

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8087

HOUSE RESOURCES

DO YOU SUPPORT OR OPPOSE STATE AGENCY PERSONNEL SHOOTING WOLVES FROM
HELICOPTERS AND AIRPLANES?

DEMOGRAPHICS	UNSURE	SUPPORT	OPPOSE
TOTAL.....	7%	19%	74%
LOCATION			
RURAL.....	3%	19%	77%
CENTRAL.....	11%	20%	69%
SOUTHCENTRAL.....	2%	21%	78%
ANCHORAGE.....	9%	18%	73%
SOUTHEAST.....	6%	17%	77%
BIG GAME HUNTER			
YES.....	5%	25%	70%
NO.....	8%	16%	77%
GENDER			
MALE.....	7%	26%	67%
FEMALE.....	6%	12%	82%
AGE			
18-24 YRS OF AGE...	12%	15%	73%
25-30 YRS.....	12%	12%	75%
31-40 YRS.....	6%	17%	77%
41-55 YRS.....	4%	20%	76%
56-65 YRS.....	5%	23%	71%
66+ YEARS OF AGE...	14%	35%	52%
VOTER REGISTRATION			
REPUBLICAN.....	9%	24%	67%
DEMOCRAT.....	9%	19%	72%
GREEN/AIP/LIB.....	5%	16%	80%
NON-PARTISAN.....	5%	17%	78%
HOW OFTEN VOTE			
EVERY ELECTION.....	7%	18%	74%
MOST ELECTIONS.....	4%	19%	77%
ABOUT HALF THE TIME	6%	20%	73%
MOST IMPORTANT.....	6%	23%	71%
FIRST ELECTION.....	9%	23%	68%
DON'T VOTE/ UNSURE.	38%	0%	62%
TIME IN ALASKA			
UNDER 1 YEAR.....	19%	51%	29%
1-4 YEARS.....	9%	12%	80%
5-9 YEARS.....	10%	16%	75%
10-14 YEARS.....	4%	17%	79%
15+ YEARS.....	6%	21%	73%



Alaska State Legislature

Please enter into the record my testimony to the House Resources Committee
 committee name
 committee on CS for SB 77 dated 3/4/94
 bill/subject

The Tanana Valley Sportsmen's Association supports the CS for SB 77. This bill is essential if we are to restore a constitutionally mandated sustained-yield policy for our wildlife. In 1983 in a work session of the Board of Game the representative from the Dept. of Law cautioned the Board that their failure to take action to restore the moose population and caribou herd in the Fortymile area could make the Board's actions or non actions conflict with the constitution's mandate for sustained yield. The moose season had been closed for many years and the caribou season had been curtailed to allow only a token harvest.

a member of the Board. stated that a harvest of
 Signed: Oliver "Bud" Burris, President

Testifier

Tanana Valley Sportsmen's Association

Representing (Optional)

P.O. Box 70669, Fairbanks AK 99707

Address

President-474-0437, Message-474-4425

Phone No.

Clubhouse & Range 474-4538

986 Legislative Information Office

Neither the Board of Game, ADF&G, or the
 Governor's Office has been willing to back
 the anti hunting - anti war Minority for implementation
 constitutionally mandated game management
 to benefit the human consumption sector or
 the wildlife resources. Please recommend
 passage of this bill.

Since 1984 we have had over 15% of
 our resident licensed hunters and 10% of
 the non resident hunters. This is a great
 economic loss to the state. The decline
 in hunter numbers of the lack of opportunity
 and because of declining game populations and
 abatement of resources with the state millions
 of dollars each year. Billions of dollars have
 been lost to the state in both direct
 and non direct revenues.

only one animal a year would satisfy the
 antitraped good provision of the constitution.
 The Game Board member later told the
 Tax and game advisory committee that
 they would have to live with the decline
 of moose and caribou. Furthermore, price
 tag was on the good system they could
 have to other areas to hunt.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3112

SB 77: Intensive Game Management

SB 77 requires that the Board of Game "intensively manage" big game species in order to provide high game populations exclusively for human harvest. Intensive game management is the manipulation of an animal species' environment to artificially increase its population. Intensive game management techniques include deliberately setting fires and controlling predators.

The Alaska Environmental Lobby opposes SB 77.

- Wolf, bear and other predators are a part of a healthy ecosystem. Predator control should only be discussed as an option when other pressures on game populations have been addressed. These include habitat loss, recreational hunting pressures, and interference with migratory routes by development projects.
- The Board of Game is required to consider the interests of all user groups. SB 77 would mandate that the Board consider the interests of a single group: big game hunters.
- The legislature is usurping the authority of the Board of Game by mandating policy. This diminishes the mission of the Board which is to provide a forum wherein different, often competing, interests can debate issues and arrive at a consensus.

Alaska's wildlife resources should be managed - not for human consumption - but for the overall health of the ecosystem. Only a healthy ecosystem will be able to adequately sustain both game and non-game animal populations for subsistence and recreational hunters, as well as for non-consumptive users over the long term.

2/10/94



DIVISION OF ADMINISTRATION

A. DIVISION FUNCTIONS:

1. Statutory basis.

Titles 16, 37, 39, and 44

2. Duties.

The Division of Administration provides administrative and management support services to help the department accomplish its goals and objectives in an efficient, cost-effective, and accountable manner. To meet this goal the division offers support services in budgeting, fiscal management, accounting, contracting, leasing, reimbursable services agreements, federal billings, supply, purchasing, property control, personnel management, payroll, and labor contract administration. The responsibility for the fish and game licensing system is also placed within the Division of Administration. The division is organized into seven primary sections (Finance/Licensing, Personnel/Payroll, Procurement/Contracting, Data Processing Services, Director's Office, Regional Administration, and Boards Support).

The Division of Boards was merged with Administration in FY94 (See separate discussion under "B"). The Board of Fisheries, the Board of Game, and the Joint Boards of Fisheries and Game promulgate regulations for the conservation, development, and use of Alaska's fish and wildlife resources--or more simply, allocate the allowable harvest of fish and wildlife resources. The Boards Section provides support for the boards and this regulatory process. This includes staff support to the boards and 80 local advisory committees. At least three times annually the Boards Section publishes a Call for Proposed Changes to the Regulations which results in as many as 1,000 proposals for changes. These changes are deliberated upon, as required under the Administrative Procurement Act, in public hearings which during FY94 were scheduled for approximately 100 days. Resulting changes are codified and published in 21 regulation books. Regional Coordinators are located in Bethel, Kotzebue, and Dillingham.

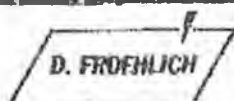
THE
FOLLOWING
DOCUMENTS
ARE
POOR
ORIGINAL
COPIES

COMPONENT SUMMARY - OPERATING BUDGET

***** Department of Fish and Game *****

Page	Budget Component	FY93 Act	FY94 CC	FY94Auth	FY94 Adj	Governor	FY94Auth - Governor Comparison	
	Boards of Fisheries and Game							
19	Boards Services	1,183.0	999.9	999.9	1,002.7	1,002.7	2.8	.3%
20	Advisory Comm./Region. Council	623.7	669.0	669.0	670.7	578.7	-98.3	-14.7%
	* BRU Total	1,806.7	1,668.9	1,668.9	1,673.4	1,573.4	-95.5	-5.7%
	Subsistence							
21	Subsistence	1,972.9	1,886.2	1,886.2	1,896.5	1,815.2	-71.0	-3.8%
22	Special Projects	822.6	1,128.7	1,128.7	1,133.2	894.3	-234.4	-20.8%
	* BRU Total	2,795.5	3,014.9	3,014.9	3,029.7	2,709.5	-305.4	-10.1%
	Habitat							
23	Habitat	3,045.3	3,063.6	3,063.6	3,081.3	3,081.3	17.7	.6%
24	Special Projects	999.5	1,239.6	1,239.6	1,244.8	1,657.1	417.5	33.7%
25	Restoration	6,731.6		5,358.1	5,358.1		-5,358.1	-100.0%
	* BRU Total	10,776.4	4,303.2	9,661.3	9,684.2	4,738.4	-4,922.9	-51.0%
	Commercial Fisheries Entry Commission							
26	Limited Entry Program Admin.	2,695.8	2,747.2	2,747.2	2,762.4	2,762.4	15.2	.6%
	* BRU Total	2,695.8	2,747.2	2,747.2	2,762.4	2,762.4	15.2	.6%
	*** Total Agency Expenditures	94,997.1	90,883.0	96,285.0	96,887.6	93,359.8	-2,925.2	-3.0%
	*** Total Agency Funding							
	Fed. Receipt	27,955.5	30,547.6	30,563.2	30,692.2	29,311.6	-1,251.6	-4.1%
	General Fund	46,233.2	42,960.6	42,974.8	43,196.9	43,696.9	722.9	1.7%
	Other Funds	20,808.4	17,374.8	22,747.8	22,998.5	20,351.3	-2,396.5	-10.5%

From FY95 Budget.



INDUSTRIAL — CHEMICALS & EQUIPMENT

P.O. Box 110849 • Anchorage, Alaska 99511 • Telephone (907) 345-1121

February 15, 1994

The Honorable Bill Williams
House Resources Committee
Fax: 465-3793

Re: SB77

Dear Rep. Williams:

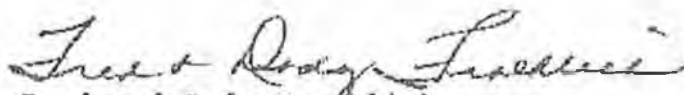
Quite simply we are outraged over this Bill and ADAMANTLY oppose it.

To have wildlife officially managed to benefit hunters and game species at the expense of predators period as this Bill would do goes against the wishes of the populace and biological expertise.

Our Constitution assures that wildlife belongs to all, not just those so anxious to pay for continued slaughter.

We urge the immediate defeat of SB77.

Sincerely,



Fred and Dody Froehlich



Lynn Canal Conservation, Inc.

Post Office Box 964
Haines, Alaska 99827

February 15, 1994

To: House Resource Committee Members
From: Eric Holle, President, Lynn Canal Conservation
Re: SB 77

Please enter into the record on February 16 the following testimony on SB 77.

Lynn Canal Conservation opposes Senate Bill 77. We are opposed to predator control generally because predators have co-evolved with prey and play a crucial role in keeping prey populations healthy. This role is different than that played by human hunters in that hunters do not generally remove starving or diseased prey animals from the gene pool. In most areas where predators have been eliminated or reduced, the prey populations have ultimately suffered.

We also oppose this bill for economic reasons. Our local economy depends greatly on tourism. As a gateway community to the interior, we are affected by the experiences of tourists in interior Alaska, as well as locally. Sightings of predators keep bringing people to Alaska, and this means money for our economy.

The supermarket approach to game management, stocking whatever form of red meat is most in current demand, belongs in the dark ages. If Alaska is to throw off the reputation it has acquired for unenlightened game management and avoid tourist boycotts, bills like SB 77 will have to become a thing of the past.

Sincerely,

A handwritten signature in cursive script that reads "Eric Holle".

Eric Holle

February 10, 1993

Representative Bill Williams
Alaska Legislature
Juneau, AK 99801

Dear Representative Williams,

I would like to express my views in opposition to SB77 which I understand will be heard in the House Resources Committee on February 16. SB77 is a dangerous bill for a number of reasons.

First, it will mandate regulatory action on the part of the Alaska Board of Game, through the use of the terminology "shall". Although the bill makes reference to the Administrative Procedures Act, by forcing the Alaska Board of Game to take action, the APA process, including the access of the public to the regulatory process and the expression of public opinion, is subverted entirely.

Second, wherever SB77 uses the terms "intensive management" it means "predator control" or more specifically "wolf control". SB77 is a wolf control bill plain and simple. But instead of coming out with it, the sponsors try to hide its real intent. If their intent is wolf control, the bill should come right out and say it. Wolf control is without a doubt one of the most controversial programs ever undertaken by the State of Alaska. Surveys have shown time and again that the majority of Alaskans, even the majority of hunters, are opposed to it. Yet a minority of hunters, and their supporters in the Department of Fish and Game, continue to try to force it down our throats, regardless of its cost in dollars and image.

The vague, unspecific and undefined terms used in SB77, such as "restore the abundance or productivity", "human consumptive use goals", "depletion of the big game population", "reduction of productivity", "significant reduction in the allowable human harvest", "enhancement of abundance or productivity", and "significantly reduce the taking", provide the opportunity to institute widespread and long term wolf control programs under just about any circumstances. And to top it off, SB77 would actually *prevent* the application of other reasonable and traditional wildlife management tools such as controls on prey species hunting seasons, bag limits, methods and means until after wolf control has been approved. It in effect creates the emergencies and then prevents any corrective action towards any of the other potential, and more likely, causes. The wolves, or other wild predators such as grizzly bears, will always take the hit until there aren't enough left to blame anymore. There is absolutely no incentive for responsible and conservative management of prey species.

Third, even though it has no fiscal note, SB77 is an expensive proposition. At a time when budgets are tight and getting tighter, SB77 will mandate extensive new spending that could be avoided or used on other more useful and less controversial programs. With more than two months to go, the current so-called "ground based" wolf control program has already cost in excess of \$160,000 (ADF&G budgeted \$100,000), which is around \$1,900 for every wolf that has been killed to date. Wolf control programs instituted under SB77 will be much larger and incur much greater spending. What will not be funded in order to kill wolves? These funds would be much better spent, if they are spent at all, on law enforcement and prosecution of wildlife and other offenses. If it is to be considered, SB77 should address the cost of

the programs it is imposing. Another expense, though not directly monetary, is the cost to the image of the State of Alaska when widespread wolf control programs, likely including aerial shooting, in progress as a result of SB77. While we might like to think that we don't care what other think about us, the views of others, especially those in the U.S. Congress and the Clinton Administration can have a big impact on programs in Alaska and the control of the State in wildlife and other resources, especially those on federal land.

