before we would be able to succeed in the field of Agriculture. My dad is a hard working farmer also, and he could never afford to pay that much everytime he moves his equipment. I am asking you to please support HB 78.

Thank you very much for your time.

Sincerely,



John Berglin
1080 Charlet Road
North Pole, AK 99705

GINNER FYI

MAR 23 1987

March 11, 1987

Chairman Dave Donley
House Labor & Commerce Committee
Pouch V
Juneau, AK. 99811

Dear Honorable Donley,

I'm writing you about HB 78. We need to be able to drive on State Highways with our farming equipment so we can use it with low costs. It costs too much for a permit to move 2 pieces of equipment from North Pole to Fairbanks by air port hay from Creamers Field and then back again. We need you to take action on, and pass HB 78.

Thank you for your time.

Sincerely,

Marek G. Dodson

Marek G. Dodson
3307 Black Road
North Pole, Ak. 99705

MAR 23 1987

March 11, 1987

Representative Dave Donley
House Labor & Commerce Comm.
P.O. Box 5
Juneau AK 99811

The Honorable Donley:

I am writing to you regarding House Bill Number 78--Farm Equipment of state highways, this is of interest to me because I am a member of Future Farmers of America (FFA). FFA is a service organization which does community work--the up keep of North Pole Park and care of Creamers field, are a few of the things we do. In some of our work we use farm equipment, because we are a service organization we do not have much money, and we cannot afford to pay a fee everytime we wish to do a service that requires our equipment.

It is my feeling that you should not put a charge on farm equipment using state highways. I feel hat we should not have to go to DOT/PF before we operate on the highway.

I have just recently learned how to operate a tractor and I am eager to put my knowledge to use.

It would benefit not only us but other people throughout the state involved with agriculture. If you would consider passing House Bill 78-

Sincerely yours



James Fogar
1305 Alder St.
North Pole AK 99705

7. Convoys: Oversize vehicles or vehicles with loads may be authorized to move in convoy when there are no more than two vehicles with loads or three off the road type vehicles in a convoy and the overall length of the convoy including pilot cars, does not exceed 200 feet. The maximum width of vehicles or vehicles with loads, in convoy, is 14 feet. Each permit application for convoy will be considered individually and, when justified, convoy permits may be issued when criteria for weather, road conditions, traffic, and safety are met. Convoys are not allowed in city areas.

Convoy permits shall be single trip permits only.

"Oversize" signs for each convoy shall clearly state the number of units in the convoy, with one pilot car required in front and one pilot car in the rear. The permit shall stipulate that a maximum distance of 1,000 feet between each convoyed unit is allowed during travel status and, if two convoys are involved, a distance of one mile must be maintained between the rear pilot car of the first convoy and the front pilot car of the rear convoy at all times.

The issuance of the permit stipulates that traffic behind a convoy shall not be allowed to build unreasonably. Where it is not feasible to pull off the roadway, convoys must come to a stop and flagpersons equipped with hand paddles and red flags are required to direct the traffic buildup. A violation of this restriction may result in voiding the permit and may be grounds for denial of future permits.

8. Equipment Engaged in Snow Removal: Special permits may be issued for equipment engaged in snow removal operations. Maximum widths allowed are 12'0" for graders and 10'0" for loaders and are to be issued on a seasonal basis. These permits will be marked: "Valid for Snow Removal Operations Only" and are not valid for general construction use.

Other conditions of the permit are that equipment operated during the hours of darkness or adverse weather conditions shall be equipped with stop lights, taillights, clearance lights, and reflectors mounted on extremities. In areas of high traffic volume, no movement is allowed from 7 to 8 a.m. and 4:30 to 6 p.m., Monday through Friday, unless an emergency or snow removal is in progress. Amber rotating or flashing beacons visible for a distance of 1,000 feet under normal conditions are required. "Oversize" signs and pilot cars shall be waived when engaged in a working status but are required when in a general travel status.

9. Exceptions: Exceptions are listed here for clarification:

- A. Bulk (dry) Cement - Vehicles must be legal in all dimensions and combined vehicle weight. A permit may be issued to allow for the shifting of the load as long as the legal gross weight is not exceeded. Applicant agrees to use all care in loading to maintain legal axle loadings. Permits may be issued for seasonal periods.
- B. Car Carriers - Maximum height 15 feet, 6 inches and overall length including overhangs not to exceed 85 feet. Car carriers may travel 24 hours a day, seven days a week, including holidays, on specific designated routes. Permits may be issued for extended periods.
- C. Cylindrical Hay Bales - Bales may be loaded side by side provided that the maximum width does not exceed 10 feet. The vehicle with load must be legal in all other respects. Movement is restricted to daylight hours only, and to the normal peak traffic restrictions. Permits may be issued for extended periods.

No permit needed Oct 15 -
→ w/ wt. within permit within
155 or axle
11/15/2002

- D. Farm Equipment - Vehicles may move Saturday and Sundays from one field to another during harvest season or emergency situations only. Ordinarily, integral components of farm equipment need not be removed on movements within a 50 mile radius of the point of origin. No movement will be allowed in town during 7:00 a.m. to 8:00 a.m. and 4:30 p.m. to 6:00 p.m., Monday through Friday or past noon on Saturdays, all day Sunday or holidays. Each towing or self propelled vehicle must have its own individual permit.
- E. Construction Equipment - Ordinarily, removal and separate transport of appurtenances will not be required for a move within a 50 mile radius of point of origin if weight is not a detriment to the roadway and bridges involved in the route of travel. Generally, outside of the local boundary areas (defined as a 50 mile radius), appurtenances will require removal, however, equipment with appurtenances attached may move outside a local boundary area if weight is legal and width does not exceed 10 feet.
- F. Tanks - Loads may be stacked in a pyramid fashion as long as the dimensions do not exceed 15 feet high, 10 feet wide, and legal length. Weight must be legal. Permits may be issued for an extended period.
- G. Truck Mounted Cranes - In local areas, a front overhang of up to 15 feet may move during hours of darkness if a rotating or flashing beacon is mounted at the extreme end of the boom. Permits may be issued for an extended period.
- H. Trusses and/or Glu Lam Beams - Loads may be 15 feet high, may have a front and/or rear overhang of 15 feet and the truss or glu lam may not exceed 60 feet long.

Alaska State Legislature

RE-REPRESENTATIVE
MIKE W. MILLER
P.O. Box 55094
North Pole, Alaska 99705
(907) 488-2687

District 18
North Pole
Badger Road
Eielson
Moose Creek
Salcha

Write in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-4976

House of Representatives

MEMORANDUM

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee

FROM: Representative Mike Miller *M. W. Miller*

RE: House Bill 78 "An Act relating to the operation of farm
equipment on state highways"

DATE: 3/30/87

I would like to formally request that House Bill 78 be scheduled for a hearing before the House Labor and Commerce Committee.

Since the introduction of this legislation, I have received input from farming associations around the state and the Department of Commerce and Economic Development, Division of Measurement Standards. Through this input, I have obtained two proposed amendments to the bill that I would like incorporated in a possible committee substitute. My staff and I stand ready to assist your committee staff in preparing HB 78 for a Labor and Commerce hearing.

If you have any questions regarding this request, please contact me at 465-4976.

H

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HOUSE COMMITTEE REPORT

(7)

Date referred: 1/30/87

FURTHER REFERRALS: Judiciary

DATE: 2/26/87

The Labor & Commerce Committee has considered HB 88

"An Act relating to private causes of action by businesses under the Alaska Unfair Trade Practices and Consumer Protection Act; and providing for an effective date."

RECOMMENDS:

- replace with HB 88 the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

W. Donley
Cliff Davidson
Ch. C. F. ...
W. F. ...
H. Ellis

Walt Furnace

W. Donley
 Chairman's signature

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

1-19-88

January 29, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that makes clear the right of a business to bring a private civil action to enjoin, or to recover for damages caused by, a competitor's unfair trade practice.

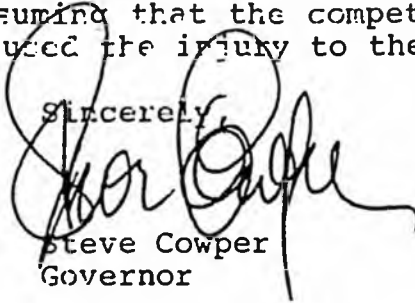
Consumers have a private cause of action for violations of Alaska's Unfair Trade Practices and Consumer Protection Act (UTP Act) but businesses do not, even if harmed by the unfair or deceptive acts or practices of a competitor. Therefore, under present law, only the state (by the attorney general) can bring an action for injunctive relief to stop the unfair trade practices. Private enforcement by businesses aids the attorney general's enforcement efforts.

Specifically, this bill amends AS 45.50.531 to provide that a business that is injured has a private cause of action against the competitor. This cause of action may be inferred in the current UTP Act, but, in order to enhance the rights of private business competitors to guard their own place in the market against unfair competition, a clearly spelled-out private cause of action for the injured competitor is needed. Businesses that often have the resources to pursue private causes of action should not have to depend on state action to stop unfair practices by their competitors.

This would be a desirable change in the statute from a budgetary viewpoint as well. In a slowdown economy, the need for additional state enforcement efforts might also increase; coupled with decreases in revenue, adequate enforcement levels may not be possible. To some extent, this problem might be avoided by allowing private enforcement of the Act. Regularly the consumer protection section of the Department of Law receives calls and complaints from businesses that are concerned about the actions

of their competitors. While the state may act on those cases to stop any violations of law, the state is not, nor should it be, in a position to recover any damages for the honest competitor that is harmed. Nevertheless, the honest competitor should have a remedy that would encourage the seeking of such damages, assuming that the competitor could prove that the violations caused the injury to the business.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

49
215 88 1/30/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : _____
 Title : "...relating to private causes of
 action by businesses under the Alaska
 Unfair Trade Practices & Cons. Prot. Act"
 Sponsor : House Rules/Request of the Gov.
 Requestor : Office of the Governor
 Date of Request : November 3, 1986

FISCAL DETAIL

Agency Affected : Department of Law
 BRU : Consumer Protection
 Components : Consumer Protection

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

- Please see attached. -

Prepared by : Richard I. Pegues, Director Phone : 465-3672
 Division : Administrative Services Date : 11/05/86
 Approved by Commissioner : Richard I. Pegues / For
Harold M. Brown, (Attorney General) Date : 11/05/86
 Agency : Department of Law

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. _____

This bill amends AS 45.50.531 to provide that a business, that is injured by a competitor's unfair trade practice, has a private cause of action against that competitor, under Alaska's Unfair Trade Practices and Consumer Protection Act. Currently, only the state can bring an action to stop unfair trade practices. In view of substantial reductions to the state's consumer protection program, extending a private cause of action to businesses, to cure unfair trade violations, will help avoid some of the increase in unfair trade practices that often occurs during an economic downturn.

H

B

108

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/4/87

FURTHER REFERRALS: Resources
Finance

DATE: 2/25/87

The Labor & Commerce Committee has considered HB 108

"An Act relating to aquatic farming; and providing for an effective date."

RECOMMENDS:

- replace with CS HB108 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

W. Ellis (with full public hearings in the Resources Committee)

Cont. [Signature] (with public hearings)

SIGNING OTHER RECOMMENDATIONS:

Walt Fumaco no rec

Alta Korman no rec

June D. Douley no rec

Cliff Davidson (no rec)

Douglas Douley
Chairman's signature

Original sponsors: Ellis, Rieger,
Cotten, et al.

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 108 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aquatic farming; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS AND POLICY. (a) The legislature finds that

10 (1) aquatic farming in the state would provide a consistent
11 source of quality food, provide new jobs, increase state exports, create
12 new commercial fishing and other business opportunities, and increase the
13 stability and diversity of the state's economy;

14 (2) many areas of the state are ecologically suited for aquatic
15 farming development;

16 (3) aquatic farming would complement and enhance the variety and
17 quality of Alaska seafood and aquatic products, and thereby benefit the
18 state's economy;

19 (4) development of mariculture in the state would strengthen the
20 competitiveness of Alaska seafood in the world marketplace by broadening
21 the diversity of products and providing year-round supplies of premium
22 quality seafood; and

23 (5) the principal responsibility for development of aquatic
24 farming in the state rests with the private sector.

25 (b) It is the policy of the state

26 (1) to encourage the establishment and growth of an aquatic
27 farming industry in the state;

28 (2) to assist in the planning and orderly development of the
29 industry;

1 (3) that the industry be developed in a manner consistent with
2 the protection and enhancement of traditional high value industries and
3 with protection of the state's natural resources; and

4 (4) that aquatic farming be developed in a manner that assures
5 full participation and full benefits to the people of the state.

6 * Sec. 2. AS 08 is amended by adding a new chapter to read:

7 CHAPTER 06. AQUATIC FARMING.

8 Sec. 08.06.010. AQUATIC FARM AND HATCHERY PERMITS. (a) A
9 person may not, without a permit from the commissioner, construct or
10 operate

11 (1) an aquatic farm; or

12 (2) a hatchery for the purpose of supplying aquatic plants
13 or aquatic animals to an aquatic farm.

14 (b) A permit issued under this section authorizes the permittee,
15 subject to the conditions of this chapter, to acquire, purchase, offer
16 to purchase, transfer, possess, sell, and offer to sell stock and
17 aquatic farm products that are used or reared at the hatchery or
18 aquatic farm.

19 (c) The commissioner, after consulting with the commissioner of
20 fish and game and the commissioner of environmental conservation, may
21 attach conditions to a permit issued under this section that are
22 necessary to protect the public health or wild stock.

23 Sec. 08.06.020. PERMIT APPLICATION AND RENEWAL. (a) An appli-
24 cant for an aquatic farming or hatchery permit required under AS 08.-
25 06.010 shall apply on a form prescribed by the commissioner.

