

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

10140 SENATE RESOURCES

HB

96

FISCAL NOTE

Bill Version: SSHB 96

(H) Publish Date: 3/24/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) 3/22/99 Dept. Affected Revenue
 Title Deposits to the Permanent Fund BRU Revenue Operations
 Component _____
 Sponsor Rokeberg
 Requester House State Affairs Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: *No fiscal impact.*

Prepared by Peter A. Bushre Phone 465-2301
 Division Alaska Permanent Fund Corporation Date/Time 03/22/99
 Approved by Wilson L. Condon Date 3/22/99
 Commissioner _____
 Agency Department of Revenue

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Alaska Permanent Fund Corporation


P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

MEMORANDUM

DATE: May 6, 1999

TO: Senator Rick Halford

FROM: Jim Kelly 
Director of Communications

**SUBJECT: Historic Effects of Increased Dedicated
Oil Revenues**

You have asked three questions:

1. How much less money would have been deposited in the Permanent Fund if the legislature had never authorized the increase in certain dedicated oil revenues from 25% to 50%?
2. How much less income would have been earned in today's dollars?
3. What would the effect have been on PFDs?

On the following page is a table provided to the Alaska Permanent Fund Corporation (APFC) by the Department of Natural Resources which illustrates the impacts of the dedicated oil revenues increased from 25% to 50%. This data is used to answer the three questions.

Answer to question #1: \$80,599,795.22

Answer to question #2: Principal (\$80.6 million) x average rate of return for these nine years (9.95%) x average inflation rate for these nine years (3.46%) = \$66.6 million in 1998 dollars.

Answer to question #3: Effect on PFDs: \$66.6 million x .50% = \$33.3 million/approximately 550,000 persons = \$60.54.

Please let me know if you need additional information.

Oil Revenues if Distributions Were 25%

	Transfers to PF		Additional Due Transactions		25% Distribution to PF
FY 90	270,236,651.14	-	4,217,045.54	=	266,019,605.60
FY 91	447,694,592.87	-	8,368,975.31	=	439,325,617.56
FY 92	318,971,140.31	-	7,390,570.50	=	311,580,569.81
FY 93	282,799,605.82	-	6,608,482.69	=	276,191,123.13
FY 94	211,324,505.64	-	4,531,341.61	=	206,793,164.03
FY 95	278,367,321.07	-	5,287,842.48	=	273,079,478.59
FY 96	254,298,653.60	-	9,086,004.67	=	245,212,648.93
FY 97	320,648,410.01	-	19,712,887.29	=	300,935,522.72
FY 98	248,017,152.43	-	15,396,645.13	=	232,620,507.30
Totals:	2,632,358,032.89	-	80,599,795.22	=	2,551,758,237.67

Transfers to PF = all revenues transferred to PF

Additional Due = the additional 25% due the PF on 50% distribution revenues

Prepared by C. Poulos; DNR,SSD,FSS-Anchorage 2/18/99

C: Executive Director
 Board of Trustees
 Governor's Legislative Liaison

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4966
FAX: (907) 465-2040

Representative Norman Rokeberg

SPONSOR STATEMENT SSHB96

"An Act relating to deposits to the Alaska permanent fund from mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received by the state from mineral leases, and bonuses received by the state from mineral leases, and limiting deposits from those sources to the 25 percent required under art. IX, sec. 15, Constitution of the State of Alaska; and providing for an effective date."

This legislation returns the percentage of all mineral lease royalties and bonuses deposited into the Permanent Fund to the constitutionally mandated 25 percent.

SSHB96 proposes changes to a statute—not the Constitution. The Constitution states that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund." In 1980, the Legislature realized excess revenues existed (GF revenues for FYSI totaled \$4.07 billion) and wisely decided to raise the amount of royalties and bonuses deposited into the Permanent Fund to 50 percent.

It is time for the State of Alaska to redirect these deposits to the General Fund. Passage of this bill would generate an extra \$9.5 million in FY 00, and an extra \$16 million (average) per year—plus bonus revenues—over the next fifteen years.

As the Prudhoe Bay and Kuparuk fields—which currently contribute to the General Fund at a 75 percent rate—diminish, we need to replace them with the new, smaller satellite fields contributing at the same rate.

