

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4973 HRES HB 395 - HB 423

54

EXHIBIT B
Industry Alliances

SUPPLY SIDE

Taran Nearing Push-Button Operation

MONTREAL - For years, as textile-apparel production has joined other industries moving into the age of computerization, fur manufacturers have watched longingly but were stymied because of the characteristics of their basic material. While most appear resolved the world's oldest handcraft is likely to remain just that, at least one producer believes it is well on its way toward the "push-button shop" of the future.

Taran Furs, the largest manufacturer in North America, also is one of the most innovative. The company has come up with a dozen or more devices and systems that represent major breakthroughs in the automation of key stages of production. Several of these are on stream now; others are in the final stages of development and are expected to be in use within two years.

Among them:

- A computerized pelt grading and matching system that will even sort as to color, height of hair and density of underfur, at the same time coding the leather side as to where the skin falls in the garment pattern.

- A conveyor belt operation that wets the leather side of skins and requires 75% less time and labor than the conventional brush-and-pail method.

- A pneumatic-hydraulic device that stretches and delivers to the cutting machine in seven minutes skins that have been dried using a wind-tunnel technique.

- An automated drying system that handles entire boards fed by monorail.

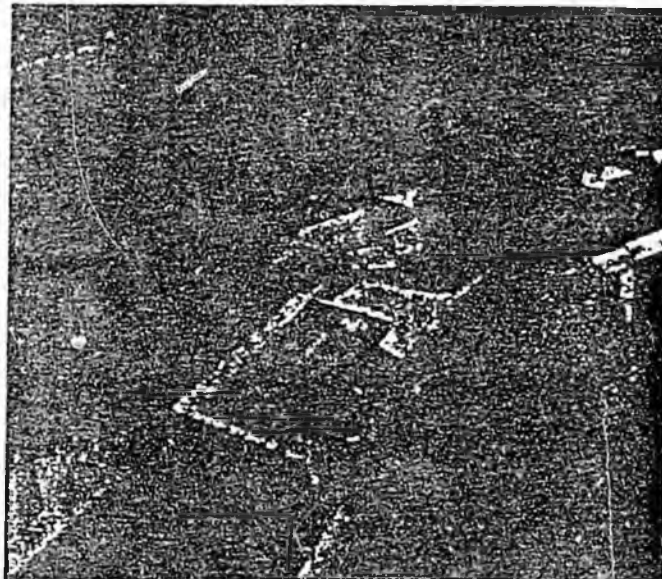
- A computerized grading and marking machine that also indicates kyles.

Most, explains Robert Taran, "are machines or systems that never existed. We developed the ideas and called in the technical people to work them out." At 23, he is the youngest of three generations of Tarans active in the family-owned company, now over half a century old. He is also general manager in charge of production.

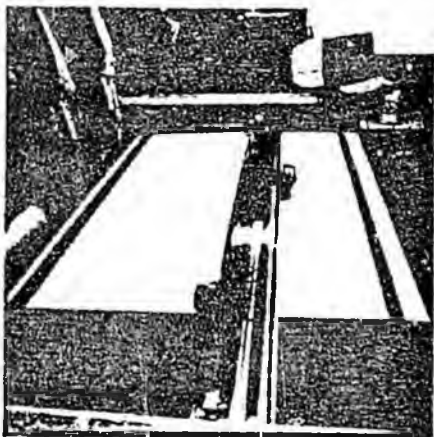
If he sounds a bit young to head production for a company the size of Taran, it should also be pointed out he's older than many of his workers. The average age of the operators is around 23, but the floorworkers range from 16 to 19. "Outside of some veteran cutters, trimmers and closers, the bulk of our production force averages under 25," he notes.

Some of the innovations have been relatively inexpensive, requiring simple mechanization of manual procedures. Others, like the pelt grading and matching scanner may take years between concep-

tion and execution. "We've been working with one of the universities for 18 months on this project. Skin matching and grading is a critical operation and there's always a shortage of competent help," notes the young executive. "The system we've developed will not only do the job as accurately, but will also eliminate human error



Operator programming the computerized pattern grading and marking system.



that often comes from fatigue. The computer never gets tired," he comments.

The system is expected to be on stream within two years at a cost of \$1.5 million (Canadian). But the company also expects to recoup the investment in 21 months in terms of savings through greater efficiency, "not to mention what it will mean in terms of quality control," he adds. One such unit, he points out, will be capable of matching out from 2,800 to 3,000 skins in seven hours, or about 10% more than is now done by seven workers in that period. Furthermore, the matched skins will be placed on wire hangers by robotic arms, which also will hang them on racks.

Subsidies to Train Workers

Taran declines to identify the educational institutions or equipment manufacturers with which the firm is working. He does acknowledge, however, cooperation from various governmental agencies in the form of either outright grants for systems development or wage subsidies for training new workers.

The company employs over 300 workers in its 100,000-square-foot plant. It also contracts out some work locally and operates a factory in Korea, which produces some more labor-intensive items like fur-leather combinations. Overall, it turns out

about 2,000 garments a week and does an annual volume in the neighborhood of \$100 million (Canadian).

"What we're aiming for," comments Taran, "is the elimination of all contract labor. We want to do all the work inside with a smaller, elite group. That's how we're going to stay alive in view of what's coming out of the Orient. We're looking to increase production and efficiency and eliminate as much human error as possible. We believe we can produce a better garment at a lower price by modernizing."

Multimillion Dollar Grant

The investment is substantial, but the company is working with the Canadian Industrial Renewal Board, which makes grants to help industries grow. Says Taran, "We have received the largest such grant of any industry in Canada." He wouldn't say how much, but conceded it is a multimillion-dollar figure.

However, he adds, "we won't touch any new machine or system unless it offers a maximum two-year payback on investment." One system he's proud of, because it was developed largely in-house, is the skin-wetting device that will interface with the stretching and drying oper-



The average age of the production force is under 25.

machines can be supervised by one person. They are priced around \$90,000 each.

In addition, the company is looking into laser trimming of garments, utilizing equipment now available for cloth apparel, but with modifications for fur. Says Taran, "we're working with a major company on this and have it working on some

jute interfacings. Also, those that will sew in linings—all around—with a hand-finished effect.

Although the push-button factory is not quite at hand, it is much less inconceivable to the Taran family, including patriarch Benjamin, the founder. His sons, vice-presidents Charles and Albert, are even more sanguine. Their sister, Esther Brody, also is involved as chief skin buyer, assisted by her son, George. Robert is Albert's son. Charles' son, David, is director of finance and promotion.

"As we see it," explains Albert Taran, "we're no longer competing with the Far East. Now they'll be competing with us."



Taran's 100,000-square-foot plant turns out 2,000 garments a week.

ation now being developed. The entire procedure chopping substantial time off the conventional methods and performed under automatically-controlled temperature-humidity conditions.

Big Time-Saver

Pointing to the automated drying system through which the nailed-out garment sections on boards travel via monorail in only two hours he notes, "that saves a full day." The next step, removing the staples, is still done manually, but not for long. "We're perfecting a staple-removing machine, on a conveyor system, which will require two people instead of 14 at present and will be much faster—two to three minutes per board instead of 10. This will be in place by next year."

The company also has plans for the computerized skin slicing-sewing machine developed by Pfaff and demonstrated at recent fairs in Frankfurt and Montreal. "We have an option on 18 of these machines," notes the production manager. They are capable of letting out about five skins an hour and four such

furs, but not all. We're also working on closing by a robotic sewing machine, as is already done on textile-apparel. It's just a matter of adaptation."

Another process under development is blocking with a hydraulic-pneumatic system. Almost ready are machines that will prepare collars, as well as flannel and



TARAN

the largest furrier in the world!

24 HOUR DELIVERY IN NORTH AMERICA
NO ORDER TOO SMALL

5300 Molson Street, Montreal, Quebec
H1Y 3B5, Canada

Telephone: (514)521-1800
Telex: 055-61384



passionknots



Gianni Versace



Paul Lishman Ltd.



ALAN TROTT



Elegante Fur Co.

THE TORONTO FUR EXPORT GROUP

It's time to remember the 100 manufacturers exported over 500 million fur garments last year.

Exotic furs with unparalleled quality and service.

Fur was the lure that drew the world to Canada more than three centuries ago. And Canadian fur still offers incomparable value for your dollar. If a fur is a fashion happening—and it's right now—it's happening in Toronto.



FURS INTERNATIONAL



Toronto offers international buyers a look into the world's richest source of wild and tamed furs. So save your designers with this year's fashion fair. Traditional craftsmanship practised in state-of-the-art plants.



TORONTO FUR EXPORT GROUP



A. ...



AKOS



MAVRIDIS & SONS FURS LTD.



The Sinton Collection





TORONTO FUR EXPORT GROUP

AN BEAVER FUR CO.
29 Spadina Ave.
Toronto, Ontario
M5V 2L3

ALAMODE/
KURETZKY FURS
40 Adelaide St. W.
Toronto, Ontario
M5V 1S8

IFL FURS
INTERNATIONAL
40 Adelaide St. W.
Toronto, Ontario

ELEGANTE FUR CO.
119 Spadina Avenue
Toronto, Ontario
M5V 2L1

GREEN BROS. FUR
MFG. LTD.
332 Richmond St. W.
Toronto, Ontario
M5V 1X2

HELLENIC FUR CO.
LTD.
129 Spadina Avenue
Toronto, Ontario

MAKOS FURS LTD.
163 Spadina Avenue
Toronto, Ontario
M5V 2L6

MAVRIDIS AND SONS
LTD.
119 Spadina Avenue
Toronto, Ontario
M5V 2L1

PASSIONKNITS LTD.
401 Richmond St. W.
Toronto, Ontario
M5V 1X4

PAULA LISHMAN LTD.
62 Old Scugog Road
Blackstock, Ontario
L0B 1B0

W. EINHORN FURS LTD.
317 Adelaide St. W.
Toronto, Ontario
M5V 1P9

YUKON FUR CO. LTD.
119 Spadina Avenue
Toronto, Ontario
M5V 2L1

Mundells now operate as Monzievaired, Ltd

Blake and Ann Mundell of Scotland now are operating under a new company name and at a new location. They recently sold Dalchonzie Mink Farm at Comrie in Perthshire to Newman Burberry, also of Scotland.

Monzievaired, Ltd., is the name of the Mundells' new venture. Offices are at Ochertyre, by Crieff, Perthshire P117 4JR.

The telephone contact is 0764-4055 and the fax contact is 0764-3894. ■

FOX CLASSIFIED

FOR SALE

NEED ASSISTANCE in pelting your foxes properly? Send for our easy to follow 30 minute VHS video that gives you step by step assistance, plus a few other tips. \$35.00. Orla T. Miller, 11292 West 17B Rd., Argos, IN 46501.

SAPPHIRE FOX \$2500.00, Sapphire carriers \$500.00. Any other type of fox \$150.00. S & S Fox Ranch, (517) 647-6965.

GOOD NEWS!!!

At last Rancher's Choice mink and fox food pellets are now available at our Pennsylvania distribution center. Any inquiries and orders can be directed to: Jack Fallenstein, RD 2, Box 432, Sayre, PA 18840. (717) 888-4874.

GOING BACK to the basics! We plan to "move-out" our entire herd of mutation fox. For mutation lovers, here's your chance to pick-out what you want. We have available Red Pearls, Pearls, Extra Pale and Pale Fire and Ice, Moon Glo, Dakota Gold, Alaskan Cross Fire and Ice, Platinum, Red Platinum, Glacier & Glacier Mist, Proven breeders and pups available. Call evenings (402) 664-3487, LaVern Pfeiffer, Scribner, NE 68057.

FOR SALE: Top quality silver fox pairs. Big and bright! \$500 pair. Vaccinated and dewormed. Dale MacGregor, Mac's Fox Ranch, (313) 234-6192 or (313) 664-8635.

FOX RANCH in central Wi. 3 1/2 acres with recently remodeled country home with a beautiful view. Presently set up for 30 to 40 females, 90 top quality fox included. Asking 67,000. Call 608-269-7376.

CANADIAN LYNX for sale. Kittens and adults available for 1987 and 1988. Ranch visits welcome by appointment. Steve Knish, (612) 364-8777 evenings.

FOR SALE: Silver, Pearls, Ambers, Cinnamon, Blended Cross, Gold Cross, White Marks, White Mark Cross, Dakota and Autumn Gold, Cinnamon Gold, Platinum, Glacier, Fire & Ice, Sunrises, Wild Fire, Sapphire Carriers, Snow Glow, Marbles, Marble White, Marble Cross, Norwegian Blue, Polars and 1/2 Polars. Silverleaf Fox Ranch (218) 334-3811.

TROUT & FOX. Trout fishing farm, stationer fox yard. 8 spring fed ponds, meadows and woods. New home, gift shop, rental cottage, 38 acres, \$159,500. Near Ludington. Bill Cameron, Branch, MI 49402. (616) 898-3178.

FOR SALE Ranch raised Canadian Lynx females. \$4000.00 Cdn. Male, \$3000.00 Cdn. Fuller Lynx Farm, RR 2, Burns Lake, B.C. V0J1E0 Canada.

OVER THE years our complete fox food pellets have proven to be tops in every department. To try the best, call Rancher's Choice Foods. (402) 582-4288.

AMBER, AUTUMN Gold, (Blended Amber, Burgundy, Lawn Pearl & Pearl) Burgundy, Burgundy Gold, Danish Reds, Fawn Pearl, Fawn Gold, Pearl and possible Sapphire carriers. Financing available. Contact Gerald Schulz, (414) 526-3512. Also A.K.C. Springer and Schnauzers.

RANCHERS COMPARE

Top quality processing doesn't need to cost more!

- Professional staff to assure customer satisfaction
- Guaranteed delivery dates
- Call about free pickup across the U.S.A.

SILVER CROSS

"The Champions Choice"

Call or write:
Silver Cross Processors
Rt. 2
Platteville, WI 53818

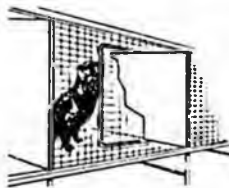


(608) 348-6789

Nobody touches my hill... but SILVER CROSS

Dipcraft MANUFACTURING CO.

111 WEST BRADDOCK AVE., BRADDOCK, PA 15104



FIBERGLASS PEN DIVIDERS

- Low Cost
- Super Life-Expectancy
- Safe
- Cleanability

FOR MINKS, FOX, RABBITS, AND FITCH

WRITE FOR SAMPLES
OR
CALL TOLL FREE 800-245-6145
412-351-2363 (IN PA)



Kwokwsis Fur Farms

Fox and Canada Lynx*
Quality Makes The Difference

Special Fall Offering
70 Pure Norwegian Fox Pups



*Limited supply of lynx available

Our foxes are known for their large size and dark colour. Our bloodlines come from some of the best in New Brunswick and P.E.I. Over the past three years we've used Norwegian top snow foxes extensively.