26 (b) A permit issued under this section expires one year after
27 the date of issue.

28 (c) An application for renewal must be accompanied by fees
29 required under AS 08.01.065 and a report of a health inspection of the

1 farm or hatchery to be permitted. The inspection shall be conducted
2 by the Department of Fish and Game or by a fish disease diagnostician
3 approved by the Department of Fish and Game. The inspection shall be
4 conducted not more than 30 days before the application is submitted to
5 the department.

6 Sec. 08.06.030. AQUATIC FARM STOCK ACQUISITION PERMITS. (a) A
7 person may not acquire aquatic plants or aquatic animals from wild
8 stock in the state for the purpose of supplying stock to an aquatic
9 farm or hatchery required to have a permit under AS 08.06.010 unless
10 the person holds an acquisition permit from the commissioner of fish
11 and game.

12 (b) An acquisition permit authorizes the permit holder to ac-
13 quire the species and quantities of wild stock in the state specified
14 in the permit for the purpose of supplying stock to an aquatic farm or
15 hatchery required to have a permit under AS 08.06.010.

16 (c) The commissioner of fish and game, in consultation with the
17 commissioner of commerce and economic development, shall specify the
18 expiration date of an acquisition permit and may attach conditions to
19 an acquisition permit, including conditions relating to the time,
20 place, and manner of harvest. Size, gear, place, time, licensing, and
21 other limitations applicable to sport, commercial, or subsistence
22 harvest of aquatic plants and aquatic animals do not apply to a har-
23 vest with a permit issued under this section.

24 (d) The commissioner of fish and game shall forward a copy of
25 each permit application under this section to the commissioner of
26 commerce and economic development. The commissioner of fish and game
27 shall issue or deny a permit within 30 days after receiving an appli-
28 cation.

29 (e) The commissioner of fish and game may deny or restrict a

1 permit under this section if the commissioner finds that the proposed
2 harvest will substantially impair sustained yield of the species. The
3 decision of the commissioner of fish and game must contain the factual
4 basis for the findings. If the substantial impairment could not have
5 been reasonably foreseen and avoided through available management
6 options, the commissioner of fish and game shall explain why in the
7 decision.

8 (f) Except as provided in (e) of this section, the commissioner
9 of fish and game shall issue a permit if

10 (1) wild stock is needed for initial farms or hatchery
11 stock;

12 (2) there are technological limitations on the propagation
13 of cultured stock for the species sought;

14 (3) wild stock is needed to maintain the gene pool of a
15 hatchery or aquatic farm; or

16 (4) commercial harvest of the species sought is not limited
17 under AS 16.43 and is not fully developed.

18 (g) Aquatic plants and aquatic animals acquired under a permit
19 issued under this section become the property of the permit holder and
20 are no longer a public or common resource.

21 (h) The commissioner of fish and game shall make stock available
22 for aquatic farming purposes.

23 Sec. 08.06.040. IMPORTATION OF AQUATIC PLANTS OR AQUATIC ANIMALS
24 FOR STOCK. A person may not import into the state an aquatic plant or
25 aquatic animal for the purpose of supplying stock to an aquatic farm
26 or hatchery unless authorized by the commissioner of fish and game or
27 by a regulation of the Board of Fisheries.

28 Sec. 08.06.050. LIMITATION ON SALE, TRANSFER OF STOCK, AND
29 PRODUCTS. (a) A private hatchery required to have a permit under

AS 08.06.010 may sell or transfer stock from the hatchery only to an aquatic farm or other hatchery that has a permit issued under AS 08.-06.010.

(b) Stock may not be transferred to or from an aquatic farm or hatchery required to have a permit under AS 08.06.010 without prior notice of the transfer to the commissioner. A notice of transfer shall be submitted at least 30 days before the proposed date of transfer.

(c) A notice of transfer must be accompanied by a report of a health inspection of the stock. The inspection shall be conducted by the Department of Fish and Game or by a disease diagnostician approved by the Department of Fish and Game.

(d) The Department of Fish and Game may restrict or disapprove a transfer of stock if it finds that the transfer

(1) would present a substantial risk of spreading disease;
or

(2) in the case of a transfer from a hatchery for which a permit has been issued under AS 16.10.400, would significantly impair the production needs of the hatchery.

(e) A person may not sell, transfer, or offer to sell or transfer, or knowingly purchase or receive, an aquatic farm product grown or propagated in the state unless the product was grown or propagated on a farm with a permit issued under AS 08.06.010. The permit must be in effect at the time of the sale, transfer, purchase, receipt, or offer.

Sec. 08.06.060. RELEASE OF CERTAIN FISH PROHIBITED. Salmon and trout may not intentionally be released into the public water of the state from a hatchery or aquatic farm required to have a permit under this chapter without prior authorization from the Department of Fish

1 and Game.

2 Sec. 08.06.070. DISEASE CONTROL AND INSPECTION. (a) The De-
3 partment of Fish and Game may order the quarantine or the destruction
4 and disposal of diseased hatchery stock or of aquatic farm products
5 when necessary to protect wild stock. A holder of a permit issued
6 under this chapter shall report to the Department of Fish and Game an
7 outbreak or incidence of disease among stock or aquatic farm products
8 of the permit holder.

9 (b) A holder of a permit issued under AS 08.06.070 shall allow
10 the Department of Fish and Game to inspect the permit holder's farm or
11 hatchery during operating hours and upon reasonable notice. The cost
12 of inspection shall be borne by the Department of Fish and Game.

13 (c) The Department of Fish and Game shall develop a disease
14 management and control program for aquatic farms and hatcheries.

15 (d) The Department of Fish and Game may enter into an agreement
16 with a state or federal agency or a private provider to provide ser-
17 vices under (b) and (c) of this section, or inspections under AS 08.-
18 06.020(b).

19 Sec. 08.06.080. REPORT. The commissioner shall submit to the
20 legislature, not later than the first day of each regular legislative
21 session, a report concerning the progress of the aquatic farming
22 industry, including the number of permits issued under AS 08.06.070,
23 the names and addresses of permit holders, the effect of the industry
24 on the commercial fishing industry in the state, and recommendations
25 for legislation relating to aquatic farming.

26 Sec. 08.06.090. REGULATIONS. The commissioner shall adopt regu-
27 lations necessary to implement this chapter and to effect state policy
28 concerning aquatic farming.

29 Sec. 08.06.100. PENALTY. A person who violates a provision of

1 this chapter, a regulation adopted under this chapter, or a term or
2 condition of a permit issued under this chapter, is guilty of a class
3 B misdemeanor.

4 Sec. 08.06.900. DEFINITIONS. In this chapter

5 (1) "aquatic farm" means a facility that grows, farms, or
6 cultivates aquatic farm products in captivity or under positive con-
7 trol;

8 (2) "aquatic farm product" includes an aquatic plant or
9 aquatic animal, or fish parts that are propagated, farmed, or cul-
10 tivated in an aquatic farm and sold or offered for consumption;

11 (3) "commissioner" means the commissioner of commerce and
12 economic development;

13 (4) "hatchery" means a facility for the artificial incu-
14 bation of stock, including rearing of juvenile aquatic plants or
15 aquatic animals;

16 (5) "positive control" means, for fish and other mobile
17 species, enclosed within a natural or artificial escape-proof barrier;
18 for species with limited or no mobility, such as a bivalve or an
19 aquatic plant, "positive control" also includes managed cultivation in
20 unenclosed water;

21 (6) "stock" means live aquatic plants and aquatic animals
22 acquired, collected, possessed, or intended for use by a hatchery or
23 aquatic farm for the purpose of further growth or propagation.

24 * Sec. 3. AS 08.01.065(a) is amended to read:

25 (a) The department shall adopt regulations that establish the
26 amount and manner of payment of application fees, examination fees,
27 license fees, registration fees, permit fees, investigation fees, and
28 all other fees as appropriate for the occupations covered by this
29 chapter, for aquatic farms and hatcheries under AS 08.06, and for real

1 estate brokers and salesmen under AS 08.88.

2 * Sec. 4. AS 16.05.251 is amended by adding a new subsection to read:

3 (f) Except as expressly provided in AS 08.06.040, the Board of
4 Fisheries may not adopt regulations or take action regarding the
5 issuance, denial, or conditioning of a permit under AS 08.06, the
6 construction or operation of a farm or hatchery required to have a
7 permit under AS 08.06.010, or a harvest with a permit issued under
8 AS 08.06.030. Regulations or orders adopted by the Board of Fisheries
9 under this section do not apply to a harvest with a permit issued
10 under AS 08.06.030.

11 * Sec. 5. AS 16.05.330(a) is amended to read:

12 (a) Except as otherwise permitted in this chapter, a person may
13 not engage in sport fishing, including the taking of razor clams; in
14 hunting, trapping, or fur dealing; in the farming of [FISH,] fur [,]
15 or game; or in taxidermy, without having the appropriate license or
16 tag in actual possession.

17 * Sec. 6. AS 16.05.340(a)(14) is amended to read:

18 (14) [FISH OR] game farming biennial licenses.....200

19 * Sec. 7. AS 16.05.920(a) is amended to read:

20 (a) Unless permitted by AS 16.05 - AS 16.40 or AS 08.06, or by
21 regulation adopted under AS 16.05 - AS 16.40 or AS 08.06, a person may
22 not take, possess, transport, sell, offer to sell, purchase, or offer
23 to purchase fish, game, or marine aquatic plants, or any part of fish,
24 game, or aquatic plants, or a nest or egg of fish or game.

25 * Sec. 8. AS 16.05.930 is amended by adding a new subsection to read:

26 (g) AS 16.05.330 - 16.05.720 do not apply to an activity au-
27 thorized by a permit issued under AS 08.06.010 or 08.06.030, or to a
28 person or vessel employed in an activity authorized by a permit issued
29 under AS 08.06.010 or 08.06.030.

1 * Sec. 9. AS 16.05.940(14) is amended to read:

2 (14) "[FISH OR] game farming" means the business of prop-
3 agating, breeding, raising, or producing [FISH OR] game in captivity
4 for the purpose of marketing the [FISH OR] game or game [THEIR] prod-
5 ucts, and "captivity" means having the [FISH OR] game under positive
6 control, as in a pen [, POND,] or an area of land that [OR WATER
7 WHICH] is completely enclosed by a generally escape-proof barrier;

8 * Sec. 10. AS 16.10 is amended by adding a new section to read:

9 Sec. 16.10.269. LIMITATIONS. AS 16.10.265 - 16.10.267 do not
10 apply to the purchase or sale of aquatic farm products from a holder
11 of a permit issued under AS 08.06.010 or stock from a holder of a
12 permit issued under AS 08.06.030.

13 * Sec. 11. AS 16.10.380(b) is amended to read:

14 (b) In this section "user group" includes, but is not limited
15 to, sport fishermen, processors, commercial fishermen, aquatic farm-
16 ers, subsistence fishermen, and representatives of local communities.

17 * Sec. 12. AS 16.10.400 is amended by adding a new subsection to read:

18 (h) AS 16.10.400 - 16.10.475 do not apply to the construction or
19 operation of a private hatchery that has a permit issued under AS 08.-
20 06.010.

21 * Sec. 13. AS 16.10.420 is amended to read:

22 Sec. 16.10.420. CONDITIONS OF A PERMIT. The department shall
23 require in a permit issued to a hatchery operator, that

24 (1) salmon eggs procured by the hatchery must be from the
25 department or a source approved by the department;

26 (2) no salmon eggs or resulting fry be placed in waters of
27 the state other than those specifically designated in the permit;

28 (3) no salmon eggs or resulting fry, sold to a permit
29 holder by the state or by another party approved by the department,

1 may be resold or otherwise transferred to another person, unless that
2 person holds a permit issued under AS 08.06.010;

3 (4) no salmon be released by the hatchery before department
4 approval, and, for purposes of pathological examination and approval,
5 the department shall be notified of the proposed release of salmon at
6 least 15 days before the date of their proposed release by the hatch-
7 ery;

8 (5) diseased salmon be destroyed in a specific manner and
9 place designated by the department;

10 (6) adult salmon be harvested by hatchery operators only at
11 specific locations as designated by the department;

12 (7) surplus eggs from salmon returning to the hatchery be
13 made available for sale first to the department and then, after in-
14 spection and approval by the department, to operators of other hatch-
15 eries authorized by permit to operate under AS 16.10.400 - 16.10.470,
16 or AS 08.06.010;

17 (8) if surplus salmon eggs are sold by a permit holder to
18 another permit holder, a copy of the sales transaction be provided to
19 the department;

20 (9) [REPEALED

21 (10)] a hatchery be located in an area where a reasonable
22 segregation from natural stocks occurs, but, when feasible, in an area
23 where returning hatchery fish will pass through traditional salmon
24 fisheries.

25 * Sec. 14. AS 16.10.450 is amended to read:

26 Sec. 16.10.450. SALE OF SALMON AND SALMON EGGS BY HATCHERY. A
27 hatchery operator who sells salmon returning from the natural water
28 [WATERS] of the state, or sells salmon eggs to another hatchery op-
29 erating under AS 16.10.400 - 16.10.470 or with a permit issued under

1 AS 08.06.010, after utilizing the funds for reasonable operating
2 costs, including debt retirement, expanding its facilities, salmon
3 rehabilitation projects, fisheries research, or for costs of operating
4 the qualified regional association for the area in which the hatchery
5 is located, shall expend the remaining funds on other fisheries activ-
6 ities of the qualified regional association. Fish returning to hatch-
7 eries and sold for human consumption must [SHALL] be of comparable
8 quality to fish harvested by commercial fisheries in the area, and
9 shall be sold at prices commensurate with the current market.