I hope you will consider these issues when SB77 is considered by the House Resources Committee. Thank you very much for your time.

Sincerely,



Wayne Hall
P.O. Box 190455
Anchorage, AK 99519

THOMAS R. WICKWIRE

LAWYER

3730 UNIVERSITY AVENUE SOUTH

FAIRBANKS, ALASKA 99709

(907) 474-0068

FAX (907) 474-0069

February 11, 1994

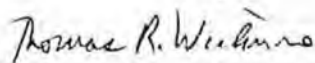
Bill Williams
Room 128
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Williams:

I am against the beliefs behind Senate Bill 77, which would require the killing of wolves for the specific purpose of increasing populations of animals which people like to hunt. My reasons are:

1. My understanding of the balance of nature is that a healthy predator-prey relationship is necessary to assure the health and vigor of the prey species, i.e., studies show that when they prey species is substantially reduced, it results in too rapid an increase in the prey species, which then allows the weaker individuals to propagate, reducing the overall strength of the species. Replacing natural predators with hunters does not avoid this because hunters take out the biggest and strongest individuals whereas prey culls out the weakest.
2. There are other values to wolves besides just their function as predators of the several species (including almost entirely field mice in some regions during some seasons). Their travel patterns, distances covered and the detail of their communication by their howling language is intricate, but not yet well understood, though the subject of ongoing studies. These facets of wolf behavior are interesting to me and, I believe, quite a few others. I believe it is government's responsibility to protect this interest as well as that of the recreational hunter. I believe Senate Bill 77, if passed, would be a legislative statement of policy that hunting and killing moose and caribou is more important than these other interests. I do not believe making such value judgments about our game populations is an appropriate legislative function.

Sincerely,


Thomas R. Wickwire

TRW:bf

TESTIMONY TO THE HOUSE RESOURCES COMMITTEE ON
CSSB 77, THE INTENSIVE MANAGEMENT BILL

February 15, 1994

Dave Kelleyhouse
Director
Division of Wildlife Conservation

The department supports the concept of intensive management of big game, but as evidenced by our program to restore the Delta Caribou Herd this winter, the department already has statutory authority to conduct intensive management programs when necessary and desirable.

The department and the board could benefit from clear legislative support for the use of intensive management. However, the department believes that CSSB 77 in its present form would blur distinctions between the powers of the Commissioner to manage and the powers of the board to allocate wildlife resources. CSSB 77 also would reduce the flexibility of the board to regulate uses of Alaska's wildlife.

The department's current position on CSSB 77 is neutral pending substantial amendment to address our most serious concerns.

To improve CSSB 77, the department offers the following friendly recommendations for amendment:

(a) The Board of Game shall adopt regulations "it considers advisable in accordance with" AS 44.62

This would strengthen the legislative direction with the substitution of the word shall for (MAY). However, it would still maintain the board's current discretion in the promulgation of regulations. Failure to maintain discretion would cause unintended problems such as with (a)(8) requiring the board to prohibit all live capture and possession of wildlife which it currently can allow under strict conditions.

(a)(11) authorizing (REQUIRING) the department

Mandating the board to require departmental programs is unacceptable. Establishment of departmental priorities for agency resources is clearly a prerogative of the Commissioner which must be protected.

(e) [EXCEPT] In areas where the board or department has determined that intensive management would be [IN] effective [OR] and that intensive management would be [IN] appropriate [DUE TO LAND OWNERSHIP PATTERNS],

These changes would require determination that intensive management would be effective and appropriate before such management could be required for an identified big game population. These changes would focus consideration of intensive management on the most important areas and game populations where such management would be most appropriate. Appropriateness entails more than simply land ownership patterns, such as cost effectiveness.

In summary, the department is not opposed to legislation directing the board to authorize intensive management of identified big game populations where appropriate and feasible. In fact, we believe that intensive management will be even more necessary in the future to meet the needs of Alaskans for hunting opportunities and to reduce controversy between subsistence and other hunters.

The department has demonstrated its capability to safely produce greatly increased harvests from important moose, caribou and other big game populations through intensive management. It is our desire that intensive management activities resumed during this administration be continued where necessary and appropriate in the future for the benefit of the majority of Alaska's hunters.

We must all recognize that intensive management involving predator control will always be potentially controversial. No single piece of legislation can change this fact nor alter the political realities. I urge the committee to incorporate the amendments we have offered to improve this legislation. The department stands ready to continue working with Senator Sharp and members of this committee to craft sound public policy regarding intensive management.

Carol A. Jensen
8451 Greenhill Way
Anchorage, Alaska 99502
(807) 344-7078

March 7, 1994

TO: HOUSE RESOURCES COMMITTEE

RE: TESTIMONY ON SB 77 (CS FOR CS DATED 3/5/94)
FOR TELECONFERENCE 3/7/94

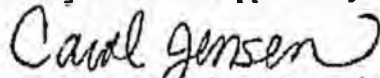
This bill does not significantly differ from earlier versions. The main objective ingredients are still present; the first being the erroneous "finding" that hunting is the highest and best use of the game and that the definition of sustained yield is to provide a high level of harvest for human consumptive use. This, as you've been told repeatedly, violates sound, intelligent game management principles, the ecosystem management approach, AND mainly, it violates the now widely accepted (except in archaic Alaska), the principles of fair multiple use of the game. A much larger segment of the public is opposed to the intent and wording of this bill than support it. You will find the only ones supporting it are avid but lazy hunters who want to hunt close to home instead of traveling around the state to locate and hunt where game is more abundant. These are people who also hunt down game with aircraft, power boats and/or snowmachines...in other words, they do not utilize traditional fair chase techniques.

This bill still mandates the Board of Game to institute wolf control programs before it is allowed to curtail the human hunting. The word "shall" is used instead of the preferable "may" in Section 2(e). Section (3) is contradictory in itself because it refers to the use of "recognized and prudent active management techniques". Wolf control (especially using aircraft as we are now doing) is the opposite of "recognized and prudent techniques." It is especially deplorable when used to "enhance" healthy populations of game.

The bill further erodes the power of the Board to make decisions or the Dept. to advise them by stating in section 3(f) "The Board...MAY NOT significantly reduce the taking...of big game prey population...unless they" institute wolf control (we might as well call it what it is). Section 2(g)(2) also refers to wolf control being used to extend and develop high or higher levels for human harvest.

For the above reasons, I am strongly opposed to the passage of this bill. I know everyone else except the strong, but comparatively small hunter lobby will also be opposed. I also know that passage of this bill will have dire consequences in the future for state maintained game management and any predator control programs. The further Alaska slides back into the Dark Ages of unacceptable, game mismanagement based on expensive, Neandrathal, widely opposed techniques contrary to ecosystem management and multiple use, the more you can expect the Federal government to step in and the more scorned Alaska will become in the eyes of the World. We will also see our wolf population eventually declared an endangered species.

Thank you for this opportunity to comment. I hope I haven't wasted my time.



Carol Jensen (daytime phone: in Anchorage (800)478-2234)

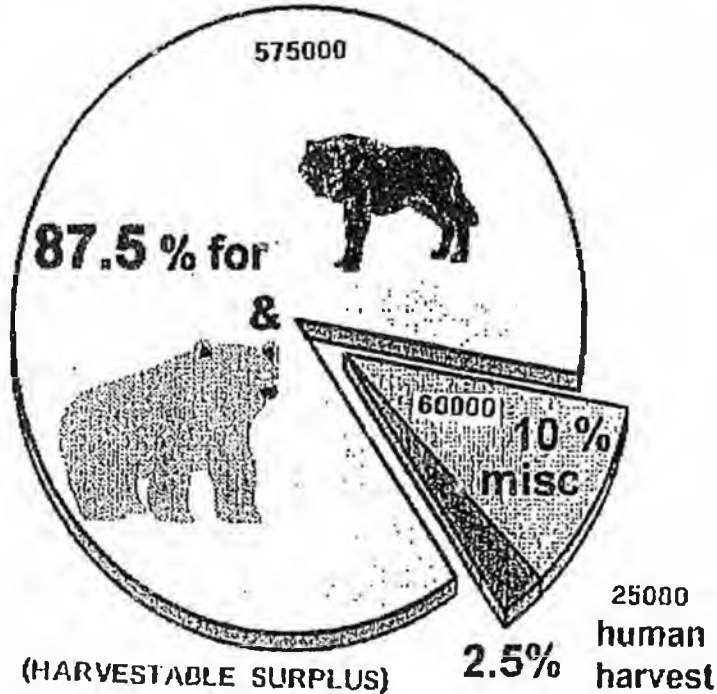
CURRENT NO TRUST DEPARTMENT

ECO/MANAGEMENT SYSTEM

SUSTAINED YIELD PREY HARVEST
SURPLUS ALLOCATION
MOOSE \ SHEEP \ CARIBOU

THE PROBLEM

NO BIOLOGICAL REASON FOR????
THE WAY IT IS!!!



(HARVESTABLE SURPLUS) 660,000 BABIES BORN YEARLY

ECO DEPARTMENT UNEXCEPTABLE

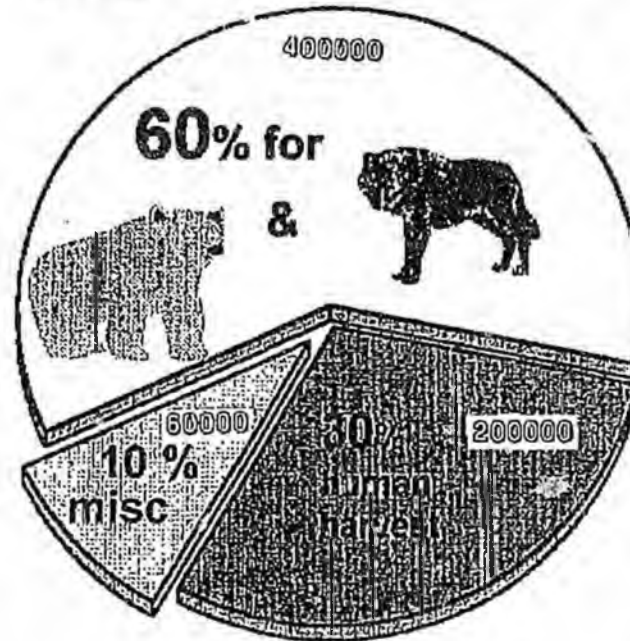
FUTURE TRUST DEPARTMENT

MODIFIED ECO/MANAGEMENT SYSTEM

SUSTAINED YIELD PREY HARVEST
SURPLUS ALLOCATION
MOOSE \ SHEEP \ CARIBOU

THE SOLUTION

THE WAY IT SHOULD BE !!!
RESTORE SANITY THROUGH !!!!
SOUND MANAGEMENT / EQUAL ALLOCATION



A.W.C.A. GOAL !!!
CONSTITUTIONALLY SOUND!!!

NO SHORTAGES

EQUALITY

Provided by office of Rep. Vezev

02/14/94 16:09 8907 452 8115 BILL HAGAR THEY ARE KILLING 80% OF THE BABIES

"Sustained Yield"

Alaska's Constitutional Mandate for Action

By

John B. Coghill, Lieutenant Governor
Constitution Convention Delegate



January 28, 1994

Preamble

The meaning of "sustained yield" was clear when the Alaska constitution was drafted in 1959. I believe that the meaning is very clear, and supercedes statutory and regulatory definition.

At the time of the Constitution State Land was to be selected for the priority of development and utilization by Alaskan's. From this utilization would arise an economy that could support the state government. Resources were expected to be the key to Alaska's economy.

Failure of these resources to be developed under federal management led the framers of the constitution to seek a mechanism that would assure the citizens access to and utilization of Alaska's resources. The sustained yield section of the Constitution is intended to allow for this utilization, and to require the authorized agency to maintain these resources in an optimum state for future development.

To understand the meaning and intent of the phrase "sustained yield" in our Constitution we must understand the meaning of the words and the context in which they are used. It is also useful to understand the use of the phrase in the wildlife literature in the same time frame.

The meaning of "sustained yield" has recently taken on new political meanings by various animal rights and preservation organizations that are opposed to man's use of replenishable resources. It is important for us to understand that the original and clear meaning of the Constitution was for replenishable resources to provide a high or maximum sustained level of consumptive utilization for humans, by Alaskan's.

Definitions of Sustained Yield

The Alaska Constitution, Article VIII, Section 4 reads:

Section 4 - Sustained Yield.

Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

"The history of Alaska has been closely related to, indeed often

dependent upon, its fur, fish and game." The importance of wildlife and renewable resources to Alaskans led to the incorporation of Section 4 in Article VIII, of the Alaska Constitution. Professor John Buckley argued the feeling of many in his presentation to the Constitutional Convention: "Wildlife conservation often has been treated somewhat lightly with mismanagement or no management resulting; it has not been granted the prompt corrective measures that would have been accorded most other resources. . . . It is to forestall political interference and to maintain continuity that I believe provision for wildlife should be at the constitutional rather than legislative level."

Few other States have a constitutional provision for natural resources such as Article VIII. The Committee on Resources heard extensive testimony on non-renewable resources, and on renewable resources. I believe this testimony was overwhelmingly in agreement with the meaning and intent of Section 4, Sustained Yield, in Article VIII. In fact, the wording in the section on Sustained Yield varied very little over the course of the debate on Natural Resources.