New Brunswick Live Fox Show - Nov. 1986

- Sweepstakes Fox
- Champion Adult Male Silver
- Champion Adult Female Silver
- Champion Pup Male Silver
- Champion Any Other Type
- Champion Pearl Pup Female

★ 1986 Show Record ★

Canada Fox Show - Nov. 1986

- Champion Pup Silver Female
- Reserve Champion Pearl Pup Male

1985 Production was a 3.5 Average
1986 Production was a 3.8 Average
1987 Production was a 4.1 Average
(Averages calculated per female wintered)

All foxes are replacement guaranteed for production and performance.

For information call:

Mark Alward
506-575-2050
506-575-8104

Kwokwsis Fur Farms
R.R. #1
Nackawic, N.B. E0H 1P0

Paul Flemming
506-277-6354

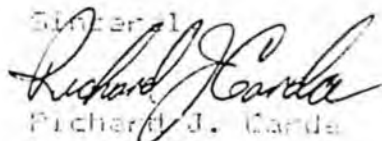
Mike, I'm going up before you soon and two house bills. One bill is for protection. This bill would make it a felony for anyone to enter a fur farm and harass, steal or get free any of the live stock. Hopefully this will make those people think twice before entering the farm. The second is a bill that would allow us farmers to go into the wild and collect wild stock to develop completely Alaskan fur, to increase our knowledge of other fur bearing animals and in so doing help us to compete today and tomorrow in the world market place.

At the moment there are an estimated 20,000 trappers in the state of Alaska. Each trapper buys a \$5.00 trapping license and is allowed to KILL as many animals as he can catch within the generous limits set down by Fish & Game. I could do the same with a license but I am a farmer not a trapper. Our bill would allow us to hire an Alaskan trapper to bring them back alive and by doing so the trapper would benefit with a better price, the fur farmer would benefit with new animals to work with and the fur industry would benefit with growth. To make it even better there is no added pressure put on the wild stock. Regardless of the number of wild animals requested by the farmer would be limited by the legal limit of the trappers that are hired.

We are interested in developing an "all-Alaskan Ranch Mink (from wild stock), " Alaskan Crown " by Alaskan farmers. We are also interested in studying the Alaskan Sable (martens). Very little is known about these animals. We need your help to begin.

Mike, I speak for everyone involved when I say, "PLEASE Mike" vote yes on HB393 and HB395, we need your help to move Alaska forward.

Senator



Richard J. Ganda
P & O Fur Farm
Box 4553
Etelson, Alaska 99702



V/O SOJUZPUSHNINA

USSR

MOSCOW-LENINGRAD

CANADA... THE FUR SOURCE

Adding modern techniques and advanced technology, the wholesale fur market in Canada has steadily increased its production capacity to now take its place as a world-ranking fur manufacturing industry.

The Canadian fur manufacturing industry is a major exporter, with more than half of its total production going to the fur fashion capitals of the world.

Over 120 Canadian manufacturers will show their newest fashion collections at the Canadian International Fur Fair Montréal, from May 4 to 7, 1988, in Place Bonaventure.

Two gala fur fashion shows on the evening of Wednesday, May 4, in Hotel Bonaventure will highlight the fine fashion furs for which the Canadian fur manufacturing industry is known.

1988 CANADIAN
INTERNATIONAL
FUR FAIR
MONTREAL!
NOW...
WEDNESDAY
THRU
SATURDAY
MAY 4 TO 7, 1988.

For information on the Fair:
Le Groupe EKSPQ
P.O. Box 1317
Place Bonaventure
Montréal, Canada
H5A 1H1
Tel. (514) 871-9214
Telex 055-62171 Code 488



For information on the
Canadian Fashion Show, contact
Mr. André Daoust
Canadian Fur Trade Development
Institute Inc.
1435 St-Alexandre, Suite 1265
Montréal, Canada H3A 2G4
(514) 288-6609

EXHIBIT B
Industry Alliances



THE HISTORY

When V/O SOJUZPUSHNINA was born in 1931, no one could have known how much the organization would have grown just fifty years later.

In the early days V/O SOJUZPUSHNINA was mainly concerned with fur exports, working with some six hundred companies in nineteen countries.

Today the organization is involved with both importing and exporting, in natural and synthetic leather and many other allied products as well as their original responsibility, furs. As the activities have grown so has the number of customers, now more than two thousand companies in sixty countries.

V/O SOJUZPUSHNINA is now not only one of the oldest Soviet foreign trade organizations but one of the most international with business contacts from Japan to the Argentine.

The Soviet Union has the largest production of furs in the world, and certainly the most breathta-

king selection. These are gathered in from all over the USSR, with goods from over 6.5 thousand Soviet enterprises.

Fur auctions are held three times a year in Leningrad as well as in London and Leipzig and there are warehouses in the USSR, London, Stockholm and West Berlin.

The major part of the fur production is sold at auctions, with 70-80% offered at the International Fur Auctions in Leningrad.

The original auctions concentrated on wild furs since there were at that time no fur farms in the USSR. Today the situation is quite different.

Wild furs are, of course, still available, with a selection that includes red and white fox, sable, squirrel, wolverene, wolf marten, fitch, charsa, raccoon

and marmot. It is in the ranches that there has been enormous growth, with a million mink and thousands of blue and silver fox offered in January from the Soviet fur farms, the same assortment though in smaller quantity put up for sale in July. There are also in the dressed skin section, hair-seal, white-coat and fur seal, squirrel plates and saes. Considerable quantities of karakul and broadtail, including a selection of dressed skins, are presented at every auction.

Production of ranches skins generally has reached a total of 16 million (including only mink, foxes, nutria and sable). Nevertheless the growing demand of the domestic market means that only about twelve per cent of the total Soviet fur production including karakul, will be available to the

export trade.

The most valuable furs, sable and lynx, are sold at the Palace of Furs in Leningrad, with extraordinarily high prices offered for these most beautiful of furs. The export of sable is restricted to not more than 100-120 thousand pelts a year.

All sable comes from the Soviet Union and is sold only through V/O SOJUZPUSHNINA, under the trademark SOBOL, a label that can only be given to genuine Russian sable.

An addition to the catalogue in recent years has been a group of furs from ten countries outside the USSR. Sold on commission, these include wild furs from Mongolia and North Korea, nutria from Poland, mink and blue fox from Finland, Afghan karakul and Norwegian seal.

V/O SOJUZPUSHNINA, are

justifiably proud part in the trade. They are the best fur suppliers they strive also

most responsible for the International Fur Auctions, they are the most responsible organization, part of the world of fur, part of the creation of a combat anti-fur

Over the years V/O SOJUZPUSHNINA has managed to receive many Soviet furs regulates at the International Fur Show held every

In 1980 V/O SOJUZPUSHNINA was awarded a national prize, the G. Their part in economic and international trade in the next fifty years SOJUZPUSHNINA is their international their constant goal

about 2,000 garments a week and does an annual volume in the neighborhood of \$100 million (Canadian).

"What we're aiming for," comments Taran, "is the elimination of all contract labor. We want to do all the work inside with a smaller, elite group. That's how we're going to stay alive in view of what's coming out of the Orient. We're looking to increase production and efficiency and eliminate as much human error as possible. We believe we can produce a better garment at a lower price by modernizing."

Multimillion Dollar Grant

The investment is substantial, but the company is working with the Canadian Industrial Renewal Board, which makes grants to help industries grow. Says Taran, "We have received the largest such grant of any industry in Canada." He wouldn't say how much, but conceded it is a multimillion-dollar figure.

However, he adds, "we won't touch any new machine or system unless it offers a maximum two-year payback on investment." One system he's proud of, because it was developed largely in-house, is the skin-wetting device that will interface with the stretching and drying oper-



The average age of the production force is under 25.

machines can be supervised by one person. They are priced around \$90,000 each.

In addition, the company is looking into laser trimming of garments, utilizing equipment now available for cloth apparel, but with modifications for fur. Says Taran, "we're working with a major company on this and have it working on some

jute interfacings. Also, those that will sew in linings—all around—with a hand-finished effect.

Although the push-button factory is not quite at hand, it is much less inconceivable to the Taran family, including patriarch Benjamin, the founder. His sons, vice-presidents Charles and Albert, are even more sanguine. Their sister, Esther Brody, also is involved as chief skin buyer, assisted by her son, George. Robert is Albert's son. Charles' son, David, is director of finance and promotion.

"As we see it," explains Albert Taran, "we're no longer competing with the Far East. Now they'll be competing with us."



Taran's 100,000-square-foot plant turns out 2,000 garments a week.

ation now being developed, the entire procedure chopping substantial time off the conventional methods and performed under automatically-controlled temperature-humidity conditions.

Big Time-Saver

Pointing to the automated drying system through which the nailed-out garment sections on boards travel via monorail in only two hours he notes, "that saves a full day." The next step, removing the staples, is still done manually, but not for long. "We're perfecting a staple-removing machine, on a conveyor system, which will require two people instead of 14 at present and will be much faster—two to three minutes per board instead of 10. This will be in place by next year."

The company also has plans for the computerized skin slicing-sewing machine developed by Platt and demonstrated at recent fairs in Frankfurt and Montreal. "We have an option on 18 of these machines," notes the production manager. They are capable of letting out about five skins an hour and four such

furs, but not all. We're also working on closing by a robotic sewing machine, as is already done on textile-apparel. It's just a matter of adaptation."

Another process under development is blocking with a hydraulic-pneumatic system. Almost ready are machines that will prepare collars, as well as flannel and



taran

the largest furrier in the world!

24 HOUR DELIVERY IN NORTH AMERICA

NO ORDER TOO SMALL

5300 Molson Street, Montreal, Quebec
H1Y 3B5, Canada

Telephone: (514) 521-1800
Telex: 055-61384

SUPPLY SIDE

Taran Nearing Push-Button Operation

MONTREAL - For years, as textile-apparel production has joined other industries moving into the age of computerization, fur manufacturers have watched longingly but were stymied because of the characteristics of their basic material. While most appear resolved the world's oldest handcraft is likely to remain just that, at least one producer believes it is well on its way toward the "push-button shop" of the future.

Taran Furs, the largest manufacturer in North America, also is one of the most innovative. The company has come up with a dozen or more devices and systems that represent major breakthroughs in the automation of key stages of production. Several of these are on stream now; others are in the final stages of development and are expected to be in use within two years.

Among them:

- A computerized pelt grading and matching system that will even sort as to color, height of hair and density of underfur, at the same time coding the leather side as to where the skin falls in the garment pattern.

- A conveyor belt operation that wets the leather side of skins and requires 75% less time and labor than the conventional brush-and-pull method.

- A pneumatic-hydraulic device that stretches and delivers to the cutting machine in seven minutes skins that have been dried using a wind-tunnel technique.

- An automated drying system that handles entire boards fed by monorail.

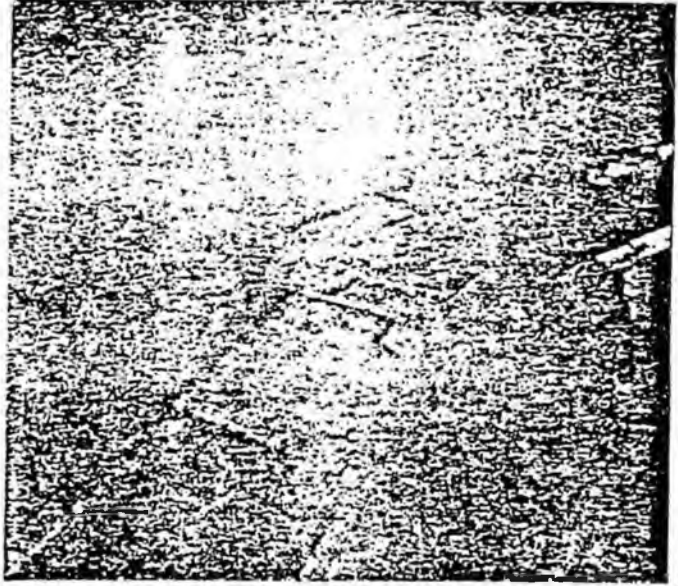
- A computerized grading and marking machine that also indicates kyles.

Most, explains Robert Taran, "are machines or systems that never existed. We developed the ideas and called in the technical people to work them out." At 23, he is the youngest of three generations of Tarans active in the family-owned company, now over half a century old. He is also general manager in charge of production.

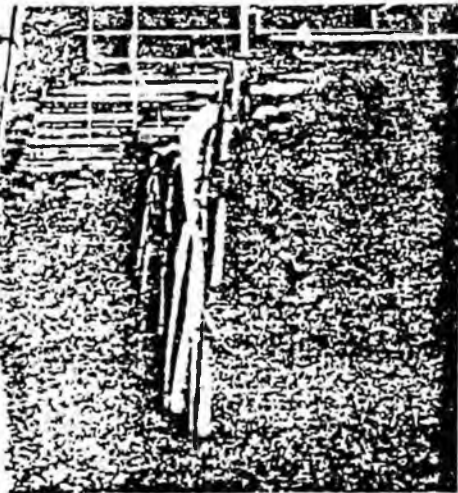
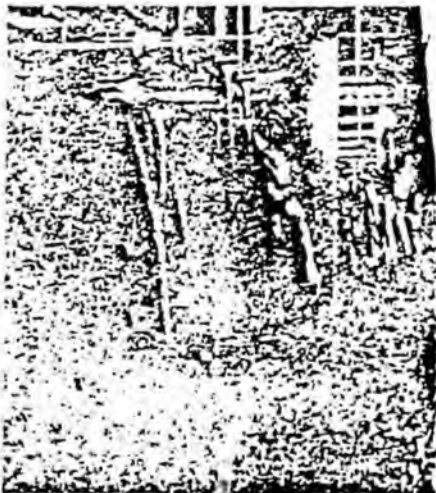
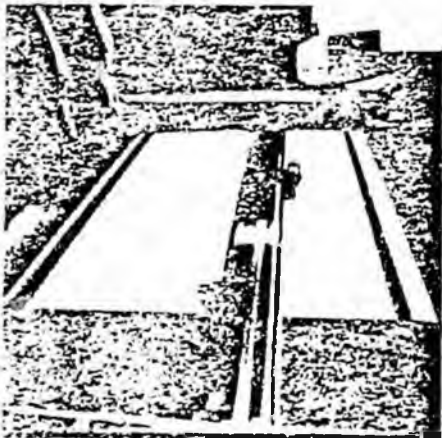
If he sounds a bit young to head production for a company the size of Taran, it should also be pointed out he's older than many of his workers. The average age of the operators is around 23, but the floorworkers range from 16 to 19. "Outside of some veteran cutters, trimmers and closers, the bulk of our production force averages under 25," he notes.