10 * Sec. 15. AS 16.43.140 is amended by adding a new subsection to read:

11 (d) This chapter does not apply to activities authorized by a
12 permit issued under AS 08.06.010 or 08.06.030.

13 * Sec. 16. AS 16.51.180(5) is amended to read:

14 (5) "seafood" means finfish, shellfish, and fish by-prod-
15 ucts, including but not limited to salmon, halibut, herring, flounder,
16 crab, clam, cod, shrimp, and pollock, but does not include aquatic
17 farm products as defined in AS 08.06.900;

18 * Sec. 17. AS 38.05.035 is amended by adding a new subsection to read:

19 (g) A land use or tidelands permit issued under this section for
20 aquatic farming or related hatchery operations under AS 08.06 may be
21 issued only to a resident or to a corporation licensed to do business
22 in the state.

23 * Sec. 18. This Act takes effect immediately under AS 01.10.070(c).
24
25
26
27
28
29

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : _____
Publish Date : _____

Revised by: _____
Title: HB 100 - An Act Relating to the
Servicing of Mortgage Loans of AHFC
Sponsor: Rep. Randy Phillips
Requestor: Revenue

Agency Affected: Revenue
BRU: Alaska Housing Finance
Corporation
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Dr. Ronald D. Lehr *Rh*
Division: ALASKA HOUSING FINANCE CORPORATION

Phone: 276-5599
Date: March 20, 1987

Approved by Commissioner: _____
Agency: _____

Date: _____

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

Attachment to Bill Analysis for HB 112

Under Section b(2)(B) changes in the loan escrow are governed by the Deed of Trust. Loan escrows are also regulated under federal laws.

Section C is to open ended as proposed. There is no limit on the kind of or number of requests a servicer will be required to respond to.

Again, under Section D, Loan Escrows are governed by federal laws.

Section E refers to penalties that can be assessed. It is our understanding that AHFC would not be expected to enforce these penalties, since AHFC is not set up to be an enforcement agency. It may be useful to delineate how the penalties are to be enforced.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : _____

REQUEST

Bill/Resolution No. : HB 108
 Title : "An Act relating to aquatic farming"
 Sponsor : ELLIS
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : Environmental Conservation
 BRU : Environmental Health
 Components : Seafood Industry,
Palmer Laboratory

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING : (Thousands of Dollars)

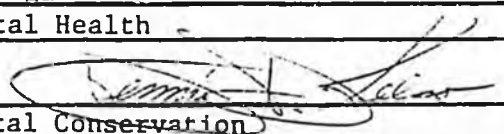
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

This Bill will have no fiscal impact on the Department of Environmental Conservation.

Prepared by : Douglas Donegan Phone : 465-2609
 Division : Environmental Health Date : _____
 Approved by Commissioner :  Date : March 2 1987
 Agency : Environmental Conservation

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Revision Date: 2-4-87
 Title: An Act Relating to Aquatic Farming
 Sponsor: Ellis, Rieger, Cotten, Brown,
 Requestor: etc.

Bill Version: HB 108
 Publish Date: _____

Agency Affected: Natural Resources
 BRU: Land and Water Management

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	84.6	171.3	171.3	210.6	210.6
TRAVEL	0	20.0	25.0	25.0	22.0	22.0
CONTRACTUAL	0	2.0	4.0	4.0	4.0	4.0
SUPPLIES	0	1.0	2.0	2.0	2.0	2.0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	107.6	202.3	202.3	238.6	238.6
CAPITAL	0	0	0	0	0	0
REVENUE	0	15.5	23.5	32.0	36.0	40.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	107.6	202.3	202.3	238.6	238.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	107.6	202.3	202.3	238.6	238.6

POSITIONS:

FULL-TIME	0	2	3	3	4	4
PART-TIME	0	0	2	2	2	2
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Paula Burgess Phone: 465-3400
 Division: Land and Water Management Date: 2/13/87
 Approved by Commissioner: [Signature] Date: _____
 Agency: Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

HB 108 Analysis

In order to assess the fiscal impact of HB 108, we estimate the number of new applications for tideland leases and permits that we expect. The actual number of applications will vary depending upon the fee structure for leasing and permitting, and the "prove up" requirements of the bill. At present our permit fees are extremely low and the cost of obtaining a lease is quite high. At this stage no "land law" accompanies the bill to alter the lease or permit structure. We recognize that certain changes are desirable to encourage growth of the industry, such as the acceptance of a paper plat rather than a full survey for a lease in remote areas. While such changes may be forthcoming in later committees, the fiscal note here reflects the existing permit structure.

We estimate the number of new applications the first year to be the following:

- 30 salmon
- 25 scallop
- 10 oyster
- 3 mussel
- 2 kelp

We require one adjudicator in the Southeast Region and one adjudicator in the Southcentral Region to handle the new applications. The second year we require one additional adjudicator (to be located where the need is the greatest) to handle additional new applications. By the fourth year we are assuming the need of two adjudicators in each of the two regions.

The second year we require a part time contract administrator to handle the accumulation of two years of lease contracts, and a part time surveyor to review survey plats. (The survey cost may be reduced somewhat if the bill is amended to allow paper plats rather than full surveys in remote areas.)

A goal of the state and of those seriously interested in aquatic farming is to avoid land speculation. In order to accomplish this, it will be necessary to inspect most lease and permit sites once a year. Some inspections can be combined with other field investigations, and some may be performed under cooperative agreements with other agencies. A lean inspection program will cost \$10,000 for each adjudicator the first year (travel and per diem). In subsequent years the cost will decline as we establish inspection efficiencies.

Under existing statutes and regulations, the number of leases and permits estimated above would generate

approximately \$15,500 in revenue the first year. As the number of operations increases each year, the revenue increases modestly. If the bill were amended to allow the Commissioner to charge a percentage of gross receipts, revenues could increase substantially once the industry began to flourish.

Position Summary

Fiscal Year '88

Two (2) - Natural Resource Officers II (Range 16)

Fiscal Years '89 and '90

Three (3) - Natural Resource Officers II (Range 16)
One (1) - Part-time Contract Administrator (Range 14)
One (1) - Part-time Surveyor (Range 20)

Fiscal Years '91 and '92

Four (4) - Natural Resource Officers II (Range 16)
One (1) - Part-time Contract Administrator (Range 14)
One (1) - Part-time Surveyor (Range 20)

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Bill Version: HB 108/SB 106
 Publish Date: 2/4/87
 Revision Date: N/A
 Title: Aquatic Farming: Mariculture
 Agency Affected: Commerce & Econ. Dev.
 BRU: Economic Development Advocates
 Sponsor: Rep. Ellis/Senator Zharoff
 Requestor: _____
 Components: Office of Commercial Fisheries Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	15.0	5.5	6.0	6.6	7.3	8.0
TRAVEL	10.0	5.5	6.1	6.7	7.3	8.1
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	25.0	11.0	12.1	13.3	14.6	16.1

CAPITAL						
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REVENUE	5.0	10.0	15.0	20.0	25.0	30.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	25.0	11.0	12.1	13.3	14.6	16.1
FEDERAL FUNDS						
OTHER						
TOTAL	25.0	11.0	12.1	13.3	14.6	16.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This program will become a priority mission of OCFD and shall be assigned to existing personnel. Initial permit requests are not expected to exceed 80% of one Development Specialist II available time. Travel is programmed for site visits as envisioned by the bill and contractual includes phone, photocopy and

Prepared by: W.G. Paulick Phone: 465-2162
 Division: Office of Commercial Fisheries Development Date: 2/17/87
 Approved by Commissioner: Anthony Smith Date: 2/17/87
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

5384W21787a

1987 LEGISLATIVE SESSION
FISCAL NOTE

HB 108/SB 106

Analysis: (Continued)

other expenses related to permitting as required by the bill. FY 87 includes funding for public hearings, etc., to finalize new regulations. Program receipts have been estimated by using a fee of \$100 per annual permit; 50 new permits per year.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: SB 106/HB 108
Publish Date: 2/4/87

Revision Date: _____
Title: _____

Agency Affected: ADF&G
BRU: FRED

Sponsor: Zharoff et al, Ellis et al.
Requestor: _____

Components: FRED

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		157	157	183	236	330
TRAVEL		6	6	10	17	20
CONTRACTUAL		1	1	2	1	8
SUPPLIES		2	4	6	10	22
EQUIPMENT				1	2	5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		166	168	202	269	385

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		166	168	202	269	385
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

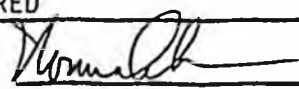
FULL-TIME		2	2	3	3.5	9
PART-TIME		1	2	1	2	0
TEMPORARY		1	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

This analysis estimates costs of pathology services and permitting based on 100 permit applications in FY 88, ultimately resulting in 20 operational fish farms by FY 92 of economically significant size.

(see attached for additional comments)

Prepared by: Dr. Mike Kail Phone: 465-4160
Division: ADF&G/FRED Date: _____

Approved by Commissioner:  Date: 2-2-87
Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Estimated cost of services to be provided by ADF&G are fish pathology services, permit processing and technical oversight.

For pathology services, estimated costs are based on current workload and budget for the section at this time, to arrive at a per-unit cost (e.g. \$600,000/37 hatcheries = \$16,000/hatchery). An additional \$12,000 is budgeted for investigations and diagnostic services in the first year. Types of services are: diagnostic, broodstock, water source analysis, shellfish certification, pre-release inspection, and human health concerns.

For permitting and technical oversight services, an assessment of work requirements was made by calling the Marine Resources Division of the B.C. provincial government. For the first three years, two full-time technicians would be required. Thereafter, manpower needs will diminish. The types of work to be undertaken will be communication with applicants, review of application materials, coordination with programs such as coastal zone consistency review, and technical biology and fish culture oversight.

It is very difficult to anticipate what will happen if a mariculture program is enabled in Alaska. We have prepared this note based on observations and consultations with managers of similar programs. We then applied this to Alaska, using the incomplete data at hand. These must be considered rough estimates of cost. As further information becomes available, the fiscal note could change. Also, as the bill becomes modified as it passes through the legislative process, there may be changes in the bill that will have corresponding changes in the fiscal note.

Original sponsors: Ellis, Rieger,
Cotten, et al.

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 108 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aquatic farming; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS AND POLICY. (a) The legislature finds that

10 (1) aquatic farming in the state would provide a consistent
11 source of quality food, provide new jobs, increase state exports, create
12 new commercial fishing and other business opportunities, and increase the
13 stability and diversity of the state's economy;

14 (2) many areas of the state are ecologically suited for aquatic
15 farming development;

16 (3) aquatic farming would complement and enhance the variety and
17 quality of Alaska seafood and aquatic products, and thereby benefit the
18 state's economy;

19 (4) development of mariculture in the state would strengthen the
20 competitiveness of Alaska seafood in the world marketplace by broadening
21 the diversity of products and providing year-round supplies of premium
22 quality seafood; and

23 (5) the principal responsibility for development of aquatic
24 farming in the state rests with the private sector.

25 (b) It is the policy of the state

26 (1) to encourage the establishment and growth of an aquatic
27 farming industry in the state;

28 (2) to assist in the planning and orderly development of the
29 industry;

1 (3) that the industry be developed in a manner consistent with
2 the protection and enhancement of traditional high value industries and
3 with protection of the state's natural resources; and

4 (4) that aquatic farming be developed in a manner that assures
5 full participation and full benefits to the people of the state.

6 * Sec. 2. AS 08 is amended by adding a new chapter to read:

7 CHAPTER 06. AQUATIC FARMING.

8 Sec. 08.06.010. AQUATIC FARM AND HATCHERY PERMITS. (a) A
9 person may not, without a permit from the commissioner, construct or
10 operate

11 (1) an aquatic farm; or

12 (2) a hatchery for the purpose of supplying aquatic plants
13 or aquatic animals to an aquatic farm.

14 (b) A permit issued under this section authorizes the permittee,
15 subject to the conditions of this chapter, to acquire, purchase, offer
16 to purchase, transfer, possess, sell, and offer to sell stock and
17 aquatic farm products that are used or reared at the hatchery or
18 aquatic farm.

19 (c) The commissioner, after consulting with the commissioner of
20 fish and game and the commissioner of environmental conservation, may
21 attach conditions to a permit issued under this section that are
22 necessary to protect the public health or wild stock.

23 Sec. 08.06.020. PERMIT APPLICATION AND RENEWAL. (a) An appli-
24 cant for an aquatic farming or hatchery permit required under AS 08.-
25 06.010 shall apply on a form prescribed by the commissioner.

26 (b) A permit issued under this section expires one year after
27 the date of issue.

28 (c) An application for renewal must be accompanied by fees
29 required under AS 08.01.065 and a report of a health inspection of the

1 farm or hatchery to be permitted. The inspection shall be conducted
2 by the Department of Fish and Game or by a fish disease diagnostician
3 approved by the Department of Fish and Game. The inspection shall be
4 conducted not more than 30 days before the application is submitted to
5 the department.

6 Sec. 08.06.030. AQUATIC FARM STOCK ACQUISITION PERMITS. (a) A
7 person may not acquire aquatic plants or aquatic animals from wild
8 stock in the state for the purpose of supplying stock to an aquatic
9 farm or hatchery required to have a permit under AS 08.06.010 unless
10 the person holds an acquisition permit from the commissioner of fish
11 and game.

12 (b) An acquisition permit authorizes the permit holder to ac-
13 quire the species and quantities of wild stock in the state specified
14 in the permit for the purpose of supplying stock to an aquatic farm or
15 hatchery required to have a permit under AS 08.06.010.

