

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4983 HRES HB 471 - HB 492

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NEW PRODUCTS

Peterbilt Announces Electronic Dash

Peterbilt Motors Co. has announced the availability of a new electronic dash option for the recently introduced conventional line and COE models. The electronic dash represents the latest technology and is compatible with other electronic equipment.

Consisting of a large liquid crystal display panel and a separate keypad, the dash replaces all standard dash functions. Features include fuel economy monitoring and self-diagnostic capability for dash functions. The keypad allows the operator to select alternate panel functions and to perform calibrations.



For ease of visibility, all dash components are grouped together directly in front of the driver. Readouts on the panel are a combination of amber bar graphs and digital displays.

Panel functions consist of speedometer, tachometer, cruise speed indicator/speed alarm, instantaneous and average miles per gallon, fuel economy trend indicator, outside air temperature, odometer, trip odometer, fuel level, voltmeter, hourmeter, average trip speed, clock elapsed time, oil pressure, oil temperature and coolant temperature. A dual air-pressure gauge and warning lights are also standard. Up to 10 more regular size gauges may be added to customize the dash for specialized functions.

A fuel economy trend indicator shows a comparison between the instantaneous miles per gallon and the average miles per gallon by displaying either a red, yellow or green light. The operator can immediately make driving adjustments for improved fuel economy.

For more information, contact: Peterbilt Motors Co., P.O. Box 404, Newark, CA 94560; (415) 790-4035. □

Small Loader Does Big Things

Kawasaki Loaders Inc. has introduced the 65ZII, a 2.3-cu.-yd. machine that delivers quick response and powerful performance not seen in other loaders of comparable size, according to the manufacturer.

The 65ZII features the optional interchangeable toolcarrier system with coupler and attachments for multipurpose applications. The Isuzu 6BG1 engine provides greater horsepower, higher torque, improved fuel consumption and lower operat-

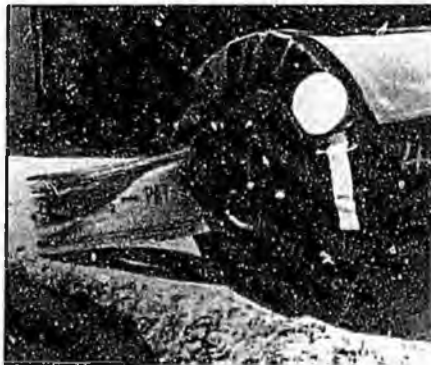


ing costs than previous Kawasaki loader engines.

The new ROPS cab offers excellent visibility, low sound levels and in-cab climate control system to maximize operator comfort and productivity. The hydraulic system has been made cleaner and cooler for increased reliability.

For more information, contact: Kawasaki Loaders Inc., 4041-E Kingston Ct., Marietta, GA 30067; (404) 953-0660. □

Get a "Handle" on Construction Fabrics



Amoco Fabrics and Fibers Co. has introduced its Roll Handles as standard packaging on all woven and non-woven construction fabric rolls shipped to distributors and fabric end-users.

Roll Handles were designed to cut by half the time required to unload and handle construction fabric rolls on the job site. With these devices, contractors can handle fabric rolls much easier and unload them in the field without a forklift. Standard equipment on the job site can be used, cutting field unloading time by more than 50 percent and reducing equipment requirements.

Amoco offers a complete line of woven and non-woven construction fabrics that exceed all Task Force 25 standards. For more information, contact: Amoco Fabrics and Fibers Co., 900 Circle 75 Pkwy, Ste. 550, Atlanta, GA 30339; (404) 956-9025. □

New Dozer Blade from American Trencher

American Trencher Inc. has announced an eight-way Model 715 front dozer blade for the John Deere 755 and 855 compact hydrostatic tractors.

Designed for tough rental and contractor market duties, the dozer blade has hydraulic raise/lower, hydraulic angle, mechanical tilt and roll-out/roll-in capacities. The dozer blade is available with 52- or 60-in. moldboard widths and will mount with the JD underdeck mower, Bradco trencher and Bradco landscaper backhoes.

For more information, contact: American Trencher Inc., P.O. Box 266, Delhi, IA 52223; (319) 922-2981. □

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*Shortly before his death from emphysema,
John Huston made the following statement
for the American Lung Association:*

“All my films, from “The Maltese Falcon” on, have been about courage—one kind or another. Since I acquired emphysema, I’ve discovered a very special brand—the courage of those fighting diseases of the lung. What price breathing? Anyone can get lung disease. Even babies. Help the American Lung Association fight lung disease. Take care of your lungs. It’s a matter of life and breath.² It really is.”

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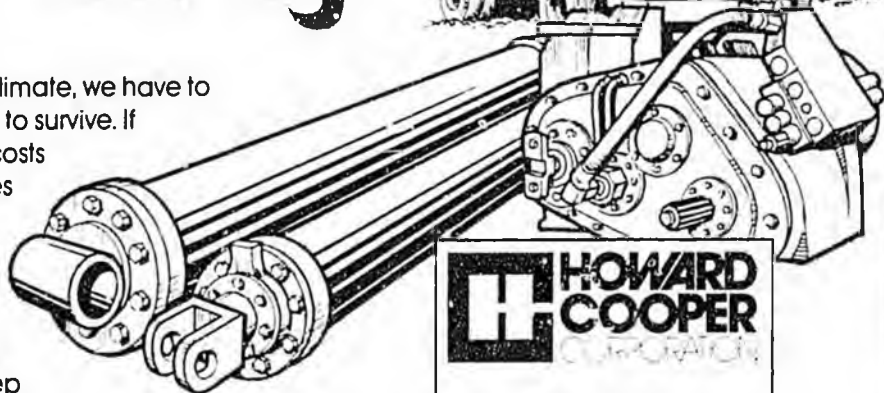
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ENROLLED

Regular Session, 1987

HOUSE BILL NO. 246

BY MR. M. HEBERT, MRS. BLANCO AND MR. GOMEZ AND SENATORS BAGERT,
CHABERT, KELLY AND LAURICELLA

ACT No. 895

AN ACT

To amend and reenact R.S. 30:148.2(1)(d) and R.S. 47:648.1(1)(d) and to enact R.S. 30:148.2(1)(e) and R.S. 47:648.1(1)(e) relative to the Louisiana Economic Acceleration Program, to provide for a spudding date of certified LEAP oil and natural gas well, to provide relative to certain set-asides and women-owned businesses, and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:148.2(1)(d) is hereby amended and reenacted and R.S. 30:148.2(1)(e) is hereby enacted to read as follows:

§148.2. Definitions

Unless the context otherwise requires, the words defined in this Section have the following meaning when found in this Subpart:

(i) A "certified LEAP oil and natural gas well" is one so designated by the assistant secretary of conservation after a determination in accordance with rules promulgated under the Administrative Procedure Act that:

* * *

(d) The drilling operator has certified that, to the maximum extent possible, at least ten percent of the operator's service contracts related to the well have been made available to minority-owned businesses and that at least five percent have been made available to women-owned businesses.

(e) The well was spudded after January 1, 1986.

* * *

Section 2. R.S. 47:648.1(1)(d) is hereby amended and reenacted and R.S. 47:648.1(1)(e) is hereby enacted to read as follows:

§648.1. Definitions

Unless the context otherwise requires, the words defined in this Section have the following meaning when found in this Part:

(1) A "certified LEAP oil and natural gas well" is one designated as such by the assistant secretary of conservation after determining that:

* * *

(d) The drilling operator has certified that, to the maximum extent possible, at least ten percent of the operator's service contracts related to the well have been made available to minority-owned businesses and that at least five percent have been made available to women-owned businesses.

(e) The well was spudded after January 1, 1986.

* * *

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

LOUISIANA DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION
RULES OF PROCEDURE FOR THE ADMINISTRATION OF THE
LOUISIANA ECONOMIC ACCELERATION PROGRAM (LEAP)

December 1, 1986


The Assistant Secretary of the Office of Conservation, under the authority of Act 763 of the 1986 Regular Session of the Legislature, promulgates these rules of procedure for the administration of the Louisiana Economic Acceleration Program (LEAP).

1. A "Certified LEAP oil and natural gas well" (LEAP) well) is one designated as such by the Assistant Secretary of Conservation, Department of Natural Resources, following a public hearing and after determining that:
 - a) the well is a "discovery well" permitted as a "wildcat well" during the time period provided for herein, or a subsequent "developmental well" in the same field likewise during the time period provided for herein,
 - b) acceptance of a well by the Office of Conservation as a "wildcat well" for LEAP certification purposes shall not necessarily be determined by the field designation on the drilling permit issued by the Office of Conservation or the field name subsequently issued by the Office of Conservation, it being intended, however, to continue the same field name designations unless otherwise required under existing policy and regulations of the Office of Conservation.
2. A "wildcat well" is a well that is drilled, completed, and produced during the time period provided for herein from a pool which has not produced or known to have been capable of producing hydrocarbons in commercial quantities. A well drilled in a contiguous fault segment of a sand that was either producing or capable of production prior to July 1, 1986, or which is subsequently recompleted in a sand previously penetrated from a well that was drilled, completed, and/or produced prior to July 2, 1986, is not considered a wildcat well. Upon successful completion, the "wildcat well" is then recognized as a "discovery well."
3. A "developmental well" must be drilled and completed to a pool previously discovered by a "wildcat well."
4. The discovery well and subsequent developmental wells in the same field must be completed between July 1, 1986, and January 1, 1990, or the date on which the posted price of West Texas Intermediate of the United States bench mark crude equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first.
5. The drilling operator must certify that Louisiana residents were employed to the maximum extent possible during exploration and production activities in connection with the well.
6. The drilling operator must certify that, to the maximum extent possible, at least ten per cent of the operator's service contracts related to the well have been made available to minority-owned businesses. A "minority-owned business" is one that is certified as such by the Governor's Office of Minority Business Development, P. O. Box 94095, Baton Rouge, Louisiana 70804-9095.

7. The application for LEAP well certification shall include:

- a) identification of the potential production zone, its depth, location, geology and engineering data. Such data must show that the production reservoir is geologically separated (structurally and/or stratigraphically) from the nearest reservoir that has produced, or known to have been capable of producing hydrocarbons,
 - b) in order to be geologically separated (structurally) and/or stratigraphically), submission of geological and engineering evidence supporting such classification and shall include electric logs, structure maps, isopachs, bottom hole pressure and production history. It is not intended to exclude from classification as wildcat wells those wells which are deepened and sidetracked in previously designated units, but recompleted in previously non-producing reservoirs located in such fields or units,
 - c) certification that, to the maximum extent possible, Louisiana residents were employed during the exploration and production activities undertaken in connection with the well,
 - c) certification that, to the maximum extent possible, at least ten (10%) per cent of the operator's service contracts related to the well were made available to minority-owned businesses.
- 8) If, after consideration of the application and the proceedings of a public hearing held to establish the well's status with regard to the LEAP well criteria, the assistant secretary determines the well qualifies as a LEAP well, he shall issue an order recognizing the well as a LEAP well.
- 9) Rules of Procedure shall be effective on or after December 20, 1986.

OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA


HERBERT W. THOMPSON,
COMMISSIONER OF CONSERVATION

**DONATIONS FOR WILDLIFE REFUGES, WILDLIFE MANAGEMENT
AREAS, AND PUBLIC HUNTING GROUNDS—
APPLICABILITY OF CERTAIN LAWS**

ACT NO. 36

SENATE BILL NO. 23

AN ACT

To enact R.S. 58:765; to provide that the provisions of R.S. 30:148.1 - 148.7 and R.S. 47:648.1 shall not authorize the breach of any term or condition of a donation which has been accepted by the state involving any state wildlife refuge, wildlife management area, or public hunting ground; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 58:765 is hereby enacted to read as follows:

5765. Donations for wildlife refuges, wildlife management areas, and public hunting grounds; applicability of certain laws

The provisions of R.S. 30:148.1 - 148.7 and R.S. 47:648.1 shall not authorize the breach of any term or condition of any donation which has been accepted by the state involving any state wildlife refuge, wildlife management area, or public hunting ground.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana.

Approved December 24, 1986.

SENATE BILL NO. 590

BY MR. NUNEZ AND REPRESENTATIVES M. HEBERT, LOWENTHAL AND
RUSSELL

ACT NO. 763

AN ACT

To enact Part I-C of Chapter 6 of Title 47 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 47:648 through 652, and Subpart A-2 of Part II of Chapter 2 of Title 30 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 30:148.1 through 148.7, relative to the Louisiana Economic Acceleration Program (LEAP); to provide for the Louisiana Economic Acceleration Program and a declaration of policy; to provide for definitions; to suspend severance tax on production from certified LEAP oil and natural gas wells; to dedicate severance tax revenues accruing from certified LEAP oil and natural gas well production; to establish the Louisiana Economic Diversification Fund and provide therefor; to suspend state natural gas royalties from certified LEAP oil and natural gas wells; to dedicate state oil production royalty revenues from certified LEAP oil and natural gas wells; to establish the LEAP Tax Warrant Fund and provide therefor; to dedicate state natural gas production royalty revenues from certified LEAP oil and natural gas wells; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part I-C of Chapter 6 of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:648 through 652, is hereby enacted to read as follows:

PART I-C. LOUISIANA ECONOMIC ACCELERATION PROGRAM,
SEVERANCE TAX SUSPENSION

§648. Louisiana Economic Acceleration Program (LEAP), declaration
of policy

A. In recognition of the need to accelerate Louisiana's economic recovery, ease unemployment and state fiscal problems, while providing a

funding mechanism for long-term economic diversification, the legislature hereby enacts the Louisiana Economic Acceleration Program (LEAP).

B. The Louisiana Economic Acceleration Program has three major components: the suspension of severance tax on oil and natural gas production from certified LEAP oil and natural gas wells and state natural gas royalties until January 1, 1990 or until the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first; a consumer natural gas incentive tax warrant to qualified Louisiana industries and utilities of five cents per thousand cubic feet of certified LEAP gas consumed in Louisiana in excess of 1985 natural gas consumption levels, which incentive is funded by the state's oil royalties from certified LEAP oil and natural gas wells; and a dedication of certified LEAP oil and natural gas well severance and royalty revenues to economic diversification upon resumption of collection on and after January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first. Those revenues to be maintained in the Louisiana Economic Diversification Fund, for appropriation by the legislature.

C. The legislature further recognizes that the Louisiana Economic Acceleration Program will in no way:

- (1) affect existing mineral production in the state;
- (2) affect current oil or natural gas severance and royalty revenues; or
- (3) draw from the state general fund for tax incentives for the consumption of natural gas from a certified LEAP oil and natural gas well.

§649. Definitions

Unless the context otherwise requires the words defined in this Section have the following meaning when found in this Part:

(1) A "certified LEAP oil and natural gas well" is one designated as such by the assistant secretary of conservation after determining that:

(a) the well is a discovery well drilled as a wildcat well or a subsequent developmental well in the same field.

(b) the well was completed between July 1, 1986 and January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty

cents per barrel, whichever occurs first, and

(c) the drilling operator has certified that Louisiana residents were employed to the maximum extent possible during exploration and production activities in connection with the well.

(d) the drilling operator has certified that, to the maximum extent possible, at least ten percent of the operator's service contracts related to the well have been made available to minority-owned businesses.

(2) A "wildcat well" is one so designated by the assistant secretary of conservation, drilled in search of oil or natural gas accumulations located in a non-productive area, away from a known productive geological structure.

(3) "Qualified industries and utilities" are ones so designated by the Department of Revenue and Taxation, based on a review of an application for a tax warrant incentive submitted within thirty days after the close of the fiscal year by a Louisiana industry or utility, in accordance with R.S. 30:148.6, certifying as to its 1985 natural gas consumption base load and, for the application year, its annual natural gas consumption, as well as its natural gas consumption from certified LEAP oil and gas wells.

(4) A "Louisiana resident" is a person who has resided in this state continuously for thirty days immediately prior to the effective date of employment.

§650. Severance tax suspension on production from certified LEAP oil and
natural gas wells

All severance taxes on production from certified LEAP oil and natural gas wells are hereby suspended until January 1, 1990 or until the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first. On and after January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, all production from certified LEAP oil and natural gas wells shall be subject to severance taxes as provided in Chapter 6 of Title 47 of the Louisiana Revised Statutes.

§651. Dedication of severance tax revenues accruing from certified LEAP oil
and natural gas well production

Beginning January 1, 1990 or as soon as the posted price of West Texas

Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, all severance tax revenues accruing from certified LEAP oil and natural gas well production shall be credited to the Louisiana Economic Diversification Fund, as provided in R.S. 47:652.