The Committee on Resources included a discussion of Sustained Yield in its December 16, and January 16 commentary attached to its report and drafts. This definition reads:

"Sustained Yield is recognized as a principle applicable to the administration of plant and animal life subject to the immediate authority of the State. This provision applies generally to wildlife and fisheries anywhere in the State and to the forests and other replenishable resources including grass which occurs on lands in the state domain. This principle is qualified in terms of "the highest beneficial public use" in recognition of its not being in the public interest to preserve certain parasitic or predatory organisms destructive of more beneficial plant and animal life. The reference of this section is to the State of Alaska, and not to any particular parcel of land or any particular parcel of water."

¹Buckley, John, "Wildlife in the economy of Alaska," Alaska Cooperative Wildlife Research Unit, Biology Papers of the University of Alaska, Number 1, Feb., 1955.

²Buckley, John L., "Wildlife and the Constitution", Prepared for consideration of the Committee on Natural Resources of the Alaska Constitutional Convention, page 2 & 3, December, 1955.

³Constitutional Convention, Committee Proposal 8, December 16, 1955, Commentary on Article on State Lands and Natural Resources, also in: Constitutional Convention X/Resources/S/a, Style and Drafting/Article VIII, January 30, 1956.

This definition clearly indicates that the Committee viewed the sustained yield issue as one of administration, of action on the part of the applicable State agency or commission.

This discussion by the Resources Committee also clarifies the intent of qualifying phrase "subject to preferences among beneficial uses". (We are referring to uses, not users, or competing user groups.) The management for sustained yield "subject to preferences among beneficial uses" clearly reaffirms the overall intent of the section on "sustained yield". Human consumption and other uses beneficial to man have preference over uses that are not beneficial to man. Management must be preferentially for species and resources suitable for human consumption, not, for example, parasites or predators that would cause species such as caribou to decline.

Management for "sustained yield" is mandated for all wildlife resources under State management, and all replenishable resources on State lands.

George Utermohle, in his explanation of terms utilized in the Constitution defined "sustained yield" with respect to wildlife as follows:

"Sustained Yield Principle: . . . For fish, wildlife . . . the term "sustained yield principle" is used in connection with management of such resources. When so used it denotes conscious application insofar as practicable of principles of management intended to sustain the resource being managed."

The "administration" referred to in the Resource Committee commentary is also the "management" referred to by George Utermohle. It mandates a "conscious" action, action intended to maintain and provide for the renewable resources. Management intended to prevent the depletion of wildlife resources by over harvesting, or by natural causes where possible. The sustained yield provision is intended to assure "the conscious application," of management tools by the future Department of Fish and Game. Actions intended to benefit wildlife populations.

Gordon Harrison, Alaska Legislative Research Agency, further explains that:

"The principle of sustained yield management is a basic tenet of conservation, it is the simple yet fundamental idea that the annual harvest of a biological resource should not exceed the annual regeneration of that resource. Maximum sustained yield is the largest harvest that can be maintained year after

BILL HAGAR

0907 452 6115

16:10

02/11/84

year."⁴

The Alaska constitution mandates the "hands on" management of wildlife and renewable resources for the maximum sustained yield.

Preservation v. Development

Today we hear loud proclamations from those who advocate no action be taken, "let nature take its course", say those who believe in the philosophy of preservationism. They argue that the concept of conservation must be expanded to include the concept of preservation, and then argue that preservation is the overriding management philosophy for resources. I do not disagree with such concepts - as long as they are applied within the confines of the appropriate federal withdrawals, and special areas set aside under Section 7, Article VIII.

Preservation is a very real part of Alaska, and has remained a management option . . . for the federal reservations and parks which encompass a large part of this territory, excepting the fact that the State of Alaska has jurisdiction over wildlife. Inaction, or the failure for today's State agencies to manage a renewable resource, to stand by and allow a renewable resource to significantly decline, is not allowed under the "sustained yield" provision of the constitution.

Section four contains several key words and phrases that reveal its intent. The resources listed are "replenishable". They are to be "utilized, developed, and maintained".

The listing of only replenishable resources for "sustained yield" management indicates that the committee did not intend for non-renewable resources to be managed for "sustained yield". The mineral resources in the ground are thus expected to be developed, extracted from the ground and made available "for the benefit of mankind". Development of non-renewable resources is expected to exhaust the resource. As a specific deposit or resource location is depleted, other commodities or other deposits are expected to be found and developed. Renewable resources, however, can be maintained at high levels of productivity.

⁴Harrison, Gordon B., Alaska's Constitution, A Citizen's Guide", Third Edition, Alaska Legislative Research Agency, 1992.

⁵History of Alaska Statehood, in U.S. House of Representatives, Report No. 624, 85th Congress, 1st. Session, Committee on Interior Affairs, Chairman O'Brien. Accompanying H.R. 7999, the Alaska Statehood Act.

The argument for Statehood was a battle to allow Alaskans the opportunity to utilize the lands and resources around them. "[T]remendous acreages of land have been tied up in the status of Federal reservations and withdrawals for various purposes. The [U.S. House Interior and Insular Affairs] committee feels strongly that this practice has been carried to extreme lengths in Alaska, to a point which has hampered the development of such resources for the benefit of mankind. As a result a long list of potential basic industries . . . can exist in Alaska only as tenants of the Federal Government, and on sufferance of the various Federal Agencies. . . The committee feels that this policy must be changed if statehood for Alaska is to be a success."⁶ The policies of preservation, of non-use was well represented in Alaska in 1955 - on federal lands and withdrawals. State land is to be managed for utilization by the people of Alaska.

Statehood gave us land with which we could develop a sustaining economy. Before Congress would pass the Statehood Act we had to assure them that we could develop a resource based economy sufficient to maintain the State.

Maintain v. Conserve

There is little question that the words "utilized" and "developed" in the phrase: "shall be utilized, developed, and maintained" intends for the State's resources to be directly and physically used by mankind. It is interesting to note that the Resources Committee tried and rejected the word "conserve" as a substitute for "maintain" in Section 4. We can read the version of January 29th, 1956:

"Section 4. Fish forests, wildlife, grasslands and all other replenishable resources belonging to the State shall be utilized, developed and conserved on the sustained yield principle, subject to preferences among beneficial uses."⁷

If the word "conserved" had remained the meaning of this section would have been substantially different. The fact that this word change was one of the few considered alterations of Section 4, in the light of the considerable rewrites of other sections, attests to its importance and near unanimous agreement on its intent.

⁶House Committee on Interior and Insular Affairs, H.R. Report No. 624, 85th Congress, 1st. Session, 1955, in: State of Alaska v. United States of America, Complaint for Just Compensation.

⁷Report of the Style and Drafting Committee, Constitutional Convention, X/Resources/8/a, Style and Drafting/Article VIII, January 29, 1956.

Gregory P. Cook significantly errs in his suggestion that:

"Assuming . . . that the word "maintained" in Art. VIII, § 4 has an even broader meaning than "conserved", then it seems quite reasonable to conclude that the sustained yield principal of § 4 was intended to include preservation, i.e., non-harvesting uses."⁹

"The verb "conserve" means "to keep in a safe or sound state; to save; to preserve from change or destruction". . . . "Conserve" addresses the idea of maintenance of an existing condition." In contrast the word "maintain" signifies literally "to hold by the hand". . . . "to support what has already been brought into existence."¹⁰

The selection of the word "maintain" gives us a very important insight in the meaning of the section on Sustained Yield. If the Resources Committee had used the word "conserved" one could have argued that a "no action" alternative existed for the State as a management option. To "maintain" our resources means that we will not only manage man's activities through harvest limits or seasons, but also manage the resource itself. It means that we will provide the stewardship and the husbandry needed to keep renewable resources available at the highest possible level for human use.

It is clear that the use of the word maintain indicates that the State is mandated by the constitution to actively manage its resources. Management is to include the best techniques and principles available to the responsible State agencies.

Context: Article VIII

Alaska is one of few states with a Natural Resources clause in its constitution. Article VIII of the Alaska Constitution establishes the State's policy on Natural Resources. The inclusion of this article was discussed at length in the early development of Alaska's constitution. Alaskans felt that federal policies and practices had hampered the utilization of Alaska's resources,

⁹Cook, Gregory, "The Sustained Yield Principle of Article VIII, § 4" May 4, 1991.

¹⁰Words and Phrases, West Publishing Co., Volume 40A, page 593, 1953.

¹¹Words and Phrases, West Publishing Company, Volume 40A, page 594, 1953.

blocking the natural development of a sustainable economy.

The desire to escape from restrictive Federal policies hampering the utilization of Alaska's resources, was a key reason for Statehood. Article VIII sets the State's resource policy, with the clear intent to encourage the development of the State's resources.

Article VIII has eighteen sections. Section 1 is a "Statement of Policy," Section 2 establishes "General Authority," Section 3 establishes that wildlife is reserved for common use, and Section four is "Sustained Yield". The organization of these sections was carefully considered by the Resources Committee, and the Committee on Style and Drafting as well as the body of the Constitutional Convention. Section 4 follows, and is responsible to the preceding sections.

Section 1 - Statement of policy.

It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

Section 2 - General Authority.

The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

Section 3 - Common Use.

Wherever occurring in their natural state, fish, wildlife, and waters are reserved to the people for common use.

Section 4 - Sustained Yield.

Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

The organization of these sections varied during the various drafts in the Resource Committee reports. The final organization clarifies the relative meaning of these sections.

Maximum use is the reigning policy for resource development on State land (Sec. 1). The Constitution directs the legislature to provide citizens the opportunity to utilize and develop our resources (Sec. 2). Fish and wildlife are to be managed for the use of everyone (Sec. 3). They are to be managed for sustained yield (Sec. 4).

The "sustained yield principle" in Section 4 is subject to the

"maximum use" policy of Section 1. Our maximum use policy emphasizes the "yield" aspect of "sustained yield principles."

This utilization is to be provided up to the maximum level that the resource can sustain. The best scientific principles available are to be used to guide the level of utilization. Resources that are utilized to a near maximum extent obviously require active husbandry and management to sustain population levels and prevent long term declines.

Historical Viewpoint

In the discussion at the Constitutional Convention there was uniform understanding of the intent of Section 4, Article VIII. The phrase "sustained yield principles" directs the responsible agency with the task of maintaining a yield from the States resources.

In the 1950's the phrase was particularly common in the discussion of fishery resources. The depletion of various fish streams under federal management was to be avoided at all costs under State management. Depletion was to be prevented not only by regulation of the harvest levels and methods by fishermen, but also by developing fish hatcheries or other man made enhancement efforts to restore a fishery to maximum sustainable levels.

Successful resource management in the 1950's, when our Constitution was being crafted, included not only forests and fisheries, but also migratory waterfowl, and large game. Bringing migratory waterfowl back from the brink of extinction is one of the great successes in the development of modern wildlife management principles.

Sidney Huntington's new book "Shadows on the Koyukuk" has an excellent discussion on wolves. The story of Don Strickman and Sid's brother Jimmy in the winters of 56-58 as well as stories of Jay Hammond's work in the Northern Alaska, and the success these artificial management efforts produced, were a part of the philosophy of maintenance of our wildlife resources prevalent at the Constitutional Convention.

By the 1950's wildlife managers had proven abilities to manage animal populations, and many of our replenishable resources. Management of wildlife called for the cooperative work of hunters, biologists and game wardens. John Buckley argued that "wildlife is living and dynamic . . . Immediate action can result in saving for human use many animals that would otherwise be lost to natural causes; conversely, prompt action can also prevent overharvest. Therefore regulations relating to wild animals must be made by an organization capable of rapid action. Legislative action is too

slow."¹¹

Conclusion

Those interested in utilizing these resources must not feel that they "can exist in Alaska only as tenants of the [State] government and on the sufferance of the various [State] agencies"¹² and outside animal rights or preservation interest groups. "Sustained yield" means that we will provide the stewardship and the husbandry needed to keep renewable resources available at the highest possible level for human use.

All resource agencies must work to assure that Alaska's renewable resources are available for utilization. No one Agency, no single interest group, has a preference or a priority over the State's replenishable resources. Not only are these resources available for all uses, but the framers recognized that utilization for one resource was generally an asset to those who would use another use, utilization of timber resources enhances access for hunters, and provides a patch of new foliage for wildlife. Utilization increases the value of a resource to society, and thereby increases the impetus for management efforts.

The Resources Committee, the signatories to the Constitution, the people who voted for the Constitution, and the U.S. Congress who ratified the Constitution in the Statehood Compact, clearly intended for the active management of Alaska's renewable resources.

The changing view of "sustained yield" by animal rights advocates, preservationists, and others does not alter the clear intent of our Constitution. Alaska's Constitution mandates the development of Alaska's resources, by individuals, for the maximum benefit of mankind. The mandate to the legislature and to the management agencies remains clear. The Alaska Constitution mandates action.

The placement of a natural resources Article in the Alaska Constitution was intended to emphasize the high priority of the management of these resources to provide for the development of a diverse economy.

JRC/BWC

¹¹Buckley, John L., Wildlife and the Constitution, Prepared for the consideration of the Committee on Natural Resources, of the Alaska Constitutional Convention, page 6, December, 1955.

¹²Modified from: House Committee on Interior and Insular Affairs, H. R. Rep. No. 624, 85th Cong., 1st Sess. (1955), in State of Alaska vs. United States of America, 1993.