16 (c) The commissioner of fish and game, in consultation with the
17 commissioner of commerce and economic development, shall specify the
18 expiration date of an acquisition permit and may attach conditions to
19 an acquisition permit, including conditions relating to the time,
20 place, and manner of harvest. Size, gear, place, time, licensing, and
21 other limitations applicable to sport, commercial, or subsistence
22 harvest of aquatic plants and aquatic animals do not apply to a har-
23 vest with a permit issued under this section.

24 (d) The commissioner of fish and game shall forward a copy of
25 each permit application under this section to the commissioner of
26 commerce and economic development. The commissioner of fish and game
27 shall issue or deny a permit within 30 days after receiving an appli-
28 cation.

29 (e) The commissioner of fish and game may deny or restrict a

1 permit under this section if the commissioner finds that the proposed
2 harvest will substantially impair sustained yield of the species. The
3 decision of the commissioner of fish and game must contain the factual
4 basis for the findings. If the substantial impairment could not have
5 been reasonably foreseen and avoided through available management
6 options, the commissioner of fish and game shall explain why in the
7 decision.

8 (f) Except as provided in (e) of this section, the commissioner
9 of fish and game shall issue a permit if

10 (1) wild stock is needed for initial farms or hatchery
11 stock;

12 (2) there are technological limitations on the propagation
13 of cultured stock for the species sought;

14 (3) wild stock is needed to maintain the gene pool of a
15 hatchery or aquatic farm; or

16 (4) commercial harvest of the species sought is not limited
17 under AS 16.43 and is not fully developed.

18 (g) Aquatic plants and aquatic animals acquired under a permit
19 issued under this section become the property of the permit holder and
20 are no longer a public or common resource.

21 (h) The commissioner of fish and game shall make stock available
22 for aquatic farming purposes.

23 Sec. 08.06.040. IMPORTATION OF AQUATIC PLANTS OR AQUATIC ANIMALS
24 FOR STOCK. A person may not import into the state an aquatic plant or
25 aquatic animal for the purpose of supplying stock to an aquatic farm
26 or hatchery unless authorized by the commissioner of fish and game or
27 by a regulation of the Board of Fisheries.

28 Sec. 08.06.050. LIMITATION ON SALE, TRANSFER OF STOCK, AND
29 PRODUCTS. (a) A private hatchery required to have a permit under

1 AS 08.06.010 may sell or transfer stock from the hatchery only to an
2 aquatic farm or other hatchery that has a permit issued under AS 08.-
3 06.010.

4 (b) Stock may not be transferred to or from an aquatic farm or
5 hatchery required to have a permit under AS 08.06.010 without prior
6 notice of the transfer to the commissioner. A notice of transfer
7 shall be submitted at least 30 days before the proposed date of trans-
8 fer.

9 (c) A notice of transfer must be accompanied by a report of a
10 health inspection of the stock. The inspection shall be conducted by
11 the Department of Fish and Game or by a disease diagnostician approved
12 by the Department of Fish and Game.

13 (d) The Department of Fish and Game may restrict or disapprove a
14 transfer of stock if it finds that the transfer

15 (1) would present a substantial risk of spreading disease;
16 or

17 (2) in the case of a transfer from a hatchery for which a
18 permit has been issued under AS 16.10.400, would significantly impair
19 the production needs of the hatchery.

20 (e) A person may not sell, transfer, or offer to sell or trans-
21 fer, or knowingly purchase or receive, an aquatic farm product grown
22 or propagated in the state unless the product was grown or propagated
23 on a farm with a permit issued under AS 08.06.010. The permit must be
24 in effect at the time of the sale, transfer, purchase, receipt, or
25 offer.

26 Sec. 08.06.060. RELEASE OF CERTAIN FISH PROHIBITED. Salmon and
27 trout may not intentionally be released into the public water of the
28 state from a hatchery or aquatic farm required to have a permit under
29 this chapter without prior authorization from the Department of Fish

1 and Game.

2 Sec. 08.06.070. DISEASE CONTROL AND INSPECTION. (a) The De-
3 partment of Fish and Game may order the quarantine or the destruction
4 and disposal of diseased hatchery stock or of aquatic farm products
5 when necessary to protect wild stock. A holder of a permit issued
6 under this chapter shall report to the Department of Fish and Game an
7 outbreak or incidence of disease among stock or aquatic farm products
8 of the permit holder.

9 (b) A holder of a permit issued under AS 08.06.010 shall allow
10 the Department of Fish and Game to inspect the permit holder's farm or
11 hatchery during operating hours and upon reasonable notice. The cost
12 of inspection shall be borne by the Department of Fish and Game.

13 (c) The Department of Fish and Game shall develop a disease
14 management and control program for aquatic farms and hatcheries.

15 (d) The Department of Fish and Game may enter into an agreement
16 with a state or federal agency or a private provider to provide ser-
17 vices under (b) and (c) of this section, or inspections under AS 08.-
18 06.020(b).

19 Sec. 08.06.080. REPORT. The commissioner shall submit to the
20 legislature, not later than the first day of each regular legislative
21 session, a report concerning the progress of the aquatic farming
22 industry, including the number of permits issued under AS 08.06.010,
23 the names and addresses of permit holders, the effect of the industry
24 on the commercial fishing industry in the state, and recommendations
25 for legislation relating to aquatic farming.

26 Sec. 08.06.090. REGULATIONS. The commissioner shall adopt regu-
27 lations necessary to implement this chapter and to effect state policy
28 concerning aquatic farming.

29 Sec. 08.06.100. PENALTY. A person who violates a provision of

1 this chapter, a regulation adopted under this chapter, or a term or
2 condition of a permit issued under this chapter, is guilty of a class
3 B misdemeanor.

4 Sec. 08.06.900. DEFINITIONS. In this chapter

5 (1) "aquatic farm" means a facility that grows, farms, or
6 cultivates aquatic farm products in captivity or under positive con-
7 trol;

8 (2) "aquatic farm product" includes an aquatic plant or
9 aquatic animal, or fish parts that are propagated, farmed, or cul-
10 tivated in an aquatic farm and sold or offered for consumption;

11 (3) "commissioner" means the commissioner of commerce and
12 economic development;

13 (4) "hatchery" means a facility for the artificial incu-
14 bation of stock, including rearing of juvenile aquatic plants or
15 aquatic animals;

16 (5) "positive control" means, for fish and other mobile
17 species, enclosed within a natural or artificial escape-proof barrier;
18 for species with limited or no mobility, such as a bivalve or an
19 aquatic plant, "positive control" also includes managed cultivation in
20 unenclosed water;

21 (6) "stock" means live aquatic plants and aquatic animals
22 acquired, collected, possessed, or intended for use by a hatchery or
23 aquatic farm for the purpose of further growth or propagation.

24 * Sec. 3. AS 08.01.065(a) is amended to read:

25 (a) The department shall adopt regulations that establish the
26 amount and manner of payment of application fees, examination fees,
27 license fees, registration fees, permit fees, investigation fees, and
28 all other fees as appropriate for the occupations covered by this
29 chapter, for aquatic farms and hatcheries under AS 08.06, and for real

1 estate brokers and salesmen under AS 06.88.

2 * Sec. 4. AS 16.05.251 is amended by adding a new subsection to read:

3 (f) Except as expressly provided in AS 08.06.040, the Board of
4 Fisheries may not adopt regulations or take action regarding the
5 issuance, denial, or conditioning of a permit under AS 08.06, the
6 construction or operation of a farm or hatchery required to have a
7 permit under AS 08.06.010, or a harvest with a permit issued under
8 AS 08.06.030. Regulations or orders adopted by the Board of Fisheries
9 under this section do not apply to a harvest with a permit issued
10 under AS 08.06.030.

11 * Sec. 5. AS 16.05.330(a) is amended to read:

12 (a) Except as otherwise permitted in this chapter, a person may
13 not engage in sport fishing, including the taking of razor clams; in
14 hunting, trapping, or fur dealing; in the farming of [FISH,] fur [,]
15 or game; or in taxidermy, without having the appropriate license or
16 tag in actual possession.

17 * Sec. 6. AS 16.05.340(a)(14) is amended to read:

18 (14) [FISH OR] game farming biennial licenses.....200

19 * Sec. 7. AS 16.05.920(a) is amended to read:

20 (a) Unless permitted by AS 16.05 - AS 16.40 or AS 08.06, or by
21 regulation adopted under AS 16.05 - AS 16.40 or AS 08.06, a person may
22 not take, possess, transport, sell, offer to sell, purchase, or offer
23 to purchase fish, game, or marine aquatic plants, or any part of fish,
24 game, or aquatic plants, or a nest or egg of fish or game.

25 * Sec. 8. AS 16.05.930 is amended by adding a new subsection to read

26 (g) AS 16.05.330 - 16.05.720 do not apply to an activity au-
27 thorized by a permit issued under AS 08.06.010 or 08.06.030, or to a
28 person or vessel employed in an activity authorized by a permit issued
29 under AS 08.06.010 or 08.06.030.

1 * Sec. 9. AS 16.05.940(14) is amended to read:

2 (14) "[FISH OR] game farming" means the business of prop-
3 agating, breeding, raising, or producing [FISH OR] game in captivity
4 for the purpose of marketing the [FISH OR] game or game [THEIR] prod-
5 ucts, and "captivity" means having the [FISH OR] game under positive
6 control, as in a pen [, POND,] or an area of land that [OR WATER
7 WHICH] is completely enclosed by a generally escape-proof barrier;

8 * Sec. 10. AS 16.10 is amended by adding a new section to read:

9 Sec. 16.10.269. LIMITATIONS. AS 16.10.265 - 16.10.267 do not
10 apply to the purchase or sale of aquatic farm products from a holder
11 of a permit issued under AS 08.06.010 or stock from a holder of a
12 permit issued under AS 08.06.030.

13 * Sec. 11. AS 16.10.380(b) is amended to read:

14 (b) In this section "user group" includes, but is not limited
15 to, sport fishermen, processors, commercial fishermen, aquatic farm-
16 ers, subsistence fishermen, and representatives of local communities.

17 * Sec. 12. AS 16.10.400 is amended by adding a new subsection to read:

18 (h) AS 16.10.400 - 16.10.475 do not apply to the construction or
19 operation of a private hatchery that has a permit issued under AS 08.-
20 06.010.

21 * Sec. 13. AS 16.10.420 is amended to read:

22 Sec. 16.10.420. CONDITIONS OF A PERMIT. The department shall
23 require, in a permit issued to a hatchery operator, that

24 (1) salmon eggs procured by the hatchery must be from the
25 department or a source approved by the department;

26 (2) no salmon eggs or resulting fry be placed in waters of
27 the state other than those specifically designated in the permit;

28 (3) no salmon eggs or resulting fry, sold to a permit
29 holder by the state or by another party approved by the department,

1 may be resold or otherwise transferred to another person, unless that
2 person holds a permit issued under AS 08.06.010;

3 (4) no salmon be released by the hatchery before department
4 approval, and, for purposes of pathological examination and approval,
5 the department shall be notified of the proposed release of salmon at
6 least 15 days before the date of their proposed release by the hatch-
7 ery;

8 (5) diseased salmon be destroyed in a specific manner and
9 place designated by the department;

10 (6) adult salmon be harvested by hatchery operators only at
11 specific locations as designated by the department;

12 (7) surplus eggs from salmon returning to the hatchery be
13 made available for sale first to the department and then, after in-
14 spection and approval by the department, to operators of other hatch-
15 eries authorized by permit to operate under AS 16.10.400 - 16.10.470,
16 or AS 08.06.010;

17 (8) if surplus salmon eggs are sold by a permit holder to
18 another permit holder, a copy of the sales transaction be provided to
19 the department;

20 (9) [REPEALED

21 (10)] a hatchery be located in an area where a reasonable
22 segregation from natural stocks occurs, but, when feasible, in an area
23 where returning hatchery fish will pass through traditional salmon
24 fisheries.

25 * Sec. 14. AS 16.10.450 is amended to read:

26 Sec. 16.10.450. SALE OF SALMON AND SALMON EGGS BY HATCHERY. A
27 hatchery operator who sells salmon returning from the natural water
28 [WATERS] of the state, or sells salmon eggs to another hatchery op-
29 erating under AS 16.10.400 - 16.10.470 or with a permit issued under

1 AS 08.06.010, after utilizing the funds for reasonable operating
2 costs, including debt retirement, expanding its facilities, salmon
3 rehabilitation projects, fisheries research, or for costs of operating
4 the qualified regional association for the area in which the hatchery
5 is located, shall expend the remaining funds on other fisheries activ-
6 ities of the qualified regional association. Fish returning to hatch-
7 eries and sold for human consumption must [SHALL] be of comparable
8 quality to fish harvested by commercial fisheries in the area, and
9 shall be sold at prices commensurate with the current market.

10 * Sec. 15. AS 16.43.140 is amended by adding a new subsection to read:

11 (d) This chapter does not apply to activities authorized by a
12 permit issued under AS 08.06.010 or 08.06.030.

13 * Sec. 16. AS 16.51.180(5) is amended to read:

14 (5) "seafood" means finfish, shellfish, and fish by-prod-
15 ucts, including but not limited to salmon, halibut, herring, flounder,
16 crab, clam, cod, shrimp, and pollock, but does not include aquatic
17 farm products as defined in AS 08.06.900;

18 * Sec. 17. This Act takes effect immediately under AS 01.10.070(c).
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Original sponsors: Ellis, Rieger,
Cotten, et al.

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 108 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aquatic farming; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS AND POLICY. (a) The legislature finds that

10 (1) aquatic farming in the state would provide a consistent
11 source of quality food, provide new jobs, increase state exports, create
12 new commercial fishing and other business opportunities, and increase the
13 stability and diversity of the state's economy;

14 (2) many areas of the state are ecologically suited for aquatic
15 farming development;

16 (3) aquatic farming would complement and enhance the variety and
17 quality of Alaska seafood and aquatic products, and thereby benefit the
18 state's economy;

19 (4) development of mariculture in the state would strengthen the
20 competitiveness of Alaska seafood in the world marketplace by broadening
21 the diversity of products and providing year-round supplies of premium
22 quality seafood; and

23 (5) the principal responsibility for development of aquatic
24 farming in the state rests with the private sector.