**§652. Department of Revenue and Taxation; Louisiana Economic
Diversification Fund**

A. Beginning January 1, 1990 or as soon as the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, funds received by the Department of Revenue and Taxation, in the form of severance taxes on production from certified LEAP oil and natural gas wells shall be deposited immediately upon receipt into the state treasury.

B. After compliance with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana relative to the Bond Security and Redemption Fund, and prior to moneys being placed in the state general fund, an amount equal to that deposited as required by Subsection A hereof shall be credited to a special fund hereby created in the state treasury to be known as the Louisiana Economic Diversification Fund. The moneys in this fund shall be used solely as provided by Subsection C hereof and only in the amounts appropriated by the legislature. All unexpended and unencumbered moneys in this fund at the end of the fiscal year shall remain in the fund. The moneys in this fund shall be invested by the state treasurer in the same manner as moneys in the state general fund, and interest earned on the investment of these moneys shall be credited to this fund, again, following compliance with the requirement of Article VII, Section 9(B) relative to the Bond Security and Redemption Fund.

C. The moneys in the Louisiana Economic Diversification Fund shall be used solely for statutorily defined economic diversification programs as appropriated by the legislature.

Section 2. Subpart A-2 of Part II of Chapter 2 of Title 30 of the Louisiana Revised Statutes of 1950, comprised of R.S. 30:148.1 through 148.7, is hereby enacted to read as follows:

SUBPART A-2. LOUISIANA ECONOMIC ACCELERATION PROGRAM (LEAP);

STATE ROYALTIES AND LEAP TAX WARRANT FUND

§148.1. Louisiana Economic Acceleration Program (LEAP), policy

A. In recognition of the need to accelerate Louisiana's economic recovery, ease unemployment and state fiscal problems, while providing a funding mechanism for long-term economic diversification, the legislature hereby institutes the Louisiana Economic Acceleration Program.

B. There are three major components to the Louisiana Economic Acceleration Program: the suspension of severance tax on oil and natural gas production from certified LEAP oil and natural gas wells and state natural gas royalties until January 1, 1990 or until the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first; a consumer natural gas incentive tax warrant to qualified Louisiana industries and utilities of five cents per thousand cubic feet of gas from certified LEAP oil and natural gas wells consumed in excess of 1985 natural gas consumption levels, which incentive is funded by the state's oil royalties from certified LEAP oil and natural gas wells; and a dedication of certified LEAP oil and natural gas well severance and royalty revenues to economic diversification upon resumption of collection on and after January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, those revenues to be maintained in the Louisiana Economic Diversification Fund, for appropriation by the legislature.

C. The legislature further recognizes that the Louisiana Economic Acceleration Program will in no way:

- (1) affect existing mineral production in the state;
- (2) affect current oil and natural gas severance and royalty revenues;

or

- (3) draw from the state general fund for tax incentives for the consumption of LEAP natural gas.

§148.2. Definitions

Unless the context otherwise requires the words defined in this Section have the following meaning when found in this Subpart:

(1) A "certified LEAP oil and natural gas well" is one so designated by the assistant secretary of conservation after a determination in accordance with rules promulgated under the Administrative Procedure Act that:

(a) the well is a discovery drilled as a wildcat well, or a subsequent developmental well in the same field; and

(b) the well was completed between July 1, 1986 and January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first; and

(c) the drilling operator has certified that Louisiana residents were employed to the maximum extent possible during exploration and production activities in connection with the well.

(d) the drilling operator has certified that, to the maximum extent possible, at least ten percent of the operators service contracts related to the well have been made available to minority-owned businesses.

(2) A "wildcat well" is one so designated by the assistant secretary of conservation, drilled in search of oil or natural gas accumulations located in a non-productive area, away from a known productive geological structure.

(3) "Qualified industries and utilities" are ones so designated by the Department of Revenue and Taxation, based on review of an application for a tax warrant incentive, submitted within thirty days after the close of the fiscal year by a Louisiana industry or utility, in accordance with R.S. 30:148.6, certifying as to its 1985 natural gas consumption baseload and, in the application year, its annual natural gas consumption, as well as its natural gas consumption from LEAP wells.

(4) A "Louisiana resident" is a person who has resided in this state continuously for six months immediately prior to the effective date of employment.

§148.3. Suspension of state natural gas royalties from certified LEAP oil and natural gas wells

All state natural gas royalties on production from certified LEAP oil and natural gas wells are hereby suspended until January 1, 1990 or until the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first. On and after January 1, 1990 or the date the posted price of

West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, all production from certified LEAP oil and natural gas wells shall be subject to royalty collections as provided in Part II of Chapter 2 of Title 30 of the Louisiana Revised Statutes.

**§148.4. Dedication of state oil production royalty revenues
from certified LEAP oil and natural gas wells**

A. All state oil production royalty revenues accruing from certified LEAP oil and natural gas wells between July 1, 1986 and January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first shall be credited to the LEAP Tax Warrant Fund, as provided in R.S. 30:148.5.

B. All state oil production royalty revenues from certified LEAP oil and natural gas wells accruing on and after January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, shall be credited to the Louisiana Economic Diversification Fund, as provided in R.S. 47:652.

§148.5. State Mineral Board; LEAP Tax Warrant Fund

A. Funds received by the State Mineral Board in the form of oil production royalty payments from certified LEAP oil and natural gas wells between July 1, 1986 and January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, shall be deposited immediately upon receipt into the state treasury.

B. After compliance with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana, relative to the Bond Security and Redemption Fund, and prior to moneys being placed in the state general fund, an amount equal to that deposited as required by Subsection A hereof shall be credited to a special fund hereby created in the state treasury to be known as the LEAP Tax Warrant Fund. The moneys in this fund shall be used solely as provided by Subsection C hereof and only in the amounts appropriated by the legislature. All unexpended and unencumbered moneys in this fund at the end of the fiscal year shall be transferred to the Louisiana Economic

Diversification Fund. The moneys in this fund shall be invested by the state treasurer in the same manner as moneys in the state general fund, and interest earned on the investment of these moneys shall be credited to this fund again, following compliance with the requirement of Article VII, Section 9(B) relative to the Bond Security and Redemption Fund.

C. The moneys in the LEAP Tax Warrant Fund shall be used solely for transfers to the state general fund to cover tax warrants issued to qualified industries and utilities as incentives for the consumption of natural gas from LEAP wells, as provided in R.S. 30:148.6.

§148.6. LEAP Tax Warrants; issuance by Department of Revenue and Taxation; transfer of funds to the general fund; required appropriations

A. In accordance with the provisions of this Section, the Department of Revenue and Taxation shall issue tax warrants to qualified industries and utilities as an incentive to use natural gas from certified LEAP oil or natural gas wells between July 1, 1986 and January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first.

B. Beginning at the end of fiscal year 1986-1987, and for the end of each fiscal year prior to January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, the Department of Revenue and Taxation shall calculate the tax warrants due to qualified industries and utilities for that fiscal year within sixty days of the close of the fiscal year. The amount of tax warrants due to a qualified industry or utility shall be equal to five cents per cubic feet of gas consumed by the qualified industry or utility during the fiscal year which is in excess of the 1985 natural gas consumption base load and which is equal to the amount of gas consumed by the qualified industry or utility during the fiscal year from certified LEAP oil and natural gas wells.

C. If the amount of tax warrants calculated for all qualified industries and utilities exceeds the total amount of the LEAP Tax Warrant Fund, the department shall make a pro rata reduction in the amount of tax warrants calculated for each qualified industry or utility.

D. The tax warrants shall be issued by the department within sixty days after the close of the fiscal year according to the calculations in this Section and the tax warrants shall be used as provided in Subsection F before the end of the fiscal year subsequent to issuance of the warrants.

E. Upon notification by the Department of Revenue and Taxation to the treasurer of the amount of tax warrants issued under this Section, the treasurer shall transfer an amount equal to the amount of tax warrants issued from the LEAP Tax Warrant Fund into the general fund.

F. The tax warrants may be used by the qualified industry or utility to pay any direct tax which is paid and remitted by the qualified industry or utility directly to the state or directly to a political subdivision of the state.

G. The legislature shall appropriate in each fiscal year sufficient funds to allow the treasurer to immediately honor and pay all warrants presented to the treasurer by a political subdivision of the state.

§148.7. Louisiana Economic Diversification Fund, state natural gas production royalty revenues from certified LEAP oil and natural gas wells

On and after January 1, 1990 or the date on which the posted price of West Texas Intermediate, the United States benchmark crude, equals or exceeds twenty-nine dollars and fifty cents per barrel, whichever occurs first, all state natural gas production royalty revenues accruing from certified LEAP oil and natural gas wells shall be credited to the Louisiana Economic Diversification Fund, as provided in R.S. 47:652, to be used solely for state economic diversification programs, as appropriated by the legislature.

Section 3. This Act shall become effective July 1, 1986.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____



P.O. BOX 129 BARROW, ALASKA 99723
PHONE (907) 852-8533 OR 852-8633
PANAFAX TELECOPIER (907) 852-5733

HB 471

February 29, 1988

CHAIRMAN OF THE BOARD
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313 E STREET, SUITE 5
ANCHORAGE, ALASKA 99501
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TELECOPIER: (907) 276-4213
TELEX: 090 25168

The Honorable Max F. Gruenberg, Jr.
House of Representatives
Alaska State Legislature
Pouch V (Mail Stop 3100)
Juneau, AK 99811

Re: HB 471

Dear Representative Gruenberg:

The Arctic Slope Regional Corporation (ASRC) has recently received a copy of your proposed legislation on royalty and tax waivers referenced above. Although we have not had an opportunity to fully review this proposal, we would like to urge general support of the concept.

ASRC has consistently worked to ensure that smaller oil and gas fields on both State and private lands in Alaska are developed. We have been involved in the TAPS tariff proceedings for more than a decade, in large part because of our concern that the tariffs were too high and discouraged development of smaller deposits of oil and gas. Unfortunately, we are still having to litigate the TAPS tariff settlement. While fields of several hundred million barrels of oil may be large in lower 48 environments, this is not the case in remote areas of Alaska.

We support your efforts to help ensure that valuable resources can be developed in smaller fields on State oil and gas leases. This is particularly important at this point in our State's economy when resource development activity needs critical encouragement. Waiver of royalties and taxes to help get a field into production should provide benefit to the State and its residents in the long term.

Very truly yours,

Jacob Adams, President
ARCTIC SLOPE REGIONAL CORPORATION

cc: Representative Al Adams
Representative Adelheid Hermann
Representative Sam Cotten

HB

486

HOUSE COMMITTEE REPORT

(9)

Date referred: 3/22/88

FURTHER REFERRALS: Finance

DATE: 3-29-88

The Resources Committee has considered HB 486

"An Act relating to fisheries tax returns; and providing for an effective date."

RECOMMENDS:

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

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

SIGNING DO PASS:

Adelheid Herrmann
Lynn Huff
Jan G. [unclear]
[unclear]
Clyde Davidson

SIGNING OTHER RECOMMENDATIONS:

[unclear] - Dolce

Adelheid Herrmann
 Chairman's signature

1.1 HB 486

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 486
PUBLISH DATE: 2/22/88

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to fisheries tax returns; and providing for an eff. date.
Sponsor: Herrman, Cato, Davidson, Ulmer
Requestor: C & R A and Resources

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	.5	.5	.5	.5	.5
CONTRACTUAL	-	.5	.5	.5	.5	.5
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	1.0	1.0	1.0	1.0	1.0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	1.0	1.0	1.0	1.0	1.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

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

Phone: (907) 465-2320
Date: February 22, 1988

Approved by Commissioner: _____
Agency: _____

Date: 2/22/88

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

1.1 HB 486

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 486
PUBLISH DATE: 2/22/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to fisheries tax returns; and providing for an eff. date.
Sponsor: Herrman, Cato, Davidson, Ulmer
Requestor: C & R A and Resources

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	.5	.5	.5	.5	.5
CONTRACTUAL	-	.5	.5	.5	.5	.5
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	1.0	1.0	1.0	1.0	1.0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	1.0	1.0	1.0	1.0	1.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

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

Phone: (907) 465-2320
Date: February 22, 1988

Approved by Commissioner: _____
Agency: _____

Date: 2/22/88

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

HOUSE COMMITTEE REPORT

⑥ HB 486

(5)

Date referred: 2/15/88

FURTHER REFERRALS:

Resources

DATE: MAR 21 1988

The Community and Regional Affairs Committee has considered HB 486

"An Act relating to fisheries tax returns; and providing for an effective date."

RECOMMENDS:

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

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

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

<u>Adelheid Herrmann</u>	Herrmann	_____
<u>Heinrich Springer</u>	Springer	_____
<u>Paul Zawacki</u>	Zawacki	_____
<u>Bob Catu</u>	Catu	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Springer

Heinrich Springer
Chairman's signature

STATE OF ALASKA

DEPARTMENT OF REVENUE

② HB 486

STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING
P.O. BOX 5A
JUNEAU, ALASKA 99811-0400

March 10, 1988

Honorable Heinrich Springer
House Community & Regional Affairs Committee
Court Building, Room 603
P.O. Box V
Juneau, Alaska 99811

Dear Representative Springer: Subject: Analysis & Support for HB486

Present Alaska law prohibits the Department from sharing confidential tax information with the general public, other state or local governmental agencies or the legislature. Also, the statutes governing the fisheries business (raw fish) tax provides that the State will share up to 50% of that tax with the communities in which the fish are processed. To many communities, this is a significant source of revenues, and borough managers are becoming increasingly interested in whether they are receiving their fair share of the fish tax.

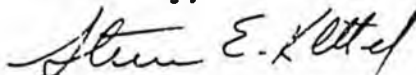
Often times, these cities have information concerning the processors that enter their jurisdiction and process fish, and in some instances, they possess detailed information concerning the amount or value of fish processed. With this information in hand, these managers have desired to share it with the Department to insure that the State's fish tax is being reported correctly and that their municipality is being properly credited for revenue sharing purposes. Prohibition against disclosure at the state level has frustrated city and state administrators alike in their efforts to collect all taxes due and properly share them among the effected communities.

HB 486 provides a mechanism for the Department of Revenue to share sufficient information with municipalities to allow for enhanced compliance with the new fish tax law at both the state and local level, while continuing to protect the sensitive information on the tax return. The Department of Revenue supports this legislation. The proposal applies to the following two classes of information and two classes of municipalities.

I. City/Boroughs which do not levy a tax on fish resources processed in their jurisdiction may request and receive from the Department only the names of the fisheries businesses which have reported fish processing activities for that city or borough on the State's fish tax returns. No financial information contained in the return will be disclosed.

II. City/Boroughs which levy a fish tax on the value of fish processed in their jurisdiction may request the Department to verify that values reported on their tax returns are substantially the same as values reported on the State's return. If the values are not the same, the Department will give the municipality a copy of the State tax return, provided the municipality safeguards the information and uses it only for tax collection purposes.

Sincerely,



Steven E. Kettel
Director
Income & Excise Audit
(907) 465-2320

cc:Rep. Adelheid Hermann

88-66



Alaska State Legislature

3 HB 486

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

TO: Rep. Henry Springer, Chairman HCRA
FROM: David C. Harrison, P.A., HCRA
SUBJECT: Bill Review - HB 486
"An Act relating to fisheries tax returns; and providing for an effective date." [Herrmann, Cato, Davidson, Ulmer]

* Section 1. AS 43.75 is amended by adding a new section to read:

Sec. 43.75.133 PROVISION OF INFORMATION TO MUNICIPALITIES:

Comments: At the present time, the Department of Revenue does not share filed tax returns with municipalities because of confidentiality of tax returns. If this bill becomes law, reciprocal tax information may be shared enabling municipalities and the Department of Revenue to coordinate tax information of fisheries businesses within taxing authority of municipalities eligible for tax shared revenue.

The exchange of information would help aid in compliance of reporting by the municipalities to the Revenue Department of fisheries business activities and the Revenue Department could assess such activity along with filed tax reports by fisheries businesses.

Additionally, municipal officials written request for tax return information requires the Department of Revenue to verify as to the tax levied and collected by the municipality that is based upon the value of fisheries resources processed in or transported to or within the municipality. Some form of verification is required in order to assess taxes collected and taxes paid.

Although processed fish within municipalities are taxed and the tax is shared with the municipalities and with the state, the phrase listed on page 1, line 21, "... or transported to or within the municipality..." has additional potential tax revenue if resources that are transhipped to or within a municipality are considered taxable resources. It is possible that transhipped resources were in fact processed within state waters and or within a municipality or that such fishery resources were processed within the 200 mile economic zone.

According to Alaska Legislative Digest, No. 4/88 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.