Some of the innovations have been relatively inexpensive, requiring simple mechanization of manual procedures. Others, like the pelt grading and matching scanner may take years between concep-

tion and execution. "We've been working with one of the universities for 18 months on this project. Skin matching and grading is a critical operation and there's always a shortage of competent help," notes the young executive. "The system we've developed will not only do the job as accurately, but will also eliminate human error



Operator programming the computerized pattern grading and marking system.



that often comes from fatigue. The computer never gets tired," he comments.

The system is expected to be on stream within two years at a cost of \$1.5 million (Canadian). But the company also expects to recoup the investment in 21 months in terms of savings through greater efficiency, "not to mention what it will mean in terms of quality control," he adds. One such unit, he points out, will be capable of matching out from 2,800 to 3,000 skins in seven hours, or about 10% more than is now done by seven workers in that period. Furthermore, the matched skins will be placed on wire hangers by robotic arms, which also will hang them on racks.

Subsidies to Train Workers

Taran declines to identify the educational institutions or equipment manufacturers with which the firm is working. He does acknowledge, however, cooperation from various governmental agencies in the form of either outright grants for systems development or wage subsidies for training new workers.

The company employs over 300 workers in its 100,000-square-foot plant. It also contracts out some work locally and operates a factory in Korea, which produces some more labor-intensive items like fur-leather combinations. Overall, it turns out

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE BOYER

NAME: AL JONES
TITLE:
ADDRESS: PO BOX 693
CITY: FAIRBANKS ZIP: 99707
PHONE: 479-5458
BILL NO: HB 395
SUBJECT: FUR ANIMAL COLLECTION PERMITS
MESSAGE: I AM ADAMANTLY OPPOSED TO THE PASSAGE OF THIS BILL AS I FEEL THAT
OVER THE LONG RUN IT WILL DO NOTHING BUT SEVERELY DEPRESS PRICES FOR ALL
FURBEARERS AS WE HAVE SEFN HAPPEN IN THE FOX INDUSTRY. PLEASE DO EVERYTHING
IN YOUR POWER TO ASSURE THIS BILL DOES NOT PASS.

POMID: 07152930
DATE: 02/01/88
TIME: 15:29:30
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

| | |
|---------|------------|
| DAVIS | COGHILL |
| FRANK | FAHRENKAMP |
| KOPONEN | FANLING |
| MILLER | |

EF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE BOYER

NAME: MIKE CHAPIN

TITLE:

ADDRESS: P.O. BOX 84049

CITY: FAIRBANKS

ZIP: 99708

PHONE: 455-6520

BILL NO: HB 395

SUBJECT: FUR ANIMAL COLLECTION PERMITS

MESSAGE: HB 395 WILL EVENTUALLY, SERIOUSLY, HURT THE TRAPPING COMMUNITY. RANCHE
 RANCHED FOX AND MINK HAS RUINED THE MARKET FOR WILD SPECIES. FARMING MINK AND
 MARTIN WILL RUIN THOSE MARKETS. PLEASE OPPOSE HB 395.

EOM-FZ

POMID: 07101735

DATE: 03/24/88

TIME: 10:17:35

LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

DAVIS
 FRANK
 KOPONEN
 MILLER

COGILL
 FAHRENKAMP
 FANNING

EF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE BOYER

NAME: HELEN HICKOX

TITLE: FAMILY CLINICIAN

ADDRESS: POB 15000-52

CITY: WASILLA

ZIP: 99687

PHONE: 376-4262

BILL NO: HB 4

SUBJECT: EXTENDING ALASKA WOMEN'S COMMISSION

MESSAGE: PLEASE SUPPORT THE ALASKA WOMEN'S COMMISSION, THEIR HOMES,
 POSTERS, BOOKLETS. WE CAN'T DO IT WITHOUT THEM.
 THEY MUST HAVE FULL ALLOTMENT FOR THEIR OWN PROGRAMS,
 NOT AS AN ADJUNCT OF SOMETHING ELSE.

POMID: 14115431

DATE: 03/24/88

TIME: 11:54:31

LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON
 MENARD
 ADAMS
 BROWN
 DAVY
 FRANK
 GOLL
 POURCHOT
 RIEGER
 SWACKHAMMER
 WALLIS
 DONLEY
 ELLIS
 GRUENBERG
 HANLEY
 HUDSON
 KOPONEN
 PHILLIPS

KERTTULA
 SZYMANSKI
 BINKLEY
 DUNCAN
 FISCHER
 HALFORD
 HENSLEY
 UENLING
 ZHAROFF
 FANNING
 JONES
 JOSEPHSON

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

April 1, 1988

Mike Chapin
P. O. Box 84049
Fairbanks, Alaska 99708

Dear Mike,

Thank you for contacting me regarding HB 395, relating to animal collection permits. I have checked with Representative Cotten, co-chair of the House Resources Committee to find out what transpired at the hearing on the bill last week. There was little support for the bill from either the public or state agencies, and it is not known at this time if it will receive another hearing or die in the Resources committee. In any case, HB 395 does not appear likely to pass this year. I have forwarded a copy of your public opinion message to the House Resources Committee, and it will be placed into the record on the bill.

Sincerely,

A handwritten signature in cursive script that reads "Mark Boyer".

Mark Boyer
Representative

MB/ef
cc: Representative Sam Cotten

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE BOYER

NAME: CHARLENE HUTTON

TITLE:

ADDRESS: BOX 103233

CITY: ANCHORAGE

PHONE: 563-3048

ZIP: 99510

BILL NO:

SUBJECT: STATE SHORTFALL

MESSAGE: I STAND ADAMANTLY OPPOSED TO USING RAILBELT ENERGY FUNDS OR SUSPENDING THE OIL INDUSTRY TAX CUT. THE SHORTFALLS MUST BE TAKEN OUT OF THE OPERATING BUDGET BY REDUCING THIS HORRENDOUS STATE SPENDING.

POMID: 03155942

DATE: 03/25/88

TIME: 15:59:42

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

| | | |
|-------------|-------------|--------------|
| ADAMS | BARNES | ABOOD |
| BOUCHER | BROWN | BINKLEY |
| CATO | COLLINS | COGHILL |
| COTTEN | DAVIDSON | DUNCAN |
| DAVIS | DONLEY | ELIASON |
| ELLIS | FRANK | FAHRENKAMP |
| FURNACE | GOLL | FAIKS |
| GRUENBERG | GRUSSENDORF | FANNING |
| HANLEY | HERRMANN | FISCHER |
| HOFFMAN | HUDSON | MALFORD |
| KOPONEN | LARSON | HENSLEY |
| MARTIN | MENARD | JONES |
| MILLER | NAVARRE | JOSEPHSON |
| PEARCE | PETTYJOHN | KELLY |
| PHILLIPS | POURCHOT | KERTTULA |
| RIEGER | SHULTZ | RODEY |
| SPRINGER | SUND | STURGULEWSKI |
| SWACKHAMMER | TAYLOR | SZYMANSKI |
| ULMER | WALLIS | UEHLING |
| ZAWACKI | | ZHAROFF |

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE BOYER

NAME: JOHN SELLE

TITLE:

ADDRESS: 751 LANCASTER

CITY: FAIRBANKS

PHONE: 457-7345

ZIP: 99712

BILL NO: HB 395

SUBJECT: FUR ANIMAL COLLECTION PERMITS

MESSAGE: ADAMANTLY OPPOSE HB 395. I'M A TRAPPER AND FEEL WE MUST PROTECT OUR MARKETS ON WILD SPECIES.

POMID: 07152655

DATE: 03/25/88

TIME: 15:26:55

LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

| | |
|---------|------------|
| DAVIS | COGHILL |
| FRANK | FAHRENKAMP |
| KOPONEN | FANNING |
| MILLER | |

EF

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

April 1, 1988

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

John Selle
751 Lancaster
Fairbanks, Alaska 99712

Dear John,

Thank you for contacting me regarding HB 395, relating to animal collection permits. I have checked with Representative Cotten, co-chair of the House Resources Committee to find out what transpired at the hearing on the bill last week. There was little support for the bill from either the public or state agencies, and it is not known at this time if it will receive another hearing or die in the Resources committee. In any case, HB 395 does not appear likely to pass this year. I have forwarded a copy of your public opinion message to the House Resources Committee, and it will be placed into the record on the bill.

Sincerely,

A handwritten signature in cursive script that reads "Mark Boyer".

Mark Boyer
Representative

MB/ef
cc: Representative Sam Cotten

Alaska Trappers Association
P.O. Box 82177
Fairbanks, AK 99708

10 EF

Dear Legislator:

RE: HB 395 An Act relating to collection permits.

The Alaska Trappers Association wishes to comment on lines 14-17 of this bill.

First, the bill reads "the Commissioner shall issue..." Deleting shall and inserting "may" will give the Department of Fish and Game the discretion to examine any application on its merits.

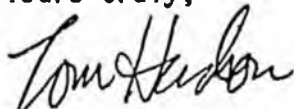
Second, and more importantly, we feel that granting permission to domesticate most of Alaska's furbearing species would eventually have a disastrous affect on wild fur prices and, in turn, on the winter economy of rural Alaska.

Earlier this century, a silver fox (color phase of the red fox species) would net a lucky trapper the equivalent of 6 years wages. A cross fox would bring 3 to 4 months wages. The proliferation of ranched fox has been the single most important factor in the drop of these prices of what once was a rare fur.

We would not like to see the price of Alaska's furbearers such as lynx, marten and others lose their rightful place in the world fur market due to ranching.

Perhaps the bill could be amended to allow the taking of live fox or mink, since these species are already commonly ranched. We are however, adamantly opposed to the domestication of other species.

Yours truly,



Tom Hudson, Acting President
Alaska Trappers Association

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

April 1, 1988

Tom Hudson, Acting President
Alaska Trappers Association
P. O. Box 82177
Fairbanks, Alaska 99708

Dear Tom,

Thank you for contacting me regarding HB 395, relating to animal collection permits. I have checked with Representative Cotten, co-chair of the House Resources Committee to find out what transpired at the hearing on the bill last week. There was little support for the bill from either the public or state agencies, and it is not known at this time if it will receive another hearing or die in the Resources committee. In any case, HB 395 does not appear likely to pass this year. I have forwarded a copy of your letter to the House Resources Committee, and it will be placed into the record on the bill.

Sincerely,

A handwritten signature in cursive script that reads "Mark Boyer".

Mark Boyer
Representative

MB/ef
cc: Representative Sam Cotten

3/28

HB 395/393

Mike Miller

Phx - RJ Caska - fur farmers.

Dean Wilson - Trappers.

Keith Miller - a trapper.

→ does ADF+G reg on live trapping contradict statute?

S AAC 92 043 (may)

vs.

16 OS 340 (b) (shall)

Mark Landman - wants to raise animals

→ ADF+G permits to import spp./animals fr. out of state?

ADF+G has an application pending

to start new farms for unfarmed spp (marten/lynx)

ADF+G has authy, w/ det. on interest of the gen'l public in trapping
+ fur farming -

Don Ritter - mgr. Ark Div'n Pub Health Nix'n Health Lab -

Tom Drew - pro-~~trapping~~ farming

Rice - pro-~~trapping~~ farming

Gerald Victor - pro-farming -

→ do we know if people w. valid law + tried to export Ark animals for outside breeding stock? how many vol'ns?

HB

402

STATE OF ALASKA THE LEGISLATURE

FOURTH STATE CAPITOL
SUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 19, 1988

SUBJECT: House Bill 402

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

FROM: Jack Chenoweth.
Legislative Counsel

Drafts of proposed Labor and Commerce Committee Substitutes are enclosed. Per instruction, I've tightened the title of the bill(s). The codified provisions of the bill drafts are identical.

The State Procurement Code (AS 36.30) is applicable to the Alaska Industrial Development and Export Authority. AS 36.-30.310 authorizes use of emergency procurement techniques when

. . . a situation exists that makes a procurement through competitive sealed bidding or competitive sealed proposals impracticable or contrary to the public interest

The decision in the matter is the prerogative of the procurement officer. To avoid unwarranted intrusion of the legislative branch into a decision committed to an agency of the executive branch, I have drafted bill section 4 of both versions, the section authorizing use of emergency procurement techniques, only to provide evidence upon which the procurement officer may make the decision rather than directing the officer to reach that conclusion.

Version B incorporates only the authorization to undertake the feasibility study for the state park development project.

Version L incorporates the bond issuance approval language for that project.

Bill section 5 of version L gives pause. Under AS 44.88.-090(g),

The authority may not

(2) issue revenue bonds other than refunding bonds for a project under AS 44.88.155 - 44.88.159, for a development project under AS 44.88.172 - 44.88.177, or to provide money to finance, guarantee, or insure an exporting transaction under AS 44.88.300 - 44.88.390, in an amount greater than \$50,000,000 during any 12-month period beginning after June 30, 1981, unless the issuance is included separately in the estimates required in the report of the authority under AS 44.88.210(b) and unless the legislature, by law, approves the issuance.

Under AS 44.88.210(b), the authority is to incorporate into its annual report its estimates of "investment activity of the authority . . . for the following 12-month period" and "[its] estimate of the amount of bonds to be issued during the following 12-month period." Presumably these requirements apply to projects whose financing the authority has approved through the regular project-approval process set out in AS 44.88.160 - 44.88.177.

The April 16 transmittal letter from Commissioner Smith that accompanied this work draft request suggests that the bond approval is contingent on a favorable outcome from the feasibility study. But that is not the thrust of the suggested language set out in that letter. As drafted, based on the language offered by the commissioner, bill section 5 of version L would give the Alaska Industrial Development and Export Authority a "green light" on the issuance of the revenue bonds without respect to the findings and conclusion of the feasibility study, the completion of which is directed in bill section 4.

Directing approval of bonds for a specific project without compliance with existing legal requirements is arguably unconstitutional, either as a violation of the prohibition on enactment of "local or special legislation" under Article II, section 19 of the state constitution, or as a legislative intrusion into the prerogative of the executive to determine the soundness of proposed projects, a violation of the doctrine of the separation of powers first recognized in Bradner v. Hammond, 553 P.2d 1 (1976).

Representative Dave Donley
Page 3
April 19, 1988

Finally, I assume that you are satisfied that the proposed Chugach State Park project meets the definition of a "development project" set out in AS 44.88.900(4).

Enclosures

JBC:bb
b5/016

H B

4 0 8



RECEIVED MAR 7 1988

March 2, 1988

The Honorable Cliff Davidson
Alaska State Legislature
P. O. Box V
Juneau, AK. 99811

Dear Representative Davidson:

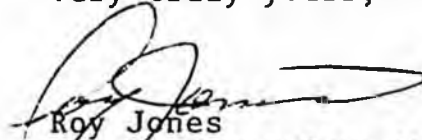
We have reviewed your proposed legislation represented by House Bill No. 408.

As a shore based fishery, we pay a fair share of fish tax and as such, feel that every processor in the state should share this burden.

This company realizes that the share of tax that is returned to the communities is a very important source of revenue in order to keep them solvent (especially with the depressed position we are now experiencing).