25 (b) It is the policy of the state

26 (1) to encourage the establishment and growth of an aquatic
27 farming industry in the state;

28 (2) to assist in the planning and orderly development of the
29 industry;

1 (3) that the industry be developed in a manner consistent with
2 the protection and enhancement of traditional high value industries and
3 with protection of the state's natural resources; and

4 (4) that aquatic farming be developed in a manner that assures
5 full participation and full benefits to the people of the state.

6 * Sec. 2. AS 08 is amended by adding a new chapter to read:

7 CHAPTER 06. AQUATIC FARMING.

8 Sec. 08.06.010. AQUATIC FARM AND HATCHERY PERMITS. (a) A
9 person may not, without a permit from the commissioner, construct or
10 operate

11 (1) an aquatic farm; or

12 (2) a hatchery for the purpose of supplying aquatic plants
13 or aquatic animals to an aquatic farm.

14 (b) A permit issued under this section authorizes the permittee,
15 subject to the conditions of this chapter, to acquire, purchase, offer
16 to purchase, transfer, possess, sell, and offer to sell stock and
17 aquatic farm products that are used or reared at the hatchery or
18 aquatic farm.

19 (c) The commissioner, after consulting with the commissioner of
20 fish and game and the commissioner of environmental conservation, may
21 attach conditions to a permit issued under this section that are
22 necessary to protect the public health or wild stock.

23 Sec. 08.06.020. PERMIT APPLICATION AND RENEWAL. (a) An appli-
24 cant for an aquatic farming or hatchery permit required under AS 08.-
25 06.010 shall apply on a form prescribed by the commissioner.

26 (b) A permit issued under this section expires one year after
27 the date of issue.

28 (c) An application for renewal must be accompanied by fees
29 required under AS 08.01.065 and a report of a health inspection of the

1 farm or hatchery to be permitted. The inspection shall be conducted
2 by the Department of Fish and Game or by a fish disease diagnostician
3 approved by the Department of Fish and Game. The inspection shall be
4 conducted not more than 30 days before the application is submitted to
5 the department.

6 Sec. 08.06.030. AQUATIC FARM STOCK ACQUISITION PERMITS. (a) A
7 person may not acquire aquatic plants or aquatic animals from wild
8 stock in the state for the purpose of supplying stock to an aquatic
9 farm or hatchery required to have a permit under AS 08.06.010 unless
10 the person holds an acquisition permit from the commissioner of fish
11 and game.

12 (b) An acquisition permit authorizes the permit holder to ac-
13 quire the species and quantities of wild stock in the state specified
14 in the permit for the purpose of supplying stock to an aquatic farm or
15 hatchery required to have a permit under AS 08.06.010.

16 (c) The commissioner of fish and game, in consultation with the
17 commissioner of commerce and economic development, shall specify the
18 expiration date of an acquisition permit and may attach conditions to
19 an acquisition permit, including conditions relating to the time,
20 place, and manner of harvest. Size, gear, place, time, licensing, and
21 other limitations applicable to sport, commercial, or subsistence
22 harvest of aquatic plants and aquatic animals do not apply to a har-
23 vest with a permit issued under this section.

24 (d) The commissioner of fish and game shall forward a copy of
25 each permit application under this section to the commissioner of
26 commerce and economic development. The commissioner of fish and game
27 shall issue or deny a permit within 30 days after receiving an appli-
28 cation.

29 (e) The commissioner of fish and game may deny or restrict a

1 permit under this section if the commissioner finds that the proposed
2 harvest will substantially impair sustained yield of the species. The
3 decision of the commissioner of fish and game must contain the factual
4 basis for the findings. If the substantial impairment could not have
5 been reasonably foreseen and avoided through available management
6 options, the commissioner of fish and game shall explain why in the
7 decision.

8 (f) Except as provided in (e) of this section, the commissioner
9 of fish and game shall issue a permit if

10 (1) wild stock is needed for initial farms or hatchery
11 stock;

12 (2) there are technological limitations on the propagation
13 of cultured stock for the species sought;

14 (3) wild stock is needed to maintain the gene pool of a
15 hatchery or aquatic farm; or

16 (4) commercial harvest of the species sought is not limited
17 under AS 16.43 and is not fully developed.

18 (g) Aquatic plants and aquatic animals acquired under a permit
19 issued under this section become the property of the permit holder and
20 are no longer a public or common resource.

21 (h) The commissioner of fish and game shall make stock available
22 for aquatic farming purposes.

23 Sec. 08.06.040. IMPORTATION OF AQUATIC PLANTS OR AQUATIC ANIMALS
24 FOR STOCK. A person may not import into the state an aquatic plant or
25 aquatic animal for the purpose of supplying stock to an aquatic farm
26 or hatchery unless authorized by the commissioner of fish and game or
27 by a regulation of the Board of Fisheries.

28 Sec. 08.06.050. LIMITATION ON SALE, TRANSFER OF STOCK, AND
29 PRODUCTS. (a) A private hatchery required to have a permit under

1 AS 08.06.010 may sell or transfer stock from the hatchery only to an
2 aquatic farm or other hatchery that has a permit issued under AS 08.-
3 06.010.

4 (b) Stock may not be transferred to or from an aquatic farm or
5 hatchery required to have a permit under AS 08.06.010 without prior
6 notice of the transfer to the commissioner. A notice of transfer
7 shall be submitted at least 30 days before the proposed date of trans-
8 fer.

9 (c) A notice of transfer must be accompanied by a report of a
10 health inspection of the stock. The inspection shall be conducted by
11 the Department of Fish and Game or by a disease diagnostician approved
12 by the Department of Fish and Game.

13 (d) The Department of Fish and Game may restrict or disapprove a
14 transfer of stock if it finds that the transfer

15 (1) would present a substantial risk of spreading disease;
16 or

17 (2) in the case of a transfer from a hatchery for which a
18 permit has been issued under AS 16.10.400, would significantly impair
19 the production needs of the hatchery.

20 (e) A person may not sell, transfer, or offer to sell or trans-
21 fer, or knowingly purchase or receive, an aquatic farm product grown
22 or propagated in the state unless the product was grown or propagated
23 on a farm with a permit issued under AS 08.06.010. The permit must be
24 in effect at the time of the sale, transfer, purchase, receipt, or
25 offer.

26 Sec. 08.06.060. RELEASE OF CERTAIN FISH PROHIBITED. Salmon and
27 trout may not intentionally be released into the public water of the
28 state from a hatchery or aquatic farm required to have a permit under
29 this chapter without prior authorization from the Department of Fish

1 and Game.

2 Sec. 08.06.070. DISEASE CONTROL AND INSPECTION. (a) The De-
3 partment of Fish and Game may order the quarantine or the destruction
4 and disposal of diseased hatchery stock or of aquatic farm products
5 when necessary to protect wild stock. A holder of a permit issued
6 under this chapter shall report to the Department of Fish and Game an
7 outbreak or incidence of disease among stock or aquatic farm products
8 of the permit holder.

9 (b) A holder of a permit issued under AS 08.06.010 shall allow
10 the Department of Fish and Game to inspect the permit holder's farm or
11 hatchery during operating hours and upon reasonable notice. The cost
12 of inspection shall be borne by the Department of Fish and Game.

13 (c) The Department of Fish and Game shall develop a disease
14 management and control program for aquatic farms and hatcheries.

15 (d) The Department of Fish and Game may enter into an agreement
16 with a state or federal agency or a private provider to provide ser-
17 vices under (b) and (c) of this section, or inspections under AS 08.-
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19 Sec. 08.06.080. REPORT. The commissioner shall submit to the
20 legislature, not later than the first day of each regular legislative
21 session, a report concerning the progress of the aquatic farming
22 industry, including the number of permits issued under AS 08.06.010,
23 the names and addresses of permit holders, the effect of the industry
24 on the commercial fishing industry in the state, and recommendations
25 for legislation relating to aquatic farming.

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2 condition of a permit issued under this chapter, is guilty of a class
3 B misdemeanor.

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5 (1) "aquatic farm" means a facility that grows, farms, or
6 cultivates aquatic farm products in captivity or under positive con-
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9 aquatic animal, or fish parts that are propagated, farmed, or cul-
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17 species, enclosed within a natural or artificial escape-proof barrier;
18 for species with limited or no mobility, such as a bivalve or an
19 aquatic plant, "positive control" also includes managed cultivation in
20 unenclosed water;

21 (6) "stock" means live aquatic plants and aquatic animals
22 acquired, collected, possessed, or intended for use by a hatchery or
23 aquatic farm for the purpose of further growth or propagation.

24 * Sec. 3. AS 03.05.020(a) is amended to read:

25 (a) The commissioner shall

26 (1) require routine inspection of food animals, fish,
27 poultry and derivative food products, to protect the public against
28 fraud, disease and spoilage, and in this connection adopt uniform
29 regulations establishing standards of identity and composition of

1 these food products and minimum standards of sanitation and handling
2 methods as to all phases of slaughtering, processing, storing, trans-
3 porting, displaying and selling of these food products;

4 (2) issue orders or cause the orders to be issued by an
5 authorized veterinarian prohibiting transportation and sale of food
6 products intended for human consumption which do not meet the minimum
7 requirements established under (1) of this subsection, and limiting
8 their use and disposal in conformity with protection of the public;

9 (3) adopt a schedule of fees or charges, and credit pro-
10 visions, for services rendered by state veterinarians to farmers and
11 others at their request in caring for livestock and poultry, and all
12 the fees shall be transmitted to the commissioner for deposit in the
13 state treasury;

14 (4) designate points of entry for admission of livestock or
15 poultry into the state, and arrange inspection at those points with or
16 without collaboration and assistance of the federal government, and
17 bar entry of stock or poultry not shipped under a valid permit or not
18 free from contagious or infectious disease;

19 (5) adopt, repeal, and amend regulations consistent with
20 existing law for

21 (A) the labeling and grading of milk and milk products
22 and standards of cleanliness and sanitation, to at least the
23 minimum of current recommendations of the United States Public
24 Health Service, for the operation of dairies selling, or offering
25 for sale, milk or milk products;

26 (B) the production and sale of ice cream and allied
27 frozen desserts;

28 (C) the production and sale of imitation milk and
29 imitation milk products;

1 (6) monitor aquatic farms and hatcheries that hold permits
2 under AS 08.06.010 for the possible presence of paralytic shellfish
3 poisoning.

4 * Sec. 4. AS 08.01.065(a) is amended to read:

5 (a) The department shall adopt regulations that establish the
6 amount and manner of payment of application fees, examination fees,
7 license fees, registration fees, permit fees, investigation fees, and
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10 estate brokers and salesmen under AS 08.88.

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6 (2) no salmon eggs or resulting fry be placed in waters of
7 the state other than those specifically designated in the permit;

8 (3) no salmon eggs or resulting fry, sold to a permit
9 holder by the state or by another party approved by the department,
10 may be resold or otherwise transferred to another person, unless that
11 person holds a permit issued under AS 08.06.010;

12 (4) no salmon be released by the hatchery before department
13 approval, and, for purposes of pathological examination and approval,
14 the department shall be notified of the proposed release of salmon at
15 least 15 days before the date of their proposed release by the hatch-
16 ery;

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18 place designated by the department;

19 (6) adult salmon be harvested by hatchery operators only at
20 specific locations as designated by the department;

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22 made available for sale first to the department and then, after in-
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25 or AS 08.06.010;

26 (8) if surplus salmon eggs are sold by a permit holder to
27 another permit holder, a copy of the sales transaction be provided to
28 the department;

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16 eries and sold for human consumption must [SHALL] be of comparable
17 quality to fish harvested by commercial fisheries in the area, and
18 shall be sold at prices commensurate with the current market.

19 * Sec. 16. AS 16.43.140 is amended by adding a new subsection to read:

20 (d) This chapter does not apply to activities authorized by a
21 permit issued under AS 08.06.010 or 08.06.030.

22 * Sec. 17. AS 16.51.180(5) is amended to read:

23 (5) "seafood" means finfish, shellfish, and fish by-prod-
24 ucts, including but not limited to salmon, halibut, herring, flounder,
25 crab, clam, cod, shrimp, and pollock, but does not include aquatic
26 farm products as defined in AS 08.06.900;

27 * Sec. 18. This Act takes effect immediately under AS 01.10.070(c).
28
29

COMPARISON OF 2/17/87 AND 2/24/87 COMMITTEE SUBSTITUTES

The only difference between CS HB 108 (L&C) 2/17//87 which was adopted by the committee last Tuesday and CS HB 108 (L&C) 2/24/87 is that the the old CS had 18 sections and the new CS has 17 sections reflecting the elimination of Section 3.

Section 3 of the 2/17/87 CS was eliminated at the suggestion of the Department of Environmental Conservation to avoid potential duplication of existing services.

The section added language to AS 03.05.020(a) which read:

(6) monitor aquatic farms and hatcheries that hold permits under AS 08.06.101 for the possible presence of paralytic shellfish poisoning.

D.E.C. informs us that this function is covered under 18 AAC Chapter 34.

A M E N D M E N T

#1

Offered in the HOUSE

TO: CSHB 108(L&C)(2/24/87 draft)

Page 11, after line 17:

Insert a new bill section to read:

"* Sec. 17. AS 38.05.035 is amended by adding a new subsection to read:

(g) A land use or tidelands permit issued under this section for aquatic farming or related hatchery operations under AS 08.06 may be issued only to a resident or to a corporation licensed to do business in the state."