While we can and should make budget cuts, we would be foolish to ignore this source of General Fund revenue in solving our budget problem, as well as, planning for the potential future development of Alaska's resources. Prudent fiscal management requires this statutory change. SSHB96 is a small step in the right direction.

I urge you to support this legislation.

ALASKA STATE LEGISLATURE

House of Representatives

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SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
718 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4966
FAX: (907) 465-2040

Representative Norman Rokeberg

SECTIONAL ANALYSIS SSHB96

"An Act relating to deposits to the Alaska permanent fund from mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received by the state from mineral leases, and bonuses received by the state from mineral leases, and limiting deposits from those sources to the 25 percent required under art. IX, sec. 15, Constitution of the State of Alaska; and providing for an effective date."

Prepared by Representative Rokeberg (via Legal Services)

Section 1: Provides that the permanent fund consists of 25 percent of the state receipts from itemized mineral sources and of money appropriated to the fund or allocated by law or former law to the fund.

Section 2: This Act takes effect immediately.

STATE OF ALASKA

DEPARTMENT OF REVENUE

TONY KNOWLES, GOVERNOR

March 26, 1999

OFFICE OF THE COMMISSIONER

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

The Honorable Norman Rokeberg
State Capitol Room 24
Juneau, AK 99801

MAR 26 1999

Dear Representative Rokeberg,

The other day you asked that I provide you with more detailed information on the royalties and other mineral payments that would be affected by your proposed legislation, SS HB 96. The bill, of course, would reduce to 25% the contribution to the Permanent Fund of those mineral payments that are currently being made at the 50% rate.

I have been able to put together some information. The first attachment is a break-out of the average contribution rate paid by the various oil fields. As you can see, some fields contribute at 25%, some at the full 50%, and many at a blended rate since the field includes both new and old leases. The second attachment is a price sensitivity matrix for the changed contribution rate.

Finally, I've included a spreadsheet showing this department's projections of the revenue effect of SS HB 96, out to 2020. The price assumptions in this model are as follows. For FY 1999 and 2000, they are the recently updated projections that have been communicated to the legislature. For FY 2001 and subsequent years, the assumptions come from the January 1999 update to the Fall 1998 forecast. As you can see, the second from the bottom line shows the general fund revenue effect of SS HB 96. These estimates include only oil and gas revenue; revenue from coal and other minerals would be added to these numbers. The oil revenue numbers include all oil revenue, including federal revenue sharing payments, and rents. There is no component for bonuses since a number would be too speculative.

The Department of Natural Resources does all the accounting for the mineral contributions to the Permanent Fund. The general fund impact of your proposed legislation will be shown on the fiscal note they prepare for the bill.

You should contact the Department of Natural Resources, Division of Mining and Water Management, directly for information about coal and locatable mineral leases. I spoke with Kerwin Krause there.

I hope this information answers some of your questions. Please let me know if there is anything else I can do.

Sincerely,


Deborah Vogt

cc: Carol Carroll
Kerwin Krause

99-021

04-02LH

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**PERMANENT FUND CONTRIBUTION RATES FOR NORTH SLOPE OIL FIELDS
ALASKA DEPT. OF REVENUE SPRING 1999**

25% Contributing Oil Fields	1999 est Prod. Millions Bbl/Day	Permanent Fund Average Contribution	Greater than 25% Contributing Oil Fields	1999 est Prod. Millions Bbl/Day	Permanent Fund Average Contribution
PRUDHOE	0.632	0.2500	PBU SCHRADER	0.000	0.5000
SAMBUCA	0.000	0.2500	KUPARUK	0.241	0.2533
MIDNIGHT SUN	0.003	0.2500	TARN	0.020	0.4587
PBU SATELLITE	0.000	0.2500	MILNE POINT	0.050	0.3759
WEST SAK	0.002	0.2500	SAG RIVER	0.000	0.3890
TABASCO	0.004	0.2500	ENDICOTT/SAGDELTA	0.043	0.3668
KUP SATELLITE	0.000	0.2500	BADAMI	0.003	0.5000
SCHRADER BLUFF	0.006	0.2500	PT MCINTYRE	0.121	0.3305
EIDER	0.004	0.2500	ALPINE	0.000	0.3250
LISBURNE	0.007	0.2500	NORTH STAR	0.000	0.5000
NIAKUK	0.030	0.2500	LIBERTY	0.000	0.5000
WEST BEACH/NORTH PRUDHOE	0.001	0.2500	KNOWN OFFSHORE	0.000	0.3890
N PBAY STATE	0.000	0.2500	NPRA	0.000	0.5000
KNOWN ONSHORE	0.000	0.2500	ANWR	0.000	0.5000
CRU Satellite	0.000	0.2500			
Total Production (Million Bbl/day)	0.689			0.477	