The primary purpose of this bill is to allow exchange of tax information necessary to assess taxes as shared by municipalities and the state. However, HB 408 directly addresses tax liability of fish processed outside state water but brought into state water. Taxing level by the state is five percent under HB 408.

Attachment - Alaska Legislative Digest, No. 4/88.

Alaska Legislative Digest

FEB - 8 1988

PUBLISHERS:
Mike Bradner / Tim Bradner

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

An Inside View of Alaska Policy

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 HYDRO Why it's needed nowPage 2

***SCHOOL "DISPARITY TEST": Feds "unofficially" not impressed with state case. Page 7

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

***STATUS OF BILLS: Introductions, committee 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 AS 11 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.

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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.

4 HB 486

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
UNEAU ALASKA 99511
707 465 2800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 10, 1988

SUBJECT: Sectional analysis, HB 486
TO: Representative Adelheid Herrmann
FROM: Jack Chenoweth
Legislative Counsel

This bill is intended to be responsive to Resolution 87-06 of the Southwest Alaska Municipal Conference encouraging the Department of Revenue to work cooperatively with municipalities in efforts to verify and enforce collection of taxes on raw fish.

Specifically, bill section 1 adds a new provision to permanent law, AS 43.75.133. In that provision, the Department of Revenue is directed to respond to the request of a municipal mayor, manager, or administrator and to furnish to that official the names of fisheries businesses filing returns under the state's fisheries business tax (AS 43.75) in which the business lists the municipality as the location of fisheries processing activities that are subject to the state's tax. Additionally, a municipal mayor, manager, or administrator may seek verification of the amount of a fisheries resource tax imposed by the municipality on fisheries resource processed in or transported through the municipality. If asked, the department shall verify values by comparing the municipality's report to the returns filed by the taxpayer with the department. The department is directed to indicate whether the amount reported to the municipality is "substantially the same" as the amount reported to the state. If the values "are not substantially the same," the department shall permit the requesting municipal official to inspect the tax return filed with the state or furnish a copy of that tax return, but need only do so if satisfied that "the municipality provides adequate safeguards for the confidentiality of the returns and that the returns will be used by the municipality only for purposes of collection of its tax." The provision also incorporates a definition of

Representative Adelheid Herrmann
Page 2
March 10, 1988

when values are considered "substantially the same," setting that margin of difference at not more than one percent of the greater value.

Bill section 2 permits municipal officials to verify and inspect under AS 43.75.0133, added by bill section 1, those returns filed after December 31, 1986 (that is, returns for 1987 and later).

Bill section 3 gives the legislation an immediate effective date.

JEC:gc
WKG2:46

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 486
PUBLISH DATE: 2/22/88

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to fisheries tax returns; and providing for an eff. date.
Sponsor: Herrman, Cato, Davidson, Ulmer
Requestor: C & R A and Resources

Agency Affected: Revenue
BRU: Income and Excise Audit

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	.5	.5	.5	.5	.5
CONTRACTUAL	-	.5	.5	.5	.5	.5
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	1.0	1.0	1.0	1.0	1.0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	1.0	1.0	1.0	1.0	1.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

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

Phone: (907) 455-2320
Date: February 22, 1988

Approved by Commissioner: _____
Agency: _____

Date: 2/22/88

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

HB 486 Analysis

Prepared By: Steven E. Kettel
Income & Excise Audit
February 22, 1983

Travel

Regulation Hearing Travel to Anchorage \$.5

Contractual

Regulation Advertising/Printing \$.2
Exchange of Information Forms \$.2
Postage \$.1

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-8

A RESOLUTION CONCERNING RAW FISH TAX COLLECTIONS.

WHEREAS, the collection of raw fish tax is a critical source of revenue for the local municipalities and the State of Alaska, and

WHEREAS, the municipalities have been unable to obtain any data concerning collection of raw fish tax, and

WHEREAS, the municipalities would provide considerable information and assistance to the Department of Revenue if given the opportunity, and

WHEREAS, the municipalities have been effectively managing confidential information for many years, and

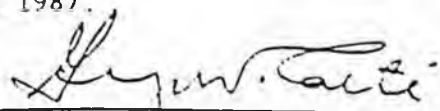
WHEREAS, the municipalities concur with the sensitivity of the processor information and agree to treat the information as confidential information, and

WHEREAS, the Department of Fish and Game fish tickets for bottomfish have not been processed for several months, which means no catch verification or fish tax verification is taking place at this time, and

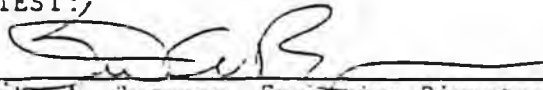
WHEREAS, this information is critical for both management of the fish resource and accurate management of the fish tax collections;

NOW, THEREFORE, BE IT RESOLVED by the Alaska Municipal League that Governor Cowper and the Alaska Legislature adopt legislation to fund adequate staff positions within the Department of Fish and Game to properly manage the information provided on the fish tickets for all species in a timely manner to allow verification and quality information to the municipalities and an accurate accounting for the raw fish tax.

Adopted this 13th day of November 1987.


George W. Carte, President

ATTEST:


Scott A. Burgess, Executive Director

CITY OF KING COVE

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

March 10, 1988

The Honorable Adelhied Herrmann
Alaska State Representative
P.O. Box V
Juneau, Alaska 99811

RE: HB 486

Dear Representative Herrmann:

The City of King Cove strongly supports the adoption of HB 486, an act relating to fisheries tax returns. The City believes this bill will effectively assist in accomplishing the following:

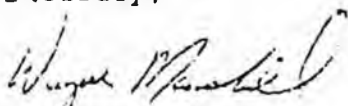
- o Provide municipalities a cost-effective tool in the administration and collection of municipal sales/use taxes, particularly from floating fish processors ; and

- o Provide the State and municipalities an informal avenue to share information and identify processors which are operating in respective areas of the State. This information sharing will enhance the prospects for the State and municipalities to collect tax revenues each is owed, again, particularly from floating processors.

The main problem confronting coastal municipalities are that they are often unaware of floating fish processing activities that occur in their municipal boundaries and cannot verify the amount of fish product a processor processes. Floating fish processors operating in State waters are required to pay State Fisheries Business Taxes and this information could be an essential tool to help a municipality collect the full amount of local tax assessments it is owed. Quite simply, the large amount of territory in some coastal municipalities, particularly boroughs, and the prohibitive cost of operating onsite monitoring program make it difficult for most municipalities to effectively collect taxes from floating processors. HB 486 is not a cure-all for this problem, but it is a very positive step that will immediately benefit municipalities and the State.

The City of King Cove supports HB 486 and urges its adoption this session.

Sincerely,


Wayne Marshall
City Manager

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

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

February 29, 1988

RECEIVED MAR - 9 1988

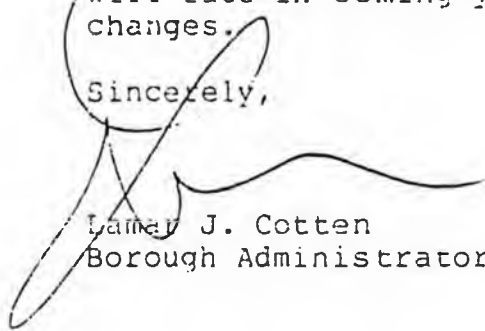
Representative Adelheid Herrmann
P.O. Box V
Juneau, Alaska 99811

RE: HB 486 - Confidentiality Bill

Dear Representative Herrmann:

Just a short note to say that the Aleutians East Borough supports the House Bill 486. It will help close loop-holes in current State law while insuring a taxation policy which treats all entities equally. The bill is well overdue and will help alleviate a number of problems which communities will face in coming years as the fishing industry evolves and changes.

Sincerely,


Lamar J. Cotten
Borough Administrator

City of Sand Point

P.O. Box 249
Sand Point, Alaska 99661
(907) 383-2696

RECEIVED MAR - 9 1988

March 2, 1988

Honorable Adelheid Herrmann
P.O. Box V
Juneau, Alaska 99811

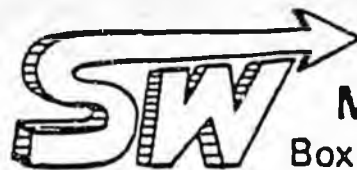
Dear Representative Herrmann:

The City of Sand Point supports your efforts through HB 408 to promote the exchange of the fisheries business tax information between cities and the Department of Revenue. Given the declining nature of revenues, it is mutually advantageous for cities and the Department of Revenue to cross check their sales tax figures against the gross receipts shown on the fisheries business tax form.

Sincerely,



Robert S. Juettner
City Administrator



**SOUTHWEST ALASKA
MUNICIPAL CONFERENCE**

Box 89 • Unalaska • Alaska 99685

RESOLUTION 87-06

A RESOLUTION OF THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE
CONCERNING RAW FISH TAX COLLECTIONS.

WHEREAS, the collection of raw fish tax is a critical source of revenue for the local municipalities and the State of Alaska, and

WHEREAS, the municipalities have been unable to obtain any data concerning collection of raw fish tax, and

WHEREAS, the municipalities would provide considerable information and assistance to the Department of Revenue if given the opportunity, and

WHEREAS, the municipalities have been effectively managing confidential information for many years, and

WHEREAS, the municipalities concur with the sensitivity of the processor information and agree to treat the information as confidential information, and

WHEREAS, the Department of Fish and Game fish tickets for bottomfish have not been processed for several months which means no catch verification or fish tax verification is taking place at this time, and

WHEREAS, this information is critical for both management of the fish resource and accurate management of the fish tax collections, now

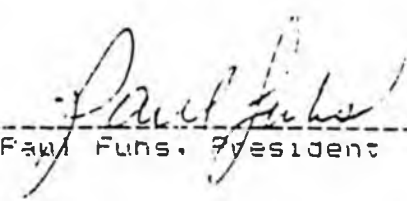
THEREFORE, BE IT RESOLVED By the Southwest Alaska Municipal Conference that Governor Comper and the Alaska Legislature adopt legislation to:

1. Authorize the Department of Revenue to share the confidential information of fish tax collected per processor to be treated as confidential information exempt from public disclosure by the local municipalities.

Southwest Alaska Municipal Conference
Resolution 87-06
Page two

2. Require the Department of Revenue to work cooperatively with local municipalities in verification and collection of raw fish tax including the option for a local municipality to assume the collection duties within their municipal bounds and retain a reasonable administrative fee to cover the cost of collection.
3. Fund adequate staff positions within the Department of Fish and Game to properly manage the information provided on the fish tickets for all species in a timely manner to allow verification and quality information to the municipalities and an accurate accounting for the raw fish tax.

APPROVED AND ADOPTED this 14th day of March
1987.



Paul Funs, President

Alaska
MUNICIPAL
League

(5) HB 486

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

MEMORANDUM

TO: Representative Henry Springer, Chair
Members of the House Community and Regional
Affairs Committee

FROM: Scott A. Burgess, Executive Director

DATE: March 21, 1988

SUBJECT: HB 486 - Fisheries Tax Returns

The Alaska Municipal League strongly supports HB 486 - relating to fisheries tax returns. Subsection (a) permits municipalities to determine whether fisheries businesses operating within their boundaries are properly reporting the location of their activities. Inaccurate or improper reporting of location adversely affects the entitlement of an affected municipality to its share of the fisheries license tax.

Subsection (b) is extremely important to municipalities that levy sales and use taxes on the sale or use of fisheries products. It provides an enforcement mechanism that will provide enforcement information to both the state and the municipality without violating the purpose for which the confidentiality of these records was established. The practice of taxing jurisdictions of exchanging taxpayer information for enforcement purposes is well established and should be extended to this situation.

I have enclosed a related resolution adopted by the AML membership at our annual conference in November. The resolution supports the need to share fisheries tax information between the State and municipalities. It also request adequate funding for the Department of Fish and Game to properly collect, report, and manage fish ticket information

The AML strongly supports HB 486.

Thank you.

SAB:ph1

Enclosure

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-8

A RESOLUTION CONCERNING RAW FISH TAX COLLECTIONS.

WHEREAS, the collection of raw fish tax is a critical source of revenue for the local municipalities and the State of Alaska, and

WHEREAS, the municipalities have been unable to obtain any data concerning collection of raw fish tax, and

WHEREAS, the municipalities would provide considerable information and assistance to the Department of Revenue if given the opportunity, and

WHEREAS, the municipalities have been effectively managing confidential information for many years, and

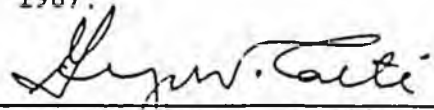
WHEREAS, the municipalities concur with the sensitivity of the processor information and agree to treat the information as confidential information, and

WHEREAS, the Department of Fish and Game fish tickets for bottomfish have not been processed for several months, which means no catch verification or fish tax verification is taking place at this time, and

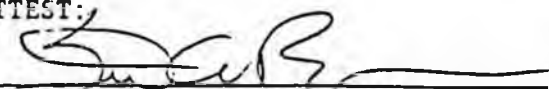
WHEREAS, this information is critical for both management of the fish resource and accurate management of the fish tax collections;

NOW, THEREFORE, BE IT RESOLVED by the Alaska Municipal League that Governor Cowper and the Alaska Legislature adopt legislation to fund adequate staff positions within the Department of Fish and Game to properly manage the information provided on the fish tickets for all species in a timely manner to allow verification and quality information to the municipalities and an accurate accounting for the raw fish tax.

Adopted this 13th day of November 1987.


George W. Carte', President

ATTEST:


Scott A. Burgess, Executive Director

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4 9 0



University of Alaska
Statewide System of Higher Education

OFFICE FOR FISHERIES

ALASKA SEA GRANT COLLEGE PROGRAM

March 23, 1988

Honorable Cliff Davidson
House of Representatives
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Davidson:

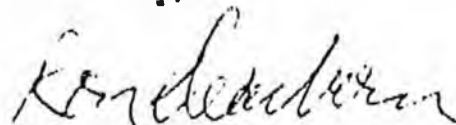
This letter addresses HB 490. As you are aware, the Alaska Sea Grant College Program has had a longstanding interest in the issues of marine safety. Working primarily through its Marine Advisory Program and in partnership with members of the fishing industry, volunteers, safety equipment manufacturers, and state agency personnel, Sea Grant has promoted safe operating practices and the use of survival equipment for over a decade. Through the development of the Alaska Marine Safety Education Association (AMSEA) and the activity of various fishermen's wives associations and other volunteers, considerable progress has been made in marine safety education and the use of state of the art survival gear. Clearly, however, as seen from the loss of lives in the fishing industry this season, our successes and those of our partners in the marine safety arena falls far short of our goals to make fishing a safe industry for Alaska.

HB 490 proposes additional steps for increasing safety in the fishing industry. Sea Grant supports this effort. In addition Sea Grant offers to continue its partnership role with those who strive towards a safer Alaska fishing industry. As University based programs, Sea Grant and the Marine Advisory Program are primarily in the knowledge business, either developing new knowledge through research, or transferring knowledge through teaching in a variety of formal and informal settings. On a short-term basis, however, Sea Grant is willing to expand its role by providing additional support and leadership in helping to initiate and define a productive role for the Fishing Vessel Safety Advisory Council (FVSAC) proposed in HB 490. It is my belief that safe operating practices must be expanded beyond the carrying of minimal survival gear if a responsible industry safety record is to be established in Alaska. Sea Grant is willing to provide support for further exploration and definition of a role for FVSAC. Over the long term, however, it is a more appropriate role for the State and/or the fishing industry than a University based program to provide the continuing support for this important responsibility.

Honorable Cliff Davidson
March 23, 1988
Page two

Mr. Davidson, I appreciate the marine safety leadership role you have taken through sponsoring HB 490. The Sea Grant College Program of the University of Alaska Fairbanks looks forward to working with you in this important area. Please give me a call if we can be of assistance to you.

Cordially,



R. K. Dearborn, Director
Sea Grant College Program
and
Acting Associate Dean
School of Fisheries and
Ocean Sciences

RRD:lbd

cc: Dr. Vera Alexander, Dean SFOS
Dr. Donald Kramer, Chair MAP
Henry Pennington, MAP, Kodiak

Original sponsor: Davidson

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 490 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to safety equipment for commercial
7 fishing vessels; and providing for an effective
8 date."

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

10 * Section 1. AS 30 is amended by adding a new chapter to read:

11 CHAPTER 35. SAFETY STANDARDS FOR COMMERCIAL FISHING VESSELS.

12 Sec. 30.35.010. EXPOSURE SUITS. (a) A vessel subject to this
13 chapter must be equipped with a United States Coast Guard approved
14 exposure suit for each person on board the vessel. An exposure suit
15 that is not Coast Guard approved, but is in use on a vessel before
16 January 1, 1989, meets the requirements of this subsection if the
17 exposure suit is similar or identical in design, construction, and
18 function to an approved suit.