Renumber following bill section accordingly.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 25, 1987

SUBJECT: Sectional analysis of CSHB 108 (L&C),
relating to aquatic farming

TO: Representative Dave Donley

FROM: Edward H. Hein *E.H.*
Legislative Counsel

Section 1 is a statement of legislative findings and policy, specifying the benefits to the state that aquatic farming could provide and expressing a state policy of encouraging the development of aquatic farming.

Sec. 2 establishes a new chapter, AS 08.06, in the businesses and professions title of the Alaska Statutes. AS 08.06.010(a) prohibits the construction or operation of an aquatic farm, or a hatchery to supply an aquatic farm, without a permit from the commissioner of commerce and economic development. Subsection (b) states what activities are authorized under a permit. Subsection (c) allows the commissioner to attach conditions to a permit in order to protect public health and natural aquatic animals and plants. At page 2, line 11, "natural" should be changed to "wild".

AS 08.06.020(a) provides for permit applications forms. Subsection (b) specifies that the permit expires after one year. Subsection (c) requires a permit application to include permit fees and a report of a health inspection conducted by the Department of Fish and Game within 30 days before filing the application.

AS 08.06.030(a) requires that a person have an acquisition permit from the Department of Fish and Game in order to acquire wild aquatic plants or animals to supply an aquatic farm. Subsection (b) states that an acquisition permit authorizes only those stock specified in a permit. Subsection (c) requires the commissioner of fish and game to specify the expiration date of permits and allows the commissioner

to attach conditions to the permit. A harvest under an acquisition permit is exempt from limitations applicable to sport, commercial, or subsistence harvests. Subsection (d) directs the commissioner of fish and game to send a copy of each acquisition permit application to the commissioner of commerce and economic development. Subsection (e) authorizes the commissioner of fish and game to deny or restrict an acquisition permit to protect the sustained-yield management of a species. There must be a factual basis for the denial or restriction. If impairment to sustained-yield management could not have been foreseen and avoided, the commissioner must explain why in the decision. Subsection (f) states four alternative conditions under any one of which the commissioner of fish and game must issue an acquisition permit. Subsection (g) states that plants and animals acquired under a permit become property of the permit holder. Subsection (h) directs the commissioner of fish and game to make stock available for aquatic farming purposes.

AS 08.06.040 prohibits the importation into the state of aquatic plants or animals to supply an aquatic farm or hatchery without authorization from the commissioner of fish and game or under a Board of Fisheries regulation. I would recommend that on page 4, line 13, after "hatchery" the phrase "required to have a permit under AS 08.06.010," be inserted, so that it is clear that this section does not apply to all hatcheries.

AS 08.06.050(a) provides that a private hatchery required to have a permit under AS 08.06 may sell or transfer stock only to an aquatic farm or hatchery that has a permit under AS 08.06. Subsection (b) requires that the commissioner of commerce and economic development be notified at least 30 days before stock is transferred to or from an aquatic farm or hatchery. Subsection (c) requires that the notice required under (b) include a stock health inspection report. Subsection (d) allows the Department of Fish and Game to restrict or disapprove a transfer under certain conditions. Subsection (e) prohibits transfers, sales, and purchases of Alaska aquatic farm products unless the products were produced under a permit. References in this section to "this chapter" should be changed to read "AS 08.06.010"; these appear at page 4, lines 17, 19, and 21, and at page 5, line 10.

AS 08.06.060 prohibit the release of trout or salmon from an aquatic farm or hatchery into state water, unless authorized by the Department of Fish and Game.

AS 08.06.070(a) allows the Department of Fish and Game to order the quarantine or destruction and disposal of diseased hatchery stock or aquatic farm products in order to protect wild stock. Permit holders are required to report disease among their stock or aquatic farm products to the department. Subsection (b) requires permit holders to allow the Department of Fish and Game to inspect the farms and hatcheries during operating hours with reasonable notice. Subsection (c) requires the department to develop a disease management and control program. Subsection (d) allows the department to contract for the performance of its duties under (b) and (c).

AS 08.06.080 requires the commissioner of commerce and economic development to submit an annual report on aquatic farming to the legislature.

AS 08.06.090 authorizes the commissioner of commerce and economic development to adopt regulations necessary for AS 08.06.

AS 08.06.100 makes violation of AS 08.06 or regulations adopted under it a class B misdemeanor.

AS 08.06.900 defines terms for AS 08.06.

Sec. 3 makes the centralized licensing provisions of AS 08.01 in the Department of Commerce and Economic Development applicable to aquatic farms and hatcheries under AS 08.06.

Sec. 4 prohibits the Board of Fisheries from adopting regulations or taking action regarding aquatic farm or hatchery permits under AS 08.06, or to a harvest under an acquisition permit.

Secs. 5, 6, and 9 delete provisions relating to fish farming from AS 16.05 in order to conform to provisions of sec. 2.

Sec. 7 inserts cross-references to AS 08.06, necessitated by sec. 2.

Sec. 8 exempts aquatic farming from the licensing requirements in AS 16.05 for sport fishing, hunting, and commercial fishing and vessels.

Sec. 10 exempts purchases and sales of aquatic farm products from the requirements of AS 16.10.265 - 16.10.267, relating to commercial fish purchases and possession of limited entry permits.

Sec. 11 provides for the inclusion of aquatic farmers in regional aquaculture associations.

Sec. 12 makes provisions related to salmon hatchery permits inapplicable to hatcheries holding a permit under AS 08.06.-010.

Sec. 13 makes an exception to restrictions on the resale or transfer of salmon eggs or fry by a salmon hatchery. The exception would allow resale or transfer to a hatchery or aquatic farm holding a permit under AS 08.06.010. This section also requires that surplus eggs from salmon returning to a hatchery be made available to hatcheries supplying aquatic farms.

Sec. 14 provides that requirements relating to funds derived by a hatchery from the sale of salmon eggs to a hatchery that supplies aquatic farms must be expended in the same manner as provided for funds from sales of eggs to other hatcheries.

Sec. 15 makes the provisions of AS 16.43, relating to limited entry, inapplicable to activities authorized under an aquatic farm permit.

Sec. 16 exempts aquatic farm products from the provisions of AS 16.51, which relate to the Alaska Seafood Marketing Institute.

Sec. 17 provides an immediate effective date for the bill.

EHH:csh
c7/069

1024 WEST SIXTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 274-4031

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP



CO-CHAIR
HEALTH, EDUCATION & SOCIAL SERVICES

LABOR & COMMERCE
SUBCOMMITTEE ON FOREIGN TRADE

REPRESENTATIVE JOHNNY ELLIS

M E M O R A N D U M

TO: MEMBERS OF THE HOUSE
FROM: REPRESENTATIVE JOHNNY ELLIS *JE*
DATE: FEBRUARY 17, 1987
RE: HB 108

HB 108 is designed to remove the regulatory and legal impediments stifling the growth of a sea farming industry in Alaska. I believe this legislation will become one of the most important steps this Legislature can take to help create new jobs for Alaskans and stimulate non-petroleum dependent economic growth.

Mariculture--or aquatic farming as it is referred to in the legislation--is growing rapidly throughout the world. In 1983, cultured seafoods represented about 12 percent of the global production of fish and shellfish or about 22 billion pounds.

This phenomenal growth is keeping pace with increases in seafood consumption throughout the world. No where have those increases been more apparent than in the United States. Americans ate 609 million pounds more seafood in 1985 than they did in 1982. This amounts to a 21.5 percent increase in consumption in only four years.

Meanwhile, commercial fishing landings by U.S. fishermen declined over the same period of time. This situation has resulted in tremendous increases of imports of foreign products and a startling seafood trade deficit for the United States.

The unpolluted, productive waters of Alaska's many sheltered bays and fjords are considered ideal for mariculture development, and the potential for seafarming in Alaska is staggering. Unfortunately, the State of Alaska has failed to

adopt a policy favoring mariculture development. As a result, Alaskans interested in sea farming find it impossible to obtain permits for most mariculture activities.

House Bill 108 removes administrative barriers to mariculture development and will allow the industry to grow in an orderly fashion. Importantly, this legislation also provides strong protections for our vital wild stocks of fish, shellfish and aquatic plants. The bill provides sea farmers with no shortcuts in our existing environmental regulation process or priority over other users of the tidelands.

I have worked closely with the private sector to develop this legislation, and I am pleased to tell you that the bill asks for no state loans or subsidies. Sea farmers want mariculture to be industry driven so it responds to the marketplace and not the level of government spending.

Some of you wonder why a legislator from Downtown Anchorage is so interested in mariculture development when it is quite likely that the nearest sea farm is likely to be located many miles from my district. First, I believe it is vital to all Alaskans that we decrease our overall dependence upon a single source of revenue. Secondly, Anchorage's service-oriented economy will receive significant benefits from economic development in our coastal areas.

I look forward to working with you on this important piece of legislation, and invite all of you interested in becoming involved to join as co-sponsors of the legislation.

AQUATIC FARM AND AQUATIC FARM HATCHERY PERMITS

CHAPTER 08.06

OPERATING PERMIT

Issued by DC&ED
Subject to DEC requirements
(18 ACC 34)
EPA

AQUATIC FARM STOCK ACQUISITION PERMITS

Issued by FISH & GAME
*

NOTICE OF TRANSFER

Notify DC&ED
Subject to F&G health
inspection

* At this point, the stock is transformed from a public resource to private property.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801
PHONE: (907) 465-2400

February 17, 1987

The Honorable Dave Donley
Chairman
House Labor and Commerce Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Donley:

Subject: House Bill 108, relating to Aquatic farming.

Position: The Department of Natural Resources recommends that the House Labor and Commerce Committee pass HB 108 to the Resources Committee for further consideration of land use issues.

Background: HB 108 provides for the construction and operation of Aquatic farms. Under AS 38.05.070, land, including tide, submerged or shoreland, to which the state holds title, may be leased in a manner provided in AS 38.05.070 - 38.05.105 and subject to the approval of the Commissioner of Natural Resources.

Recommendation: While the Department of Natural Resources generally supports the goals of HB 108 and the creation of new commercial opportunities through utilization of the State's resources, in the opinion of the Department, HB 108 needs to further address land use issues.

Specifically, the Department recommends that leasing and permitting processes be designed to encourage development of the mariculture industry, but discourage speculation. This could be accomplished, for example, by requiring applicants to demonstrate by prove up that their projects are viable by preparation of a development schedule. Additionally, leasing and permitting alternatives which encourage small operations, such as lease fees or rent based on gross receipts, could be considered.

The enclosed Fiscal Note is based on an estimate of the number of leases and permits that would result from the bill as presently written. The actual number of new applications will undoubtedly vary depending on the fee structure for leasing and permitting and any special requirements that the final Bill contains.

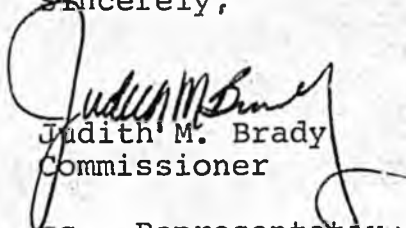
The Honorable Dave Donley

-2-

February 17, 1987

I would be pleased to make my staff available to work with your staff regarding the land use issue. If you would like additional information or have any questions, please contact my office.

Sincerely,



Judith M. Brady
Commissioner

cc: Representative Koponen
Representative Boucher
Representative Davidson
Representative Furnace
Representative Menard
Representative Ellis
Representative Rieger
Representative Cotten
Representative Brown
Representative Pearce
Representative Boyer
Representative Collins
Representative Zawacki
George Sullivan
Rod Swope
Tom Hawkins

HB 108 Analysis

In order to assess the fiscal impact of HB 108, we estimate the number of new applications for tideland leases and permits that we expect. The actual number of applications will vary depending upon the fee structure for leasing and permitting, and the "prove up" requirements of the bill. At present our permit fees are extremely low and the cost of obtaining a lease is quite high. At this stage no "land law" accompanies the bill to alter the lease or permit structure. We recognize that certain changes are desirable to encourage growth of the industry, such as the acceptance of a paper plat rather than a full survey for a lease in remote areas. While such changes may be forthcoming in later committees, the fiscal note here reflects the existing permit structure.

We estimate the number of new applications the first year to be the following:

- 30 salmon
- 25 scallop
- 10 oyster
- 3 mussel
- 2 kelp

We require one adjudicator in the Southeast Region and one adjudicator in the Southcentral Region to handle the new applications. The second year we require one additional adjudicator (to be located where the need is the greatest) to handle additional new applications. By the fourth year we are assuming the need of two adjudicators in each of the two regions.

The second year we require a part time contract administrator to handle the accumulation of two years of lease contracts, and a part time surveyor to review survey plats. (The survey cost may be reduced somewhat if the bill is amended to allow paper plats rather than full surveys in remote areas.)

A goal of the state and of those seriously interested in aquatic farming is to avoid land speculation. In order to accomplish this, it will be necessary to inspect most lease and permit sites once a year. Some inspections can be combined with other field investigations, and some may be performed under cooperative agreements with other agencies. A lean inspection program will cost \$10,000 for each adjudicator the first year (travel and per diem). In subsequent years the cost will decline as we establish inspection efficiencies.

Under existing statutes and regulations, the number of leases and permits estimated above would generate

approximately \$15,500 in revenue the first year. As the number of operations increases each year, the revenue increases modestly. If the bill were amended to allow the Commissioner to charge a percentage of gross receipts, revenues could increase substantially once the industry began to flourish.