John Cabot Company would like to have it on record that we fully support your bill and grateful to see that you have taken the concerns of Alaska and the Alaskan people seriously.

Very truly yours,



Roy Jones
Alaska Operations Manager

RJ:sc

cc: Representative Adelheid Hermann
Representative Lyman Hoffman
Representative Mike Navarre

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

January 28, 1988

The Honorable Cliff Davidson
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Davidson:

Per your request we have reviewed your proposed legislation implementing the Fisheries Business Tax on resources processed outside our taxing jurisdiction and transported into our taxing jurisdiction. Before we get into the specifics of the bill language I would like to bring out a few points that I believe should be addressed.

1. The incidence or taxable event under current statutes AS.43.75 on fisheries resource is on the processing of that resource. Under your proposed legislation included in that event would be the resource processed at sea, Economic Enhancement Zone (E.E.Z.), and brought into our state waters. The shore-based fish processors currently pay anywhere from 1% to 4.5% on resources they process. Floating processors are currently paying only about 20% of the total tax collected under 43.75. However, it is estimated that over 500 vessels processed and transshipped over 1,200,000 metric tons of fisheries resources last year that the state never received any tax revenue from. So, in addition to giving the floating processors an advantage of 1% to 4.5% over our shore-based facilities, they are doing the majority of the processing. This legislation would put shore-based and floating facilities on equal footing in this competitive market.

As you know many communities are providing support services to the fishing industry and yet are not receiving any revenues from the activity. As a result the economic gain that this industry is experiencing has turned out to be in some cases an economic drain to the communities in which it is occurring. The communities provide fresh water, waste disposal, safe harbors, fueling facilities, police protection, medical facilities, libraries, etc. and yet because the resource is processed outside and brought in they receive no shared revenues.

2. Another benefit we see that could be realized from this bill would be an increase in our compliance with our current statutes and regulations. We believe we are not collecting a significant amount of revenue that is due us. The problem is the floating processors do not report the majority of their processing that is done within our waters.

The Honorable Cliff Davidson
January 28, 1988
Page 2

Unless we literally see the processor operating within our three-mile limit, we cannot prove the processing occurred within our waters. Consequently the crab boom of late 70's and early 80's was a tremendous boost for the fishing industry from which the state realized little or no revenue.

I had an example of this problem addressed to me just last week. A Seattle based crab processor who operates a 110' vessel, just filed an amended fisheries business returns for the last five years claiming hundreds of thousands of dollars of refunds. Prior to processing these claims we called his office in Seattle and inquired why he had reduced all his poundage totals by 80%. He explained that he had been paying the tax all along thinking the rest of the vessels were doing likewise. Then his accountant questioned why he was paying our tax, when other clients fishing the same resource were not. He questioned several of the other Seattle based operators who confirmed this.

3. The total revenue raised from Fisheries Business Tax for the FY87 was \$26,605,102. This revenue was generated from a resource value on Fisheries Business Returns for 1986 amounting to \$721,000,000. We know that the value of the bottom fisheries alone is over \$1 billion dollars. We believe the total resource value passing through our state waters to be over \$1.8 billion. That means we may have a shortfall of at least \$1 billion from our tax base under current statutes. This bill would certainly increase our revenues dramatically. Increasing our base by the \$1 billion would increase our revenues by \$50 million. This revenue would be raised from a portion of the industry that is paying no state taxes, and yet competing with our own state processors, who are paying their fair share. Fifty percent of that revenue would be shared back directly to the communities that are providing the services for those activities.

4. Another benefit that would be realized by the proposed legislation would be substantial increase in the budget of A.S.M.I. (Alaska Seafood Marketing Institute.) Under AS.16.51 processors who are liable for Fisheries Business Taxes also pay .03% of the value of the processed resource to the Department of Revenue. These amounts are then appropriated to A.S.M.I. as their working budget to help promote the Alaska Seafood Industry. Certainly the floating processors who have been operating in the EEZ zone have benefited from A.S.M.I. efforts and should be helping to support their mission. This legislation would do that.

5. As I am sure you are aware, this type of taxation is not new and certainly could withstand constitutional muster. The state of Washington has successfully taxed seafood products both food fish and shellfish for years with similar taxes. In fact, Washington taxes King Salmon at the rate of 5% that are taken from Alaskan Waters and landed in Washington. What this means is they are taxing an Alaskan fisheries resource that we, presently, are not able to. This legislation corrects that.

The Honorable Cliff Davidson
January 28, 1988
Page 3

As far as the specific language in the bill we have just a few comments that may aid our administration of the tax:

1. Provide for a definition of the taxable event such as:

(1) The taxable event is the first possession in Alaska by an owner.

Processing and handling of fisheries resource by a person who is not the owner is not a taxable event to the processor or handler.

2. Rather than excluding the tax on the resource that has been previously taxed, allow a credit for those taxes paid. In a situation such as Dutch Harbor that has a 1% landing tax for all resource that cross their dock, this would still allow the resource to be taxed by the state at 5% and giving a credit for the cities 1% landing tax, an example:

(2) A credit shall be allowed against the tax with respect to any tax previously paid on the same resource. To qualify, the owner must have documentation of that tax being paid.

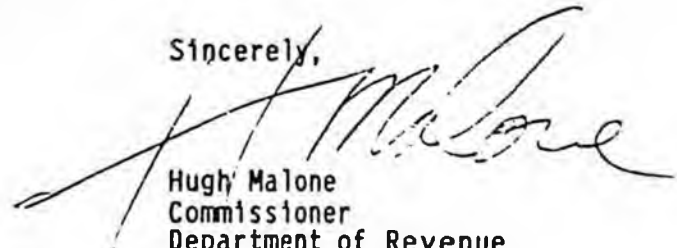
3. In the instance shore the resource may be further processed:

(3) Any further processing should be exempt from additional taxation.

These are just our initial reactions to this legislation. Upon further review and completion of fiscal notes a more detailed analysis will be completed that will provide data with specific industry statistics.

If you need any further assistance, please contact John Hansen with our Income and Excise Audit Division.

Sincerely,



Hugh Malone
Commissioner
Department of Revenue
(907) 465-2300

HM:tw
88-24

Alaska Legislative Digest

An Inside View of Alaska Policy

PUBLISHERS:
Mike Bradner / Tim Bradner

Business Office: 344-2455
3037 South Circle
Anchorage, AK. 99503

Helping Communities Offset Service Impacts

No. 4/88
February 5, 1988

Fish Tax: Going After The "Floaters"

Extending Alaska's raw fish tax to processed fish product moved through state waters from the federally-controlled Economic Enhancement Zone (E.E.Z.) could add \$50 million to state revenues, help coastal communities provide public services to the offshore fleet, and put Alaska shore-based processors on a more equal footing with offshore "floaters" who now largely avoid the impact of Alaska's fish tax, State Revenue Commissioner Hugh Malone says. Malone's comments were in a memorandum to Rep. Cliff Davidson of Kodiak, prime sponsor of legislation (HB-408) extending the tax to product moved through state waters.

"Shore-based fish processors currently pay anywhere from 1%-4.5% on resources they process. Floating processors are currently paying only 20% of the total tax collected under AS 43.75 (the current statute). However, it is estimated that over 500 vessels processed and transshipped over 1.2 million metric tons of fisheries resources last year that the state never received any tax revenue from. So, in addition to giving the floating processors an advantage of 1% to 4.5% over our shore-based facilities, they are doing the majority of the processing. This legislation would put shore-based and floating processors in equal footing in this competitive market."

Malone said new state revenues would be shared with coastal municipalities providing services to the offshore floaters. "Many communities are providing support services to the fishing industry (working in the EEZ) and yet are not receiving any revenues from the activity. As a result the economic gain that this industry is experiencing has turned out to be in some cases an economic drain to the communities in which it is occurring. The communities provide fresh water, waste disposal, safe harbors, fueling facilities, police and medical facilities, and yet because the resource is processed outside (state waters) and brought in they receive no shared revenues." (Continued Pg. 8)

Fish Tax: The Facts

Alaska Fisheries Business Tax Total FY 87
Revenue: \$26.6 Million.

Resource value reported on Fisheries Business
Tax returns: \$721 Million.

Estimated resource value passing through state
waters: \$1.8 Billion.

Increased Revenues, HB-408: \$50 Million

Inside this week's Digest:

***TOURISM PLANS: The new budget, new
direction.....Page 3

***TAPS SETTLEMENT: Worth \$1.5 billion to
state.....Page 2

***BRADLEY LAKE HYDRØ Why it's needed
nowPage 2

***SCHOOL "DISPARITY TEST": Feds "un-
officially" not impressed with state case. Page 7

***MANDATORY RURAL BOROUGHS
CRA holds HB-1 for teleconferences....Page 7

***STATUS OF BILLS: Introductions, com-
mittee action, floor action.....Page 4/5

Fish Tax: Revenue Department Likes HB-408 (Cont.)

(Continued from Page 1) The change would also increase compliance with current statutes, Malone said. "We believe we are not collecting a significant amount of revenue that is due us. The problem is that the floating processors do not report the majority of their processing that is done within our waters. Unless we literally see the processor operating within our three-mile limit, we cannot prove the processing occurred within our waters," he said. For example, the crab boom of the late 1970s and early '80s was a tremendous boost for the fishing industry from which the state realized little or no revenue. Another benefit, he noted: A substantial boost to industry contributions to Alaska Seafood Marketing Institute. Under AS 16.51, processors liable to fisheries business taxes also pay .03% of the value of the processed resource to the state, which is turned over to ASMI to promote Alaska seafood products. "Certainly, the floating processors who have been working in the EEZ have benefited from ASMI efforts and should be helping to support the mission."

Real Estate Crises - Dave Rose's "Options Paper"

The only way to really improve battered commercial and residential real estate markets in major Alaska cities is to somehow take supply off the market, because the chances of new demand (created by population influx) is unlikely for the near to medium-term. Dave Rose, Alaska Permanent Fund Corp. executive director, has put together an informal 'options' paper for legislators to consider, if the decision is made that state intervention is necessary. Rose, a veteran finance specialist who helped put together the Alaska Industrial Development Authority and the Alaska Municipal Bond Bank, isn't convinced intervention is really necessary, but if there is to be some state action, Rose wanted it done in constructive manner. What also stimulated the paper, of course, was Anchorage Mayor Tom Fink's suggestion to tap Permanent Fund earnings to finance an economic aid program. Rose thought that wasn't necessary, and wanted to show lawmakers how it could be done "on the cheap."

Two key parts of Rose's plan involve taking supply off the market, which he feels is necessary to really help the problem. One suggestion is creation of a state-chartered "stabilization bank" that would receive loans and other assets from Federal Deposit Insurance Corp. and other institutions that want to participate. The bank would issue stock in 'payment' for the assets. FDIC and the other institutions would own and control this bank, though it would function under state banking regulation. Little state money would be involved, although the state could sweeten the deal to encourage FDIC and others in by providing a small amount of startup money, in return for stock. The essential thrust, however, is to create an entity to manage the orderly, coordinated liquidation of assets over a period of time. This lessens the threat of competitive selling between the institutions, which would further undermine real estate markets. It allows FDIC and the others to "get on with life", Rose says, leaving liquidation of the assets with a management group, the bank staff.

A second major element of Rose's plan involves the state more directly, though the financial outlay would also be minimal, he thinks. This would see AIDA, or some other entity, buy up substandard properties in foreclosure at the current price for the land. The buildings would then be destroyed, with the land then resold gradually as values improved over time. This is a low-risk strategy, Rose thinks, because in many cases the land is worth more vacant than with the buildings now on them. It might take 10-15 years to sell, but the chances of the state turning a profit are very good. This could also be a trust or an endowment, reserving an income stream to education, for example.

Other parts of the plan: State and local officials should press the federal Housing and Urban Development agency to destroy Hollywood Vista and Willow Park, two low-income housing projects in poor condition. Legislative resolutions urging this would be appropriate, as well as legislative resolutions urging Alaska State Building Authority and Alaska Housing Finance Corp. to get on with new solutions to the housing surplus, like using surplus condos for student or low-income housing.

Subscribe Now! Legislative Digest

Special introductory rate: \$150/year

Name _____

Address _____

City _____ State _____

Zip Code _____

A suggestion by Rose that is bound to be controversial would see moratoriums on loans for new construction by AHFC and AIDA for a period of time, perhaps with a mechanism where local governments could petition for exceptions in communities without large stocks of surplus commercial and residential property. Municipalities should also take responsibility themselves, Rose says, by imposing their own moratoriums in different ways, to encourage faster absorption of the surplus.

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

March 15, 1988

Honorable Cliff Davidson
Alaska State Representative
P.O. Box V
Juneau, Alaska 99811

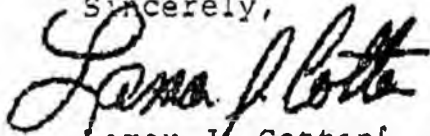
RE: HB 408

Dear Representative Davidson:

The correspondence serves as a letter of support for HB 408. This legislation will, in effect, help create a balance with respect to offshore and onshore processing. There seems to be a definite trend toward floaters that once operate in Alaska waters now are statin that they are operating further than three miles out and therefore exempt from both local and State taxes. Moreover, too often processors that are operating outside still use Alaska port and harbor facilities without paying any type of local tax. This legislation clearly addresses this issue. It is our opinion that this is not an additional tax on Alaska fisheries but merely one that fairly and uniformly places a tax on all processing activities around the State of Alaska.

As an entity that expects to foresee an increase of processing in the near future, this legislation will help both local and State government better deal with the fish processing industry and clearly assist in establishing better data for State as well as the industry.

Sincerely,



Lamar J. Cotten
Borough Administrator
1007 W. 3rd., Suite 201
Anchorage, Alaska 99501

CITY OF KING COVE

P.O. Box 37 • King Cove, Alaska 99612 • (907) 497-2340

March 14, 1988

The Honorable Cliff Davidson
Alaska State Representative
P.O. Box V
Juneau, Alaska 99811

RE: HB 408

Dear Representative Davidson:

The City of King Cove supports the adoption of the Committee Substitute for HB 408, an act relating to the fisheries business tax. This support reflects the City's interest to have offshore processors that process and harvest fish resources off Alaska's coast pay their fair share of the cost to effectively manage and support the fishing industry. This cost now disproportionately falls on onshore based processors and Alaska resident fishermen.

We believe that HB 408 will result in significant new revenues for the State and will have minimal negative impact on the amount of offshore processing/fishing activity or on vessel traffic to/from Alaska's coastal communities. Specifically, HB 408 can be a key component of a State fisheries policy that helps accomplish the following goals:

- o Assists in raising the revenues the State needs to effectively manage the fishing industry and provide essential onshore infrastructure to support this industry. The City believes this tax would conservatively raise \$30 million dollars in new tax revenues. Although the State cannot dedicate its revenues, these tax revenues should make it easier for the State to implement a desperately needed domestic observer program and provide funds to assist communities to construct harbors, docks, and other onshore improvements.