19 (b) An exposure suit required under (a) of this section must

20 (1) include an inflation tube that meets the United States
21 Coast Guard construction requirements for inflation tubes when used as
22 an integral part of an exposure suit;

23 (2) have a T-handle zipper pull; and

24 (3) be equipped with a United States Coast Guard approved
25 personal flotation device strobe light.

26 Sec. 30.35.020. LIFE RAFTS. (a) A vessel subject to this
27 chapter that is 32 feet or longer in overall length on deck is
28 required to be equipped with a life raft capable of accommodating
29 every person on board the vessel.

1 (b) A life raft required under (a) of this section must be

2 (1) equipped with a Class A or Class B EPIRB that is ap-
3 proved by the United States Coast Guard for use in an inflatable life
4 raft;

5 (2) provided with the minimum equipment that is required by
6 the United States Coast Guard for use in all inflatable life rafts;
7 except as provided in (3) of this subsection, this paragraph does not
8 require the additional equipment that is required by the Coast Guard
9 for life rafts that are intended for use on ocean service or limited
10 service vessels; and

11 (3) equipped with signal devices required under the United
12 States Coast Guard equipment requirements for inflatable life rafts
13 intended for use on limited service vessels.

14 (c) In this section "life raft" means an inflatable life raft
15 that meets the type and size, design, and inspections and tests re-
16 quirements of the United States Coast Guard. A life raft required
17 under this section does not need to meet the Coast Guard requirements
18 for containment, rigid or fabric containers, or launching reinforce-
19 ment.

20 Sec. 30.35.030. CLASS A EPIRBS. (a) A vessel subject to this
21 chapter that is 32 feet or longer in overall length on deck is re-
22 quired to be equipped with a Class A EPIRB.

23 (b) A Class A EPIRB required under (a) of this section must be
24 stowed in a readily accessible location in a manner that allows it to
25 float free if the vessel sinks.

26 Sec. 30.35.040. REQUIRED MAINTENANCE. Equipment required under
27 this chapter shall be operative and maintained in good and serviceable
28 condition.

29 Sec. 30.35.050. APPLICABILITY. This chapter applies to vessels

1 required to be licensed under AS 16.05.490 except for a vessel used in
2 charter service for the recreational taking of fish and shellfish.

3 Sec. 30.35.060. ENFORCEMENT. The Department of Fish and Game
4 may adopt regulations under the Administrative Procedure Act
5 (AS 44.62) to implement this chapter. The Department of Public Safety
6 and the Department of Fish and Game shall cooperatively enforce this
7 chapter and regulations adopted under it. The departments may enter
8 into agreements with the United States Coast Guard, the National
9 Marine Fisheries Service, or the United States Fish and Wildlife
10 Service to assist in the enforcement of this chapter.

11 Sec. 30.35.090. PENALTY. A person who, with criminal negli-
12 gence, violates this chapter or a regulation adopted under this chap-
13 ter is guilty of a class B misdemeanor.

14 Sec. 30.35.095. DEFINITION OF EPIRB. In this chapter "EPIRB"
15 means an emergency position indicating radiobeacon that has been type
16 accepted or type approved by the Federal Communications Commission and
17 that is also approved by the United States Coast Guard.

18 * Sec. 2. ADVISORY COUNCIL ESTABLISHED; REPORT. (a) There is estab-
19 lished in the Office of the Governor the Fishing Vessel Safety Advisory
20 Council. The council consists of at least seven members appointed by the
21 governor. Members must be knowledgeable and experienced in the areas of
22 commercial fishing vessels or vessel safety and life-saving matters,
23 methods, and systems. At least one member shall represent each of the
24 following:

- 25 (1) the commercial fishing industry;
26 (2) fishermen's associations;
27 (3) the safety equipment industry, which includes businesses
28 manufacturing, supplying, or servicing marine safety and life-saving equip-
29 ment;

1 (4) the marine insurance industry;

2 (5) education; and

3 (6) the United States Coast Guard.

4 (b) Council members are entitled to per diem and travel expenses
5 authorized for boards and commissions under AS 39.20.180.

6 (c) The purpose of the council is to suggest, review, and recommend
7 legislation, regulations, and guidelines that address safety equipment
8 requirements and educational programs that contribute to the successful
9 application of safety and life-saving equipment ^{and life-saving} on commercial fishing
10 vessels.

11 (d) The council shall consider and review proposals relating to the
12 development and implementation of educational programs at the high school
13 and community college level to increase the level of awareness among par-
14 ticipants and potential participants in the commercial fishing industry
15 with respect to the necessity, application, and use of safety and life-sav-
16 ing equipment on commercial fishing vessels. The council shall encourage
17 the involvement of fishermen's associations, processor associations, or
18 other trade associations or industry groups in the implementation of pro-
19 posed educational programs. The council shall also consider guidelines and
20 requirements relating to the maintenance, servicing, and upgrading of
21 safety and life-saving equipment and recommend a permanent method for the
22 state to evaluate current and future needs relating to legislation, regula-
23 tions, and guidelines for commercial fishing vessel safety.

24 (e) The council shall report its recommendations to the governor and
25 the legislature by January 15, 1991.

26 The council is terminated January 16, 1991.

27 .) In this section "council" means the Fishing Vessel Safety Advi-
28 sory Council established under (a) of this section.

29 * Sec. 3. AS 30.35.010(b)(3), 30.35.020, and 30.35.030, added by sec. 1

1 of this Act, take effect January 1, 1990.

2 * Sec. 4. Except as provided in sec. 3 of this Act, this Act takes
3 effect January 1, 1989.

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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act relating to safety equipment for commercial fishing.vessel..."
Sponsor: Davidson
Requestor: House HESS

Agency Affected: Public Safety
BRU: Fish & Wildlife Protection
Components: Marine Enforcement
Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Captain Conrad G. Seibel Phone: 269-5509
Division: Fish & Wildlife Protection Date: 2/24/88
Approved by Commissioner: [Signature] Date: 3-14-88
Agency: Department of Public Safety

Distribution (by preparer):

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



STATE OF ALASKA

HOUSE OF REPRESENTATIVES

Box V, Juneau, Alaska 99811

(907) 465-2487 • 465-2498

REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

TO: HOUSE RESOURCE MEMBERS
FROM: REP. DAVIDSON *CD*
DATE: MARCH 23, 1988
RE: SECTIONAL ANALYSIS, HB 490

The idea for the original HB 490 was brought forth by a group of fishermen in Kodiak who saw a need for legislation requiring safety equipment on board fishing vessels.

The proposed Committee Substitute refines their idea of requiring safety equipment and adds the establishment of a Fishing Vessel Safety Advisory Council.

Section 1

Requires an exposure suit for each person on board the vessel. Under this section a life raft capable of accommodating every person on board is required. The life raft must be equipped with a Class A or Class B EPIRB. A vessel that is 32 feet or longer is required to be equipped with a Class A EPIRB.

The required equipment must be maintained in good and serviceable condition.

These requirements would apply to all commercial fishing vessels 32 feet or more. Setnet skiffs and Charter boats would be exempt.

Enforcement would be shared by the Department of Fish and Game and the Department of Public Safety.

Section 2

The Fishing Vessel Safety Advisory Council would consist of at least 7 members who would be appointed by the Governor. Members would represent the fishing industry, the safety industry, marine insurance and the U.S. Coast Guard.

The purpose of the Council is to suggest, review, and recommend legislation, regulations and guidelines that address safety equipment requirements and educational programs that contribute to the successful application of safety and life-saving equipment and practices on board commercial fishing vessels.

The Council would work with already established educational institutions such as high schools and colleges and potential fishermen and women. The Council would exist for 3 years and report to the Governor.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Office of the Governor
 Title: An Act relating to safety equipment for commercial fishing... BRU: Executive Operations
 Sponsor: Labor and Commerce Comm. Components: Executive Office
 Requestor: Sen. Tim Kelly

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		16.8	33.7	16.8		
CONTRACTUAL		4.4	8.8	10.3		
SUPPLIES		.3	.6	.6		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		21.5	43.1	27.7		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		21.5	43.1	27.7		
FEDERAL FUNDS						
OTHER						
TOTAL		21.5	43.1	27.7		

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See attached analysis.

Prepared by: Michael A. Nizich, Director Phone: 465-3616
 Division: Division of Administrative Services Date: 3/14/88

Approved by Commissioner: _____ Date: 3/8/88
 Agency: Office of the Governor

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB455 (L&C)

Section 2 of CSSB455 establishes in the Office of the Governor the Fishing Vessel Safety Advisory Council. The Council consists of "at least seven members" appointed by the Governor. These Council members are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

Sections (c) through (e) outline the work requirements of the Council as follows:

- Suggest, review, and recommend legislation, regulations, and guidelines that address safety equipment requirements and educational programs that contribute to the successful application of safety and life-saving equipment on commercial fishing vessels.
- Consider and review proposals relating to the development and implementation of educational programs at the high school and community college level to increase the level of awareness regarding the application and use of safety and live-saving equipment on commercial fishing vessels.
- Report its recommendations to the Governor and the Legislature by January 15, 1991.

The effective date for creation and start-up of the Council is January 1, 1989, with a termination date of January 16, 1991.

This fiscal analysis estimates travel and per diem for seven Council members from throughout Alaska (air fares based on travel to and from Juneau, Anchorage, Dillingham, and Kodiak for Juneau, Anchorage, Dillingham, Kodiak, Kenai, Sitka and Ketchikan) to four 3-day meetings in FY 89, eight 3-day meetings in FY 90, and four 3-day meetings in FY 91.

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
Travel	16.8	33.7	16.8

Contractual expenses included in the estimate are meeting room rental, advertising, and clerical services for transcription of minutes and production of reports for four meetings in FY 89 and FY 91, and eight meetings in FY 90; long distance telephone charges; printing and binding of the final report to the Governor and Legislature in FY 91; and photocopies. Estimates are based on previous expenditures for similar councils, interim councils, and working groups.

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB455(L&C)

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
Contractual	4.4	8.8	10.3

Estimates are for normal office supplies (paper, pens, folders, etc.) for use at Council meetings and for Council publications.

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
Supplies	.3	.6	.6

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 8, 1988

SUBJECT: Jurisdiction of the State to Impose Safety
Equipment Requirements on Foreign Vessels;
Interaction with Federal Laws (CSHB 490 ())

TO: Representative Cliff Davidson
Attn: Mary Mullen

FROM: David R. Dierdorff 
Revisor of Statutes

You have asked for a legal analysis of certain issues arising under CSHB 490 (), relating to safety equipment for commercial fishing vessels. The issues fall into two categories: the state's jurisdiction with respect to vessels documented or registered in another state or country; and the interaction of state law with federal law on the subject of vessel safety.

I. JURISDICTION.

As drafted, the safety requirements would apply only to vessels that are required to obtain a commercial vessel license under AS 16.05.490, with certain exceptions not relevant to this discussion (see sec. 30.35.050 in the draft). Consequently, the safety laws would apply to a commercial vessel that delivers or lands fish in Alaska or engages in commercial fishing in Alaska, unless that vessel is exempt under AS 16.05.495 from licensing or under proposed AS 30.35.050 from the safety requirements.

It is clear that the state has the authority to regulate fishing activities, including vessels and gear, within the three-mile limit. Also, to the extent that there is a sufficient connection between the state and the persons regulated, where the state has a legitimate interest in the matter regulated the state "may regulate fishing beyond the three-mile territorial limit in the absence of conflicting federal law or undue impediment to interstate commerce." See Skiriotes v. Florida, 313 U.S. 69, 61 S.Ct. 924, 85

L.Ed. 1193 (1941), quoted in State v. F/V Baranof, 677 P.2d 1245, 1249-1250 (Alaska 1984).

The Alaska supreme court in Baranof upheld the validity of the state's regulation of king crab harvesting by a documented Washington vessel. The vessel's owners and the preferred lien holder (both Washington entities), challenged the right of the state to regulate the fishery in the face of the FCMA (the Magnuson Fishery Conservation and Management Act). Because FCMA contains a provision that allows a state to "directly or indirectly regulate any fishing which is engaged in by any fishing vessel outside its boundaries * * * if the vessel is registered under the laws of such State" (16 U.S.C. 1856(a)), the court was required to decide whether the word "registration" meant registration under the vessel registration or documentation laws, or included the registration required under AS 16.05.475, 16.05.490 et al.

The court held that the plain meaning of the federal law required the conclusion that registration under the provisions of AS 16.05 and regulations adopted under that chapter was "registration under the laws of" Alaska and that the F/V Baranof was subject to state regulation. This interpretation had been reached previously by the California supreme court in People v. Weeren, 607 P.2d at 1286.

Clearly the state has a legitimate interest in the safety of persons working on vessels within its waters, and in contiguous waters beyond the territorial limit. Even if the persons on those vessels are not Alaska domiciliaries, the state's resources are called into play in the event of an accident or personal injury. Of course, the persons on those vessels are frequently Alaska residents, at least on a seasonal basis. I doubt very much that a court would hold that the state lacks either sufficient connection with the persons regulated or a legitimate interest in the subject matter of vessel safety. Consequently, to the extent that the operation of the vessel safety laws are restricted to vessels over which the state's regulatory authority is already being exercised, I can foresee no legal problems with the bill. It should be noted that the state's activity in Baranof which was upheld was much more intrusive of the rights of the vessel's owners, in that it involved a forfeiture proceeding against the vessel for violation of traditional fisheries regulations (time, place, limits, etc.). The fact that such regulation has been upheld suggests that the much less intrusive regulation of minimal

Representative Cliff Davidson
Page 3
March 8, 1988

crew safety would not be said to impinge upon interstate commerce or exceed legitimate state interests.

Finally, the licensing and registration laws do not distinguish between vessels home-ported or documented in another state or country. Thus, to the extent that those vessels must be licensed under AS 16.05.490, whether they are from Washington, British Columbia, Japan, or any other jurisdiction they could be made subject to proposed AS 30.35.

II. FEDERAL PREEMPTION.

Assuming that Congress enacts legislation imposing similar safety equipment requirements on vessels subject to the state's regulation under proposed AS 30.35, you have asked whether the state law would be preempted. I note at the outset that there are some current federal safety regulations enforced by the Coast Guard that may overlap the proposed regulations for some vessels. For purposes of this memo, however, the issue of preemption is the same.

Federal preemption was discussed at length in the Baranof decision, because it was a significant issue in the case. The court summarized the subject by saying that preemption "will occur when Congress evidences an intent to occupy an entire field, * * * or when state and federal laws are in actual conflict." 677 P.2d at 1249. It went on to say that preemption "may be either express or implied, and is compelled whether Congress' command is explicitly stated in the statute's language or implicitly contained in its structure and purpose," but that preemption "will be found only when 'the clear and manifest purpose' of Congress was to occupy the field." ibid.

It is obviously impossible to answer a question about federal preemption in the absence of federal legislation. If the state desires to regulate vessel safety, it should not worry about possible future federal preemption. Rather, it should enact the laws it chooses and then, perhaps, monitor Congressional developments to determine whether it is desirable (1) to allow for continued state regulation concurrently with federal regulation or, (2) to encourage federal preemption, and take action as appropriate

Because of its importance to the issues discussed in this memo, I enclose a copy of the Baranof decision. If I can be of further assistance, please advise.

Enclosure

DRD:bb
b3/086


STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1988

SUBJECT: Federal Preemption (CSSB 455 (L&C))
TO: Senator Fred Zharoff
FROM: David R. Dierdorff 
Revisor of Statutes

You have asked whether enactment by Congress of the latest version of H.R. 1841 would preempt the state's safety standards for fishing vessels, assuming that CSHB 455 (L&C) became law.

Because the enactment of CSSB 455 (L&C) is a proper exercise of the state's police power, to the extent that it neither conflicts with or interferes with the enforcement of the federal law, it is not preempted by the federal enactment. The state's power to protect and promote safety on matters properly within its jurisdiction can not be taken away by federal legislation. See generally, 81A C.J.S. States sec. 25. Both federal and state law relating to safety on fishing vessels should be given effect, and only where they conflict would the federal law supersede the state's.