**PF Factor Sensitivity Matrix for Bringing All Leases to 25% contribution to
Permanent Fund Additional Revenue Into the General Fund
(Millions \$)**

	\$10/Barrel	\$12/Barrel	\$14/Barrel	\$16/Barrel	\$18/Barrel	\$20/Barrel
1999	3.53	4.75	5.97	7.19	8.41	9.63
2000	7.23	9.72	12.21	14.69	17.18	19.67
2001	7.04	9.55	12.06	14.56	17.07	19.58
2002	6.91	9.41	11.91	14.41	16.91	19.41
2003	9.26	12.65	16.03	19.42	22.80	26.19
2004	11.84	16.19	20.55	24.91	29.27	33.63
2005	9.51	13.57	17.62	21.67	25.72	29.78
2006	8.77	12.62	16.47	20.33	24.18	28.03
2007	7.51	10.91	14.31	17.71	21.11	24.51
2008	6.81	10.03	13.24	16.46	19.67	22.89
2009	6.12	9.12	12.12	15.12	18.12	21.12
2010	4.71	7.56	10.41	13.26	16.10	18.95
2011	3.96	6.54	9.13	11.72	14.31	16.90
2012	3.76	6.16	8.57	10.98	13.39	15.80
2013	3.17	5.41	7.64	9.88	12.11	14.34
2014	2.63	4.70	6.78	8.85	10.93	13.00
2015	2.24	4.21	6.18	8.14	10.11	12.08

Based on Department of Revenue Spring 1999 Permanent Fund Factors

JIL REVENUE SENSITIVITY MODEL

"Short Stack"