Dear Senator,

I would like for you to know that I want you to support senate bill 77 and senate joint resolution bill no. 34. I think they are both good bills and as my representative please vote in favor of them both.

Thank You,

JIM SACKETT

NATHAN BORSON • Box 211 • Gustavus, AK 99826-0211 • (907) 697-2381

March 31, 1993

Representative Bill Williams
State Capitol
Juneau, AK 99801

Dear Representative Williams,

I am very concerned about two bills which threaten Alaska's wildlife. I work in the tourism business, and I live in Alaska because of its wilderness character. I ask you to oppose these bills which threaten my way of life and Alaska's natural character.

SB43: I understand this bill mandates that the Dept. of Fish and Game transplant 300 elk to four locations in Southeast Alaska.

I live in Southeast Alaska, and I do not think Elk should be introduced here. There could be severe effects on established wildlife and plant communities as a result. The impacts on Sitka black tail deer especially concern me. The other thing that really bothers me about this bill is that the state would be **paying** for it. Surely this cannot be justified given cuts to critical programs at the same time. This is not the time to begin frivolous new programs.

SB77: Mandates that Board of Game manage stocks to "achieve higher sustained yield for human harvest."

I have a real problem with the philosophy behind this one. I do not believe that all plants and animals are "there just for us." I think it is a mistake to treat them as such and disrupt the natural order that has evolved, especially in fragile northern habitats. Maybe the problem is not too few moose and caribou, but too many people hunting them.

I also have a problem with the practical implications of this bill: I expect predator control be the main result, and this is a wasteful, destructive practice which I feel is wrong. Furthermore, it is nationally controversial and has had a negative impact our wilderness guiding company due to the nationwide boycott. And finally, will the state be *paying* to destroy predators? I certainly hope not!

Thank you for considering my views on this matter. I hope you will vote against these meddlesome, destructive, and expensive bills.

Sincerely,



Nathan Borson

Box 1258
Bethel, Ak. 99559
2 April 1993

Representative Bill Williams
State Capitol
Juneau, Ak. 99801

Representative Williams:

I'm writing in opposition to SB 77, the "Intensive Game Management" bill. This thinly disguised wolf kill bill would do nothing but stir up again the public outcry and threats to the Alaska tourist industry. SB 77 is a simple politicization of game management for the benefit of a single group of people, the recreational hunters.

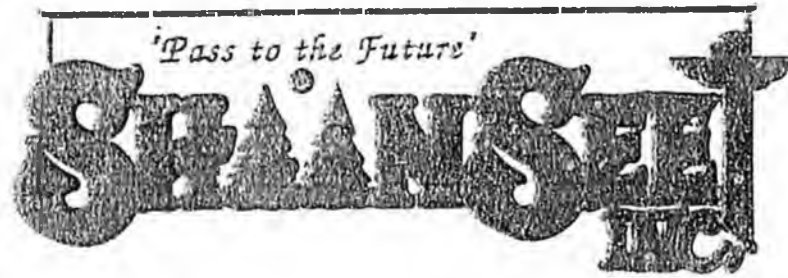
Wildlife, if it is "managed" at all, should be managed for the overall health of the entire ecosystem, not to possibly enhance the numbers of one or two species. SB 77 is bad public policy and should be rejected.

I urge you to reject SB 77!

Sincerely,



Thomas Warner



March 24, 1993

MAR 28 1993

Representative Bill Williams, Chairman
House Resources Committee
ALASKA STATE LEGISLATURE
Juneau, Alaska 99801-1182

Re: Response to Senate Bills 43, 46, & 77

Dear Representative Williams:

Shaan Seet opposes SB 77: An Act relating to the powers of the Board of Game and to intensive management of big game to achieve higher sustained yield for human harvest. This bill does not acknowledge the subsistence priority for the use of fish and wildlife resources within the State of Alaska, and will be detrimental to Native subsistence users.

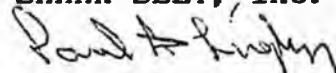
Additionally, Shaan Seet opposes the elk transplantation proposal as contained in Senate Bill 43. This plan is not complete and until the possibility of harm to indigenous game stocks is removed from it, it should not be attempted. The State should maintain a conservative attitude about such proposals and should err on the side of conservation rather than taking a chance that could cause irreparable harm.

Representative Bill Williams, Chairman
March 24, 1993

Page-Two

Please let us know what your views are on these bills. We
would appreciate it!

Sincerely,
SHAAN SEET, INC.



Paul A. Lingley
President



SIERRA CLUB

Alaska Chapter



February 14, 1994

Representative Bill Williams, Chairman
House Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Chairman,

The Alaska Chapter of the Sierra Club is opposed to Senate Bill 77. If passed, this bill would artificially boost "game" animals by mandating the killing of one species for the benefit of another. We believe this approach is biologically regressive and bad public policy.

Predators are an essential part of a healthy ecosystem and should not automatically be treated as less valuable than "game" animals, as this bill would require. It is particularly disturbing that predators would be killed as the first step before considering action such as reducing hunting pressure or studying other alternatives.

Alaska's constitution makes it clear that the state's wildlife belongs to all Alaskans. Our wildlife should not be managed for the sole benefit of hunters and trappers.

Sincerely,

Tracy Abell
Wildlife Chair,
Alaska Chapter -- Sierra Club

"Not blind opposition to progress, but opposition to blind progress."

The Alaska Wildlife Alliance

PO Box 202022
Anchorage, AK 99520

January 20, 1994

Representative Bill Williams
State Capitol Room 128-C
Juneau, AK 99801-1182

Dear Representative Williams,

As a member of the House Resources Committee, we are writing to provide information regarding SB 77. Senator Sharp has requested a hearing on SB77 in the next few weeks.

The 2,000 members of The Alliance do not support SB77, primarily because of vagaries and assumptions about game management and the values of Alaskan citizens. It is no secret to our members that this bill was written and introduced to make predator control programs required by law, and make it much more difficult for concerned citizens to affect change. Anything in quotes refers to text in the bill. Specifically:

- By changing "may" to "shall", the Board of Game is stripped of any flexibility, and provisions for incorporating public comment are similarly erased.
- The concept of "...high levels of sustained yield..." is not scientifically or ecologically valid. Modern wildlife management literature characterizes "high levels of sustained yield" as an oxymoron. In short, high levels of harvest are usually not
- This bill requires that predators be killed first before any game is even considered. We are puzzled as to why the State wants to bring more public criticism by, in effect, increasing the likelihood and frequency of predator control programs.
- This bill clings to the outdated and regressive concept of intensive micro-management of game species in Section 1 (11) (A) and (B). For example, in the 1993-94 wolf control program to "save" the Delta herd, it is often ignored that the Delta herd is above historic averages, and that the state's total caribou population has tripled in the last 15 years. In reality, all of Alaska's caribou (& other game species) belong to a single statewide population, within which, on a scale of decades, there are shifting centers of abundance. It is biologically inappropriate, not to mention expensive, to focus management policies on individual "herds", and attempt to maintain each at a constant size within a fixed area.
- The majority of Alaskans are opposed to state-sponsored wolf control. A copy of an independent public opinion survey is inclosed for your review.
- With the current state of Alaska's budget, we are shocked at the cost of predator control programs, and again puzzled as to why the state would want to pass as law a bill which would require more needless spending on predator control programs for which results are not tangible or measurable, and which taint Alaska's public image. In addition, these

expenditures benefit only those few Alaskans who want guaranteed hunting success in convenient locations. An Alliance press release regarding the cost of the state's current wolf control program is enclosed.

Although we realize that wildlife must be managed, we believe the language of this bill does more to reflect a political agenda than provide for the long-term viability of Alaska's wildlife. Caribou, moose and other game species are abundant, and hunting opportunities for human harvest will continue to be plentiful, even in the presence of natural populations of predators. Plainly stated, increased "intensive" management is unnecessary, costly and results are not measurable.

As a suggestion, The Alliance recommends that contracting centers of prey abundance first be closed to harvest, and harvest be increased in expanding centers of prey abundance before the state assumes that predators must be removed. Although the hunting community may grumble at the inconvenience of having to travel farther from the road system, we strongly believe that the majority of Alaskans will be satisfied, Alaska's image will be improved nationwide, and all species of wildlife populations will be truly sustained.

We respectfully urge you to reject SB77, and we look forward to hearing your thoughts on these matters.

Sincerely,

A handwritten signature in cursive script that reads "Sandra Arnold". The signature is written in black ink and is positioned above the typed name.

Sandra Arnold
Staff Representatives

enc.



Alaska State Legislature

Please enter into the record my testimony to the HOUSE RESOURCES
committee name

committee on SB 77, dated 3-7-94
bill/subject

I WOULD LIKE TO GO ON RECORD AS SUPPORTING THIS BILL, BIG GAME MANAGEMENT IS IMPORTANT AND IF DONE PROPERLY WOULD INCREASE BIG GAME AVAILABILITY I BELIEVE BIG GAME FARMS (MOOSE, CARIBOU, ETC.) WOULD ALSO HELP IN MANAGEMENT OF WILD BIG GAME. THE WAY THERE COULD BE A CLOSURE OF BIG GAME HUNTING IN AREAS WHERE THERE ARE LARGE HUMAN POPULATIONS WITHOUT AFFECTING THOSE WHO DEPEND ON BIG GAME TO FEED THEIR FAMILIES.

THE BEST WAY TO DO BIG GAME MANAGEMENT WOULD BE TO SHIFT HUMAN POPULATION TO DIFFERENT AREAS, LIKE ROTATING FIELD CROPS. I KNOW THIS IS IMPOSSIBLE SO OTHER MEANS OF GAME MANAGEMENT IS NEEDED, MAYBE THERE IS A WAY TO GET BIG GAME TO SHIFT SOME OF THEIR "GRAZING" AREAS.

Signed: Cheyenne Walker CHEYENNE WALKER
Testifier

SELF
Representing (Optional)

HC 62 BOX 5360 DELTA JCT., AK- 99737
Address

895-1024
Phone No.



Alaska Federation of Natives, Inc.

March 18, 1994

The Honorable William K. Williams
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representative Williams:

I want to express the grave concern of the statewide Native community and the Alaska Federation of Natives over Senate Bill 77 and the versions of it currently pending in the House of Representatives. Although the House and Senate bills differ in language, they are both anti-subsistence and bad public policy. For the following reasons, we oppose them.

Both versions of SB 77 mandate that the Board of Game practice intensive management of big game prey species in order to bring up population numbers for human consumption. The crux of the bill is that it requires, in addition to such things as habitat management, predator (i.e., wolf) control. If you look at the section marked in the margin of the appended copy of the latest House version, you see that the Board of Game may not adopt regulations that significantly reduce the human taking of any big game population unless it adopts regulations to implement intensive management. That prohibition includes Tier I and Tier II regulations that protect subsistence uses under AS 16.05.258 (the state subsistence statute) when a game population decreases to certain levels.

On its face, SB 77 bill is bad public policy. Tying the Game Board's ability to restrict the taking of big game prey species to regulatory action on wolf control effectively asks the moose and caribou to wait for badly needed protections until the state government can decide an extremely controversial management issue. What happens to those big game species if the state fails to carry out such a management program - for lack of money, political pressure, or any other reason? Would that mean that moose and caribou could never be protected by harvest reductions?

This bill, sponsored by Senator Sharp and others, is for sport hunters. They are trying to get the Legislature to impose on the Board of Game a non-discretionary state policy of predator control. (Despite the inclusion of habitat management and other measures, what this is really about is wolves.) Why the Alaska Department of Fish and Game, which has traditionally fought against legislative policies that would tie the Board's hands in resource management, tepidly supported this bill in committee testimony is not clear and deserves a straight answer.

A legislative mandate of wolf control will have serious political repercussions for the State of Alaska. Whether or not predator control is generally a useful management tool, it should not be automatically required every time game populations decline - often for reasons having little or nothing to do with wolves. Subsistence users do not support a blanket approach to such a complex situation and publicly disclaim responsibility for it. We want the public, the Congress, the Interior Department and all other interested parties to understand that this is not being done for us.

We question the whole logic of SB 77 and feel that it should not go forward without careful reconsideration and additional public hearings. But more specifically, we object to any linkage of subsistence protections to wolf control. If the whole bill cannot be stopped, we urge, at the very least, that lines 17 through 20 on page 2 be deleted and replaced with:

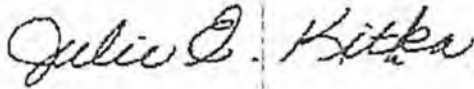
"(2) promulgates regulations relating to harvest of, access to, or management of the population, as required by AS 16.05.258."

That amendment was introduced by Representative Eileen MacLean on Friday and was defeated on the House floor. The current language of lines 17 through 20 merely provides that AS 16.05.258's subsistence protections could go into effect if the Board of Game schedules intensive management regulations for its next regular meeting. While that may prevent delays before the fact of subsistence protections, it maintains the linkage after the fact: it gives the state and sport interests the opportunity to say that wolf control was somehow necessary because of the required cutbacks to protect subsistence.

Enactment of this bill will be one more impediment to the state's reacquisition of subsistence management authority on federal public lands under ANILCA. The present dual management regime has resulted from the Legislature's refusal to protect subsistence by complying with the federal law. Does anyone seriously think that the Congress or the cognizant federal agencies will allow subsistence management on federal lands to go back to a state that has a policy of mandatory wolf control in times of resource reductions? On the contrary, further losses of state management authority are the most likely outcome.