I have reviewed the February 24, 1988, mark-up of H.R. 1841. In the first instance, the federal law would not apply to certain vessels, depending upon their usage, their size, the crew size, the area of operation, and future regulations adopted by the Secretary of the Treasury. To the extent that federal law does not apply to those vessels, state law applicable to the vessels is not preempted. Even assuming that the federal law could preempt a valid exercise of the state's police power, it is my opinion that preemption with respect to those vessels would require an express statement in the federal law that the state may not impose safety requirements on vessels exempted under the federal law. Recall the situation in Baranof, in which the federal law gave authority for federal regulation, but the federal regulatory agency had not exercised that authority. Because the court

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ruled that the FCMA scenario did not amount to preemption, it should be clear that the proposed safety standards would not be preempted with respect to vessels exempt from the federal safety law as currently proposed.

With respect to vessels that would be subject to the federal law, the federal law imposes fewer (and quite different) requirements on certain vessels, and more stringent requirements on others. There is no language expressly declaring that a state may not impose identical (or more stringent) requirements on vessels under its jurisdiction. However, as discussed in my memo to Representative Davidson, it is not necessary for preemption to be express - it may be inferred from the enactment of a comprehensive regulatory scheme that demonstrates an intent to occupy the field. The question then is whether H.R. 1841 is such a comprehensive scheme.

It appears that the minimum requirements set out in sec. 4502(a) merely reenact existing federal law (see 46 U.S.C. 4102) that applies to uninspected vessels, relating to fire extinguishers, p.f.d.'s, distress signals, etc. There are no conflicts between the requirements of CSSB 455 (L&C) and this part of the federal law, although the state law imposes additional requirements. The additional state requirements reflect the state's legitimate interest in safety requirements suited to the state's unique conditions. I believe a court would most likely hold that a fishing vessel covered by sec. 4502(a) and CSSB 455 (L&C) would have to comply with both laws.

The additional federal requirements set out in sec. 4502(b) and (c) for certain vessels are more comprehensive than those under CSSB 455 (L&C). To the extent that federal and state laws require the same equipment, there are some differences in specifics (for example, the federal law requires only EPIRBS, while state law requires Class A's for certain vessels and Class A or B's for life rafts; state law exempts life rafts from certain Coast Guard standards that may well be incorporated under federal law). It is clear that a vessel complying with the federal law would also comply with the state law (with the possible exception of EPIRBS), but a vessel complying with state law would not meet all of the federal requirements. In any event, where both federal and state law address the same subject, federal law prevails. Thus, the state's laws would be preempted by the federal law as to those vessels subject to sec. 4502(b)

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and (c) to the extent that they acquire the same equipment, or conflict.

You have also asked for my general comments on the interaction between state and federal law and the potential for problems for the commercial fishing fleet. The only potential problem is one that the preemption doctrine solves. That is, with respect to a category of equipment required by both state and federal law for the same vessel, but for which equipment different specifications are required under the respective laws, the federal law would govern. That may create some confusion for vessel operators. The confusion could be minimized by providing in CSSB 455 (L&C) that compliance with applicable federal law requiring the same equipment on a vessel exempts the vessel from the requirements of state law as to that equipment.

One final comment. I noted when reviewing the federal legislation that we may have overlooked a necessary ingredient in CSSB 455 (L&C). Although we do impose a duty, and provide for a penalty, we don't address the question of responsibility. Perhaps you should consider an amendment that would make the vessel operator and/or owner responsible for compliance. Compare secs. 4504 and 4507(a) of H.R. 1841.

If I can be of further assistance, please advise.

DRD:bb
b4/015

THE MISSION OF PEGGY BARRY

by Ivy Harper

Letters have always been a lifeline. For Alaskan authorities in the summer of 1985, a soggy but still legible letter in the jeans pocket of a body found floating near Kodiak Island enabled them to identify the fair-haired youth.

For Robert and Peggy Barry, letters that summer from their 20-year-old son Peter provided a glimpse of Alaska through his observing eyes. Throughout his first trip to the John Muir coast, Peter Barry sent home stories about the soaring scenery, the Kodiak bears, camping on the beach, clam digging, hosing the "slime line" at a fish processing plant and finally, tragically, working the deck on a salmon boat. And, despite death, those letters provide his family with a lasting presence and treasured memories of the introspective Yale anthropology student.

The discovery of Peter Barry's body on August 20, 1985, was the first indication local fishermen had that all was not well with the Western Sea, the boat Barry had boarded five days earlier with its captain and four other crewmen. Coast Guard employees immediately began search and rescue operations in a fruitless effort to locate the overdue ship and any survivors.

Meanwhile, Robert and Peggy Barry received the telephone call that every parent fervently hopes never to receive—the one that regretfully informs them. But in this case, Alaskan state officials, Coast Guard authorities and resident fishermen were not merely messengers bearing the grievous news of Peter Barry's accident; they were willing, forthright critics of the country's commercial fishing industry. What Robert learned during his two-day stay in Alaska to claim the body of his middle child forever altered the Barrys' lives and plunged them into the maze-like world of fishing vessel safety and insurance.

Robert learned that his son unsuspect-



Pam Glass

Commercial fishing has by far the poorest safety record of any American industry and many are "disgusted by the lack of regulation."

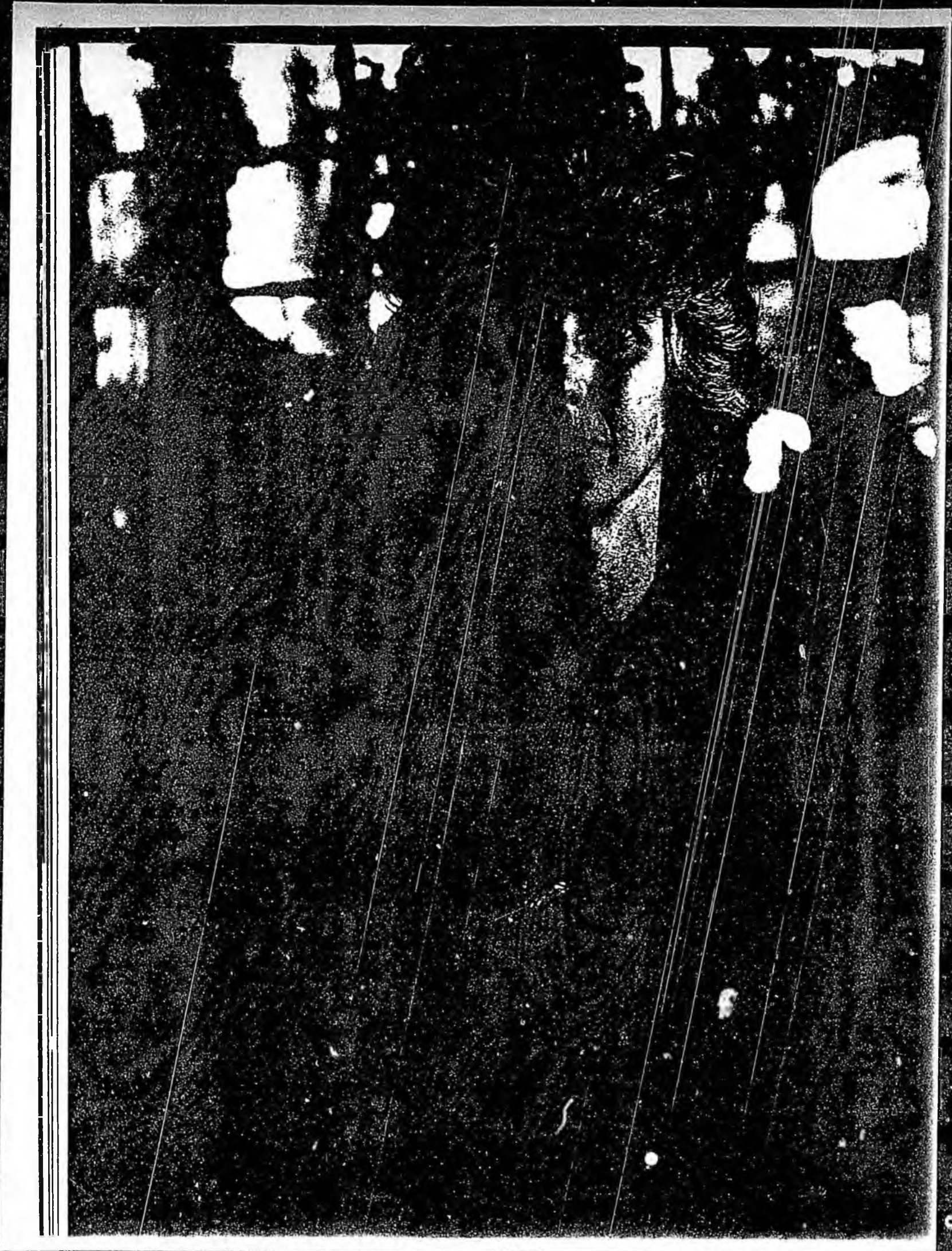
ingly boarded a deathtrap—an unstable vessel with rotten planking that had never been inspected and did not carry lifeboats or rafts, survival suits or an emergency position indicator radio beacon (EPIRB). And he learned that had the owner of the 70-year-old wooden purse seiner lived, he wouldn't have broken a single law.

As implausible as that sounded to them at the time, the Barrys said, they were told that this nation's 33,000 uninspected commercial fishing vessels are virtually regulation-free. Vessel owners are not required to provide basic safety and survival equipment, boats need not be inspected, stability checks are voluntary and neither training for crew nor licensing for skippers is required.

"We were stunned, shocked," Peggy said. "We absolutely couldn't believe what we were hearing."

It got worse. They discovered that commercial fishing has by far the poorest safety record of any American industry and that many locals were also "disgusted by the lack of regulation"—information that especially haunted the Barrys in those first few months after their son died. If art imitated life, Willie would wail "Mama don't let your babies grow up to be fishermen," because the accidental death rate for cowboys of the sea is seven times the industrial average. Some 250 boats and an average of 75 lives are lost every year in vessel flooding, capsizing, fire or explosion disasters. And yet this is an industry that, to this day, puts the final responsibility for safety and survival on individual crew members.

National Fisherman magazine once editorialized that crewmen should provide their own immersion suits (they cost about \$300) or "switch to another boat." The editorial drew an angry response from the director of the U.S. Marine Safety Association: "What about a quality life raft (\$3,350) that is properly



installed and serviced or an EPIRB. (\$375) with an up-to-date battery? Should a crewman provide these also? We think not. Crewmen—fishermen—should not have to worry about these items any more than a passenger on a liner or ferry should worry about whether there are adequate life jackets. Those who go to sea to fish should only worry about whether they can do an already difficult job—catching fish."

The issue of voluntary versus mandatory safety regulations was being debated with little urgency or intensity when the Barrys entered the vessel safety picture in the fall of 1985. Overwhelmed by their loss and the feeling that their son was a victim not of the sea but of negligence, the Barrys vowed to push for reform. They joined a passionate, but geographically scattered, group of marine safety advocates whose crusade for change had been building momentum, but whose efforts had been stymied by, among other factors, lack of a persistent voice in Washington, D.C. The Barrys, Washington residents, became that voice. And Peggy, however emotionally unprepared, became spokesman by default when her husband left for Sweden in the fall of 1985 to head the U.S. delegation to the Conference on Disarmament in Europe.

She remained in the United States, immersing herself in marine safety issues, and expanded her role as mother, homemaker and part-time volunteer teacher to include outspoken, well-versed marine safety advocate. As her understanding of the issue deepened, so did her commitment. She collected newspaper clippings, pored over statistics, contacted legislators, met with editorial writers, attended hearings, drafted testimony and dissected opposing testimony. Slowly, Peggy transformed two rooms in her four-story northwest Washington home into a national clearinghouse for other relatives of victims at sea—Pete Zimny, Robert Darling, Leland and June Welsh, Rosemary and Roderick Hofer, Maxine and Don Klingenberg and Mary Finch Hoyt (press secretary to Rosalyn Carter)—parents who shared a common anguish and sense of frustration at the appalling safety record of an industry that had claimed the lives of people they loved.

And now, two and a half years after her involvement began, Peggy is roundly credited as the engine that has propelled safety reform legislation to its present position, which is miles farther than it has ever been before. As this issue of *American Politics* goes to press, unprecedented and historic fishing vessel safety

and insurance legislation is moving swiftly (by Hill standards) through Congress.

National Fisherman once editorialized that crewmen should provide their own \$300 immersion suits or "switch to another boat."

and some version of several bills under consideration is expected to pass both houses and become law this spring.

The Commercial Fishing Industry Vessel Safety and Compensation Act, introduced by Rep. Gerry Studds (D-Mass.), establishes requirements for basic safety equipment and provides guidelines for timely compensation for temporary injuries incurred by seamen on fishing industry vessels. Similar legislation has been introduced in the Senate by Sen. John Chafee (R-R.I.). Ardent safety crusaders, while supportive of the Studds-Chafee legislation, prefer HR 1836, a bill introduced by Rep. Mike Lowry (D-Wash.), which addresses safety alone. In addition to mandating safety equipment, it requires crew licensing and Coast Guard inspection of vessels. But Lowry's bill is unlikely to move because it has a price tag and doesn't deal with insurance. (The industry has been plagued for years by unaffordable and unavailable marine insurance. Throughout the last two decades, concern for safety has been systematically eclipsed by industry concern about insurance premiums and caps on compensation.)

Not everyone is optimistic that safety legislation is imminent. Richard Hiscock, an independent marine safety expert and advocate who operates out of his home in North Chatham, Mass., said, "I won't believe legislation until I see President Reagan sign the bill."

Hiscock's skepticism is understandable. Historical fishing vessel owners have virulently opposed Government regulation on the grounds that Government intervention will subject them to rules drafted by bureaucrats "who don't

know the pointy end from the fat end of a boat." A fiercely independent, rugged, often well-off group of entrepreneurs, they dismiss legislators and safety advocates as outsiders unable to comprehend what happens on a fishing boat who will submarine the fishing industry with costly, ignorant legislation. And an unspoken fatalism, a sense that "when your number's up, it's up," pervades the brotherhood—all the more reason to resist legislation.

"The fishing industry has traditionally lobbied that regulation would put them out of business," said John Sabella, director of the North Pacific Fishing Vessel Owners Association's fishing vessel safety program. "I'm not trying to argue the logic of this, I'm simply telling you that the historical record [shows] Congress has always bought the argument that it would be a financial penalty that the industry couldn't bear as well as the idea that these guys are buying into a share of the risk as well as the reward. Fishermen are joint-venture partners going for a share of the catch, not employer-employee. And for a long time, Congress generally regarded them as capable enough seamen, because fishing is a profession that's traditionally been handed down from father to son, that they could cope with the normal hazards they face." normal hazards they face."

Safety advocates generally agree with that overview, but argue that many fisheries (the Bering Sea, for example) have expanded rapidly and that the traditional image of the pop-and-sons operation no longer holds true across the board. "Congress's resistance [to regulating the fishing industry] stems from their collective desire to cling to one last frontier in America," said Hiscock, explaining why Congress has allowed the industry to go unregulated despite its disastrous safety record. "A great romance about fisheries exists, very similar to farming but even more intense. I know coastal representatives have been clinging to that sentiment for years. Unfortunately, vessel owners are businessmen who need to be regulated or they have a tendency to run amok."

And while there is no one voice that speaks for the industry, it is generally agreed that lobbyists for vessel owners and fish processors have been extremely effective at the Congressional committee level in maintaining the status quo. And as fishing methods and processing operations have become increasingly sophisticated, so too have industry representatives. Not only does the commercial fishing industry belong to and operate general trade associations and foundations, it runs species-specific ones that protect salmon, shrimp and tuna fishing

interests. Until recently, these lobbyists battled any kind of mandatory regulation.

That Peggy Barry managed, in just over two years, and on a personal outlay of \$1,000 for postage and photocopying costs, to focus so much attention on the safety issue that even vessel owners are resigned to the inevitability of safety legislation, is nothing short of remarkable.

The Barrys were unaware when they began their quest for mandatory safety legislation that they were going up against a phalanx of industry members wary of an outsider pushing a safety agenda. "We have been referred to as outsiders," said Peggy Barry. "The *Alaska Fishermen's Journal* turned that into an advantage, suggesting that the industry needed 'outsiders' to point out their faults." (Odd as it may sound, considering the number of marine fatalities, Peggy was the first relative of a victim-at-sea ever to agitate and become a household name within the close-knit fishing industry, an industry dominated by men, many of whom are described by one Hill aide as "supremely macho." And so, while Peggy is publicly praised by some in the industry, there is a strong undercurrent of resentment toward her among many who maintain that Robert Barry's credentials and corrections (he is the deputy director of Voice of America and served as U.S. Ambassador to Bulgaria from 1981 to 1984) are the real reason for the Barrys' inroads.

"I never have and never will use my official position in the Government in any capacity on this issue," said Robert Barry. "When I go and meet with anybody, I do it as a private citizen on my own time. Besides, Peggy has, for the most part, met with the congressmen and senators and others, and they certainly don't react to her because of my position. Whatever influence we have is not based on who we are, but on what we have to say."