- o Provide greater parity between the tax burden placed on onshore processors and offshore processors. The City believes the State should adopt and implement tax policies that encourage onshore processing. Onshore processing provides greater opportunities for the development of community economies.

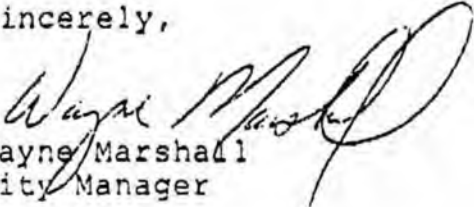
- o Greatly enhance the "tools" the Department of Revenue can use to enforce existing taxes on the offshore processing industry, as well as enforce this new tax. At present, all

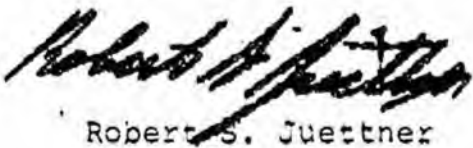
too many offshore processors simply do not pay the State Fisheries Business Tax; they cheat the State and local communities out of tax revenues which they should receive. Many processors avoid existing State taxes by claiming that they were operating in federal, not State waters, and thus do not owe a tax. This bill will eliminate this problem and make this fish product subject to State taxation.

o The State can obtain taxation on some fish species that are caught/processed off Alaska's shores and which are presently only taxed by the State of Washington. The City believes Alaska, not Washington, should benefit from tax revenues levied on these fish species.

A very large fishing industry is happening immediately off Alaska's coast and the State and its communities are receiving only a fraction of the direct benefit from this industry. HB 408 is a reasonable approach the State can use to capture some of this value. The City supports HB 408, and believes this is an appropriate step for the State to take.

Sincerely,


Wayne Marshall
City Manager


Robert S. Juettner
City Administrator

1007 W. 3rd., Suite 201
Anchorage, Alaska 99501
274-7555

cc: Senator Fred Zharoff

AMENDED BY THE LEGISLATURE OF
THE STATE OF WASHINGTON

RECEIVED

Effective July 28, 1985

JAN 15 1988

DEPARTMENT OF REVENUE
STATE OF ALASKA, JUNEAU

Chapter 82.27 RCW

TAX OF FOOD FISH AND SHELLFISH

82.27.010 Definitions. As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise.

(1) "Enhanced food fish" includes all species of food fish, shellfish, and anadromous game fish, including byproducts and parts thereof, originating within the territorial and adjacent waters of Washington and salmon originating from within the territorial and adjacent waters of Oregon, Washington, and British Columbia, and all troll-caught Chinook salmon originating from within the territorial and adjacent waters of southeast Alaska. As used in this subsection, "adjacent" waters of Oregon, Washington, and Alaska are those comprising the United States fish conservation zone; "adjacent" waters of British Columbia are those comprising the Canadian two hundred mile exclusive economic zone; and "southeast Alaska" means that portion of Alaska south and east of Cape Suckling to the Canadian border. For purposes of this chapter, point of origination is established by a document which identifies the product and state or province in which it originates, including, but not limited to fish tickets, bills of lading, invoices, or other documentation required to be kept by governmental agencies.

(2) "Commercial" means related to or connected with buying, selling, bartering, or processing.

(3) "Possession" means the control of enhanced food fish by the owner and includes both actual and constructive possession. Constructive possession occurs when the person has legal ownership but not actual possession of the enhanced food fish.

(4) "Anadromous game fish" means steelhead trout and anadromous cutthroat trout and dolly varden char and includes byproducts and also parts of anadromous game fish, whether fresh, frozen, canned, or otherwise.

(5) "Landed" means the act of physically placing enhanced food fish (a) on a tender in the territorial waters of Washington; or (b) on any land within or without the state of Washington including wharves, piers, or any extensions therefrom. [Ch 413, Laws of 1985, § 1.]

82.27.020 Excise Tax Imposed — Deduction — Measure of Tax — Rates. (1) In addition to all other taxes, licenses, or fees provided by law there is established an excise tax on the commercial possession of enhanced food fish as provided in this chapter. The tax is levied upon and shall be collected from the owner of the enhanced food fish whose possession constitutes the taxable event. The taxable event is the first possession in Washington by an owner. Processing and handling of enhanced food fish by a person who is not the owner is not a taxable event to the processor or handler.

(2) A person in possession of enhanced food fish and liable to [for] this tax may deduct from the price paid to the person from which the enhanced food fish (except oysters) are purchased an amount equal to a tax at one-half the rate levied in this section upon these products.

(3) The measure of the tax is the value of the enhanced food fish at the point of landing.

(4) The tax shall be equal to the measure of the tax multiplied by the rates for enhanced food fish as follows:

(a) Chinook, coho, and chum salmon and anadromous game fish: Five percent.

(b) Pink and sockeye salmon: Three percent.

(c) Other food fish and shellfish, except oysters: Two percent.

(d) Oysters: Seven one-hundredths of one percent.

(5) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (4) of this section. [Ch 413, Laws of 1985, § 2.]

82.27.030 Exemptions. The tax imposed by RCW 82.27.020 shall not apply to: (1) Enhanced food fish originating outside the state which enters the state as (a) frozen enhanced food fish or (b) enhanced food fish packaged for retail sales; (2) the growing, processing, or dealing with food fish which are raised from eggs or fry and which are under the physical control of the grower at all times until being sold or harvested; and (3) food fish, shellfish, anadromous game fish, and byproducts or parts of food fish shipped from outside the state which enter the state, except as provided in RCW 82.27.010, provided the taxpayer must have documentation showing shipping origination of fish exempt under this subsection to qualify for exemption. Such documentation includes, but is not limited to fish tickets, bills of lading, invoices, or other documentation required to be kept by governmental agencies. [Ch 413, Laws of 1985, § 3.]

82.27.040 Credit for Taxes Paid to other taxing authority. A credit shall be allowed against the tax imposed by RCW 82.27.020 upon enhanced food fish with respect to any tax previously paid on that same enhanced food fish to any other legally established taxing authority. To qualify for a credit, the owner of the enhanced food fish must have documentation showing a tax was paid in another jurisdiction. [Ch 413, Laws of 1985, § 4.]

82.27.050 Application of excise taxes' administrative provisions and definitions. All of the provisions of chapters 82.02 and 82.32 RCW shall be applicable and have full force and effect with respect to taxes imposed under this chapter. The meaning attributed to words and phrases in chapter 82.04 RCW, insofar as applicable, shall have full force and effect with respect to taxes imposed under this chapter [1980 c 98 § 5.]

82.27.060 Payment of tax — Remittance — Returns. The taxes levied by this chapter shall be due for payment and remittance therefor shall be made on or before the fifteenth day of the month next succeeding the end of the month in which the tax accrued. The taxpayer on or before the due date shall make out a signed return, setting out such information as the department of revenue may require, including the gross measure of the tax, any deductions, credits, or exemptions claimed, and the amount of tax due for the preceding monthly period, which amount shall be transmitted to the department along with the return.

The department may relieve any taxpayer from the obligation of filing a monthly return and may require the return to cover other periods, but in no event may periodic returns be filed for a period greater than one year. [1980 c 98 § 6.]

82.27.070 Deposit of taxes. All taxes collected by the department of revenue under this chapter shall be deposited in the state general fund. [1980 c 98 § 7.]

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: "An Act relating to the
fisheries business tax."
Sponsor: Davidson, Hoffman, et. al.
Requestor: Resources

Agency Affected: Revenue
BRU: Income and Excise Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|------------------------|-------|----------|----------|----------|----------|----------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | 79.9 | 79.9 | 79.9 | 79.9 | 79.9 |
| TRAVEL | - | - | - | - | - | - |
| CONTRACTUAL | - | - | - | - | - | - |
| SUPPLIES | - | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| EQUIPMENT | - | 4.1 | - | - | - | - |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 86.0 | 81.9 | 81.9 | 81.9 | 81.9 |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | 44,325.0 | 44,325.0 | 44,325.0 | 44,325.0 | 44,325.0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|------|------|------|------|------|
| GENERAL FUND | - | 86.0 | 81.9 | 81.9 | 81.9 | 81.9 |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | 86.0 | 81.9 | 81.9 | 81.9 | 81.9 |

POSITIONS:

| | | | | | | |
|-----------|---|-----|-----|-----|-----|-----|
| FULL-TIME | - | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Steven E. Kettel Director
Division: Income and Excise Audit Division

Phone: (907) 465-2320
Date: March 11, 1988

Approved by Commissioner: Hugh Malone
Agency: REVENUE

Date: 3/11/88

Distribution (by preparer):

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

Prepared By: Steven E. Kettel
Income and Excise Audit Division
March 11, 1988

HB 408 Analysis

Personal Services

| | |
|---------------------|---------------|
| Revenue Auditor III | \$49.3 |
| Tax Examiner I | <u>\$30.6</u> |
| TOTAL | \$79.9 |

Supplies

| | |
|-----------------|-------|
| Office Supplies | \$2.0 |
|-----------------|-------|

Equipment

| | |
|---------------------------|--------------|
| 1 Wang PC with Winchester | \$3.5 |
| Lotus, Version 2 | \$.4 |
| Graphics | <u>\$.2</u> |
| TOTAL | \$4.1 |

| | |
|-------------------|---------------|
| Personal Services | \$79.9 |
| Supplies | \$ 2.0 |
| Equipment | <u>\$ 4.1</u> |
| FY 89 Total | \$86.0 |

Explanation

Implementation of HB 408 would require an auditor position to work out of our Anchorage field office. This position would coordinate with various state and federal agencies to insure compliance and perform periodic audits. Due to the increase in returns filed, an additional tax examiner would be required to process returns, aid in mailouts, taxpayer assistance and other related duties.

Prepared By: Steven E. Kettel
Income and Excise Audit Division
March 11, 1988

HB 408 Analysis

Revenue Estimate

The revenue projection is based on a tax applied to the landing of processed fisheries resources in Alaskan waters. It is assumed that either by statutory language or regulations that the definition of "landing" would include transshipments that occur within Alaska's three mile limit. Based on our knowledge of the industry we estimate the annual value of Alaska fisheries resource to be \$2.5 billion. Americanization of the bottom fish industry estimated to be two billion dollars. We have been able to obtain this estimate from various state and industry sources.

Currently, the Department of Environmental Conservation (DEC) issues permits to vessels operating in the Economic Enhancement Zone (EEZ). This Seafood Permit authorizes the operation of seafood processing vessels. During 1986, DEC permitted 235 vessels to process seafood both in Alaska waters (3 mile) and the Economic Enhancement Zone. These permitted vessels do not include approximately 500 foreign flag vessels that spent 34,000 vessel days operating in the US EEZ in 1986. The exact number of these doing processing is unknown at this time. Of the 235 vessels that were permitted, 152 filed Alaska Fisheries Business returns. The methodology used to arrive at the estimate is as follows:
(Thousands of Dollars)

| | | |
|-----|---|--------------------|
| * A | <u>Estimated Fisheries Resource Value</u> | \$2,500,000.0 |
| B | <u>Fisheries Resource Reported for 1986</u> | <u>\$727,000.0</u> |
| C | <u>Adjusted Resource Value</u> | \$1,773,000.0 |
| D | <u>Estimated Value not landed (50%)</u> | <u>(886,500.0)</u> |
| E | <u>Untaxed Resources Value</u> | \$1,329,750.0 |
| F | <u>Tax Rate</u> | <u>.05%</u> |
| G | <u>Estimated revenue increase</u> | \$44,325.0 |

This estimate is based on HB 408 as drafted. The department believes a few amendments should be made and is currently drafting suggestions to assist in the administration of the landing tax.

* Letters refer to legend on the following page.

Prepared By: Steven E. Kettel
Income and Excise Audit Division
March 11, 1988

HB 408 Analysis

Revenue Estimate LEGEND

- A Estimated Fisheries Resource Value for all fisheries resources processed both in Alaska waters and in EEZ.
- B Fisheries Resource Reported for 1986 on Alaska Fisheries Business License returns filed under AS 43.75.
- C Adjusted Resource Value. Total value less resource already reported on Alaska returns.
- D Estimated Value not landed. Under HB 408, resource that merely passes through Alaskan waters in transit or that never enters Alaskan waters would not be taxed.
- E Untaxed Resources Value. This value is the portion of resource that is currently being landed or transhipped in Alaskan waters and not being taxed under AS 43.75.
- F Tax Rate. HB 408 provides for the tax rate of 5%. This rate could be adjusted depending on the desired revenue and/or economic goals.
- G Estimated Revenue Increase. This increase is based on 50% of the resource not being taxed under HB 408 which we believe to be low.

CHAPTER 77 Fisheries Landing Tax

I. Excise Tax Imposed

- a) In addition to all other taxes, licenses, or fees provided by law, there is established an excise tax on the commercial possession of processed fisheries resource as provided in this chapter.
- b) The tax is levied upon and shall be collected from the owner of the processed fisheries resource.
- c) The taxable event is the first landing in Alaska of the processed fisheries resource. Processing and handling by a person who is not the owner is not a taxable event to the processor or handler.
- d) The measure of the tax is value of the processed fisheries resource [at the point of landing] multiplied by a tax rate of 3%. The term landing or "landed" means the act of physically placing the processed fisheries resource:
 - 1) on a vessel for transshipment [while in territorial waters] of Alaska, or
 - 2) on any land within the State of Alaska including wharves, piers, or other such facilities.

II. Exclusion from Fisheries Landing Tax

- a) The tax imposed by this chapter shall not apply to:
 - 1) Processed Fisheries Resource entering Alaska waters as cargo and merely passing through Alaska waters and not landed.
 - 2) Processed Fisheries Resources not derived from an Alaska Managed fisheries resource, and packaged for retail sales in Alaska.

III. Credit for Taxes Paid

- a) A credit shall be allowed against the tax imposed in this section with respect to any excise tax on the same fisheries resource paid to any other foreign country, state or municipal taxing authority. The credit shall be limited to 50% of the tax liability. To qualify for a credit, the department may request documentation that the tax was paid with the required return.

IV. Filing Return and payment of tax

- a) An owner subject to the tax imposed in this chapter shall file a return with the Department, stating the value of the processed fisheries resource, and other such information as the department prescribes by regulation. The return shall be signed by the owner or an authorized agent, under penalty of perjury.
- b) The return shall be made on the quarterly basis of the calendar year.

c) The return and payment of tax shall be due on or before the last day of the month next succeeding the end of the last month in the quarter.

d) An annual return reconciling the four quarters and providing for additional payment of taxes due, if any, shall be filed on or before January 31, after the close of the calendar year.

e) Every owner engaged in a Fisheries Business in which a return is required under this chapter shall keep records, make statements under oath, file returns, and comply with all regulations which the Commissioner of Revenue may adopt.

f) When the department considers it is necessary, it may require a person, by notice served upon the person, to file a return, make such statements under oath, or keep and display to it such records as it considers sufficient to show the tax for which the person is liable. If a person fails to file a return as prescribed by law or by regulation, or makes wilfully or otherwise, a false or fraudulent return, the department shall make the return from the information which it can obtain. A return made by the department is prima facie good and sufficient for all legal purposes. (§ 3 ch 82 SLA 1949; am §§ 2,3 ch 146 SLA 1962; am §§ 5,6 ch 79 SLA 1979)

g) If a person fails to file a return or pay the tax, all permits and or licenses to operate issued by the State may be suspended or revoked.

h) The Department may adopt regulations necessary for administration of the tax imposed in this chapter.