The Alaska Federation of Native urges that this whole wolf policy be carefully reconsidered from the point of view of effective management and smart politics. But if that is not possible, the bill should contain, at the very least, no connection of intensive management regulations to protections of subsistence.

Sincerely,



Julie E. Kitka
President



HOUSE RESOURCES COMMITTEE

DATE: 2/16/94

PLACE: Capitol, Room 124

SUBJECT OF MEETING:
 SB 77 - INTENSIVE MANAGEMENT OF BIG GAME
 SJR 13 - OPPOSING EXPORT BAN ON AK NORTH SLOPE CRUDE OIL

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Joel Bennett	self	114 W. 6 th Juneau		586-1255		(Y) N	SB 77
WM BURK	SELF	PO BOX 240742	924	780 6019		(Y) N	SB 77
John George	Territorial Sportsmen/AA	9511 moraine Way Juneau	99801	784-0172		(Y) N	SB 77
Jim BARR	AEL.	P.O. 210371 A. L. Barr	99821	790-2858		(Y) N	SB 77
Chip Thoma	self	Juneau				Y N	SJR-13
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	

* PLEASE PRINT + INCLUDE *
COMPLETE MAILING ADDRESS



HOUSE RESOURCES COMMITTEE

DATE: 3/7/94

PLACE: Capitol, Room 124

SUBJECT OF MEETING:
 HJR 17 - Magnuson Fishery Conservation + mgt. Act
 HB 404 - Land Allotments
 HB 448 - Waste + Use of Salmon + Parts of Salmon
 SB 77 - Intensive management of Game

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Bill Garry	State DNR Parks	400 Willoughby	99801		465-4563	(Y) N	HB 404
Geron Bruce	Fish/Game	P.O. BX 25524	99802		465-6143	(Y) N	HB 448
Dave Kelleyhouse	Fish & Game	"	"		465-4191	(Y) N	HS CS5B 77 ✓
Ran Gillespie	Aquaculture	9478 Riverbend Ct	99801	781-3941	463-3377	(Y) N	HB 448
Kevin McDougall	FISHERMAN PROCESSORS	Box 714 Douglas	99824		364-2273	(Y) N	HB 448
Roger McKowan	Rep Hoffman					(Y) N	HB 404
John George	AOL	9515 Moraine Way Juneau	99802	789-0172		(Y) N	HB 77
						Y N	
						Y N	
						Y N	
						Y N	

SB

132

HOUSE COMMITTEE REPORT

(9)
 Date Referred: April 14, 1993 FURTHER REFERRALS: Finance

Date of Committee Action: 2/4/94

The RESOURCES Committee considered: CSSB 132(RES) am
 CS FOR SENATE BILL NO. 132(RES) am LOANS FOR IFQ'S

"An Act relating to loans for the purchase of individual fishery quota shares; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with HCS CS SB 132 (RES) a new title

- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: House Resources letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
 fiscal impact Dept. of Commerce & Econ. Dev. fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>W.K. Williams</i>	<input checked="" type="checkbox"/>	<i>(Signature)</i>		<input checked="" type="checkbox"/>	
		<i>(Signature)</i>		<input checked="" type="checkbox"/>	
		<i>(Signature)</i>		<input checked="" type="checkbox"/>	
		<i>(Signature)</i>		<input checked="" type="checkbox"/>	

W.K. Williams
 CHAIRMAN'S SIGNATURE



Alaska State Legislature

HOUSE RESOURCES COMMITTEE

P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3715

HOUSE RESOURCES COMMITTEE

LETTER OF INTENT

HCS CS SB 132(RES), "AN ACT RELATING TO THE PURCHASE OF INDIVIDUAL FISHERY QUOTA SHARES"

It is the intent of the House Resources Committee that the Commercial Fisheries and Agriculture Bank (C-FAB), within its existing authority under AS 44.81.210, make financing available for the purchase of quota shares for fisheries in or off Alaska.

It is also the intent of the House Resources Committee, that passage of this bill in no way implies either legislative support for, or opposition to, the IFQ program, only a commitment to ensuring that Alaskans have as much opportunity as possible to acquire quota shares if-or-when the IFQ program is implemented.

Signed,

A handwritten signature in cursive script that reads "Bill Williams".

Rep. Bill Williams, Chairman

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 132(RES)

Revision Date: January 24, 1994
 Title: Loans for IFQs

Department Affected: Commerce and Economic Development
 BRU: Investments
 Component: _____

Sponsor: Senator Jacko
 Requestor: House Resources

COMPONENT SERIAL NO. 0384

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	46.2	138.8	138.8	138.8	138.8	138.8
TRAVEL	2.0	6.0	6.0	6.0	6.0	6.0
CONTRACTUAL	11.3	33.9	33.9	33.9	33.9	33.9
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	13.5	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	
TOTAL OPERATING	74.5	180.2	180.2	180.2	180.2	180.2

CAPITAL EXPENDITURES	0	0	0	0	0	0
-----------------------------	----------	----------	----------	----------	----------	----------

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other C/F LOAN 1036	74.5	180.2	180.2	180.2	180.2	180.2
TOTAL	74.5	180.2	180.2	180.2	180.2	180.2

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Martin J. Richard
 Division: Investments

Phone: (907) 465-2510
 Date: January 24, 1994

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 1-27-94

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 132(RES)

ANALYSIS: (continued)

This fiscal note assumes that the IFQ program will go into effect on March 1, 1995 as estimated by the United States Department of Commerce. The operating expenses for FY 95 have been adjusted accordingly.

PERSONAL SERVICES

The passage of HCS CSSB 132(RES) will require the addition of two Loan Officer I positions and a Loan Closer I position. The loan officers will process loan requests generated as a result of this legislation. They will also handle inquiries, outreach, loan extensions and other collection activity associated with these loans. The loan closer will develop the documentation used to complete loans processed by the loan officers and will obtain signatures, record collateral documents and disburse loan proceeds.

TRAVEL

It is estimated that loan officers will make an average of six outreach trips to rural Alaska each year, at an average cost of \$1.0 per trip. In FY 95 a total of two trips are anticipated.

CONTRACTUAL

The office space rental for three additional employees is estimated at \$8.9 per year. In addition, the Department anticipates spending an additional \$25.0 per year on outside contractors to help in its outreach efforts in rural communities throughout the State.

SUPPLIES

The Department estimates \$1.5 per year to cover costs of miscellaneous office supplies and printing of application packages and brochures.

EQUIPMENT

The Department estimates a one-time cost of \$13.5 to cover the costs of office furniture and computer equipment for three new employees.

Position Title Loan Officer I		No. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Anchorage		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		4.1		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		26.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
I-A Receipts 1007				
CIP Receipts 1061				
Other C/F Loan 1036				
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
I-A Receipts 1007				
CIP Receipts 1061				
Other C/P Loan 1036				
Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
I-A Receipts 1007				
CIP Receipts 1061				
Other C/F Loan 1036				
Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
I-A Receipts 1007				
CIP Receipts 1061				
Other C/F Loan 1036				
Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

Position Title Loan Officer I		No. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		2.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		25.6		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

**Request For
New Position**

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

8-LS0628V ✓

Utermohle

1/13/94

HOUSE CS FOR CS FOR SENATE BILL NO. 132(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR JACKO

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to loans for the purchase of individual fishery quota shares;
2 and providing for an effective date."

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

4 * Section 1. PURPOSE AND LEGISLATIVE INTENT. It is the purpose of this Act to
5 provide an opportunity for resident fishermen to participate in the sablefish and halibut
6 fisheries and other fisheries in and off Alaska by authorizing loans for the purchase of quota
7 shares for those fisheries. It is the intent of the legislature that the authority granted by this
8 Act be implemented without adversely affecting the availability of funds in the commercial
9 fishing revolving loan fund for loans to purchase entry permits and to purchase, repair, restore,
10 or upgrade vessels and gear.

11 * Sec. 2. AS 16.10.310(a) is amended to read:

12 (a) The department may

13 (1) make loans [TO]

14 (A) to individual commercial fishermen who have been state

1 residents for a continuous period of two years immediately preceding the date
2 of application for a loan under AS 16.10.300 - 16.10.370 and have had a
3 crewmember or commercial fishing license under AS 16.05.480 or a permit
4 under AS 16.43 for the year immediately preceding the date of application and
5 any other two of the past five years, and who actively participated in the
6 fishery during those periods, for the purchase of entry permits;

7 (B) to an individual for the repair, restoration, or upgrading of
8 existing vessels and gear, for the purchase of entry permits and gear, and for
9 the construction and purchase of vessels, if the individual has been a state
10 resident for a continuous period of two years immediately preceding the date
11 of application for a loan under AS 16.10.300 - 16.10.370, and either

12 (i) because of lack of training or lack of employment
13 opportunities in the area of residence does not have occupational
14 opportunities available other than commercial fishing; or

15 (ii) is economically dependent on commercial fishing for
16 a livelihood and for whom commercial fishing has been a traditional
17 way of life in Alaska;

18 (C) for the purchase of quota shares for fisheries in or off
19 the state by individual commercial fishermen who

20 (i) have been state residents for a continuous period
21 of two years immediately preceding the date of application for a
22 loan under AS 16.10.300 - 16.10.370;

23 (ii) for any two of the past five years, possessed a
24 crewmember or commercial fishing license under AS 16.05.480 or
25 a permit under AS 16.43 and actively participated in a fishery for
26 which the license or permit was issued;

27 (iii) qualify as a transferee for quota shares under
28 applicable law; and

29 (iv) are not eligible for financing from other
30 recognized commercial lending institutions to purchase quota
31 shares;

- 1 (2) designate agents and delegate its powers to them as necessary;
- 2 (3) adopt regulations necessary to carry out the provisions of
- 3 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
- 4 services provided;
- 5 (4) establish amortization plans for repayment of loans, which may
- 6 include extensions for poor fishing seasons or for adverse market conditions for
- 7 Alaskan products;
- 8 (5) enter into agreements with private lending institutions, other state
- 9 agencies, or agencies of the federal government, to carry out the purposes of
- 10 AS 16.10.300 - 16.10.370;
- 11 (6) enter into agreements with other agencies or organizations to create
- 12 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
- 13 the state;
- 14 (7) allow an assumption of a loan if
- 15 (A) the applicant has been a state resident for a continuous
- 16 period of two years immediately preceding the date of the request for an
- 17 assumption; and
- 18 (B) approval of the assumption would be consistent with the
- 19 purposes of AS 16.10.300; an applicant for a loan assumption may not be
- 20 disqualified because the applicant does not meet the loan eligibility
- 21 requirements of (1) of this subsection;
- 22 (8) prequalify loan applicants for a limited entry permit loan or a
- 23 quota shares loan and charge a fee not to exceed \$200 for prequalification;
- 24 (9) charge and collect the fees established under this subsection;
- 25 (10) refinance a debt obligation incurred by a borrower or borrowers
- 26 under this section if the borrower or borrowers otherwise qualify for a loan under
- 27 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination
- 28 charge of one-half percent of the amount of the debt obligation that has been
- 29 refinanced when the first refinancing payment is due.

30 * Sec. 3. AS 16.10.320(d) is amended to read:

31 (d) The total of balances outstanding on loans made to a borrower under

1 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding
2 on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000.
3 The total balances outstanding on loans made to a borrower under
4 AS 16.10.310(a)(1)(C) may not exceed \$300,000.

5 * Sec. 4. AS 16.10.320(i) is amended to read:

6 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent
7 loan may not be made to the borrower under AS 16.10.310(a)(1)(B). If a loan is made
8 to a borrower under AS 16.10.310(a)(1)(B), a subsequent loan may be made to the
9 borrower under AS 16.10.310(a)(1)(A) if the total of the balance outstanding on loans
10 received by the borrower under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.310] does
11 not exceed \$300,000.

12 * Sec. 5. AS 16.10.325 is amended to read:

13 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
14 borrower has insufficient collateral to secure a loan for the purposes described in
15 AS 16.10.310(a)(1)(B) or (C). The loan agreement shall specifically describe the
16 property of the guarantor to be used as collateral by the borrower and shall be signed
17 by the guarantor and the borrower. The department shall provide the guarantor with
18 a copy of all notices sent to the borrower by the department. If the loan is for the
19 purchase of an entry permit or quota shares, the guaranty by the guarantor may not
20 constitute a lien, mortgage, or encumbrance on or pledge of the entry permit or quota
21 shares.

22 * Sec. 6. AS 16.10.338 is amended by adding a new subsection to read:

23 (c) If a limited entry permit is pledged for security for a loan made under
24 AS 16.10.310(a)(1)(C) for the purchase of quota shares and the borrower thereafter
25 fails to make a payment or defaults, the commissioner shall, in addition to the notice
26 provided under AS 16.10.335(a), notify the borrower that subject to the commissioner's
27 acceptance the borrower may sell the quota shares, apply the sales proceeds to the
28 debt, and renegotiate payment of the balance due on the loan to avoid the immediate
29 loss of the limited entry permit that has been pledged for security for the loan.

30 * Sec. 7. AS 16.10.360 is amended by adding a new paragraph to read:

31 (5) "quota share" means a transferable license, permit, or right issued

- 1 by the federal government that conveys a right to engage in a fishery in or off Alaska
2 and to take a specified portion of the annual harvest quota for that fishery.
3 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).

DRAFT ***** DRAFT***** DRAFT***** DRAFT*****

HOUSE RESOURCES COMMITTEE

LETTER OF INTENT

HCS CS SB 132(RES), "AN ACT RELATING TO THE PURCHASE OF
INDIVIDUAL FISHERY QUOTA SHARES"

It is the intent of the House Resources Committee that the Commercial Fisheries and Agriculture Bank (C-FAB), within its existing authority under AS 44.81.210, make financing available for the purchase of quota shares for fisheries in or off Alaska.