"Fishermen have been dying for years, then one Yalie dies and the whole world seems to get up in arms," said Sabella. "Fishermen die far away in remote places and they're never seen again and the public basically doesn't pay much attention. Peter Barry happened to be a very publicized case, and his parents happened to be extremely influential people. The sad stories of the Barrys and Peter Zimny and a few other of these people have been touted in the media ad nauseum, and yet there are people that have been dying up here. When the A-boats went down that took 14 people, most of whom were related, from the small community of Anacortes. There are

enormous tragedies in this industry, and all of us regret them greatly and work

Barry learned during his stay in Alaska to claim the body, that his son had unsuspectingly boarded a deathtrap—an unstable vessel with rotten planking that had never been inspected and did not carry lifeboats.

very hard to insure that they don't happen."

Sabella is widely recognized for his safety program, a voluntary training course funded in part by the National Marine Fisheries Service. He calls his work the most extensive effort to control casualties ever undertaken in the U.S. commercial fishing industry and says the program has essentially become a condition of employment along the Seattle waterfront.

Peggy Barry praises Sabella's program, but she maintains that parts of it are too costly for the average vessel owner. And because it is voluntary, it has no impact on operators who are not conscientious enough to participate if not required to by law. "It's a splendid program, but it serves the elite of the industry. To say that it completely covers all the fishing vessels on the Seattle waterfront simply is not true. The Western Sea was based out of Seattle."

She adds that Sabella once told her, "Your son never would have gotten a job around here." She responded that she wished that sort of exclusivity had prevented her son from being hired in Alaska. The fact remains, she says, that 15,000 college students just like Peter, naive about the dangers and difficulties of commercial fishing, migrate to Alaska

every summer.

"Young people respond to such ads as that which appeared in the February 1986 issue of *Newsweek*, which virtually promised a summer's income of \$5,000 to \$7,000," she said in testimony before Congress. She also cites the cover of a popular outdoors magazine that dazzled readers with the claim that they could earn \$8,000 an hour fishing in Alaska.

Earl Comstock, fisheries aide to Sen. Ted Stevens (R-Alaska), says it is unfair to accuse the fishing industry of luring college students to Alaska through hyped-up advertisements. "I'm from the West Coast and I had to do quite a bit of checking to find out how you go about getting a deck job on a fishing boat," Comstock said.

And Sabella argues that no competent vessel owner will take on a college student as a crew member. Talking about Alaska, Sabella said: "A lot of the college kids work in the processing plants, but getting a deck job on a fishing boat is something guys spend years trying to do. College kids go to Alaska because it's a great romance and they wind up working the slime line on a fish processor and decide once is enough, so most of them don't come back. A salmon seiner can gross a million bucks a year and the crew makes real good money... on a high line boat. Jobs on those boats are hard to come by and few between.

"The reason he (Peter Barry) got a job on a bum boat was because he didn't know what he was doing. College students don't just stroll out here for the summertime and get a high-paying job on a good boat. Fishing is a real career—this is serious business. That guy that drove the Western Sea probably couldn't hire anybody else but a college kid."

Asked if college students offered a deck job should automatically respond, "I wouldn't want to join any crew that would have me for a member," Sabella said. "Probably."

"The root of the problem of fishing vessel safety is human error," Sabella stresses. "Today's fishing vessels are better built and equipped than they ever have been historically. And yet no vessel is ever safe from the threat of human mistake. A lot of the critics of the fishing industry are parlor people who simply do not realize that making a living at sea is dangerous no matter how you cut it."

Sabella was correct in his assessment of the captain of the Western Sea. As the Barrys discovered later, the crewman Peter Barry replaced quit because he was nervous about the ship's seaworthiness. Too inexperienced to be

suspicious. Peter only felt lucky that a deck job had opened up. After earning next to nothing digging for clams and leaving the cannery where he had worked earlier rather than cross a picket line, he was eager to land a job where he might earn good money while experiencing the beauty and excitement of a state he had studied for years. The Western Sea seemed like the fulfillment of a promise.

But knowing that the Western Sea was not a typical "good" boat is small solace to the Barrys, because regardless of how hard their son had to look to find his deck job and how many warning signs he innocently overlooked, he found a job that killed him. And the Barrys contend that, naive or not, college student or career fisherman, all workers should be protected, to the extent humanly possible, from a hazardous working environment.

A National Transportation Safety Board study issued in September strongly echoed the Barrys' position: "In many casualties, the absence of basic safety equipment drastically narrowed the chances that the captain and the crew members would survive in the harsh sea environment." In a scathing indictment of the commercial fishing industry, the N.T.S.B. called for sweeping regulation of fishing vessels and fishermen, in many cases proposing rules far stricter than those incorporated in pending Congressional legislation. "The use of voluntary training and manuals to improve the poor safety record in the industry was started at least as early as 1968, but has not been successful," the Board concluded.

The Barrys, deeply troubled to hear their son typecast pejoratively as a "Yalie," have let the taunts slide. Early on, as they realized how intense the opposition to their efforts would be, they decided to concentrate strictly on the cause.

But, if they were to be labeled as well-connected outsiders, the Barrys would not allow vessel owners the luxury of being insiders and of representing, as they so often claimed, the "man on the boat." In testimony before the Senate Commerce Committee last December, Peggy wrote: "In three years of hearings on fishing vessel safety and insurance there has been a great deal of testimony, much of it repetitious, from lobbyists and industry groups. What is missing is the testimony of the men on the boats, the crewmen ... who risk their lives and health with every voyage. We have learned that frank testimony of this sort is hard to come by, because the crewman who calls for new mandatory safety requirements is likely to be, at best, unpopular in the industry and, at worst, unemployable. We [the Barrys] have been con-

tacted by a number of professional fishermen who want to tell their story.

Fishing vessel owners have virulently opposed regulations drafted by bureaucrats "who don't know the pointy end from the fat end of a boat."

but fear being blackballed if they do so."

In her testimony, Peggy's forceful public persona surges to the fore, punctuated by a lancet-like delivery that has moved more than a handful of House and Senate members. But privately, she still trembles when she talks about Peter's death, struggling to finish sentences, occasionally trailing off. And both Peggy and Robert, while aware that they are the point people for the issue, shy away from credit, stressing work done by other victims' relatives and rerouting the conversation back to the issues involved in the safety campaign.

But Capitol Hill aides working on the issue unanimously recognize the Barrys as catalysts for the movement. "There is no question that, with respect to the safety issue, the Barrys have been and continue to be the carriers of the flag," said Jeff Pike, fisheries aide to Studds. Echoing that sentiment, a top Senate commerce aide said, "It is fair to say that the safety issue has moved because of the force and sheer doggedness of Peggy Barry."

Hiscock is more blunt. "I always suspected it would take the death of the right-slash-wrong person before Congress would seriously act on this issue."

The Barrys' work has raised the consciousness of representatives of inland districts, but more important, they have had a profound impact on legislators from fishing districts. Ted Stevens is one of them.

"I think if you look at people like Senator Stevens, it is clear that he is now more interested in the safety aspect than he is in the insurance aspect—a complete turnaround from his position two years

ago," Robert Barry said. "Before 1985, Congressional hearings were held on fishing vessel safety and insurance, but the whole thrust of the thing was vessel insurance. That's what the committee was interested in, and that's what the industry was interested in. Then, the focus began to change, the safety part began to be more important."

So much so, the Barrys believe, that even if an impasse develops among negotiators hammering out the insurance parts of the legislation, a safety-only bill will sail through Congress. But the Barrys, like Hiscock, are not completely confident that their efforts won't be thwarted at the last minute. Last spring, a safety and insurance bill was shelved when the Association of Trial Lawyers of America successfully opposed a cap on liability claims. "I think that there is maybe a 50-50 chance that the part of the bill that deals with compensation will not work out [and] there won't be a compromise that's findable between the trial lawyers and the fishing industry," Robert says of this year's bill.

Although the controversial cap has been removed from the current bill, Peggy said a case could be made that "some of the trial lawyers and some in the fishing industry, their main goal is to see that no safety bill passes. One way of accomplishing that is to link the two and make sure they never get separated."

But even without the insurance provision, the bill may pass strictly as safety legislation. "I've heard from everybody, and people are generally reluctant to say this, but they've all said, Well, if there's no way of finding something that will cover the insurance problem, then something's going to be done about safety without the insurance provisions," said Robert hopefully.

Safety should not be held hostage to insurance, Peggy added, pointing out that the Administration, the Congress and the industry itself are on record in favor of mandatory safety equipment. (The Coast Guard recently reversed its opposition to mandatory safety equipment.) That may make it difficult to kill the safety parts of the legislation simply because separate insurance problems cannot be resolved. And not to pass a bill, insurance notwithstanding, is, the Barrys say, "to condemn people to death."

Listen to Peggy Barry describe the last three years of her life, and the stories of John Walsh and Candy Lightner come to mind. What those parents-turned-activists are to missing children and Mothers Against Drunk Driving, Peggy Barry is to fishing vessel safety.

The bereaved parent as catalyst for ma-

for legislation—a painfully familiar theme throughout the 1980s. And now the decade closes with yet another movement galvanized by the upset of life's natural order—a child predeceasing his parents.

Peggy knows she can never bring her son back. She knows that the light feeling parents have when all their children are alive and healthy will never return. She also knows that more fishermen will return safely to their shores because of her work.

She reads from a letter she received from an American couple now living in Australia whose 29-year-old son drowned when the *Uyak II*, a commercial fishing vessel, capsized in a calm sea in one minute because of a flooded lazaret. "If an experienced fisherman like Greg can get caught by lack of knowledge of a boat's reliability, what possible chance do these young college students who flock by the thousands to work in the summer have? Some have no idea whatsoever what they are doing, what the job description is, what basic safety rules to follow, what survival gear is needed or how to use it, nor any idea of what to do in case of an accident. No other industry in the United States could get away with this type of neglect for their employees' welfare."

Letters are a lifeline, but now the lifeline stretches between parents hoping somehow to make sense of tragedy and to channel their grief into constructive change. "We've asked only for the safest possible workplace and that the man in the boat be adequately prepared," Peggy said. "This is all we ask for, not miracles." •

Ivy Harper, a Washington writer, worked for former Rep. John J. Cavanaugh and for the United States Tuna Foundation. This is her second contribution to American Politics.

continued from page 37

Unfortunately, the Democrats have been able to convince a lot of people over the years that they are the only ones who really give a damn about minorities. They spend a lot of time talking about the problems that affect minorities most acutely. And, most important, they spend a lot of time talking to minorities. If Republicans hope to wean blacks, Hispanics and other traditional Democrats away, we're going to have to begin doing the same thing. It's going to take more than talking, though, to produce some real gains for those minorities. It remains to be seen whether either party is up to that task. •

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Does the Deficit Matter?

BALANCED BUDGETS AND AMERICAN POLITICS

By JAMES D. SAVAGE

"Likely to be considered a classic from the moment it is published."
—Stanley E. Collender, Touche Ross & Co.

Since the stock market crash in October, reducing the federal government's budget deficit has become a top priority among our nation's leaders. A topical issue but hardly a new one, balancing the federal budget has been a perennial source of conflict in American political life. James D. Savage here explores the causes and development of the nation's preoccupation with this issue, arguing that the American fascination with the idea of balancing the federal budget is deeply rooted and reflects more than a contemporary concern about interest rates, inflation, depression, or even the outcome of the ongoing budget debates. \$27.95

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Welcome to ComFish Alaska

Putting the finishing touches on Joycraft's booth at ComFish Thursday were, left to right, Bill Moyers, Mary Jane and Ted Rogers. The display is one of more than 80 at the Alaska Transfer and Storage building at 111 Bartel Avenue. ComFish is open until 7 p.m. tonight. It reopens at 10 a.m. Saturday and at noon Sunday. Please see Page 12 for a list of ComFish seminars this weekend. (Pat Branson photo)



George W missing

A life raft and survival suit found near Karluk during a search for the FV George W. had not been identified at noon today.

The search by Coast Guard and Alaska State Troopers aircraft and an AST patrol vessel was begun this morning.

The 56-foot boat with three people aboard was reported missing yesterday after it failed to return from a fishing trip as scheduled on Wednesday.

According to information the Coast Guard has received the George W. was last seen in Uyak Bay Monday and radio transmissions indicated it was anchored off Malina Point Tuesday evening.

The boat is owned by Jim Miller of Kodiak.

Rain likely Friday night with northwest winds at 10 mph, and a low near 36. Saturday, mostly cloudy skies with periods of rain, light northwest winds, and a high around 41. Outlook for Sunday: mostly sunny, with light winds and a high near 40. Record high for Friday's date is 50, set in 1935; record low is 12, set in 1973. Sunset at 7:20 Friday night; sunrise at 7:15 Saturday morning. Daylight Friday: 12 hours, 2 minutes.



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KODIAK, ALASKA

20 PAGES

35 CENTS

The survival factor

There are no also-rans in the survival business

By IRVING WARNER
Special to the Mirror
Survival is a matter of staying alive. You do, or you don't. There are no also-rans in the deadly serious business of surviving.

Thousands of boats pass through Kodiak waters, and hundreds are permanently homeported here. While sailing in the waters around the island, sometimes things go wrong. What was meant to keep water out, does not, and the captain and crew are suddenly "in the drink". Then it's a matter of survival until they are rescued.

One of the principal pieces of gear used in these situations is aptly called the survival suit.

The survival suit, in the decade and a half since it became popular, has built itself a strong "rep". Made of neoprene rubber, they have come to be thought of as portable islands of invulnerability against even the coldest waters. Often they are marketed as such.

But marine survival is much more than having a survival suit.

"I've picked up so many dead people in survival suits," says Coast Guard Search and Rescue pilot Lt. Commander Tom Walters. "And I'm not saying anything bad about survival suits. But the fact is, survival is a four part situation."

Talking to Walters about survival at sea is an education. "First," says Walters, "there is

good education before even leaving the dock. People - ALL people - must know what to do when there's trouble."

"Secondly," he continues. "Is to have a good survival suit. One that fits well, and you've gotten into before leaving port. Thirdly, a life raft that you know how to deploy and get

into - in a hurry. And lastly, an EPIRB (Emergency Position Indicating Radio Beacon), one that you know how to activate quickly."

Walters nods as he recites each of these four necessary survival ingredients. His last point makes it obvious how important this recipe is. "I have

never picked up anybody dead who had all four of those things going for them."

First, let's examine the subject of survival suits.

Local survival expert Dave Watkins can talk about the subject for hours. Presently the operator of Northstar Survival, Watkins is a retired Coast Guardsman and has been a survival instructor for many years. Survival in coastal Alaska is his specialty. After talking with Dave for two minutes, one realizes it's more a business with him - it's a cause. And a good



NEVER OFF DUTY. Tom Walters discusses a search and rescue operation from his home. Marine safety and survival have become a major concern with him after 16 years as a search and rescue helicopter pilot.

Tom Walters:

'Survival is

4-part situation'

one.

"The very basic design of survival suits hasn't changed a heck of a lot in the last ten years," says Watkins. "Basically, if you're going to buy a (survival) suit, you MUST try it on before buying it."

Though basic characteristics have remained constant, there are differences between brands - some of them not so good. A few makes have been approved by the Coast Guard, others have not. What are some bad points to look out for? "Well," explains (See "Watkins," Page 8)

Kodiak still considered for Navy

By KAREN DURR
Staff Writer

Although some Coast Guard communities may wait years before the Navy picks them as a homeport, Sen. Ted Stevens said he thinks Kodiak is still in consideration for early selection.

Earlier this month, during a monthly "Capitol Exchange" teleconference with Alaska high school students, Stevens said Sitka would probably be selected in a second round of homeporting.

Stevens told Sitka high school senior Mark Loo, "Your port will be reviewed in the first go-round but, it may well be they will come up and disagree with me, but in my opinion, there are other ports in Alaska that are closer to the areas of patrol than you are and if we're going to make our point that we're going to save money by homeporting these vessels near the area where they're supposed to patrol then I think we're going to have to face up to the fact that your area will probably come in in the second round."

"I doubt seriously that the Navy is going to come into a Coast Guard town until it really starts overflowing other facilities."

But Kodiak continues to be considered, he told *The Kodiak Daily Mirror* yesterday.