Position Summary

Fiscal Year '88

Two (2) - Natural Resource Officers II (Range 16)

Fiscal Years '89 and '90

Three (3) - Natural Resource Officers II (Range 16)
One (1) - Part-time Contract Administrator (Range 14)
One (1) - Part-time Surveyor (Range 20)

Fiscal Years '91 and '92

Four (4) - Natural Resource Officers II (Range 16)
One (1) - Part-time Contract Administrator (Range 14)
One (1) - Part-time Surveyor (Range 20)

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 108
Publish Date: _____

Revision Date: 2-4-87

Agency Affected: Natural Resources
BRU: Land and Water Management

Title: An Act Relating to Aquatic Farming

Sponsor: Ellis, Rieger, Cotten, Brown,
Requestor: etc.

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	84.6	171.3	171.3	210.6	210.6
TRAVEL	0	20.0	25.0	25.0	22.0	22.0
CONTRACTUAL	0	2.0	4.0	4.0	4.0	4.0
SUPPLIES	0	1.0	2.0	2.0	2.0	2.0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	107.6	202.3	202.3	238.6	238.6

CAPITAL	0	0	0	0	0	0
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REVENUE	0	15.5	23.5	32.0	36.0	40.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	107.6	202.3	202.3	238.6	238.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	107.6	202.3	202.3	238.6	238.6

POSITIONS:

FULL-TIME	0	2	3	3	4	4
PART-TIME	0	0	2	2	2	2
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Paula Burgess Phone: 465-3400
Division: Land and Water Management Date: 2/13/87

Approved by Commissioner: [Signature] Date: _____
Agency: Natural Resources

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

February 25, 1987

Mark Kandianis
P.O. Box 3366
Kodiak, AK 99615

The Honorable Dave Donley
Chairman
House Labor and Commerce Committee
P.O. Box 1
Juneau, AK 99811

Dear Representative Donley:

I am writing in regard to the aquatic farming bill presently being considered by your committee. I have been fishing for scallops for the past 20 years - the last seven in Alaska as captain of a 100' scallop vessel. I have been observing the activities of the cooperative aquaculture project taking place in Kodiak and would appreciate the opportunity to make these observations.

In order for the work of the project to be useful, a permit system must be in place in Alaska. I fully support the development of an aquaculture industry here. It has the potential to be a profitable addition to my scallop fishing business and one in which I am familiar with the product and the markets. With no licensing system, the State is roadblocking an industry that has been very profitable in other areas of the world. Japanese farmraised scallops have been one of my prime competitors in the last two years; if I could offer my own along with wild scallops, I could recapture the market lost to that type of buyer and perhaps keep my price stabilized by keeping supply consistent. In any event, the production of scallops by aquaculture enables the producer to take advantage of favorable market conditions and personal financial needs.

I urge you to consider the aquaculture legislation favorably. If unprofitable, there will be no concern over allocation of bottom. If profitable, it is shortsighted to prevent its conception as an industry.

Thank you for the opportunity to comment.

Sincerely,

Mark P. Kandianis

Mark P. Kandianis

Rodger Painter

The Alaska Mariculture Association is a trade organization formed last October to promote the development of a sea farming industry in Alaska.

AMA's membership is composed of municipalities, native organizations, companies, individuals, and, yes, commercial fishermen who have recognized the economic development potential of mariculture in Alaska.

We have been working on the legislation before since the organization was formed. Before responding to any questions you may have regarding House Bill 108, I'd like to take a few minutes to explain why we believe that passage of the bill is good for Alaska.

The Chinese were the first fish farmers. Legend has it that a Chinese emperor farmed carp in ponds so his palace could eat fresh fish year-round. Thanks to recent advances in disease management, brood stock development and understanding the nutritional requirement of fish and shellfish, we can all eat like emperors.

Mariculture is growing quickly throughout the world. Global aquaculture production stood at 22 billion pounds in 1983 or 12 percent of the total world supply of edible fish and shellfish. This is expected to increase to 48 billion pounds by the turn of the century.

This production is keeping pace with climbing world consumption of seafood because production from commercial fisheries is expected to remain static. No where are these trends more apparent than in the U.S. where Americans ate 609 million more pounds of fish and shellfish in 1985 than they did in 1982. This amounts to a 21.5 percent increase in consumption in only four years.

Unfortunately, foreign products have received the lion's share of the increased market opportunity. In 1985 alone, imports of fish and shellfish increased by 14 percent. We exported \$1.1 billion worth of fisheries products that year and imported \$6.7 billion worth. This amounts to a staggering \$5.6 billion fisheries trade deficit.

This situation has created a tremendous market opportunity for American farmed seafood products, while Alaska's seafood market share has obviously been eroding. Alaska's environmental conditions, undeveloped coastline and seafood infrastructure puts the state in a unique position to take advantage of these opportunities.

We believe there are two basic reasons why the legislature should adopt House Bill 108: (1) the potential for economic diversification and creation of new employment opportunities, and (2) the need to strengthen the position of Alaska seafood products in world markets.

There are many species of fish, shellfish and sea vegetables which may prove feasible to farm in Alaska. The ones that have attracted the greatest amount of interest are oysters, mussels, scallops, giant kelp and salmon. The latter, of course, has generated a fair amount of controversy among fishermen who are concerned about market competition.

While it is difficult to determine just how many economic benefits could be created by the development of this industry, some estimates have been developed for salmon farming. Using figures generated in a private economic feasibility study, the House Research Agency calculated that an Alaskan salmon farming industry producing 44 million pounds of product would have a total employment effect of about 1,920 jobs and a payroll of \$48.8 million. A salmon farming industry of this size could have an economic impact roughly comparable to the present Alaska logging industry in terms of resident employment and nearly double the resident payroll.

Incidentally, gross annual sales from a salmon farming industry this size would be about \$132 million.

Important to keep in mind is that these jobs would be year-round. By nature, they will be filled by residents. Also significant to note is that much of the employment would occur in rural Alaska where year-round jobs are far and few in between. Many of the spinoff benefits would go to regional transportation hubs and service centers such as Anchorage in the form of transportation, support services and light manufacturing opportunities.

The shipping of fresh seafood from Alaska on a year-round basis will improve our transportation services and costs. This will help many coastal communities which are strapped with inadequate and expensive transportation systems, as well as commercial fishermen and processors who currently have to compete with the more profitable passenger trade for summer air cargo space.

The seafood industry also would benefit from mariculture development by the opening up of markets for fish food manufactured from the waste of existing processing operations. These processing companies could utilize existing plants on a year-round basis, reducing overhead and providing increased local employment.

A Southeast seafood processor recently told me he supports salmon farming development because, if you will forgive my paraphrasing: "I have a plant I want to operate, a good local work force I'd like to keep on the payroll and customers who are demanding fresh seafood during the offseason. I buy every troll salmon I can get my hands on. Last week I got 500 pounds of troll salmon. Needless to say, the plant didn't operate for long, my employees didn't put in many hours and my customers weren't satisfied."

We also firmly believe that commercial fishermen have a good opportunity to get involved in mariculture. I'd like to read a short section from a recent report by the House Research Agency about a prime example of how fishermen can accomplish this: "The Prince Rupert Fisherman's Cooperative is a model of how a group of traditional North American fishermen can successfully integrate salmon farming into their operations to take advantage of new developments in seafood markets. Members will market their farmed fish in the off season to supplement their wild fish in season. The cooperative produces smolts and fish food for its members and is

experimenting with various types of shellfish for farming application. The combination of technical and research capability with managerial know how and vertically integrated operations makes the cooperative an extremely powerful and adaptive economic unit."

The report adds that members of the Prince Rupert Fisherman's Cooperative, which is the second largest seafood processing company in British Columbia, have 10-20 farms in various stages of development.

The final point I'd like to make is that we believe that the long-range economic stability of Alaska's important seafood industry is directly related to our ability to take advantage of the opportunities offered by mariculture. The global seafood situation is undergoing significant change and our ability to compete in world markets will be determined by how effectively we will be able to offer consumers what they want: fresh, high quality seafood on a year-round basis.

The situation may have best summarized by the House Research Report which said: "Failure to invest in salmon farming could result in: (1) a steady erosion of Alaska's market share in premium salmon markets; (2) underutilized processing facilities (and corresponding loss of potential jobs; and (3) a private non-profit hatchery system that may not be able to generate sufficient revenues (under current operating constraints) to repay its state loans and attain financial self-sufficiency.

"Alaska fishermen will face competition from farmed salmon regardless of whether or not they come from farms in Alaska. There is a limited 'window of opportunity' for Alaska to enter salmon farming and gain a market share."

I'd also like to point out to members that you should have in your packets position papers which address market, seafood processing and investment issues related to mariculture development that have been raised by some fishermen. I'd also like to pass out to you some information responding to non-commerce issues raised by the United Fishermen of Alaska.

And, finally, I'd like to say that AMA strongly supports language restricting tideland permits to Alaskans. I'd be pleased to answer any questions you may have. Thank you Mister Chairman.



CORDOVA DISTRICT FISHERMEN UNITED

P.O. Box 939

Cordova, Alaska 99574

(907) 424-3447

February 23, 1987

Rep. Dave Donley, Chairman
Labor and Commerce Committee
P.O. Box V
Juneau, AK 99811

Dear Rep. Donley:

Cordova District Fishermen United (CDFU) supports the orderly controlled development of shellfish and plant mariculture. Before mariculture is introduced into Alaska, however, a socio-economic study should be done. The study was requested by the United Fishermen of Alaska (UFA), CDFU, Prince William Sound Aquaculture Corporation (PWSAC) and recommended by the fisheries mini cabinet.

The development of salmon farming without the state studies, coastal community input and the recent land grab for fish farm sites in Canada have raised many eyebrows in Alaska. The people of Alaska have entrusted millions of dollars to enhance wild stocks. In 1975, the fishermen of Prince William Sound formed PWSAC and started the most successful hatchery and enhancement program in North America. Enhancement of wild stocks and ocean ranching is the best investment the State of Alaska has ever made. This tremendous investment is now paying for the state and the fishermen. As wild stocks are on the decline, hatchery production is kicking into gear.

PWSAC is one of seven private non-profit regional associations in Alaska and was created by the fishermen and the legislature to enhance salmon production. Prince William Sound fishermen passed a 2% salmon enhancement tax to financially support the salmon enhancement program of PWSAC. The 2% salmon enhancement tax received by PWSAC will amount to \$750,000 annually and will, in turn, partially support the program that will provide \$25 million annually to the commercial fisheries by the year 1995, at which time PWSAC will be providing over half of the commercial fishery revenues in Prince William Sound.

Page Two
Rep. Dave Donley, Chairman
Labor and Commerce Committee
February 23, 1987

It makes no sense to the CDFU Board of Directors to cut funding for state hatcheries, management of the commercial fishery and the enforcement division to start a new industry which will require millions of dollars to get started.

We are harvesting 130 million salmon per year and continuing to build our future salmon runs to obtain greater harvests. We are the fish farmers of Alaska and have made a big commitment to the State of Alaska by building new hatcheries, paying assessments, upgrading fishing vessels and putting out a better quality of salmon all the time. CDFU is concerned that the coastline, wild stocks, traditional fishing grounds and enhancement programs are protected before a fish farming bill is passed.

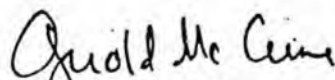
Ocean ranching is the biggest investment in the State of Alaska and the State should keep funding the enhancement programs. Commercial fishing has and always will be a major employer in Alaska, where fish farming will only employ a few.

Foreign companies in some cases are prevented from expanding in their own countries because of legislation protecting local communities. We have made our choice to protect the wild stocks and enhance the salmon runs in the State of Alaska. In five years, the State of Alaska could have five new hatcheries operating and generating revenues before the first pen-raised salmon ever hit the market. We need to keep investing our money to compete on the world market by freezing, labeling and storing our fish products in the State to be distributed all year round.

We urge you to take no action on legislation and development of fish farming mariculture until all concerned groups and communities have had a chance to respond to the impacts of fish farming.

Sincerely,

CORDOVA DISTRICT FISHERMEN UNITED



Gerald McCune
Vice President

GM/mb1

cc: Members of House Labor and Commerce Committee

CORDOVA DISTRICT FISHERMEN UNITED
RECOMMENDATIONS

1. Strict controls to prevent foreign corporations and banks from taking over fish farming in Alaska. This industry should be kept in the hands of U.S. corporations and citizens if Alaska wants the full benefits of fish farming to stay in Alaska.
2. A complete study of the environmental effects of salmon farming on wild stocks and coastline communities.
3. No use of fish farming as a trade off for wild stock fishery habitat lost.
4. Control development of fish farming sites.
5. Alaska keeps control of any aquaculture development.
6. Clearcutting at sites have quality control standards.
7. Limits on proximity of fish farms to other sites and density controls of fish in farms.
8. Regulations covering location of fish farms.
9. Studies of tidal flush out at fish farms.
10. Environmental impacts with respect to wild fish stocks.
11. Concerns of commercial fishing, sport fishing, recreation groups and coastal communities should be addressed.
12. Studies of Norway and Scotland controlled development of fish farming.
13. Continued state funding of PNP and FRED hatcheries to enhance the wild stocks and enhance salmon production by ocean ranching. This means leave the funding in Commerce for the state and PNP to advance our enhancement programs.
14. No importation of Atlantic salmon eggs into Alaska.
15. Research, health inspection and testing of facilities be set up to address concerns of the use of hormones and antibiotics, impacts of toxicants, disposal of dead fish and human waste, predator control and efficient feed practices. Studies have been done implicating the toxicant Tributyltin (TBT) as a human health risk and has recently been found in imported farm salmon. A ban of TBT in the State of Alaska should be made into law.