It is also the intent of the House Resources Committee, that passage of this bill in no way implies either legislative support for, or opposition to, the IFQ program, only a commitment to ensuring that Alaskans have as much opportunity as possible to acquire quota shares if-or-when the IFQ program is implemented.

SENATOR GEORGE JACKO

STATE CAPITOL, ROOM 125 JUNEAU, ALASKA 99801-1182 (907) 465-4942 FAX: (907) 465-2997

COMMITTEE CHAIRMANSHIPS

Rules, Chair
Finance, Vice-Chair
Finance Subcommittees
DC&RA, Chair
DM&VA, Chair
Revenue, Chair

COMMITTEE MEMBERSHIPS

Judiciary
Legislative Council
Finance Subcommittees
Public Safety
Fish & Game
University

MEMORANDUM

TO: Representative *Bill* Williams, Chair
House Resources Committee

FROM: Senator *George* Jacko, Sponsor
Senate Bill 132

DATE: January 19, 1994

RE: Position Paper - CSSB 132 (Resources)

CSSB 132 (Resources) changes the Commercial Fisheries Revolving Loan Fund Program so Alaskan fishermen can have opportunity to finance the purchase of Individual Fisheries Quotas (IFQs).

The issue of IFQs finds many fishermen on opposing sides. It should be emphasized that CSSB 132 (Resources) is not intended as a vehicle to comment for or against the merits of the IFQ program.

Barring a substantive legal challenge, the IFQ program for halibut and sablefish appears on it's way to being implemented. With this in mind, it is also anticipated that many Alaskan small boat fishermen will have difficulty competing against non-resident (outside) fishermen who have access to other lending sources. Subsequently, many Alaskans may not have the ability to purchase IFQ shares.

CSSB 132 (Resources) attempts to address this problem by restructuring the state fisheries loan program.

Page Two
Representative Bill Williams
January 19, 1994

It is important that Alaskan small boat fishermen have the opportunity to participate in the lucrative bottomfishing industry. Having said this, I would appreciate your support on SCSB 132.
(Resources)

If you need further information please contact my office at 465-4942.

GJ/be

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 132(RES)am

Revision Date: December 14, 1993
 Title: Loans for IFQs
 Sponsor: Senator Jacko
 Requestor: House Resources

Department Affected: Commerce and Economic Development
 BRU: Investments
 Component: _____
COMPONENT SERIAL NO. 0384

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	46.2	138.8	138.8	138.8	138.8	138.8
TRAVEL	2.0	6.0	6.0	6.0	6.0	6.0
CONTRACTUAL	11.3	33.9	33.9	33.9	33.9	33.9
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	13.5	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	74.5	180.2	180.2	180.2	180.2	180.2

CAPITAL EXPENDITURES	0	0	0	0	0	0
-----------------------------	----------	----------	----------	----------	----------	----------

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other C/F LOAN 1036	74.5	180.2	180.2	180.2	180.2	180.2
TOTAL	74.5	180.2	180.2	180.2	180.2	180.2

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Martin J. Richard *Levin J. Thejoda (or)* Phone: (907) 465-2510
 Division: Investments Date: December 14, 1993

Approved by Commissioner: Paul Fuhs *G. S. S. Rose*
 Agency: Commerce and Economic Development Date: 12/15/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 132(RES)am

ANALYSIS: (continued)

This fiscal note assumes that the IFQ program will go into effect on March 1, 1995 as estimated by the United States Department of Commerce. The operating expenses for FY 95 have been adjusted accordingly.

PERSONAL SERVICES

The passage of CSSB 132(RES)am will require the addition of two Loan Officer I positions and a Loan Closer I position. The loan officers will process loan requests generated as a result of this legislation. They will also handle inquiries, outreach, loan extensions and other collection activity associated with these loans. The loan closer will develop the documentation used to complete loans processed by the loan officers and will obtain signatures, record collateral documents and disburse loan proceeds.

TRAVEL

It is estimated that loan officers will make an average of six outreach trips to rural Alaska each year, at an average cost of \$1.0 per trip. In FY 95 a total of two trips are anticipated.

CONTRACTUAL

The office space rental for three additional employees is estimated at \$8.9 per year. In addition, the Department anticipates spending an additional \$25.0 per year on outside contractors to help in its outreach efforts in rural communities throughout the State.

SUPPLIES

The Department estimates \$1.5 per year to cover costs of miscellaneous office supplies and printing of application packages and brochures.

EQUIPMENT

The Department estimates a one-time cost of \$13.5 to cover the costs of office furniture and computer equipment for three new employees.

Position Title Loan Officer I		Nc. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Anchorage		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		4.1		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		26.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Dec. 14, 1993

Position Title Loan Officer I		No. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		2.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		25.6		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

**Request For
New Position**

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Dec. 14, 1993

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU	
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District	
TYPE OF EXPENDITURE		AMOUNT		Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.	
Salary		8.3			
Benefits		3.9			
Premium Pay					
Other					
Total Personal Services		12.2			
Travel					
Contractual		1.9			
Commodities		2			
Equipment		4.5			
Other					
Total Cost		18.8			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
I-A Receipts	1007				
CIP Receipts	1061				
Other	C/F Loan 1036				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Dec. 14, 1993

SB 132 --- HALIBUT IFQ LOANS

- * simply adds purchase of IFQ quota shares to the list of things that the fisheries revolving loan fund can be used for.
- * IFQ's are a federal program being imposed on Alaska. Quota shares will likely be on the open market by next fall. Without ability to finance purchase of shares, ALaskans will lose out on this first major window of opportunity to keep the halibut and sablefish fisheries Alaskan. These loans will help to offset some of the potential negative affects of this new federal IFQ program.
- * Eligibility requirements of applicant (residency, fishing experience, etc) -- see Page 2, lines 20-31.
- * House version aims at small-boat fishermen, and crewmen, who are most likely to miss out without this financing.
- * Will not compete with private sector lending institutions as bill says the applicant must be turned down by a bank first. Loan program has tight criteria so will not lend to "bad risks" but will help out those without access to traditional financing due to lack of collateral. Likely example: someone who has a salmon entry permit which the state can take as collateral but a bank can't.
- * Does not require any new appropriations. Revolving loan fund brings in approx. \$5 million more than it lends out each year. That surplus is what will be available to fund these IFQ loans (and the other types of loans for fishermen and hatcheries under the recently passed SB 251)

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 34159
3032 VINTAGE BLVD.
JUNEAU, ALASKA 99803-4159
PHONE: (907) 790-2693
FAX: (907) 790-2781

February 2, 1993

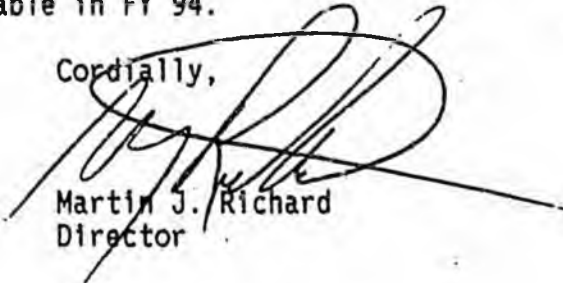
Honorable Fran Ulmer
Attention Margaret Pugh
House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Ulmer:

We are projecting excess funds available for appropriation from the Commercial Fishing Revolving Loan Fund to the General Fund in the amount of \$5,002,800 in FY 94 (HB 55, Section 20, January 15, 1993). The Governor has requested a General Fund appropriation to the Fisheries Enhancement Revolving Loan Fund in the amount of \$2,068,200 (HB 55, Section 29, January 15, 1993).

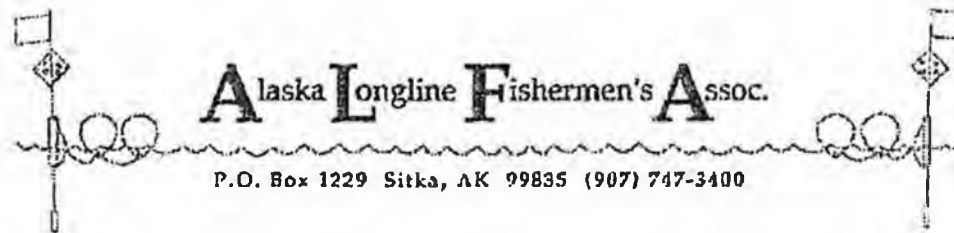
The net effect for these two fisheries funds is approximately three million dollars, available in FY 94.

Cordially,



Martin J. Richard
Director

cc: Paul Fuhs
Commissioner



Chairman Williams
House Resource Committee
Juneau, AK 99801

January 27, 1994

SENATE BILL NO. 132/ QS BIDCOs

Dear Chairman Williams and Members of the Committee,

On behalf of the Alaska Longline Fishermen's Association (ALFA), I would like to take this opportunity to offer the following comments on the quota share loan program and the sablefish/halibut quota share program itself.

First, I would like to emphasize to members of the committee the importance of moving forward as quickly as possible with a comprehensive loan program. As you are no doubt aware, the sablefish and halibut quota share program has been fully approved by the Secretary of Commerce and the plan *will be implemented* in 1995. The time for debating the merits of the program is past; quota shares are the future management strategy for the sablefish and halibut fisheries. Now is the time for Alaska to seize the opportunity to maximize the benefits afforded by the program. Predictably, a significant amount of quota share will change hands during the early years of the program while fishermen adapt to the new fishing strategy. Providing Alaskan fishermen with adequate capital to purchase quota share during these early years will prove a long-term investment from which Alaska will benefit for years to come. Time is short; S.B. 132 must be approved during this legislative session.

Unlike limited entry licenses, quota shares will provide individuals with access to a certain percentage of the overall quota, which will translate into pounds of fish on an annual basis. Fishermen can plan marketing strategies in advance and enhance the value of the product, generate increased revenue for the fishermen, the processors, and the State. Quota shares can be used as collateral and will be treated as real property by lending institutions. In sum, quota shares constitute a far more secure and valuable asset than do limited entry licenses, and quota share loans a better investment for the State.

Expanding the existing loan program to allow Alaskan residents to borrow money from the State to purchase quota share is a first, and very necessary step. Again, on behalf of ALFA's membership, I urge Committee members to move S.B. 132 forward as quickly as possible. I am aware, however, that the loan program should be taken one step farther, expanded to increase the amount of capital available and to provide coastal communities, native corporations, Alaska processors, etc. with an opportunity to invest in the fisheries and thereby maintain or strengthen traditional delivery patterns. With this goal in mind, I recently met with members of the Commerce Department, representatives of various native corporations, and Municipal

League members to develop a regional, or community-based loan program. The following is a brief outline of the program being developed.

Regional Quota Share BIDCOs

In 1993 the legislature passed enabling language that allowed Alaska to establish Business and Industrial Development Corporations, or BIDCOs. Separate legislation appropriated three million dollars to be made available as matching funds. In other States, BIDCOs have traditionally been formed by investors who saw an opportunity to assist or establish businesses that could profit from the investors' expertise in production, marketing, advertising, etc.--creating, in effect, a mentor relationship. In some cases, the BIDCOs goal also included enhancement of employment opportunities in a depressed area, or some other social objective. Investors outlined the BIDCOs goal, pledged an amount of funds, and applied to the appropriate State government for matching or additional funds.

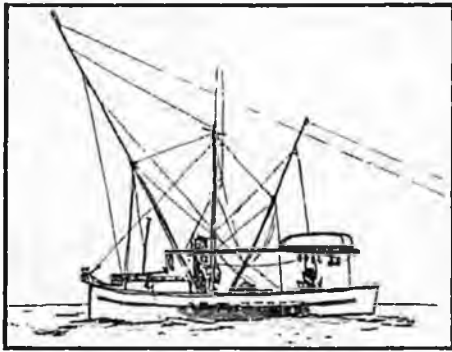
Both Commissioner Fuhs and Mr. Willis Kirkpatrick of Banking and Securities recognized the appropriateness of establishing regional Alaska BIDCOs to enable communities, native corporations, processors and other entities dependent on the sablefish and halibut fisheries to assist local fishermen in purchasing quota share. The BIDCOs will provide relatively low interest loans, but stipulate criteria such as residency within the BIDCO region, delivery to processors within the region, etc.. The regional BIDCOs will ensure that traditional seafood delivery patterns are maintained and that Alaskan communities derive maximum benefit from the sablefish and halibut fisheries. Money invested by the BIDCOs in the fisheries through quota share loans will ensure that funding for Alaskans is adequate, and that both State and local expertise is fully engaged in maximizing value from the fisheries. Quota share BIDCOs will be a win:win situation for resident fishermen, processors, communities, native corporations, and the State in general:

As mentioned above, enabling legislation for the BIDCOs passed last fall. It is my understanding that no additional action by the legislature is necessary at this time. If that understanding proves incorrect, then immediate action will be necessary to ensure that BIDCOs can be established before Fall '94 when quota shares will be issued. Clearly the potential benefits of the program call for committed action. Our association will do all that we can, but will look to the State for guidance and assistance. I hope the legislature will be supportive of these efforts.

In closing, ALFA's membership respectfully requests that members of the resource committee make every effort to expedite development of a comprehensive quota share loan program. S.B. 132 is an important first step; any assistance the legislature can offer in establishing regional BIDCOs will ensure that the critical second step is also accomplished. I will make every effort to keep the committee informed as the quota share BIDCO program takes shape.