V. Refund to local governments

a) Except as provided in "d" of this section, the commissioner of revenue shall pay

1) to each unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter;

2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

3) to each borough

A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

1) to each city that is located in a borough incorporated after June 16, 1987 the following percentages of the tax revenue collected in the city from taxes levied under this chapter;

- A) 45 percent of the taxes collected during the calendar in which the borough is incorporated;
- B) 40 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;
- C) 35 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and
- D) 30 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

2) to each borough that is incorporated after June 16, 1987, the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

- A) 5 percent of the taxes collected during the calendar year in which the borough is incorporated;
- B) 10 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;
- C) 15 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and
- D) 20 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

e) Notwithstanding the provisions of (d) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (d)(1) of this section to the borough in which the city is located.

VI. Definitions

- a) "Department" means the Department of Revenue
- b) "Owner" means a person who actually owns the processed fisheries resource at time of first landing in Alaska.
- c) "Landed" means the act of physically placing processed fisheries resources on a vessel for transshipment while in territorial waters of Alaska or on any land within the State of Alaska including wharves, piers, or other such facilities.
- d) "Value" means the actual price received by the owner for the processed fisheries resource at the point of landing except that "value" means the market value of the fisheries resource if a sale is not consummated between unrelated persons at the time the resource is landed.

- e) "Processed Fisheries Resource" means fin fish, shellfish and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock, that has had any activity which modifies the physical condition of a fisheries resource, including butchering, freezing, salting, cooking, canning, dehydrating, or smoking; however, "processing" does not include decapitating shrimp and gutting, gilling, sliming, or icing a fisheries resource solely for the purpose of maintaining the quality of the fresh resource.
- f) "Alaska Waters" means inside Alaska's 3 mile territorial waters.
- g) "Commercial" means related to or connected with buying, selling, bartering, or processing.
- h) "Possession" means the control of the processed Fisheries Resource by the owner and includes both actual and constructive possession.
- i) "Tranship" means the act of physically transferring processed fisheries resources from one vessel to another inside Alaska waters.

H B

4 2 1

FISCAL NOTE

REQUEST:

Revision Date: 02/22/88
Title: Extension of the exemption from the levy & collection of the tax imposed on certain oil & gas pipeline transportation property during the period of pipeline construction
Sponsor: Donley, et al
Requestor: House Labor & Commerce

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|--------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | - | - | - | - | - |
| TRAVEL | - | - | - | - | - | - |
| CONTRACTUAL | - | - | - | - | - | - |
| SUPPLIES | - | - | - | - | - | - |
| EQUIPMENT | - | - | - | - | - | - |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | - | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

(see attachment)

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | - | - | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | - | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | - | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS: (Attach a separate page if necessary)
(see attachment)

Prepared By: Wm. Floerchinger, Director Phone: 276-1363
Division: Oil and Gas Audit Date: 02/22/88
Approved by Commissioner: Hugh Malone Date: 02/22/88
Agency: Department of Revenue

Distribution (by preparer):

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

STATE OF ALASKA
DEPARTMENT OF REVENUE
OIL & GAS AUDIT DIVISION

MEMORANDUM

TO: Royce Weller
Commissioner's Office

FROM: Clyde Benson
Petroleum Property Tax Section

THROUGH: William Floerchinger
Director, Oil & Gas Audit Division
Oil & Gas Audit Division

DATE: February 18, 1988

SUBJECT: Property Tax Section response to CS for H.B. 421

In reading the purpose section of this bill, I understand the sponsor's desire to encourage a major construction project within Alaska. However, I am unable to envision any set of circumstances which would make pre-investment in an oil or gas pipeline a viable option simply to avoid a two percent property tax. Hopefully, the following will support this position.

1. Traditionally, some portion of a pipeline is built with borrowed funds. The prime rate has been in the vicinity of ten percent for the last several years.
2. It is reasonable to believe any major corporation could earn substantially more than two percent on it's own capital.
3. Using last years valuation of the TAPS line, the Oil & Gas property tax represented approximately 21 cents of the nearly four dollar tariff.
4. Property taxes paid during construction of a line are allowed into the owner's rate base and recovered in full during the useful life.
5. In discussions with our own economists and contract petroleum engineers, no one believed that the absence of a property tax would be a factor in

bringing on a marginal oil or gas field. Price has generally been the driving force.

6. Section 2. (b) appears to prohibit a municipality from taxing the property if a State exemption is granted. Typically, impact from a major construction project is felt at the municipal level first; impacting schools, fire, police and utilities. Property taxes are normally the source of funds to respond to these increased demands.
7. Under Section 3. (a) (1), it is difficult to imagine what proof a taxpayer could provide which demonstrates how granting an exemption would cause pipeline construction substantially earlier than economically feasible.
8. Section 3. (a) (2) places the Department in the uncomfortable position of determining whether the potential economic activity or property tax provides the most benefit to the State and municipalities. It is quite possible to visualize situations in which one entity benefits while the other is adversely impacted.

Since pipelines exist within Alaska which have cost as little as ten million and as much as eight billion, no attempt has been made to measure the advantages of increased economic benefit versus property taxation.

If the Labor and Commerce committee is interested in proposing a hypothetical pipeline our section would be agreeable in estimating potential losses in property tax. I believe either Vince Wright's or Chuck Logsdon's section would be better equipped to provide the dollar estimates from increased economic activity.

STATE OF ALASKA
DEPARTMENT OF REVENUE
OIL & GAS AUDIT DIVISION

MEMORANDUM

RECEIVED
ALASKA DEPARTMENT OF REVENUE

FEB 09 1988

OFFICE OF THE COMMISSIONER

TO: Royce Waller
Commissioner's Office

FROM: Clyde Benson
Petroleum Property Tax Section

THROUGH: William Floerchinger
Director, Oil & Gas Audit Division
Oil & Gas Audit Division

DATE: February 8, 1988

SUBJECT: Property Tax Section response to H.B. 421

In our initial reading of the bill we are somewhat confused as what its purpose is. Section 1. (d) states in part: "A taxpayer whose property is exempted from tax under (b) of this section may obtain an extension of the exemption for the property...."

The reference to (b) of this section leads us to the phrase "There is exempt from state taxes levied or authorized under 10(a) of this chapter, before the construction commencement date, property which is committed by contract or other agreement for use in this state primarily for the production or pipeline transportation of gas or unrefined oil....".

The construction commencement date is defined under AS 43.56.210 (2) as: "the earlier of April 1, 1974 or the date the following occur:".

The statement "the earlier of" would virtually eliminate any property on which construction commenced after April 1, 1974. This language effectively eliminates any exemption.

We have assumed this was an over-site in H.B. 421 and is not the actual intent.

A literal reading of this bill would purport to, upon application by the owner, exempt from State property tax the production facilities and pipeline property of any future oil and gas fields in Alaska, including development

of the Prudhoe Bay gas cap and/or any ANWAR expenditures, during the construction phase.

We do not have any information on the costs of development for ANWAR or any other undeveloped oil and gas properties in Alaska and therefore are reluctant to assign potential losses in State tax revenue. The data we have regarding gas production from the Prudhoe Bay field is somewhat dated and cannot be relied upon with any real certainty. Below are listed our assumptions regarding potential investment and resultant losses in property tax revenues:

| | |
|-----------------------------------|-------------------------|
| Prudhoe Bay Gas Plant | \$ 2,000,000,000 |
| TransAlaska Gas Line | 9,000,000,000 |
| Associated pipelines & facilities | 1,000,000,000 |
| Total investment | \$12,000,000,000 |

Assuming a three year construction schedule with equal expenditures each year the following losses in State revenue occur:

| | |
|---------------------------------|-----------------------|
| Year 1 - 33% of 12,000,000,000 | \$4,000,000,000 |
| Tax Rate | .02 |
| | <u>\$ 80,000,000</u> |
| Municipal share (est.) | (40,000,000) |
| Net State loss | <u>\$ 40,000,000</u> |
| | ===== |
| Year 2 - 66% of 12,000,000,000 | \$8,000,000,000 |
| Tax Rate | .02 |
| | <u>\$ 160,000,000</u> |
| Municipal share (est.) | (80,000,000) |
| Net State loss | <u>\$ 80,000,000</u> |
| | ===== |
| Year 3 - 100% of 12,000,000,000 | \$12,000,000,000 |
| Tax Rate | .02 |
| | <u>\$ 240,000,000</u> |
| Municipal share (est.) | (120,000,000) |
| Net State loss | <u>\$ 120,000,000</u> |
| | ===== |

The above scenario produces a loss in State property tax of approximately \$260 million dollars over a three year period. Since the bill does not specifically create an exemption of this property under AS 43.56.020 (a) we have assumed the property would be taxable by the municipalities.

If we had a clearer picture of the purpose of the bill and sufficient time to gather the pertinent information, a more exact projection of tax losses could be determined.

Since there are so many unknowns in this bill as to what the Department's responsibilities are, it is difficult to determine what our fiscal needs would be to administer it.

H B

4 2 3

REPRESENTATIVE
PETER GOLL



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4825

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

TO: Representative Kay Brown
Representative Johnny Ellis

FROM: Representative Peter Goll *Peter Goll*

DATE: February 2, 1988

SUBJECT: Tourism/Recreation Development Proposal

Regarding the draft legislation, titled, "An Act making appropriations for tourism and recreation related capital projects, grants, and expenses of state government; and providing for an effective date", I am recommending the following changes to Section 20, page 3:

The sum of \$1,500,000 is appropriated from the general fund to the Department of Education for final engineering and construction plans, working drawings, site preparation, environmental assessment, and facility and exhibit construction of the Klukwan Bald Eagle Observatory and Cultural Heritage Center at Klukwan.

The information requested under the evaluation criteria format is attached for your review.

If you have any questions or comments, please contact me.

DRAFT TOURISM/RECREATION DEVELOPMENT PROPOSAL

Project Title: Klukwan Bald Eagle
Observatory/Cultural
Heritage Center

Location: Klukwan

Agency: Department of Education
State Museums

Comment: Cooperative development, between
the Department of Education (Alaska
State Museum) and the Chilkat Indian
Village at Klukwan, of the Klukwan
Bald Eagle Observatory/Cultural
Heritage Center.

Phase II (\$500,000) includes the
final engineering and construction
plans, working drawings, and site
preparation.

Phase III (\$1,000,000) includes
facility and exhibit construction,
operational staff training, and
beginning of operations.

Requested Amt.: \$1,500,000.

The purpose of this project is to develop a diversified and stable economic base in the Klukwan Community which would provide long term employment, income, economic opportunity, individual selfworth and dignity, while maintaining the culture and heritage of the Chilkat Tlingits of Klukwan.

Since 1971, the IRA Council of the Chilkat Indian Village at Klukwan has been pursuing the development of a Bald Eagle Observatory/Cultural Heritage Center, which would provide a facility for the display protection and preservation of Chilkat Tlingit artifacts, in addition to offering to the visitor industry a center for the viewing of bald eagles nesting and feeding grounds.

The Chilkat Indian Village at Klukwan has gained national and international recognition because of two factors:

- (1) Klukwan traditional art and artifacts are renowned world wide and have been in demand by museums and collectors for generations.

- (2) The village's prominent location in the newly established Chilkat Bald Eagle Preserve, which in the fall and winter host the largest concentration of American Bald Eagles in the world.

The project has been encouraged and assisted by Representative Peter Goll, the Klukwan Heritage Foundation, the Alaska State Museum, the Alaska Division of Parks, the Alaska Department of Community and Regional Affairs, the Alaska Division of Tourism, the National Audubon Society and a number of private tourism enterprises.

The Chilkat Bald Eagle Preserve as an Alaska visitors' destination, currently ranks 30th of 47 state wide visitor attractions. Within Southeast Alaska region, the Chilkat Bald Eagle Preserve ranks 8th in the summer, and 6th in the fall, winter and spring of all attractions. Five year projections on visitor volume and expenditures establish that the center is economically feasible and can be self-supporting.

This project, in addition to being labor intensive during development and construction, will provide long term employment, tourism income, secondary economic opportunities and small business development. The economic impacts of this facility will benefit the 2,300 people in the Klukwan-Haines area through longer visitor stays, more visitor spending, direct employment, and indirect (multiplier) local employment and expenditures by existing and newly created business. The facility will stimulate more international, national and state visitation to the Klukwan-Haines area, positively impacting visitor volume in Southeast Alaska.

The project is being developed in three phases and is scheduled to be completed in 1990. The timing and cost estimates of the three phases are as follows:

- Phase I: (begun in 1985-to be completed by 4/88)
- * Development of an OEDP (completed)
 - * Comprehensive Market Demand Study (completed)
 - * Environmental Analysis (completed)
 - * Permit from Army Corps of Engineers (obtained)
 - * Site Analysis (on going)
 - * Economic Feasibility Study including Capital Budget, Capital Equipment lists and Construction Costs estimates (on going)

- * Preliminary Architectural and Engineering plans (completed)
- * Marketing Plan & Budget (completed)

Total Cost - \$135,000 (actual)

Funded By - Administration for Native Americans
Klukwan Heritage Foundation
Alaska State CIP Funds

Phase II: (beginning 5/88 - to be completed in 1989)

- * Final Architectural and Engineering drawings and working plans
- * Site Preparation - clearing & fill
- * Research and Develop appropriate inventory for Centers Cultural displays & programs
- * Research and Develop Bald Eagle Exhibits and Programs
- * Implementation of Business Plan
- * Training of Center Staff

Total Cost - \$648,000 (estimated)

Funded By - (\$150,000)
Administration for Native Americans
Klukwan Heritage Foundation
Alaska State CIP Funds

Phase III: (beginning 1989-to be completed in 1990)

- * Construction of Facility
- * Exhibits Construction
- * Implementation of Marketing Plan
- * Development of Management Team
- * Beginning of Operations

Total Cost - \$2,500.00 (estimated)

Funded By - (\$100,000)
Administration for Native Americans
Klukwan Heritage Foundation

The costs of Phase II and III were estimated in 1985 and projected in FY88 dollars. More accurate costs will be available with completion of the Economic Feasibility Study in March of 1988.