He explained, "I said, I don't think they would take out the Coast Guard in order to give the Navy a base that's being cur-

(See "Kodiak," Page 9)

Dave Watkins: 'Remember, you'll have clothes on under the suit,'

(Continued from Page 1) plains Watkins, "To begin with size. A good sized man, let's say around six foot or over needs a jumbo, and too often they're sold a regular sized suit. A person has to remember, that they'll have clothes on under the suit." Watkins explains further that a smaller person, a woman or child, needs a smaller suit. Too large of a suit allows excessive water leakage, and this can be fatal - fast.

Some suits are simply made of thicker material than others, especially around heat loss areas - suit thickness may range anywhere from 1/4 to 5/16th of an inch. And that is a marked difference when it comes to survival in frigid waters. Of course the thicker stouter suits cost more.

Another important aspect of survival suits is the rigging. "They should have a heavy zipper with a toggle that you can work with a mittened hand," warns Watkins. "If the zipper doesn't have a toggle on it, put one on. A zipper is of no use if you can't work it with a mittened hand."

Yet, a good survival suit must have a "high rider" on it - something that keeps the user's head out of the water. Lacking

survival suits are stitched seams rather than seams that are ONLY glued. Also, the palms of mittens and the soles of the feet must have material that'll make it possible to grip things and walk on slippery decks. In some of the newer models, each mitten can be unzipped for better dexterity.

Lastly, a survival suit should have a whistle and strobe light attached to the outside. At night, the strobe would make it possible for potential rescuers to see the user.

But, the last ingredient is by far the most important.

"My advice is to get into the suit under timed conditions," Watkins advises suit owners that this isn't easy if you have never actually been in a survival suit. In other words, if you have a survival suit and have never gotten into it and jumped in the water, DO IT!

EPIRBs are the next essential ingredient for survival. What is a good EPIRB? Basically, one that will work when you need it, and one that allows the user to activate it easily and quickly. Recent "Wayward Wind" survivors Debra Nielsen and Jay Rasmussen had an EPIRB with them during that horrible night of January 18, 1988. But like

aster. "At that time ships began meeting SOLA (Safety of Life At Sea) regulations."

In the cold water of Alaska, rafts face problem of heat retention and special ballasting for heavy seas. "Of course, early models had no canopy or ballast, and this is a no/no," said Watkins. "The Elliot (inflatable raft) became the first conventional inflatable emergency raft. It had little bags on the bottom for ballast and a drogue chute (sea anchor), plus a canopy."

But since the Elliot, inflatable raft technology has improved, especially the ballast systems - preventing the raft from tumbling in heavy seas. But in any event, all boats should have BOTH emergency rafts and survival suits. "The survival suit just prolongs the inevitable," explains Tom Walters. "Sooner or later, death will result from hypothermia or surface drowning."

Once in the raft, the shipwreck victim increases their chances immensely - especially if they are BOTH in a survival suit and in the raft. Both Watkins and Walters advise that mariners must regularly check out their raft launching systems, both manual and automatic. Take nothing for granted.

Lastly is the matter of education - though it comes last in the overall four-part recipe for survival, it must be THE FIRST.

Both Watkins and Walters urge thorough educational program for survival in marine communities. Explains Walters, "There is a strange psychological trick regarding the way people deal with the possibility of mishaps and disasters. People think, 'Well, it can't happen to me. I'm good. I know what I'm doing.' But the fact is, it does. You've got to be ready for it."

Part of being a professional fisherman and mariner is having good survival equipment and

knowing how to maintain it, then training your crew how to deploy and use it.

In Kodiak, an informal committee has been formed to deal with factors of marine safety and survival. ("We aren't far enough along to be Ad Hoc as yet," says Walters) This committee has come up with four preliminary opinions.

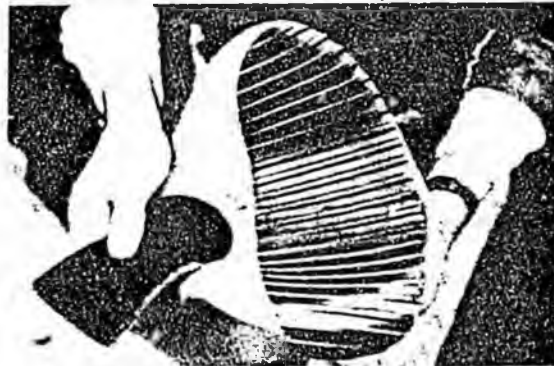
1) Every fishing vessel over a certain tonnage should have a life raft with an EPIRB. 2) Every person to have a survival suit with a strobe, float collar and personal EPIRB. 3) Every vessel equipped with a Class A EPIRB. 4) That the Governor appoint a task force for an education program, and a marine

survival research and development program.

Because of the advocacy of local concerned citizens, bills concerning marine survival have been introduced in the State House and Senate by Senator Zharoff and Representative Davidson. These bills address matters of compulsory equipment on Alaska fishing boats.

Survival must be the responsibility of each person who goes to sea. Survival isn't an accident and it isn't something that must be eventually faced by someone else. Ships and boats are designed well, but mother nature can sometimes change that fast. Sometimes too fast.

Experience has demonstrated that you've got to be ready to survive.



FOR BETTER GRIP. The bottoms of this survival suit's feet are equipped with a heavy tread for better traction.

this, there's trouble. Even death.

Rick Laws' experience in April of 1980 is a case in point for a durable and adequate high-rider. "The 27 hours I spent in the sea were a living hell. The tube that blows the flotation pillow (his suit's high-rider) came off in my hand. If I lay back my head would slip under the water."

Though Laws survived because he found a log to keep his head out of the water, two of his shipmates did not. One had a survival suit on, the other did not.

"The inflation valve for the high-rider," continued Watkins, "Absolutely must be manageable with a mittened hand. That's literally a life-saver."

Drowning in a survival suit is common. "The term for drowning in a survival suit is called surface drowning," said Tom Walters. "In heavy seas, mortality results from the person being tossed about inside the wave, much like being in a washing machine." Clearly, the high-rider device will help the user survive this tossing about in heavy seas.

Equally important to the high-rider is the flap that covers the face. "Often this flap is secured poorly, it rips loose and there's water leakage," warns Dave Watkins.

Other points to watch for in

others before them, Debra found that switching on the EPIRB with a hand enclosed in a bulky survival suit an agonizing, time consuming problem. The account of that night should serve as a clear warning.

"Once in the water, Debra grabbed a line. She had water coming into her suit. As Jay held her, she tried desperately to find the switch on the locator device, but her hand would get numb and she would have to pull it back into her suit. After... an hour, she finally was able to find the switch and turn it on."

A recent controversy concerning personal and ship EPIRBs is now being investigated by Watkins and other interested members of the fishing community. Simply put, it's a matter of terminology. Some EPIRBs are being sold as WATERPROOF, but are really SPLASHPROOF. In other words, when submerged they leak and are rendered useless.

So, anyone buying an EPIRB should check it out closely!!

Now for emergency rafts aboard boats and ships.

"Many people are completely unfamiliar with the release system on their emergency rafts," said Watkins. He further explained that raft technology extends back to the "Titanic" dis-



PTARMIGAN PASS SPORTING RANGE
SUNDAY, MARCH 20 - SHOOTING STARTS AT NOON

KODIAK TRAP CLUB

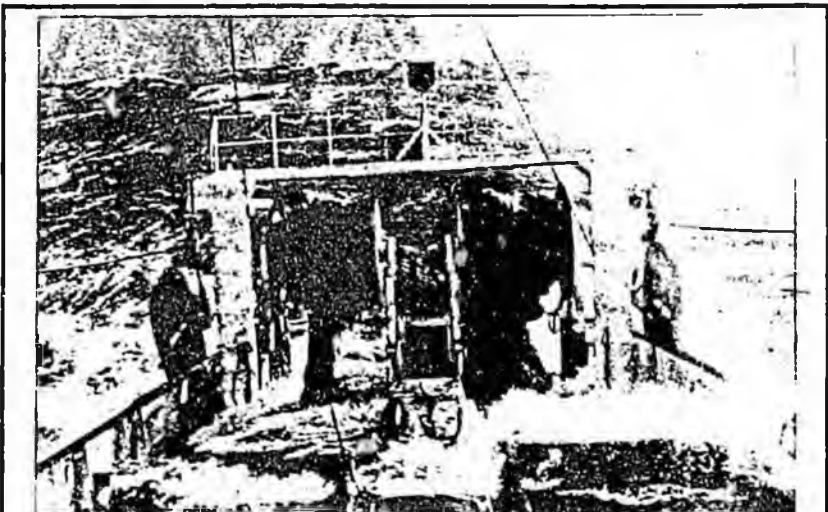
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Lou at 486-5378 or Mike at 486-6070

EASTER HAM SHOOT MARCH 27

SUNDAYS - BUFFET LUNCH AT THE V.F.W.



National Fisherman

ENDURANCE

Photograph by Neal Parent

Bring your ComFish registration badge to receive 15% off this poster at

Local Colour

Representing Kodiak Artists & Craftsmen

Fish Designs on Unique Gifts, Jewelry, Artwork & Cards
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Member
KODIAK CHAMBER OF COMMERCE
Dedicated to Kodiak's Future

204 Center St. 486-8295
Hours: M-S 10:00-6:00

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Office of the Governor
 Title: "An Act relating to safety equipment for commercial fishing vessels..." BRU: Executive Operations
 Sponsor: Rep. Davidson Components: Executive Office
 Requestor: Rep. Davidson

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		16.8				
CONTRACTUAL		10.3				
SUPPLIES		.6				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		27.7				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		27.7				
FEDERAL FUNDS						
OTHER						
TOTAL		27.7				

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Analysis is attached.

Prepared by: Michael A. Nizich, Director Phone: 465-3616
 Division: Division of Administrative Services Date: 3/22/88
 Approved by Commissioner: _____ Date: 3/22/88
 Agency: Office of the Governor

Distribution (by preparer):

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

OFFICE OF THE GOVERNOR

CONTINUATION OF FISCAL NOTE FOR HB 490

The Office of the Governor has been requested to prepare a fiscal note for a proposed amendment to House Bill 490, "An Act relating to safety equipment for commercial fishing vessels; and providing for an effective date."

It is the understanding of this department that the amendment would be identical to that proposed by the Senate for a companion bill, Senate Bill 455 [CSSB455(LC)], except that the Advisory Council established by this legislation would be established as an Interim Board as is described in AS 44.19.028.

The portion of the CSB455(LC) which describes the establishment and duties of the Fishing Vessel Safety Advisory Board reads as follows:

* Sec. 2. ADVISORY COUNCIL ESTABLISHED; REPORT.

(a) There is established in the Office of the Governor the Fishing Vessel Safety Advisory Council. The council consists of at least seven members appointed by the governor. Members must be knowledgeable and experienced in the areas of commercial fishing vessels or vessel safety and life-saving methods and systems. At least one member shall represent each of the following:

- (1) the commercial fishing industry;
- (2) fishermen's associations;
- (3) the safety equipment industry, which includes businesses manufacturing, supplying, or servicing marine safety and life-saving equipment;
- (4) the marine insurance industry;
- (5) education; and
- (6) the United States Coast Guard.

(b) Council members are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

(c) The purpose of the council is to suggest, review, and recommend legislation, regulations, and guidelines that address safety equipment requirements and educational programs that contribute to the successful application of safety and life-saving equipment on commercial fishing vessels.

(d) The council shall consider and review proposals relating to the development and implementation of educational programs at the high school and community college level to increase the level of awareness among participants and potential participants in the commercial fishing industry with

CONTINUATION OF FISCAL NOTE ANALYSIS
FOR HB 490

respect to the necessity, application, and use of safety and life-saving equipment on commercial fishing vessels. The council shall evaluate the utility of involving fishermen's associations, processor associations, or other trade associations or industry groups in the implementation of proposed educational programs. The council shall also consider guidelines and requirements relating to the maintenance, servicing, and upgrading of safety and life-saving equipment and recommend a permanent method for the state to evaluate current and future needs relating to legislation, regulations, and guidelines for commercial fishing vessel safety.

(e) The council shall report its recommendations to the governor and the legislature by January 15, 1991.

(f) The council is terminated January 16, 1991.

(g) In this section "council" means the Fishing Vessel Safety Advisory Council established under (a) of this section.

If the council were changed to an Interim Council it would remain in existence only until the adjournment of the next regular or reconvened session of the legislature. This analysis assumes a start-up date of no earlier than July 1, 1988, with a termination date of approximately June 1, 1989.

This fiscal analysis estimates travel and per diem for seven council members from throughout Alaska. Air fares are based on current rates for travel from Juneau, Anchorage, Dillingham, Kodiak, Kenai, Sitka and Ketchikan to four 3-day meetings at various locations (Juneau, Anchorage, Dillingham and Kodiak). Total travel: 16.8.

Contractual expenses included in the estimate are meeting room rental, advertising, and clerical services for transcription of minutes and production of reports for four meetings, long distance telephone charges; printing and binding of the final report to the Governor and Legislature, and photocopies. Estimates are based on previous expenditures for similar councils, interim councils, and working groups. Total: 10.3.

Supplies estimates are for normal office supplies (paper, pens, folders, etc.) for use at council meetings and for council publications. Total: .6.

H B

4 9 2

HOUSE COMMITTEE REPORT

4/21

(9)

Date referred: 2/15/88

FURTHER REFERRALS:

Finance

DATE: 4-20-88

The Resources Committee has considered HB 492

"An Act making special appropriations to the Department of Administration for grants and to the Office of the Governor for operating expenses to implement the Alaska bottomfish development plan; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 492 (res) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

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

SIGNING DO PASS:

Sen. G.T.

Adelheid Herrman

Kenich Hanyu

John King

John S. Lavan

SIGNING OTHER RECOMMENDATIONS:

Dirk Shutz No Rec

Cliff Davidson (no rec)

Sen. G.T.

CO- Chairman's signature

K 4/24

zw

Original sponsors: Herrmann, Gruenberg,
Sund and Ellis

Funding Information

General Fund	\$2,760,000
Other Funds	-0-
	<u>\$2,760,000</u>

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 492 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Administration for grants and to the Depart-
8 ment of Fish and Game and the Office of the Governor
9 for operating expenses to implement the Alaska
10 bottomfish development plan; and providing for an
11 effective date."

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

13 * Section 1. FINDINGS. The legislature finds that

14 (1) the bottomfish industry is currently valued at
15 \$2,000,000,000 annually;

16 (2) it is necessary for the state to reduce its dependence on
17 oil revenue and that the bottomfish industry has great potential for the
18 generation of substantial revenue and jobs for the people of this state;

19 (3) at the present time Alaskans realize only a small fraction
20 of the benefits from the bottomfish industry off Alaska's coast;

21 (4) the Port of Seattle plans to spend \$200,000,000 to encourage
22 the bottomfish factory trawler fleet to homeport in Seattle;

23 (5) Alaska has the potential to compete successfully against the
24 Seattle effort if the state acts promptly; and

25 (6) the appropriations made by this Act have state-wide signifi-
26 cance by implementing the Alaska bottomfish development plan, which will
27 result in revenue to the state and jobs and business development throughout
28 rural and urban Alaska.

29 * Sec. 2. The sum of \$2,500,000 is appropriated from the general fund

1 to the Department of Administration for payment as a grant under AS 37.-
2 05.315 to the city of Unalaska for the Ballyhoo Road water and sewer proj-
3 ect.

4 * Sec. 3. The sum of \$100,000 is appropriated from the general fund to
5 the Department of Administration for payment as a grant under AS 37.05.315
6 to the Municipality of Anchorage for a program to begin implementing the
7 Alaska bottomfish development plan within the municipality.

8 * Sec. 4. The sum of \$100,000 is appropriated from the general fund to
9 the Department of Fish and Game to establish a computerized fisheries
10 information system to implement the Alaska bottomfish development plan.

11 * Sec. 5. The sum of \$60,000 is appropriated from the general fund to
12 the Office of the Governor to fund a position in that office to coordinate
13 the implementation of the Alaska bottomfish development plan.

14 * Sec. 6. The unexpended and unobligated portion of the appropriations
15 made by secs. 3 - 5 of this Act lapse June 30, 1989.

16 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
17
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5-1944B
Dierdorff
3/30/88

Original sponsors: Herrmann, Gruenberg,
Sund and Ellis

Funding Information

General Fund	\$2,760,000
Other Funds	-0-
	<u>\$2,760,000</u>

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 492 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99808
(907) 581-1251



April 8, 1988

TO: Governor Steve Cooper and Alaska State Legislature
FROM: Paul Fuhs, Mayor, City of Unalaska/Dutch Harbor

RE: Bottomfish development projects on Ballyhoo Road in Dutch Harbor

Dear Governor and Legislators,

Detailed below is a description of the current status of our request for State assistance in developing the bottomfishery in Unalaska and Alaska.