CDFU CONCERNS

1. Reallocation of State funds and services to fish farming.
2. A rush on salmon farm sites in Alaska without proper guidelines. Loss of traditional fishing grounds.
3. Predator control for fish farms be reviewed and identification of appropriate predator control methods.
4. Impact on water quality and marine environment.
5. Excess feed falling through netpens.
6. Good tidal flush-out sites.
7. Separation of fish farms and shellfish farms.
8. Navigational obstruction of fish farms and safe anchorages lost to the commercial vessels.
9. Conflicts with fish farmers and commercial fishing vessels.

Alaska troll sector fights farmed salmon impact

Fearful that farmed salmon will destroy prices and markets for Pacific troll-caught salmon, Alaska fishermen and processors are launching a campaign to promote the virtues of wild fish.

But the man heading up the campaign admits his efforts are largely a defensive effort designed to retain the market share that still exists for troll salmon.

"We've seen our market share for troll fish from Alaska and B.C. get smaller and smaller over the last five years," says Barry Lester, of the Alaska Troll Salmon Processors Association. "We've seen it reflected in prices.

"From our own point of view as processors our goal is to maintain the markets we have and not see any decline. If we succeed, we should try to expand."

Lester's organization was formed during the spring in response to growing concern in the American troll industry about the impact of farmed fish.

Lester said in an interview Aug. 7 that farmed salmon has invaded traditional troll salmon markets in the European and New York smoked salmon industries. Second grade farmed salmon not suitable for restaurant sale is going into the smoker market as volumes of production rise.

Lester said the processors decided to take a positive approach. "We don't want to say it swims in its own waste and is filled with chemicals against disease. We're trying to talk about the virtues of wild salmon."

The program involves promotions with buyers in European

and New York markets as well as improved grading and quality standards on the grounds and in the plants.

Earl Krygier, spokesman for the Alaska Trollers Association, said his organization is pledged to support the campaign. "We've seen prices soften quite a bit, especially because our troll cohort go to European markets. The Norwegians are definitely making inroads."

Krygier said Alaskan fishermen are solidly behind the moratorium imposed on salmon farm-

ing in Alaska and are reaping the benefits of their non-profit hatchery system. "It would be a real mistake to bring farms in here."

So far the processors have financed the campaign internally, but Lester hopes support will come from other quarters.

Continued erosion of the troll fishery could have "a devastating effect on the economy of Alaska," he said. "We're talking about a way of life. This goes beyond the economic situation to the very existence of fishermen."

B.C. production adds to farmed salmon glut

As trollers see coho and chinook prices tumble under the assault of farmed salmon, experts in Norway are predicting Atlantic salmon production there could soar to 150,000 metric tonnes by 1990.

Even B.C.'s farmed salmon production is shooting up, with harvests this year likely to hit 2,000 tonnes up from only 250 tonnes in 1985.

The forecast Norwegian production is a staggering leap from about 30,000 tonnes last year and double recent forecasts of 30,000 metric tonnes. The 1986 harvest should be between 63,000 and 68,000 tonnes.

Canadian federal and provincial fisheries departments have just begun to assess the impact of the farmed production on existing salmon sales from B.C.

Jim Fralic, aquaculture co-ordinator for the provincial agriculture department says B.C. farmed salmon production should jump to 2,000 tons this year, up from 250 in 1985.

He said declining prices may have an impact on the viability of B.C. salmon farms, which normally forecast their economic position based on the strong prices of the past two years. "We've always been of the opinion that prices for farmed fish would come down," he said.

"We hoped to reduce the cost of production at the same time by reducing the rate of natural mortality. There are indications this is happening as people get more experienced."

Troll prices dive to \$2.25

Trollers found fairly good fishing as the season opened June 20 but needed the volume to partly compensate for a major price cut.

Opening prices posted by B.C. Packers for spring salmon were \$2.20 for large, \$1.65 for medium and \$1.20 for small.

That was a 17 percent cut from last year's July 1 opening prices of \$2.65, \$2.10 and \$1.50. By June 23 this year the prices had moved up to \$2.25, \$1.70 and \$1.35, still far below the July 8, 1985, range of \$2.75, \$2.25 and \$1.70.

Without the protection of a minimum price agreement, troll fishermen are at the mercy of price-cutting processors, who are blaming Norwegian farmed salmon in European markets for the depressed prices.

By July 10, B.C. Packers had raised its prices to \$2.35, \$1.80 and \$1.40.

Coho prices were more stable, opening at \$1.30, \$1.20 and 55 cents this year, compared with 55 cents, \$1.25 and \$1.40 in 1985.

Initial troll spring landings on the west coast of Vancouver Island were good, apparently more because of abundance than increased effort.

Spring returns to the Skeena were double the 10-year average for the first week in July, according to fisheries northern director Paul Sprout. That was in stark contrast to the sharp decline in sockeye returns

By July 10, the fisheries department could report total chinook catches of 35,537 in the northern area up to July 5 and warned that catch controls could be necessary if current catch rates continue.

Northern coho catches totaled 336,557 including 126,036 taken in the week of July 5 alone.

Chinook catches on the west coast of Vancouver Island also were running ahead of forecast. On July 7 the department closed the But Bank to slow the harvest rate. By the end of the week ending July 5 the troll catch had hit 145,300, a figure that fisheries salmon coordinator Eric Kremer said could reflect both increased effort and increased abundance.

Coho catches to the same date were 614,800, also close to the 696,000 mark at which conservation measures could be imposed. Kremer said the department was very close to curbing the coho fishery.

Troll chum catches to July 5 were 64,100 and the Gulf troll catch had hit 36,250.

Sockeye non-retention regulations remain in effect.

Warnings of new difficulties in chinook markets were issued June 13 in *Friday*, the publication of the Pacific Coast Federation of Fishermen's Associations. Even before the season opened, some purchasers refused to sign market contracts.

According to the PCFFA, the California, Oregon and Washington fleet had to return to port in the second week of the season to negotiate a lower price. The prices were slashed from U.S. \$2.65, \$2.25 and \$2.05 to \$2.30, \$2 and \$1.75.

Sales were good until the first week of June when rumors of Norwegian farmed salmon being dumped on the market slowed sales. The story was false but the PCFFA quoted reliable reports indicating that Norwegian sellers dropped prices 50 to 75 cents a pound to retain a market share after the fresh salmon season began.

Toxic chemical detected in farm salmon

A spokesman for B.C.'s ministry of the environment confirmed Nov. 7 that there are no controls in this province on the use of a toxic anti-fouling agent that has been detected in farmed salmon.

The substance is called tributyltin, or TBT, and is one of the most toxic substances known to man. Popular as an anti-fouling paint for boat bottoms, it has been banned in a number of European countries because of the damage it inflicts on the environment.

Now TBT has been detected in pen-reared salmon sold in U.S. seafood markets. According to *Friday*, the publication of the Pacific Coast Federation of Fishermen's Associations, aquaculture products from Puget Sound and Norway purchased in public markets contained concentrations of .28 to .9 micrograms per gram of TBT.

TBT, sometimes used to treat netting used in salmon pens, can be toxic in levels as low as five parts per trillion. Two scientists working for the National Marine Fisheries Service found the substance in baby coho sold in public markets.

"We have no controls on the use of anti-fouling agents," B.C. environment ministry spokesman Michael Coon told *The Fisherman* Nov. 7. "We're in the process of collecting samples. We're trying to assess the problem. It's something we don't know very much about."

Evidently the pan-sized fish are not exposed to the TBT for long enough to die from its effects. The chemical concentrates over time in certain parts of the body.

Coon said the toxic effects of anti-fouling agents are a concern. "It's in everyone's interest to make sure fish aren't contaminated."

OFAWU secretary-treasurer Bill Procopation said the threat of TBTs is another example of the chaos surrounding the B.C. fish-farming issue. "We'll need more than a 30 day review to establish regulations to prevent this kind of damage," he said.

The two American researchers also studied the effect of low concentrations of TBT on juvenile salmon, concluding that exposure to low doses may increase susceptibility to disease.

Norway's salmon farms face tight regulation

Is B.C.'s aquaculture industry as tightly regulated as Norway's?

A day-long seminar on Norwegian fish farming sponsored by the Norwegian Trade Commission June 2 provided the answer: a resounding no!

Among regulatory programs now in place in Norway but barely under consideration in Canada:

- a ban on the use of hormones;
- controls on the use of antibiotics;
- compulsory quarterly inspection for disease;

- limits on corporate concentration, the proximity of farms to each other and the density of fish;

- clearcut quality control standards;

- regulations to ensure safe construction and mooring of pens with environmental controls now being codified in Norway;

- regulation covering the location of farms.

During the 1970s the government actually slowed development and halted the issuance of licences to allow the Norwegian industry to consolidate.

National aquaculture policy claims to protect wild fish

Canada moved a step closer to national aquaculture policy April 28 with an agreement by provincial and federal fisheries ministers to establish interlocking aquaculture legislation.

In a meeting in Winnipeg fisheries minister Tom Siddon told his provincial counterparts that the agreement "is an important step in furthering the development of aquaculture's great potential in Canada."

Although B.C. has no fisheries

minister, the province has begun developing similar federal-provincial agreements as a result of a First Ministers Conference in Halifax in 1985.

The first federal-provincial arrangement, signed between Ottawa and Nova Scotia in March, gives the province the sole licensing authority for aquaculture enterprises as long as federal requirements pertaining to fisheries and related matters are satisfied.

The Winnipeg meeting adopted a statement of national goals and principles for the development of commercial aquaculture. The seven goals include:

- to encourage the development of commercial aquaculture in Canada in a manner that is complementary to the continuing development of the wild fishery;
- to increase the economic returns from "intensified production and harvest of high value, marketable species of fin fish, shell fish and marine plants";
- to improve the quality and expand the variety of Canadian fish products; and
- to encourage long-range stability in the country's fish production through diversity and continuity of supply.

The agreement gives the lead to the private sector in aquaculture development, but pledges government support in economic development and research.

Farm fish to hit wild salmon market

Salmon farmers will be training their guns on traditional wild salmon markets by the end of the decade, say Norwegian experts, and dropping prices could move the date even closer.

Growing production of farmed salmon both in Norway and B.C. has sparked fears among commercial fishermen that existing markets will be undermined by the new production.

This year buyers are predicting a sharp decline in troll chinook prices because of a glut in European smoker markets caused by Norwegian production. The Norwegian product already competes effectively on restaurant tables in Seattle and Vancouver, the heartland of wild salmon production.

But Norwegian marketing expert Karl Johan Ringstad told a Vancouver fish farming seminar June 2 that farmed production of coho and chinook will outstrip wild fish catches by 1990.

Production of farmed Atlantic salmon has already hit 42,000 tonnes, well above the worldwide production of 27,000 tonnes of chinook in 1985 and 43,000 tonnes of coho.

Virtually all Norwegian pro-

duction is exported, 30 percent of it to the United States. By the end of the decade, Ringstad predicted, farmed production will dominate the quality "white table cloth market" and take 15 percent of the fresh market.

"The challenge is to get into other segments of the market," he said. "In the last few months a price drop has reduced profitability in Norway. As the price of farmed salmon decreases it will open new markets. It can be delivered year-round."

In 1978 the smoked salmon market was dominated by wild production, he noted, but now the tables have turned. In the future, farmed salmon may be marketed alongside fresh meat and poultry. "I leave it to you to speculate how many tonnes are required to supply retail outlets even in California alone."

"How low will the price go? I wish I knew," Ringstad said, "but look at the price of chicken."

Farmed salmon is going head to head with chinook already. A later speaker quoted prices in Seattle of \$4 to \$4.25 a pound for chinook between six and nine pounds. Atlantic salmon was being delivered for between \$3.97 and \$4.37.

Ireland freezes foreign fish farms

Ireland has slapped a ban on foreign ownership of salmon farm leases to head off what officials feared could be a take-over of the country's industry.

"We could fill every bay on the Irish coast with salmon cages within two years if we allow the Norwegians in without restrictions," a local official told *Fish Farming International*. He later corrected himself and said "non-nationals" rather than Norwegians.

The Irish Fisheries Department has announced that no further licences will be issued for salmon-farming projects in which nationals of countries outside the European Economic Community have a major stake.

A policy review is under way. By contrast, there is absolutely no curb on foreign investment or control in B.C.'s salmon farming industry, which has a

large Norwegian element. Norwegian investors are attracted to B.C. by much looser regulation than they face at home.

Opponents of outside investment in the Irish industry claim that Norwegians control 60 percent of the fishing farming industry in Scotland and have starved locally-owned farms of smolts from Norwegian-controlled hatcheries.

Angry fishermen are reported to have rammed salmon cages in Scotland in frustration.

Fishermen in Ireland are concerned about the implications of a Scandinavian proposal to raise farmed salmon in converted oil tankers. Even other farmers are fearful of its impact on the environment and markets.

Smolts for the scheme would come for Iceland, posing the threat of importing kidney disease to Ireland.

DFO aquaculture subsidy hits \$3 million in '85

Fisheries Department expenditures in support of the aquaculture industry totalled \$3 million nationwide in 1984-1985, says fisheries minister Tom Siddon.

In reply to a query from Skeena NDP MP Jim Fulton, Siddon said June 2 that DFO "has been the lead federal department in fostering the development of aquaculture in Canada, focussing particularly on research and experimental development, the protection of fish from communicable diseases and the transfer and application of research results to industry."

In the year ending March 1985, the department spent \$2.5 million on aquaculture research,

1984-1985, when salmonid enhancement spending was frozen. A further \$500,000 was spent to assist aquaculturists to use the latest methods in rearing and harvesting.

The amount spent on research has increased to \$2.5 million up to March 1985 from \$2.3 million during the previous year.

Siddon told Fulton that fish farmers are eligible for interest-free loans under the Canada B.C. Subsidiary Agreement on Small Business Incentives. More than \$9 million of \$50 million loaned under the program went to fish farmers.

Siddon could not provide a breakdown on how much of the research money was spent on the Pacific coast.