Proposals are currently being developed for additional funding, potential sources are:

Community Development Block Grant (HUD)
Private Foundations
National Endowment For The Arts

Appropriation from the State of Alaska for this project will contribute to the protection of the 3500 bald eagles, by reducing the disturbance caused by vehicular traffic and visitors to the feeding birds. It will also provide physical protection to the valued cultural and artistic treasures of the Chilkat people, while making these treasures visually accessible to the visiting public.



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: Representative Sam Cotten
Co-Chair, House Resources Committee

FROM: Representative Steve Rieger *SR*

DATE: February 20, 1988

RE: HB 423 - Tourism Bill

Attached, please find one more piece of back-up material for the Tourism Bill.

I have discussed this capital project request with Representative Kay Brown, and she agrees that this should be included in the legislation. As I understand it, there is now room in the budget to fund this worthwhile project.

Thank you for your assistance in this matter.



CAPITAL PROJECT REQUEST

\$150,000 to construct a Glacier Bear exhibit at the Alaska Zoo.

The Alaska Zoo is the home of a two year old Glacier (blue) Bear that was captured by Fish and Game after it had become an incorrigible garbage bear in Juneau. The Glacier Bear, unique to Southeastern Alaska, is so rare that only one other Zoo in the world has one on exhibit.

This unusual animal is presently housed in a temporary exhibit made by dividing an existing black bear exhibit in half. While adequate for the health of the bear, this temporary housing is in the oldest and most unsitely enclosure at the Zoo.

Without a suitable exhibit for this beautiful bear, the Zoo has been reluctant to publicize the fact that it has the bear. It could bring in many tourist dollars if it were promoted.

The site has been selected and plans drawn; if funded, the project could be completed this summer. However, it is not likely that private funding coming from donations, etc. will enable the Zoo to construct this exhibit in the immediate future. Attached is a copy of the 1988 operating budget of the Zoo. No public funding is included. Capital projects of this size are beyond the current capability of the Zoo.

Of the more than 200,000 visitors to the Zoo every season, a very great percentage are tourists. The Zoo is a specialized zoo in that it displays primarily Alaskan birds and animals and many, many tourists come to the Zoo to see the Alaskan wildlife that they have not been able to see elsewhere. In the case of the Glacier Bear, it is highly unlikely they could ever see one in the wild.

The Zoo is open year round, employees 30 people during the busy season and 20 full time.



ALASKA ZOO 1988 BUDGET

INCOME

| | |
|-----------------|-----------|
| Gate Receipts | \$350,000 |
| Family Passes | 100,000 |
| Food Sales, Net | 80,000 |
| Gift Shop, Net | 65,000 |
| Donations | 25,000 |
| Interest | 10,000 |
| School Tours | 4,000 |
| Misc. Income | 2,500 |
| | <hr/> |
| TOTAL | \$651,000 |

EXPENSES

| | |
|-----------------------|-----------|
| Animal Feed | \$ 50,000 |
| Vet & Farrier | 26,000 |
| Truck Expense | 2,600 |
| Utilities | 35,000 |
| Repairs & Maintenance | 25,000 |
| Operating Supplies | 8,000 |
| Misc. Fees | 12,000 |
| Landscaping | 1,000 |
| Petty Cash | 2,500 |
| Casual Labor | 500 |
| Salaries | 282,500 |
| Payroll Taxes | 30,000 |
| Insurance | 45,000 |
| Loan Payments | 116,200 |
| Travel | 2,500 |
| Office Supplies | 7,200 |
| Newsletters | 5,000 |
| | <hr/> |
| Total | \$651,000 |



CITY OF HOMER

1989 CAPITAL IMPROVEMENT PROJECTS/ LEGISLATIVE REQUESTS

Project Title: Bypass Park/RV Dump Station

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Utility | <input checked="" type="checkbox"/> Structure/ Facility |
| <input type="checkbox"/> Road | <input type="checkbox"/> Repair/ Maintenance |
| <input type="checkbox"/> Equipment | <input type="checkbox"/> Service |

Capital Request: \$178,000.

Description and Objective:

The object of this project is to design and construct a park and a trail to facilitate day-use, hikers, and recreational vehicles. The project also involves construction of a sanitary dump station for recreational vehicles and restroom for visitors. The project is located at the intersection of the Sterling Highway, Homer Bypass Road and Lake Street, one of the most heavily traveled and highly visible intersections in Homer, especially during the summer months.

Benefit:

The benefit of this project would be to provide a needed recreational dumping facility and restroom for visitors, which ultimately enhances economic development. This facility would also alleviate the high demand for a day-use facility in the area between the Spit and the Central Business District.

Schedule: Planning/Design - 1988
Construction - 1989

Contact: John P. Calhoun, Mayor 235-8741
Philip C. Shealy, City Manager 235-8121

City of Soldotna

P.O. Box 409 • 177 North Birch • Soldotna, Alaska 99669 • Phone: 262-9107



February 24, 1988

Mike Navarre
P.O. Box V
Juneau, Alaska 99811

C.E. Swackhammer
P.O. Box V
Juneau, Alaska 99811

Re: HB 423

Dear Mike and Swack:

In response to a phone call I received from Pat Malone this afternoon, I am submitting some additional information regarding Soldotna's request for you to consider adding \$400,000 for the construction of a Kenai River Boardwalk at Soldotna Creek Park when HB 423 moves through the various House committees. The appropriation should be made directly to the City of Soldotna through the Department of Administration, rather than to the Department of Natural Resources because DNR generally sticks us with a 10% charge for administration of grants.

I have previously forwarded a copy of the plans to each of you. The plans show the alignment of the project and a typical boardwalk section. The walkway would run along the boundary of Soldotna Creek Park from the old "homestead spring" along the banks of Soldotna Creek and the Kenai River to the Department of Transportation property.

The project is intended to restore and protect the habitat along the river where the soil is eroding due to heavy bank fishing.

We completed \$152,000 worth of upland improvements at Soldotna Creek Park last fall by installing a trail system and picnic facilities. Foot traffic along the creek and the river is expected to increase considerably when our visitors to the park "discover" the fishing hole at the mouth of Soldotna Creek.

The \$400,000 grant request is based upon the following cost estimates:

| | |
|--|---------------|
| Riverside Boardwalk 1,460 L.F. @ \$150/L.F. | 219,000 |
| Elevated Deck & Seat Areas 425 L.F. @ \$300/L.F. | 127,500 |
| Covered Pavilion & Stairs to Elevated Decks | 30,500 |
| Signboards & Fish Cleaning Stations | 8,000 |
| Construction Inspection | <u>15,000</u> |
| | \$ 400,000 |

We thank you for your consideration of this request. Please call me if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Underkofler".

Richard Underkofler
Soldotna City Manager

A small, handwritten mark or signature in the bottom right corner of the page, possibly initials or a date.

STATE OF ALASKA



LYMAN F. HOFFMAN
REPRESENTATIVE

P O BOX V
JUNEAU, ALASKA 99811
(907) 465-4530, 465-4453

HOUSE OF REPRESENTATIVES

DISTRICT 25

AKIACHAK
AKIAK
ATMAUTLUAK
BETHEL
CHEFORNAK
EEK
GOODNEWS BAY
KASIGLUK
KIPNEK
KONGIGANAK
KWETHLUK
KWIGILLINGOK
MEKORYUK
NAPAKIAK
NAPASKIAK
NEWTOK
NIGHTMLTE
NUNAPITCHUK
OSCARVILLE
PLATINUM
QUINHAGAK
TOKSOOK BAY
TUTLIK
TUNUNAK

MEMORANDUM

TO: Representative Kay Brown
FROM: Representative Lyman Hoffman
DATE: February 10, 1988
RE: HB 423 - Tourism Capital Projects

An appropriation of \$545,000 to the City of Bethel for the development of a new Yugtarvik Museum/Yup'ik Cultural Center.

A. This project would build a new facility to house the historic Native artifacts of Southwest Alaska and to aid in the development of Yup'ik crafts-people and their artwork through artist advocacy programs and the direct purchase and sale of artwork. It would provide an economic base for Yukon-Kuskokwim Delta's people. Continuation and promotion of Yup'ik artwork and their artists provides a major link in preserving this culture's values, identity and self worth.

B The project is proposed at \$500,000 for the museum/cultural center. Also, \$20,000 for the collection of native artifacts, with \$25,000 for the development of a Yukon-Kuskokwim wildlife display. A separate grant would be used for the design phase of the project.

C. Grant recipient would be the Department of Administration, then a municipal grant to the City of Bethel.

D. Project completion would be 1989, and a variety of local Alaskan contractors would employ local residents.

Maintenance and operation cost will be the responsibility of the museum and the City of Bethel. There will be no long-term impact to the State of Alaska.

10,000 visitors annually tour the facility, many of those purchase the locally produced handicrafts and artifacts on display. The project would not only create construction jobs, but permanently employ local residents to develop their craft-skills and operate the facility.

The tourism value to the State of Alaska would greatly enhanced in that the Yukon-Kuskokwim Delta is home to the

world's largest wildlife refuge of its kind. It is the northern terminus of the North American flyway of several species of geese, swan, and other birds. This area of Alaska is remote whose residents traditional lifestyle is still practiced in daily life, including mask carving, basket weaving, ivory carving, animal skin-sewing, trapping, fishing and other subsistence gathering activities.

Please contact me if additional backup information is warranted.

Thank you for your effort on this tourism legislation and your favorable consideration on this important project.

Project: YUGTARVIK MUSEUM AND YUP'IK CULTURAL CENTER
Request: \$545,000
Location: Bethel
Senate District: M
House District: 25

The sum of \$500,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Bethel for the continuing development of the Yugtarvik Regional Museum and Yup'ik Cultural Center.

The sum of \$20,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Bethel for the purchase, preservation, and relocation of native artifacts in Southwest Alaska to the Yugtarvik Museum.

The sum of \$25,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Bethel for a Yukon-Kuskokwim Delta wildlife display.

Description: The Yugtarvik Museum is dedicated to preserving the Native culture and lifestyle of the Yup'ik Eskimo people of the Kuskokwim River, through the acquisition, development, and exhibition of a permanent collection artifacts and traditional practices.

The need for a museum in Bethel was recognized as early as 1960. The idea became reality in 1965, when the City of Bethel received a grant of \$5,500 to be used for an Alaska Purchase Centennial project in commemoration of the U.S. acquisition of the territory of Alaska from Russia in 1867.

The City of Bethel has exhibited ongoing support of the museum as part of its cultural program through the following actions:

- 1) assistance and approval in obtaining the 1967 grant to construct the museum facility.
- 2) assistance in operational/administrative support since 1970.
- 3) assistance in recovering from the fire of June 1980 with extensive structural renovation and in providing a fire and

security system.

- 4) establishment of an acquisition fund to ensure the preservation of local historical artifacts.
- 5) assistance in training and upgrading the skills of staff to meet current professional needs.
- 6) assistance in establishing and maintaining a craft shop which bolsters the income of its Native people and those of the Yukon-Kuskokwim Delta.
- 7) responsibility of holding the permanent collection of the Yugtarkvik Museum in the Public Trust.

The present museum building is now over 18 years old and consists of 720 square feet. The museum's permanent collection has grown from 50 objects in 1967 to over 1,000 items, despite the major fire in 1980. Storage and exhibit space has been filled for a number of years.

As requests for services continue to grow, and the need to help preserve a fast changing culture increase, the present space crisis inhibits the museum from even beginning to meet these demands.

The following backup includes:

- 1) Museum Task Force recommendations.
- 2) Space needs in square footage.
- 3) Five year Goals.
- 4) Education.
- 5) Permanent exhibits.
- 6) Collections.
- 7) Travelling and changing exhibits.
- 8) Conservation.
- 9) Museum shop.

In addition, the Tourism Committee of the Bethel Chamber of Commerce sees a museum and cultural center as a high priority for Bethel and our Region. The development of such a center will bring economic benefit to the Region and also help foster self-esteem among the people of the Yup'ik culture.

MUSEUM TASK FORCE RECOMMENDATIONS

LAND: The museum is currently housed in its own building, but the site upon which it rests is owned by the Moravian Church. A lease of this property was proposed which would allow for a 10 year lease with a 10 year option to renew. This is not advantageous for the museum as it allows for no future growth or security.

RECOMMENDATION: The museum relocate on city lands to a permanent location within the main foot traffic area of the city where expansion is possible.

SPACE LIMITATIONS: The museum is currently housed in its original log cabin building built in 1967. The collection and museum shop have far outgrown this building. The present building prohibits further growth of the collection, does not allow for adequate storage of the collection so that pieces are in danger of damage, does not allow for adequate exhibition of the collection, nor of travelling and changing exhibits, does not allow for proper viewing by school children, nor does it allow for public programs, i.e. films, lectures, or slideshows. Items for sale are not adequately displayed due to space limitations, therefore potential sales and revenues are lost; thefts occur much easier.

RECOMMENDATION: The current space crisis be alleviated by the following actions:
Short Term: Office space be utilized in another location. Other buildings be used for exhibits and programs. A secure storage space be designated for museum and shop use.
Intermediate: Another city building be renovated for museum use.
Long Term: The museum continue to plan a future building complex with the Museum/Archives/Library concept in mind.

OPERATING SUPPORT: The museum is operated by the City of Bethel. Future funding cutbacks and the need to provide even basic services to the residents of Bethel are realities. Due to the political nature of the operation of the City, support can change greatly every 2 years. The museum presently is seen as important to the operation of the City and is noted as one of its best assets.

RECOMMENDATIONS:

A "Friends of the Museum" group be incorporated as a non-profit entity to generate financial support for the operation of the museum, for public relations, and volunteer support.

An endowment campaign be established by the "Friends" to ensure the museum's future operating support and for building funds.

The museum shop eventually be operated by the "Friends" and these profits be used to support the museum program. The shop establish a mail order program to further increase sales and revenues.