In September of 1987 we identified the following opportunity: Twelve private companies would invest up to \$60 million in bottomfish operations on Ballyhoo Road if a basic level of infrastructure could be provided. The necessary projects are:

\$2.3 Million - 800' extension of City Dock
1.2 Million - 10,000 ft sewer line
2.5 Million - 25,500 ft water line
\$6.0 Million Total

Over the past four years, Unalaska has spent \$8 Million of our own money in infrastructure development. This has maxed out our bonding capacity. In addition, we have been informed by Community and Regional Affairs that they are recalculating our population determination downward by one-third, further reducing our bonding capacity.

Nevertheless, since September we have been working on ways to cover part of this project ourselves in conjunction with private industry. We have recently made some breakthroughs so at this time we are able to make the following proposal:

\$2.3 Million - 800' dock extension - this facility will be built by the City of Unalaska in conjunction with private industry users.
1.2 Million - 10,000 ft sewer line.
1.5 Million - 12,500 ft water line the water line has been reduced to the shortest run possible between our new water mainline and the proposed Icicle Seafoods shoreplant
\$5.0 Million TOTAL requested CIP from State of Alaska

These projects are the absolute minimum necessary to allow development of private investment on Ballyhoo Road. All three projects can be completed in one construction season and we would move as quickly as possible to expedite the construction timetable.

As with all other capital projects there will be construction jobs created by the building of these projects. What makes this development project appealing is the jobs created for Alaskans in the future. Jobs in processing transportation, vessel repair, cold storage, fuel sales and general merchandising, along with the spinoff jobs in fisheries service industries in Anchorage. Jobs based on a renewable resource that will help carry Alaska's economy into the future.

We are turning away business every day here. Business that could be done by Alaskan businesses. Jobs that could be done by Alaskan workers. Here is a real opportunity for diversifying and contributing towards the stabilization of Alaska's economy.

Unless we can provide the basic infrastructure, this business simply will not locate in Alaska, and the money from our fisheries will continue to go to Seattle. We look forward to working as partners with the State of Alaska to realize this important opportunity.

Sincerely,

Paul Fuhs

Paul Fuhs, Mayor
City of Unalaska/Dutch Harbor

MEMO

TO: RAY GILLESPIE
FROM: NANCY GROSS
DATE: APRIL 14, 1988
RE: BACKGROUND FOR CITY OF UNALASKA PROJECTS AND NEEDS

WATER NEED

I have attached two pages of information regarding the city's water project for FY 89. The system is made up of World War II wood stave lines that leak very badly. We lose about 80% of the water we treat through pipe leakage. Total cost of a new system has been estimated to cost between \$10M and \$30M. We have been trying to take the parts that will give us the most immediate benefit first because we cannot finance the entire project, and we don't think the state can either.

Our greatest need this year is for replacement of the line to the Dutch Harbor Spit. That project would provide the ability to suppress fire in a \$2.8M existing facility, and would allow the construction of a \$30M plant by Icicle Seafoods. I learned today that another processor is negotiating for land somewhere along that road, to build another plant.

ECONOMIC IMPACTS

If both plants were to be built and were of the size of our existing plants, they would generate an additional \$1M in fish tax revenues. Half of that goes to the state and half to the local government.

Ray Benish, an Anchorage economist, has estimated that for every 5% of revenue from the fishing industry that can be captured in Alaska, \$100M will flow into the private sector economy. In our area, we are now getting five to seven per cent of the total revenue.

FACTORY TRAWLERS

There are 41 factory trawlers operating in Alaska, with about thirty of them based here in Unalaska. These trawlers now are operating on a twenty to thirty day schedule. Each time they come in they offload approximately 2.5M lb of product. Almost all of that comes from outside state waters, and so is not subject to any sort of state tax. The average value is \$1.25 per pound. They do transship from here because it is easier than doing it at sea, but they have the capability to do that and would if there were any sort of landing tax.

If you need additional information I will try to provide it.

APP 15 '88 10:10 CITY OF UNALASKA

P.3

To: Nancy Gross, City Manager
From: David Gregory, Fire Chief *D.M.G.*
Ref: Water Supplies Ballyhoo Area.

Upon completion of a series of water flow tests in the Ballyhoo dock area, the Delta Western/Petro Marine area, and the City Spit dock area it is apparent that needed water supplies are not available for fire protection.

This is a critical problem as there are several major industrial complexes in these areas and without adequate water supplies available to the fire department a fire would rage out of control with a high probability for injury to citizens and substantial loss of businesses and property.

The water main size in these areas must be increased to deliver the required fire flows for fire protection in industrial areas.

28 March, 1988

The following businesses have talked with the City Of Unalaska regarding development possibilities along the Ballyhoo Road in Dutch Harbor:

<u>Golden Alaska Seafoods, Inc.</u>	Require 5,000 s.f. of warehousing to accomodate their three factory Trawlers.
<u>AMFISH Inc.</u>	Requires 6,000 s.f. warehousing
<u>PROFISH INTERNATIONAL</u>	ARCTIC STORM factory Trawler needs 4,000 s.f. of warehousing
<u>ARCTIC ALASKA SEAFOODS, INC.</u>	Enterprise Fleet (19 ships) requir 5,000 plus s.f. plus own dock
<u>SUNMAR SHIPPING, INC.</u>	Requires 3,000 s.f. of warehousing
<u>ICICLE SEAFOODS, INC</u>	Proposes \$20 Million shoreplant an associated dock facilities.
<u>NORTH PACIFIC SHIP SUPPLY, INC.</u>	Requires up to 8,000 s.f. of warehousing adjacent a dock.
<u>SEA-LAND SERVICES, INC.</u>	Requires a minimum of 2,500 S.F. of warehousing.
<u>FRED DEVINE SALVAGE</u>	Requested 25,000 s.f. warehousing plus dock facilities
<u>HAKODATE SEIMO SENGU</u> (Net manufacturing Co.)	Requested 10,000 s.f. of warehousi
<u>MARCO - SEATTLE</u>	Requested 2,500 s.f. warehousing
<u>GOLDEN AGE FISHERIES</u>	Requires 10,000 s.f. of warehousin
<u>ALASKA MARITIME AGENCIES</u>	5,000 s.f. warehousing/offices

In addition to the warehousing and docking requirements of the above listed Companies, adjoining offices and Manager residents are needed.

Cold storage requests for up to one million cubic feet of storage eac have been received from:

- SUNMAR SHIPPING
- BELLINGHAM COLD STORAGE
- Ray Bennish & Associates representing American investors.

Gary K. Daily
Gary K. Daily
Port Director

APR 15 '88 10:11 CITY OF UNALASKA

P.5

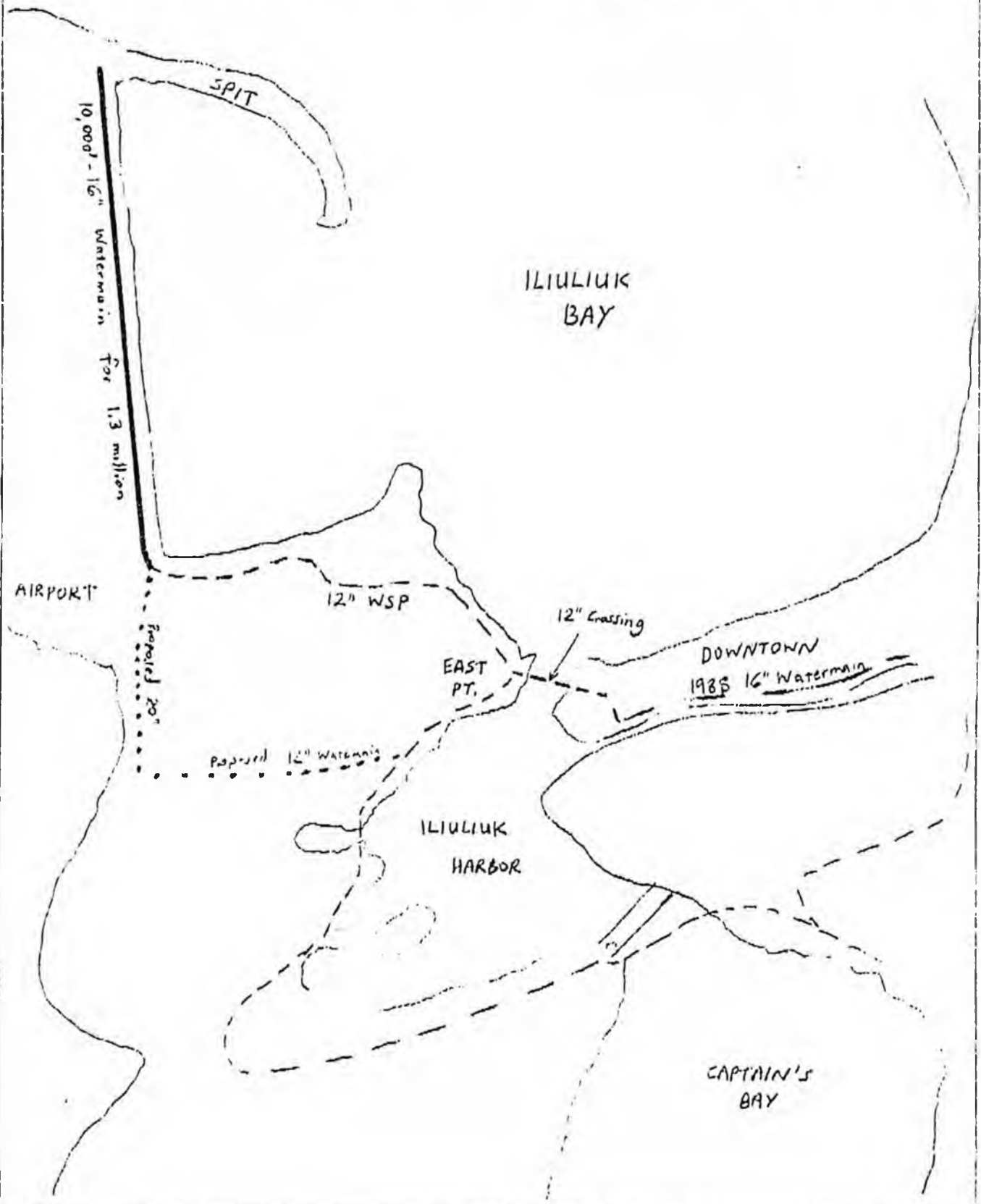
1/2

TO: Nancy Gross, City Manager

FROM: Dean Day, DPH Director

DATE: 13 Apr '88

SUBJECT: Water project to the Dutch Harbor Spit with 1.3 million \$



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COST SUMMARY

10,000' of 16" pipe @ \$ 110/ft =	\$ 1,100,000
Design, administration, contingency (25%) =	<u>275,000</u>
	1,375,000 = 1.3 million

Conclusion:

1.3 million will provide for replacement of the watermain from the airport to the spit with 16" pipe.

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NATIONAL

MARCH, 1988 MONTHLY REPORTBALLYHOO DOCK ACTIVITY ... TOTAL SHIP LANDINGS = 75

- U.S. vessels	= 24	
- Soviets	= 3	
- Japanese	= 2	
- Korean	= 1	
- Chinese	= 1	
- Medivacs	= 2	(one Korean, one Polish)
- Government	= 1	(NOAA Ship MILLER FREEMAN)
- Fuel Barges	= 1	(Petro Marine Services - Pumped 1.748 million gallons)
- Vessels fueling	= 40	

SPIT BOAT FLOAT ... = 85 Vessels boarded and registered

SODIUM LIGHT BOARDINGS = 17

OIL POLLUTION INVESTIGATIONS = 1

The Ballyhoo Dock has been exceptionally busy this past month with over 70 vessels requesting the use of the dock. Approximately 20 vessels were turned away for insufficient space. This angers many.

Dock utility systems functioned reasonably well during the cold weather with the exception of the 3" water line at the North end of the dock which is subject to freezing. Heat tapes and additional insulation will correct the problem.

The Ballyhoo Dock's two new spring line bollards are working well and are given high marks by the marine pilots. The new ferry gate is also well designed and ready for the arrival of TUSTEMENA on May 13th at 3:30 a.m. (Toll Free Number 1-800-642-0066)

The repairs and upgrade to the Spit Boat Float will commence this month with security light replacement, single phase maintenance, upgrade and replace 3 phase system on Dock's South end. Repairs have been coordinated through the City Electrical Department.

Sally Daily

CITY OF UNALASKA

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(907) 581-1251



March 25, 1988

Representative Adelhaid Herrmann
Alaska House of Representatives
Pouch V
Juneau, Ak 99811

Dear Representative Herrmann:

Last week when I spoke before the House Resources Committee regarding House Bill 492 some questions were raised that I have had a chance to research and respond to. My answers are given below. I will be in Juneau again from March 28 to 31, and would be happy to appear before the committee again, if that seems appropriate.

First I have attached the Anchorage projects to this letter. They were inadvertently omitted from the packet I gave the committee when I spoke with them last week.

Second, on the matter of computerized data collection and analysis, it appears that it might be better to leave that component in a "generic" status rather than placing it in the Port of Anchorage. The point raised about how late ADF&G is regarding entry of fish ticket information so that it is in a useful form was a very good one. We would like to see the data gathered somewhere, and disseminated so that decision makers could be better informed about the status of the various resources for management purposes; the coastal communities could gauge the impacts of the fisheries on their communities, and plan accordingly; and the state administration could understand more graphically the per cent of the revenue from the fisheries that is going out of state and possibly take steps to slow it down.

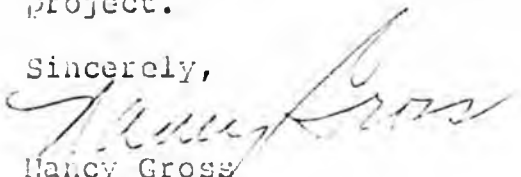
Third, the question of possibly forming an assessment district to fund the water and sewer projects along Ballyhoo Road was raised. I have discussed this with several financial people. Their responses were negative. There is no way presently to tax, or even set up some future encumbrance of the presently undeveloped properties that are owned by the Unalaska Corporation. The level, or timing of the development of those presently undeveloped lands is impossible to predict. Therefore, the payback schedule would be too uncertain to warrant any serious attention from commercial lenders.

Rep. Adelheid Herrmann
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Fourth, the question of phasing was raised. It seems that we may be able to make arrangements to do a Revenue Bond for part of the dock project, the eight hundred foot extension. There has been some interest expressed by the private sector in that, and if we can get long term agreements to secure the bonds, we would be able to subtract that from our request. This is a change from earlier times when we were told by private interests that they would sign agreements if we already had the money in hand for the extension.

I hope that this answers questions of the committee. As I stated earlier, I would be happy to try to answer questions about this project.

Sincerely,



Nancy Gross
City Manager

cc: Governor Steve Cowper
Commissioner Tony Smith
Representative Sam Cotten

ALASKA BOTTOMFISH DEVELOPMENT PLAN

If a company were in deep economic trouble it could do two things:

1. Analyze its strengths and invest resources into realizing the potential of these strengths so as to rebuild the company.
2. File bankruptcy and go out of business.

Our State does not have the luxury of going out of business for the people. We must build on our strengths, especially when different cities and regions of the State can cooperate with each other in real economic development.

The booming Alaska Bottomfish industry is such an opportunity - not our only opportunity - but an opportunity that is immediately realizable. There is a high rate of return to the State, and the potential for creating thousands of jobs for Alaskans.

The stakes are huge: 2 million metric tons of 43 different species of Bottomfish in the Bering Sea are harvested annually. That is 4.5 billion pounds of fish! The Bering Sea can be a perpetual Prudhoe Bay if we manage it wisely.

The Japanese estimate that the Bering Sea fishery is responsible for more than 500,000 jobs in Japan. This includes fishing and processing, value added reprocessing, transportation, marketing and the service industry necessary to keep it all operating. To make the best decisions they have the best fisheries research and information systems available.

As the Foreign fleets are being phased out, this fishery is being Americanized. But how much of this Americanization will benefit Alaska? That depends on what we do to take advantage of this opportunity. The State of Washington commissioned a study to determine its role in the Alaska Bottomfishery and found that 93% of the value of the fishery goes to Washington.

Now is the time for Alaska to stake our claim on the enormous economic potential of this industry during its developmental stage. This is an opportunity to put the "Bush vs: Anchorage" syndrome behind us and work together to put our State back on a sound economic footing.

Some of these plan elements are immediate, some are more long term. Along with seizing the immediate opportunities, we need to look out for the long-term interests of the whole State in this endeavor. As a coordinated effort this plan is substantial enough to really accomplish something. The plan includes capital projects and policies designed to capture a large share of the Bottomfish industry for Alaska.