Thank you for your time and attention. Sincerely,

Linda Behnken
Linda Behnken (exec. director, ALFA)



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

April 19, 1993

Representative Bill Williams, Chairman
House Resources Committee
State Capitol
Juneau, AK 99811-1182

Dear Representative Williams:

Alaska Trollers Association (ATA) would like to take this opportunity to comment on SB 132, relating to loans for the purchase of individual fishery quota (IFQ) shares. ATA supports the concept of the state making loans available for the purchase of IFQ shares by individual commercial fishermen. However, ATA believes that the \$300,000 limit per person is too high.

ATA requests that the loan amount be lowered to a maximum of \$100,000 per person. This will allow more small boat operators the opportunity to participate in the loan program, which we think is more in line with the intent of the bill.

With the above intent in mind, ATA questions the need to make loans for quota shares available to CDQ participants, since they already have financial assistance available for the purchase of IFQ shares. We suggest this section of the bill be dropped.

Finally, ATA finds the language in HB 123 superior to that of SB 132, as the intent and applications of the bill are much more straight forward. We recommend that the committee amend the bill to more closely reflect HB 123.

We thank the legislature for offering Alaskan fishermen the opportunity to expand thier operations or enter into the halibut and sablefish fisheries, and for considering our suggestions.

Sincerely,

Dale A. Kelley
Executive Director

Alaska Longline Fishermen's Assoc.

P.O. Box 1229 Sitka, AK 99535 (907) 747-3400

April 15, 1993

Representative Williams, Chair
House Resource Committee
Juneau, AK 99801-1182

Dear Representative Williams,

I was disappointed to hear that HB 123, Representative Ulmer's quota share finance bill, has been replaced by SB 132. Our organization worked closely with Representative Ulmer to develop HB 123 and consider it a well-worded, effective bill. I understand that your office was also involved with drafting HB 123, hence I expect that you share our disappointment. I hope that the House Resources Committee will make every effort to amend SB 132 to reflect the intent and application of HB 123. I have identified below specific language our organization believes must be addressed if SB 132 is to be acceptable to Alaska's longline industry.

1. The stated Purpose and Intent of HB 123 is clear and accurate. The Findings in SB 132 are erroneous and misleading. The quota share program will not create a "privileged class" of a few wealthy people any more than the State limited entry program created a privileged class. The cost of entering the sablefish and halibut fisheries will increase in the same manner in which the cost of entering the salmon and crab fisheries increased following limited entry. These costs were--and are--outweighed by the importance of protecting the productivity of the resource and the socioeconomic health of the fishing industry. For those fishermen who have not yet diversified into the longline fisheries, diversification will be more costly; however, under the quota share program the longline fisheries will be worth the investment. The make-it or break-it derbies are risky and wasteful of capital, not to mention lives. Quota shares will stabilize the longline industry, benefitting the people who work in that industry. Under the quota share program the longline fisheries will operate over a nine month season, hence Alaskan residents, rather than summer visitors from out State, will again comprise the work force. Contrary to the Findings in SB 132, the longline quota share program will provide a stable source of income for vessel owners, crew members, Alaskan processors in the State in general.

The Findings in SB132 also state that quota shares will eventually be concentrated in the hands of a few wealthy fishermen. The Council has taken steps to address that concern by limiting the amount of sablefish and halibut quota shares an individual may harvest; the proposed Block Amendments will further limit ownership. Supporting the Block Amendments would be a constructive effort toward safeguarding Alaska's interests under the quota share program; the Findings in SB 132 fail to offer a positive direction. In sum, the Findings should be deleted from SB 132 and replaced with the Purpose and Intent outlined in HB 123.

2. HB 123 includes an IFQ loan eligibility criteria which equates the program to the 'B' loans currently established under the State limited entry loan program. This criteria will ensure that deckhands and small boat operators who do not have ready access to



P.O. Box 1229 Sitka, AK 99835 (907) 747-3400

OUTLINE FOR A COMPREHENSIVE QUOTA SHARE LOAN PROGRAM

December 2, 1993

On November 9, 1993, the Secretary of Commerce published the Final Rules establishing the halibut and sablefish Individual Fishing Quota (IFQ) Plan. Implementation of the quota share program is scheduled for March, 1995. Predictably, a significant amount of quota share will change hands during the first few years following implementation as fishermen adjust to the new program. Ensuring that resident Alaska fishermen have ready access to capital for purchasing quota share will ensure that Alaskan communities and the State as a whole derive maximum socioeconomic benefit from the IFQ Plan. With this goal in mind, the Alaska Longline Fishermen's Association (ALFA) proposes that a comprehensive IFQ loan program, involving private, State, native corporation, and community sectors as lenders, be developed and established before the 1995 implementation date. Below is a status report on the development of the loan program to date along with suggestions for expanding the program to effectively incorporate communities and native corporations.

Private Sector

The private sector (e.g., banks and credit unions) will remain the primary source of loans for most Alaskans. The Alaska Department of Commerce and Economic Development, Division of Investments, recently sponsored a workshop to educate representatives from banks about the IFQ Plan and to identify changes that would facilitate loans. If acceptable to industry and managers, these changes will be incorporated into the Plan prior to implementation.

State Sector: Loans to Individuals

During the last legislative session, two quota share loan Bills were introduced to the House. Both Bills sought to expand the existing State loan program (which provides Alaskan residents with loans to purchase fishing vessels and limited entry permits) to include financing for quota shares. Although Representative Ulmer's Bill was effectively eliminated by Representative Jacko's Bill, the former is more widely supported by the longline industry. Our Association is willing to work with the legislature to resolve problematic language, and to move a quota share loan Bill quickly out of committee to the floor. Again, action during the 1994 legislative session is essential.

Community and Native Corporation Sector

In designing this aspect of the loan program, we are asking the Legislature to break new ground. ALFA suggests that communities and Native corporations throughout Alaska be given the opportunity to borrow money from the State to, in turn, lend to community residents or shareholders. The communities and



Native corporations would be required to develop business plans (similar to the western Alaska Community Development Quota (CDQ) plans) specifying loan qualification criteria (e.g., residency within the community, deliveries to processors in the community, etc.) and submit them to the State. State personnel familiar with the CDQ process would review the plans and work with applicants to ensure success. Thus financed, communities and Native corporations will be able to increase participation of residents and local processors in the longline fisheries, maximizing benefits of the IFQ Plan to Alaska. In effect, the loan program as describe will enhance coastal community stability throughout the State, providing additional jobs and increasing the amount of revenue generated by raw fish tax.

The annual ex-vessel (i.e., price paid to fishermen) value of the halibut and sablefish fisheries are approximately 50 million and 100 million dollars, respectively. Estimates are that quota shares will sell for approximately 2-4 times the ex-vessel price. The value of the longline resource and hence the value of the harvesting privileges associated with quota shares is substantial. For that reason, adequately financing the quota share loan program will demand a significant amount of initial capital. ALFA suggests that the State explore the possibility of issuing bonds through AIDEA, using the State's credit rating, then make that money available to communities and Native corporations. Since IFQs provide harvest access or privileges to a specific poundage of sablefish or halibut, the loans will be low risk, the quota shares themselves serving as valuable collateral--i.e., if an individual who borrowed money from a community defaults on a loan, the community will take control of the quota share until another buyer is found; similarly, if a community defaults on a State loan the quota share will accrue to the State.

Summary:

The potential socioeconomic benefits offered by IFQs provide compelling reasons for the State to actively vest itself in the quota share program. By providing capital to individuals, communities, and Native corporations, the State will optimize benefits afforded by IFQs, expanding the community development concept successfully implemented through CDQs. The existing Alaska loan program for commercial fishermen continues to generate significant revenue for the State; due to the nature of IFQs, the quota share loan program is a lower risk investment with potentially much higher returns. The comprehensive quota share loan program outlined above will increase Alaska's involvement in the longline fisheries, increasing employment opportunities, raw fish tax revenues, and socioeconomic stability in Alaska's coastal communities. By designing legislation during *this session* the State will maximize benefits. We urge immediate attention to the quota share loan program.



North Pacific Fisheries Association, Inc.

HEADQUARTERS:

BOX 796 * HOMER ALASKA 99603

TO : HOUSE RESOURCES COMMITTEE
FROM : NORTH PACIFIC FISHERIES ASSOCIATION
RE : SB 132

April 16th, 1993

The North Pacific Fisheries Association is on record of support for the loans for IFOs. The concept we feel is to gain as many shares as possible to the resident fishermen in the State of Alaska, and to help the small time fishermen and crew members that do not have the resources for acquiring loans through commercial banks.

We are opposed however, with SB 132s provision allowing for a CDO corporation to put up collateral toward a matching fund for getting money out of the State loan program. This takes away from the integrity of the loan program. If the CDO corporation has money for collateral, it certainly has money then for purchase of IFOs directly.

What we fear would happen is that a few well financed corporations could tie up a great portion of the State loan program funds. This would leave those that it was intended for out of the loop and unable to capitalize.

Also the CDO corporations and fishermen there of have been allocated the resource from the Bering Sea. The IFOs that will be made transferable will be in the Gulf of Alaska and purchased primarily by residents from Gulf communities. If a CDO corporate fisherman wishes to purchase and fish in the Gulf he may certainly do so, but it would be unjust to tie up State monies with corporate monies and leave a fisherman "on the beach" in his own back yard.

Thank-you for your consideration.

Sincerely,

Drew Scalzi
NPFA/pres

Petersburg Vessel Owners Association

P.O. Box 232

Petersburg, Alaska 99833

Phone (907) 772-9323 Voice and Fax

April 16, 1993

Representative Bill Williams, Chairman
House Resource Committee
Alaska State Legislature
Juneau, Alaska 99801-1182

Dear Representative Williams,

We were extremely disappointed to learn that HB 123, Representative Uimer's bill relating to loans for the purchase of quota shares, has now been replaced with SB 132. HB 123 has the strong support from many in the longline industry.

SB 132 is simply unacceptable in its current form. The findings in this bill are unfair and very misleading. It is our belief that the IFQ program will provide long-term stability for the resource, the fishers, and Alaska's coastal communities. The IFQ program will protect the health of the fisheries resources and the socio-economic health of the fishing industry and the communities dependent on the industry. The current IFQ program for sablefish and halibut has many safeguards in it that will prevent excessive consolidation of shares, keeps the shares in the hands of individuals, maintains the small boat fleet and the fleet's current complexion. In addition, it will increase safety, reduce bycatch, and improve product quality. The findings in SB 132 should be removed. The purpose and intent of HB 123 is very clear and accurate and would be a very appropriate substitute for the findings in SB 132.

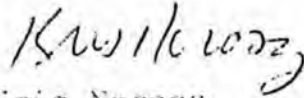
SB 132 allows for the expansion of the loan program to include CDQ recipients. We cannot support this expansion. The CDQ program provides disadvantaged western Alaska communities the opportunity to become players in the halibut and sablefish fisheries. They can then use the monies generated by CDQs to purchase quota shares. We believe it would be unfair to allow CDQ recipients to compete with individual resident fishers for quota share loans. We encourage you to remove this section from SB 132.

HB 123 contains eligibility criteria similar to that found in the State's limited entry loan program for the "B" loans. This allows individuals, who may not be eligible for loans from traditional lending sources, to have the opportunity to purchase quota shares. This could be the situation for many small boat owners or deckhands who are trying to enter the fishery as an owner/operator.

We clearly see the need for expansion of the State loan program to include loans for the purchase of quota shares for the halibut and sablefish longline fisheries. We respectfully request that the Resource Committee seriously consider the changes to SB 132 that we have proposed.

Thank you for your consideration.

Sincerely,



Kris Norosz
Director

cc: House Speaker Ramona Barnes
Representative Grussendorf
Senator Taylor



ALASKA CRAB COALITION

3901 Leary Way (Bldg.) N.W., Suite #6 • Seattle, WA 98107 • (206) 547-7560 • FAX (206) 547-0130

April 20, 1993

The Honorable Bill Williams
Alaska House of Representatives
Room 128
State Capitol
Juneau, Alaska 99801-1182

Re: CS for SB 132(RES)am

Dear Representative Williams:

The Alaska Crab Coalition is very concerned about many of the provisions contained in CS for SB 132(RES)(am). As it is presently drafted, and unless it is substantially amended, the Alaska Crab Coalition opposes SB 132.

Section 1 of SB 132 contains a findings and intent section. This findings and intent section addresses individual fishing quotas and purports to speak for the "commercial fishing industry" by listing a litany of impacts and problems with IFQs. Section 1(b). We are concerned that any attempts to speak for industry should come from industry, not the legislature. Instead of the polemical statements contained in the findings and intent section of SB 132, we suggest replacing the findings and intent section with more general purpose and legislative intent language such as that contained in HB 123.

The primary reason for bills such as SB 132 and 123 is to provide loans for the purchase of individual fishing quota shares. Yet the language contained in the findings and intent section of SB 132 as amended is far more expansive than necessary, and is much too complex to pass the legislature without a great deal more scrutiny by the commercial fishing industry, revision, and careful consideration.

In addition, SB 132 ignores the role that the North Pacific Fisheries Management Council's role, as authorized by the Magnuson Fisheries Conservation and Magnuson Act, to administer the IFQ program and to prevent many of the alleged impacts that the findings and intent section of SB 132 projects would occur. We suggest a more careful consultation with the

The Honorable Bill Williams
April 20, 1993
Page 2

NPFMC prior to adoption of any finding and intent language to insure first, that the findings and intent language is accurate, and second, that the bill not raise unnecessary fears, concerns, or erroneous opinions and positions in State policy.