SPACE NEEDS IN SQUARE FOOTAGE

| | <u>Present Building</u> | <u>Minimum Space Needed at Present</u> |
|--|-------------------------|--|
| EXHIBITS | | |
| permanent | 360 | 1,400 |
| changing/travelling | -0- | 500 |
| COLLECTIONS | | |
| processing area | -0- | 40 |
| storage | 50 | 466 |
| OFFICES | | |
| Curator | -0- | 70 |
| Shop Manager | 8 | 70 |
| work area | 4 | 70 |
| SCHOOL CLASSROOM/TRADITIONAL ART CLASSROOM/LECTURES/FILMS | | |
| | -0- | 400 |
| PUBLIC SERVICE AREA | | |
| | | 200 |
| Coat area | -0- | |
| restrooms | -0- | |
| artic entry | 48 | |
| handicap ramp | -0- | |
| reception area | 9 | |
| COLD STORAGE | | |
| | 24 | 200 |
| travelling exhibit crates | | |
| packing boxes, material | | |
| art supplies (grasses) | | |
| MECHANICAL/MAINTENANCE | | |
| | 30 | 50 |
| heater | | |
| fire halon system | | |
| alarm | | |
| CRAFT SHOP | | |
| display | 144 | 432 |
| storage | 40 | 120 |
| work space | 2 | 20 |
| sales desk | 9 | 20 |
| TOTALS | | |
| | 724 sq. feet | 4,058 square feet |



YUGTARVIK REGIONAL MUSEUM

CITY OF BETHEL

P.O. Box 388 Bethel, Alaska 99559

(907) 543-2098

Five Year Goals

EDUCATION

- 1) development of educational programs which may be taken to local schools and integrated into the curriculum.
- 2) development of educational kits which may be used independently in local or village schools.
- 3) traditional native arts classes for both adults and children
- 4) videotape production of local artists and artforms to interpret the permanent collection
- 5) support local artforms by organizing local native dancers and sponsoring art competitions
- 6) community film and lecture series

COLLECTIONS

- 1) collection policy implemented with items prioritized as to need
- 2) acquisition of private collections--local, state, outside
- 3) acquisition of photographs

PERMANENT EXHIBITS

- 1) developed to increase cultural self identity and to educate new residents and visitors to the Region to the Yup'ik culture
- 2) exhibition of more of the permanent collection
- 3) bi-lingual interpretation of artifacts
- 4) videotape production of local artists, artforms, traditions to interpret the collection

TRAVELLING AND CHANGING EXHIBITS

- 1) to provide Bethel and Delta residents the opportunity to view art, ethnography, history and science exhibitions.
- 2) to promote local artists and artforms
- 3) to begin production of local exhibits to travel to villages and statewide

CONSERVATION

- 1) protective cases for artifacts with optimum heat and light levels
- 2) adequate storage area for artifacts
- 3) temperature and humidity controls and an air filtration system

CRAFT SHOP

- 1) profits used specifically to support museum programs
- 2) shop run by incorporated "Friends of the Museum" as a separate entity from museum with profits donated to museum programs
- 3) increase of volume of sales which would then increase the artist's income and increase finances for the museum
- 4) stress quality artwork

EDUCATION

Goals-The Museum Education program develops methods to educate the public about the collection of the Yugtarvik which is dedicated to preserving and promoting the culture of the Yup'ik Eskimo people. It does this through programs within the museum and through outreach services.

Demand And Activities-Over 10,000 visitors, including Bethel citizens, Yukon-Kuskokwim Delta residents, Alaska citizens, and tourists, visit the Yugtarvik annually. The museum averages 43 visitors each day. The staff gives guided educational tours to children from the local daycares, elementary, middle, and high schools, and women and children crisis shelter. In addition, school children from both nearby and coastal villages visit the museum each year. The museum staff receives requests to visit classrooms, work with local agencies and their clients and staff, and provide interpretive exhibits during local festivals, meeting, and conventions. Educational learning kits made to be distributed to local and village schools for use within classrooms have been requested to supplement classroom learning.

The Yugtarvik offers traditional native art classes to the community in woodcarving, coiled and woven basketry encouraging native people to learn or better these skills. The museum has received requests to continue these classes and to offer additional types of instruction. Demonstrations are presented with artists showing visitors how dolls, salmon nets, masks, and baskets are made. Visitors are able to interact with artists.

Space Limitations-Educational programs are currently conducted within the exhibit space of the museum limiting the scope of activities. The museum can comfortably hold about 7 students which is much smaller than the average school class.

Traditional native art classes are held within exhibit and craft shop areas, again limiting activities. Art classes can hold a maximum of 6 students, but then museum visitors cannot see the permanent exhibits.

Films, lectures, demonstrations, and other public programs cannot be held within the museum building due to lack of viewing areas.

How Space Would Be Used-A classroom area would allow for adult and child native art instruction to be given within the museum building where resources for such instruction, and artists are available. This classroom area would also serve as an instruction area for visiting local and delta school children.

Office space for an education volunteer or staff person would provide an area for development of educational programs for within the museum, kits to take to schools, and programs to take to agencies

Storage space would allow for storage of educational tools and artifacts used in preparing lectures and kits.

The classroom area would also be used for lectures, films, and public programs.

PERMANENT EXHIBITS

Goal-The Permanent Exhibits of the Yugtarkvik are developed to increase cultural self identity among the Yup'ik Eskimo people of the area and to educate new residents and visitors to the region to the Yup'ik culture.

Demand-Over 10,000 museum visitors annually view the exhibits of the Yugtarkvik. Visitors have continually requested that more of the collection be permanently displayed.

Activities-Exhibits depict the lifestyle of the Yup'ik Eskimo during the time of subsistence living. Exhibits include clothing, womens tools, mens tools, a kayak with hunting tools, fish nets, traps, and implements, and dancing objects. Local natural history is depicted with exhibits utilizing geese, ptarmigan, reindeer antlers. A "Please Touch" case allows visitors to feel and handle various furs, bones, tusks, teeth, and implements. A videotape machine will be installed this summer with interviews of local artists interpreting the collection in both Yup'ik and English.

Space Limitations-Due to lack of space and demand by the public, our permanent collection must be taken down every other monthe other allow space for travelling exhibitions and changing exhibits of the museum's permanent collections. Permanent exhibit space does not allow for a well-rounded view of the Yup'ik subsistence life-style, but glimpses of the past and small pieces of contemporary life. Current space limitations do not allow for adequate viewing of many of the artifacts as cases are placed close together, leaving little room for viewing. Artifacts are placed close together due to small wall and case area, leaving little room for informative labeling and photographs.

How New Space Would Be Used-Additional exhibit space would allow for a more complete view of Yup'ik life, beginning with prehistoric times, transitioning into village life--winter and summer, relationships with animals, hunting and gathering food, male/female roles, pre-christianity religion, festivals, transitioning into present lifestyles and contemporary art. Artifacts would be accompanied by B & W photo enlargements from the museum's photo collection. Labeling would be thorough and include both Yup'ik and English. Videotapes and cassette tapes would further help to interpret the lifestyle.

12

COLLECTIONS

Goals-The Yugtari vik is responsible for the acquisition, care, and custody of a permanent collection of over 1,000 objects. This collection is continually growing.

Demand And Activities-The Yugtari vik's permanent collection of artifacts has been growing by at least 50 objects per year. Due to its location in the heart of the Delta Region and to the Museum Shop, the selection for a contemporary art collection is vast and of superior quality.

Objects offered for donation and sale by Delta residents are numerous. Private collections which are sitting in storage or in other states of disuse are potential sources of acquisitions for the museum's collection in an attempt to keep these items within the Delta.

The large number of traditionally knowledgeable and skilled craft-people allows for replicas of older items to be readily commissioned.

Space Limitations-Lack of storage space is severely limiting the scope of the Yugtari vik's acceptance of acquisitions. All existing space is now being used for storage and display. Items accepted now must be small, which means that larger items are either being sold to individuals or decaying. Registering and photographing new artifacts must be done at odd hours in the exhibit area when visitors are not present. This means that this work cannot be done continuously, but here and there when conditions are ideal. Volunteers have no area to sit and work. Lack of work space inhibits the design of new educational displays utilizing the collection for museum visitors.

How New Space Would Be Used-A designated storage area with work areas would allow for staff and volunteers to process new acquisitions to the collection with a minimum of handling. Space for object registration, cleaning, and photographing is needed. Additional desk space would allow for staff and volunteers to design exhibits--lay out artifacts and assemble them. Storage space for would include shelving where artifacts could be stored with enough space to allow each piece to have its own area. Parkas, maps, and oversized items would be properly laid flat or rolled as needed. Extra shelving would allow for the continual acceptance of new acquisitions.

TRAVELLING AND CHANGING EXHIBITS

Goals- The travelling exhibits which the Yugtarvik displays are acquired to provide Bethel residents the opportunity to view art, ethnography, history and science exhibitions. The changing exhibits which the Yugtarvik produces are designed to complement community activities and to promote local artists and artforms.

Demand-About 10,000 visitors view the Yugtarvik's travelling and changing exhibits annually. The museum receives exhibits from other institutions including the Alaska State Museum, the Anchorage Museum of History and Art, the Alaska State Council on the Arts, the Institute of Alaska Native Arts, and the University of Alaska Museum. The museum receives requests from persons to bring in more travelling exhibits. We receive request from local artists and agencies to exhibit artwork and objects that represent them also.

Activities-Exhibits received recently include Eskimo dolls, Inua, Toksook Bay 1981, Alaska Positive 1984, Earth, Fire, and Fibre, and New Traditions, Contemporary Alaska Native Art. The museum recently produced an exhibit: Bethel Basketmakers in honor of local women during Womens History Week. Along with these exhibits the museum has coordinated demonstrations, art classes, and open houses to complement the displays.

Space Limitations-Shortage of exhibit space necessitates removing the permanent exhibits to display travelling exhibits. Even when these exhibits sometimes do not fit into the space given for such exhibits and pieces must be left in their cases. Local artist shows must be very small and usually become "lost" among the permanent exhibits. No preparation area for creating local artist exhibits means exhibits must be prepared at odd hours, when museum is closed to the public. In order to display the Inua Exhibit the museum building was closed to the public and the shop was moved to office space to be displayed along with the Smithsonian's Inua Exhibit.

How New Space Would Be Used-A gallery area reserved for travelling and changing exhibits would allow for adequate viewing of these exhibits. It would also enable visitors to view the permanent exhibits at the same time. A work area would allow staff and volunteers to put together small local artist shows and travelling shows that would travel to villages and statewide. Gallery space would allow for rotating pieces of the permanent collection so that visitors would eventually be able to see the entire collection. It would allow for cooperating with local agencies in creating temporary exhibits such as K-300 a historical view of dogsledding, Nunam Kitlutsisti-traditional and contemporary hunting and trapping methods, YKHC-plant gathering techniques and types of traditional medicines, etc.

CONSERVATION

Goals-The Conservation program of the Yugtarvik attempts to keep the objects in the collection under optimum conditions for their long term preservation. In addition, it offers assistance to local citizens in preventative care and training for their private collections of art.

Demand And Activities-The museum's Conservation program demands that objects be protected against harmful dust, light, and changing temperature and humidity levels. As many objects that can be, are placed in protective cases. Fluorescent lights are covered with filters which protect objects from harmful UV rays, the temperature and humidity levels are closely monitored and kept as constant as possible. Objects on display are purposely rotated so they receive a minimum of light and dust exposure. Workshops on the care of artwork are given periodically and specific questions are researched for the public.

Space Limitations-Current space restrictions do not allow for protective cases for many of the artifacts that the museum owns. This means that in order to protect them from harmful dust, fingers, and lights, artifacts are either not displayed or only for a very limited period of time. Inadequate storage space for artifacts means that items are stored inside of one another, precariously from shelves, and among books, materials, and supplies wherever space can be found. No work area does not allow for repair or treatment of objects except at odd hours when the museum is closed to visitors. A large dust accumulation in the spring, summer, and fall months is damaging unprotected items. Water storage in a small plastic barrel limits adequate humidity controls as shortages can occur frequently when deliveries are not made.

How New Space Would Be Used-Permanent exhibits excluding "Please Touch Exhibits" would be enclosed within protective cases which would have the recommended temp./light levels. Storage space would include a large storage area where items would each have their own space designated. Additional space for future additions to the collection would be anticipated. A work area for treatment, repair, and cleaning of artifacts for volunteers and staff would be designated. A large water tank and air filtration system would eliminate humidity and dust problems. Classroom space would allow for workshops on the conservation of individual's collections.

MUSEUM SHOP

Goals-The Museum Shop provides an outlet for local residents to sell their work and provides a modest income for the museum to partially support its programs. The shop brings local visitors and tourists into the museum to view the objects on display. The shop plays a major role in assisting artists in improving the quality of their artwork and in trying new areas of art.

Demand And Activities-The museum shop currently receives over 10,000 visitors annually, an average of 43 visitors each day. In-house sales have continued to rise each year. The shop is listed in a number of national publications and receives requests for price lists and catalogues daily. Mail order sales are dramatically increasing each year as we now sell to other museum shops, private shops, individuals, and many collectors.

Space Limitation-Current space limitations inhibit the sale of merchandise as items for sale are crowded and hard to view, storage is limited, and the shop cannot hold but a small number of visitors at any one time. The present work area does not allow for many additional staff or volunteers to assist in sales, paperwork, or packaging.

How New Space Would Be Used-With additional display area, items for sale would be displayed much better with enough "open space" to allow proper viewing of pieces. A greater number of visitors would be able to view items without being crowded and hurried to buy. Additional work space would allow for a packaging area for mail order sales, separate areas for buying and selling crafts from artists, and selling crafts to visitors. Additional display space would allow for labels which would interpret items in the craft shop, thus using the shop as an educational tool. Greater space would allow for greater profits which would in turn benefit museum programs.



Alaska State Legislature


HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Representative Sam Cotten

FROM: Representative Kay Brown 

DATE: February 18, 1988

SUBJ: HB 423 - Proposed Resources Committee Substitute

On the basis of requests by other House members regarding specific project changes; a review of House Bill 512 (the "jobs" bill); and in the interest of trying to accommodate the inclusion of some additional projects for rural areas, I would recommend that the following changes be made in a Resources Committee Substitute.

A marked up version of HB 423 is attached which shows the proposed changes.

Section 11: Eagle River Visitor Center

Wording change - to read: "improvements to the Eagle River Visitor Center building."

Comment: This would clarify the scope of work for this project and eliminate any ambiguity regarding the relationship to the jobs bill appropriation.

Section 13: Peter's Creek

Eliminate this section.

Comment: The jobs bill includes \$280,000 in funding for the redevelopment of the Municipality of Anchorage's Peter's Creek Campground.

Section 16: Haines State Parks - Chilcoot Lake/Chilkat Park

Reduced appropriation: from \$250,000 to \$200,000.

Comment: The "jobs" bill includes \$50,000 for this project.

Section 17: Castle Hill Historic Site

Reduced appropriation: from \$210,000 to \$100,000.

Comment: The "jobs" bill includes \$120,000 of physical improvements for this project.

Section 20: DNR/Interpretive Signs

Wording change - to read: "for the development of highway interpretive signs."

Comment: This change in phrasing would allow the Department to actually proceed with the development of signs (rather than just development of a sign program).

Section 21: Riverboat Nenana

Reduced appropriation - from original \$100,000 down to \$25,000.

Comment: The Fairbanks Historical Preservation Foundation has asked for a grant of \$150,000 for the Riverboat Nenana project. The "jobs" bill includes a grant of \$125,000.

Section 23: Aviation Heritage Museum

Change in scope of work and amount of appropriation to read: "The sum of \$160,000 is appropriated... for renovation and construction of the Alaska Aviation Heritage Museum."

Comment: The recent formation of a utility service district that encompasses the Alaska Aviation Heritage Museum property will provide for the development of a waterline. This rephrasing of the project scope would provide that funds could be applied to other aspects of the museum development effort.