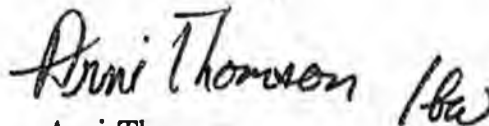
The IFQ program adopted by the Council is new. Any program by the State of Alaska to finance the purchase of IFQ's shares should be adopted by the State one step at a time. This can be done by first authorizing the State to make loans to individual fishermen for IFQs and to set limits on the amount that can be borrowed.

The Alaska Crab Coalition does not oppose the community development quota (CDQ) program for Western Alaska recently adopted by the Council. But relating the purchase of IFQs to the CDQ program, goes too far, too fast, does not consider the impact of the loan program on the future of the CDQ program, nor does it determine whether alternative sources of financing other than the State may be available for CDQ participants. For example, the Clinton Administration is proposing \$2.5 billion for Community Development Block grant programs, to assist economic development for disadvantaged communities. If these federal funds become available they would become a major source of financing for Western Alaska fishermen, without stretching limited State loan funds even thinner.

We will be pleased to work with you to discuss other specific concerns and proposed language that should be considered by the House Resources Committee in its deliberations on SB 132.

We appreciate the opportunity to provide this information to you. If you have any questions, please let us know.

Very truly yours,

A handwritten signature in cursive script that reads "Arni Thomson" followed by a stylized flourish or initials.

Arni Thomson
Executive Director

AT:ltr

JERE T. MURRAY, Ph.D.
P.O. Box 237, Seldovia, Alaska 99563-0237
(907) 234-7646 (Voice or FAX)
January 20, 1994.

Alaska Legislature
House Resources Committee

Via FAX Only: 465-3715

Dear Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify concerning CSHB 123, "An Act relating to loans for the purchase of quota shares for fisheries in or off Alaska."

You need to be aware that the Federal Rule establishing the quota shares" which would be the "value" underlying the loans proposed in this legislation is presently the subject of legal action in Federal District Court. This litigation and subsequent appeals are likely to remain unresolved at the time the initial "orgy of quota share transfers" (Phil Smith, quoted in Alaska Fisherman's Journal, January, 1994, page 10) takes place prior to the start of the IFQ fisheries in 1995. Thus, the State of Alaska fishery loan fund may end up loaning money on entities which turn out to have no value as a result of the court decisions. Should this be the case the State of Alaska may find it difficult at best to secure repayment of these loans.

Even without the cloud of the legal action these loans will be of an inordinately high risk. The ability of any borrower to service this debt through the income generated by the purchased quota shares is highly doubtful. The quota shares themselves have nil or limited intrinsic value as they "represent only a harvesting privilege that may be revoked or amended subject to [applicable law]." The viability of a loan program such as that envisioned by CSHB123 was addressed during the December 1991 meeting of the North Pacific Fisheries Management Council. Mr. Clem Tillion, whom I'm sure you all know, told me then "I wouldn't want to loan them money they won't be able to repay!" There it is - "right from the horses mouth."

The amount available for loan, last known to me to be \$9 Million, is a pitiful sum in relation to the expected market value of quota shares to be transferred during the first year. This expected value has been estimated to be 80% of the total allocation which will be in the \$300 Million to \$1 Billion range. If this program is to have any significant effect on the flow of quota share out of Alaska, it would appear that much more than 4/10% to 4% of the transferred market value must be available for loan to Alaskans at a very low interest rate for longer than customary loan life.

I believe that all this program can accomplish is increased market price of quota shares, lost money for the State of Alaska and promotion of a few bankruptcies.

Sincerely, Jere Murray



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

January 27, 1994

VIA FACSIMILE: 465-3793

Hon. Bill Hudson, Vice-Chairman
Committee on Resources
Alaska House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Hudson:

At last Friday's meeting of the Resources Committee, a number of questions regarding the distribution of benefits under the Pacific halibut and sablefish Individual Fishing Quota (IFQ) program were raised. At that time, I said that I would "revisit" the data assembled by the North Pacific Fisheries Management Council (the "Council") and provide it to you by no later than Friday, January 28.

Since that meeting, I have had an opportunity to review the data as published by the Council on March 27, 1992. The tables attached hereto are part of the Supplemental Environmental Impact Statement prepared pursuant to the requirements of the National Environmental Protection Act (NEPA).

As I understood your request, you were interested in knowing how the initial distribution of Quota Share (QS) under the program would impact various "regions" within Alaska. The attached tables, which contain estimates derived from fish ticket and vessel licensing files, may be useful for your purposes (though the data is aggregated and displayed by Census Area rather than by "region"). The tables are as follows:

<u>Table Number</u>	<u>Displaying</u>
3.14	Estimated numbers of Alaskans, disaggregated by Census Area, who will be awarded Quota Share upon initial issuance.
3.15	Estimated percent of total Alaskan Quota Share recipients, disaggregated by Census Area.
3.16	Estimated value of Quota Share that will be awarded to Alaskans, disaggregated by Census Area.
3.17	Estimated percent of total value of Quota Share that will be awarded to Alaskans, disaggregated by Census Area.



Please note that these tables include both halibut and sablefish Quota Share recipients, and that they are estimates derived from fish ticket and vessel registration files. Further, the estimated "value" of the Quota Shares that will be issued reflect estimated historic gross earnings in the fisheries -- the actual "market value" of Quota Shares is expected to be somewhat higher than the market value for the product.

From these data, we can see that approximately 5,579 Alaskans will receive Quota Share upon initial issuance. This represents 86.5% of all persons who will be initially be awarded Quota Share. The value of that Quota Share is estimated at \$144,660,000 (or, approximately 63.5% of the total).

These numbers may provide some comfort to those who are concerned that the IFQ program will provide disproportionate benefits to fishermen who reside outside of Alaska. Although the Federal government must implement this program with strict neutrality (with respect to the distributional benefits), it would seem to me that the challenge to those who wish to retain (or increase) those benefits on behalf of Alaska residents is to devise a system of information, capital, and cooperation that will insure that Alaskans do not involuntarily lose their Quota Share, and that will assist Alaskans to acquire additional Quota Share.

Now that the implementation of the program is under way and people are beginning to realize that it is "really going to happen," there are a number of suggestions being advanced to improve upon it (that is, to redistribute its benefits to one constituent group or another). What is not generally understood is that any programmatic amendments must be initiated through the North Pacific Fisheries Management Council.

Since the Council (which next meets during the week of April 18 in Anchorage) worked on the IFQ program for several years prior to final approval, there may be some resistance to attempts to redesign its major elements at this late date. Additionally, of course, any significant alteration in the "rules of the game" will result in a "time out" and could well derail the efforts that are currently being made to implement the program by next spring.

I hope this information has been helpful. Please don't hesitate to contact me (586-7344) should you have any additional questions.

Sincerely,



Philip J. Smith
Chief, Restricted Access
Management Division

Table 3.14 Number of halibut and sablefish vessel owners (1985-1990) and number of quota share (QS) recipients by year and census area of owner residence.

Number of halibut and sablefish vessel owners and QS recipients by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	QS
Anchorage	195	194	222	231	170	211	356
MatSu Borough	24	25	31	42	37	43	74
Kenai Peninsula Borough	384	503	620	715	604	728	1,051
Kodiak Island Borough	301	353	414	390	353	456	587
Valdez-Cordova	67	112	147	116	55	149	208
Fairbanks-North Star Bor.	9	14	15	19	19	21	36
SE Fairbanks	0	0	1	0	0	0	0
Yukon-Koyukuk	3	2	2	3	1	3	6
Nome	1	1	0	1	0	1	2
North Slope Borough	0	1	1	1	0	1	1
NW Arctic Borough	0	0	0	0	0	1	1
Haines Borough	43	50	71	77	79	73	95
Juneau Borough	154	195	184	222	232	221	315
Ketchikan-Gateway Borough	104	107	133	148	137	134	194
P.of Wales-Outer Ketchikan	80	103	125	154	161	166	236
Sitka Borough	201	233	268	292	296	286	406
Skagway-Yakutat-Angoon	178	198	205	243	237	225	320
Wrangell-Petersburg	324	373	393	448	415	397	575
Aleutians E. Borough	59	88	102	96	87	103	136
Aleutians W. Borough	37	29	37	45	47	50	72
Bethel	55	59	94	21	17	28	50
Bristol Bay Borough	0	1	1	1	0	16	16
Dillingham	1	1	5	3	4	45	50
Wade Hampton	0	0	6	2	2	3	4
Lake & Peninsula Borough	8	18	18	20	9	27	33
All Alaska Areas	2,507	3,028	3,531	3,704	3,406	3,916	5,579

Table 3.15 Percent of halibut and sablefish vessel owners and QS recipients by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	QS
Anchorage	7.8%	6.4%	6.3%	6.2%	5.0%	5.4%	6.4%
MatSu Borough	1.0%	0.8%	0.9%	1.1%	1.1%	1.1%	1.3%
Kenai Peninsula Borough	15.3%	16.6%	17.6%	19.3%	17.7%	18.6%	18.8%
Kodiak Island Borough	12.0%	11.7%	11.7%	10.5%	10.4%	11.6%	10.5%
Valdez-Cordova	2.7%	3.7%	4.2%	3.1%	1.6%	3.8%	3.7%
Fairbanks-North Star Bor.	0.4%	0.5%	0.4%	0.5%	0.6%	0.5%	0.6%
SE Fairbanks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Yukon-Koyukuk	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%
Nome	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
North Slope Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NW Arctic Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Haines Borough	1.7%	2.0%	2.0%	2.1%	2.3%	1.9%	1.7%
Juneau Borough	6.1%	5.4%	5.2%	6.0%	6.8%	5.6%	5.5%
Ketchikan-Gateway Borough	4.1%	3.5%	3.8%	4.0%	4.0%	3.4%	3.5%
P. of Wales-Outer Ketchikan	3.2%	3.4%	3.5%	4.2%	4.7%	4.2%	4.2%
Sitka Borough	8.0%	7.7%	7.6%	7.9%	8.7%	7.3%	7.3%
Skagway-Yakutat-Angoon	7.1%	6.5%	5.3%	6.6%	7.0%	5.7%	5.7%
Wrangell-Petersburg	12.9%	12.3%	11.1%	12.1%	12.2%	10.1%	10.3%
Aleutians E. Borough	2.4%	2.9%	2.9%	2.6%	2.6%	2.6%	2.4%
Aleutians W. Borough	1.5%	1.0%	1.0%	1.2%	1.4%	1.3%	1.3%
Bethel	2.2%	1.9%	2.7%	0.6%	0.5%	0.7%	0.9%
Bristol Bay Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%
Dillingham	0.0%	0.0%	0.1%	0.1%	0.1%	1.1%	0.9%
Wade Hampton	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%
Lake & Peninsula Borough	0.3%	0.3%	0.5%	0.5%	0.3%	0.7%	0.6%
All Alaska Areas	88.9%	87.9%	87.7%	88.8%	87.0%	86.5%	86.5%

Note: Total percent of owners may be less than 100% due to presence of non-Alaskan owners not shown.

Table 3.16 Estimated value of catch of Pacific halibut and sablefish, in thousands of dollars, (1985-1990), and calculated value of IFQs, by year and census area of owner residence.

Halibut and sablefish value and IFQ value by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	IFQ
Anchorage	967	1,733	4,945	3,647	2,180	3,126	3,063
MatSu Borough	120	167	232	326	461	545	410
Kenai Peninsula Borough	6,078	12,820	17,109	22,281	21,184	20,896	19,446
Kodiak Island Borough	13,812	25,684	25,115	23,621	21,837	18,569	24,111
Valdez-Cordova	720	3,067	2,024	2,569	2,930	3,461	2,142
Fairbanks-North Star Bor.	7	39	34	40	48	56	40
SE Fairbanks	0	0	*	0	0	0	0
Yukon-Koyukuk	*	*	*	*	*	*	2
Nome	*	*	0	*	0	*	*
North Slope Borough	0	*	*	*	0	*	*
NW Arctic Borough	0	0	0	0	0	*	*
Haines Borough	354	671	1,181	1,136	906	951	920
Juneau Borough	1,548	3,703	4,499	5,444	7,317	7,024	4,763
Ketchikan-Gateway Borough	1,670	3,157	3,317	3,168	4,438	4,063	2,543
P.of Wales-Outer Ketchikan	257	913	1,463	1,387	2,064	2,816	1,470
Sitka Borough	5,178	8,092	11,532	17,695	15,394	14,907	12,012
Skagway-Yakutat-Angoon	1,854	3,790	4,930	6,710	6,062	4,838	4,015
Wrangell-Petersburg	5,869	13,746	14,808	16,490	17,471	18,765	14,193
Aleutians E. Borough	1,167	2,730	3,014	1,372	1,251	3,197	2,450
Aleutians W. Borough	412	314	1,051	1,328	630	552	849
Bethel	22	63	106	12	24	38	98
Bristol Bay Borough	0	*	*	*	0	11	7
Dillingham	*	*	51	*	306	47	31
Wade Hampton	0	0	4	*	*	*	4
Lake & Peninsula Borough	122	211	607	442	80	544	374
All Alaska Areas	66,046	123,853	149,210	173,052	174,555	160,457	144,660

Price/pound figures came from the Commercial Fisheries Entry Commissions' Condensed Gross Earnings data for halibut and sablefish for 1984 through 1990, from Pacific data for 1991 sablefish, and from a conversation with the IFQC for halibut 1991.

*Due to confidentiality restrictions, this information could not be released.