Based on the Department of Revenue Fall 1998 Revenue Forecast Models

Caution--Revenue Yield Factors are Fixed

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
OIL PRICE \$/bbl (ANS MARKET)	12.00	13.00	15.91	16.24	16.67	17.13	17.61	18.10	18.62	19.16	19.72	20.31
AVG. TAPS TARIFFS \$/bbl	2.73	2.69	2.66	2.65	2.62	2.67	2.79	2.92	3.02	3.17	3.30	3.43
AVG TANKER COST \$/bbl	1.38	1.38	1.59	1.61	1.64	1.63	2.26	2.29	2.33	2.37	2.40	3.04
AVG. OTHER PIPELINE TARIFFS \$/bbl	0.11	0.12	0.15	0.21	0.27	0.27	0.26	0.24	0.23	0.23	0.22	0.22
ANS WELLHEAD	7.78	8.81	11.52	11.77	12.14	12.56	12.31	12.65	13.04	13.40	13.80	13.62
TOTAL ANS PRODUCTION Million bbl/day	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768
GROSS TAX AND ROYALTY TAKE % (Includes Cook 'inlet)	23.2	22.8	21.8	20.8	20.1	20.0	19.7	19.4	19.4	19.3	19.2	19.1
TAX AND ROYALTY TAKE % NET OF PERM FUND	19.7	19.2	18.2	17.2	16.4	16.3	15.9	15.7	15.6	15.5	15.4	15.2
GROSS TAX AND ROYALTY million \$	768.69	768.81	976.21	925.90	936.65	986.62	910.13	876.98	848.12	823.26	796.12	727.32
TOTAL PETRO TAX AND ROYALTY UNRESTRICTED million \$	652.98	645.77	815.86	763.97	764.55	803.22	738.58	709.84	683.23	660.56	637.28	581.55
OTHER UNRESTRICTED REVENUES	662.1	649.2735	669.8301	683.8884	683.1268	665.1954	656.4635	645.1624	634.9059	625.6007	616.1982	606.8719
TOTAL UNRESTRICTED REVENUES millions \$	1315.06	1295.04	1485.69	1447.86	1447.68	1468.42	1395.05	1355.00	1318.14	1286.16	1253.47	1188.42
Adjustment for Net Disposable	-29.5	-46.8	-62.4	-62.6	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7
TOTAL NET DISPOSABLE REVENUES millions \$	1285.56	1248.24	1423.29	1385.26	1384.98	1405.72	1332.35	1292.30	1255.44	1223.46	1190.77	1125.72
*adjustments by Gov made for fall forecast	*	*										
PERM FUND CONTRIBUTION	115.71	123.04	160.35	161.93	172.09	183.40	171.55	167.14	164.89	162.71	158.84	145.77
*FY99, deduct \$1.51 million for taking out tobacco settlement \$ and including revenue carry forward												
*FY00, reduces Rev by \$21.9 million, tobacco settlement money adjustments made on line 6, Budget Interactive												
	3311.254	3368.639	4472.66	4447.432	4648.976	4933.387	4630.841	4520.549	4372.479	4259.756	4148.988	3817.101
	0.127197	0.13189	0.129082	0.12789	0.126976	0.127759	0.128311	0.129105	0.132087	0.134095	0.134929	0.134731
ROYALTY GROSS	421.1804	444.2912	577.3393	568.7817	590.3104	630.2829	594.187	583.6262	577.5473	571.2136	559.8181	514.2825
CURRENT PF FACT	0.738731	0.725327	0.724968	0.72414	0.715185	0.706568	0.708036	0.708239	0.711628	0.712298	0.713022	0.712288
CURRENT GF ROYALTY	311.1392	322.2565	418.5525	411.8774	422.1812	445.3376	420.7058	413.3471	410.9991	406.8743	399.1624	366.3171
25% PF	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
NEW GF ROYALTY	315.8853	333.2184	433.0045	426.5863	442.7328	472.7121	445.6402	437.7197	433.1605	428.4102	419.8636	385.7119
ADDED GF ROYALTY FROM REDUCED PF CONTRIB	4.746118	10.96192	14.452	14.70887	20.55164	27.37454	24.93446	24.37256	22.16137	21.53588	20.70112	19.3948
PERM FUND CONTRIBUTION If HB 96 passes	110.96	112.08	145.90	147.22	151.54	156.03	146.61	142.77	142.73	141.17	138.14	126.38

OIL REVENUE SENSITIVITY MODEL

Based on the Department of Revenue Fall 1998 Revenue Forecast Models

Caution--Revenue Yield Factors are Fixed

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
OIL PRICE \$/bbl (ANS MARKET)	20.91	21.52	22.15	22.80	23.48	24.18	24.94	25.73	26.55	27.4
AVG. TAPS TARIFFS \$/bbl	3.63	3.52	3.75	4.01	4.21	4.54	4.86	5.20	5.56	5.93
AVG TANKER COST \$/bbl	3.09	3.14	3.19	3.24	3.30	3.35	3.41	3.46	3.52	3.58
AVG. OTHER PIPELINE TARIFFS \$/bbl	0.22	0.22	0.22	0.22	0.21	0.18	0.18	0.18	0.18	0.18
ANS WELLHEAD	13.97	14.64	14.99	15.33	15.76	16.11	16.49	16.88	17.29	17.71
TOTAL ANS PRODUCTION Million bbl/day	0.695	0.647	0.602	0.557	0.531	0.485	0.451	0.420	0.392	0.367
GROSS TAX AND ROYALTY TAKE % (Includes Cook Inlet)	19.1	19.2	19.2	19.4	19.5	19.8	19.9	20.1	20.3	20.6
TAX AND ROYALTY TAKE % NET OF PERM FUND	15.2	15.3	15.3	15.5	15.5	15.8	15.9	16.1	16.2	16.4
GROSS TAX AND ROYALTY million \$	676.12	662.93	633.66	604.87	595.18	563.75	541.08	521.09	503.16	488.18
TOTAL PETRO TAX AND ROYALTY UNRESTRICTED million \$	539.78	528.62	504.84	482.39	474.61	450.14	431.86	415.80	401.42	389.38
OTHER UNRESTRICTED REVENUES	598.8603	591.872	584.9013	578.5083	572.9995	567.9556	563.2839	561.9942	558.2382	554.9178
TOTAL UNRESTRICTED REVENUES millions \$	1138.65	1120.50	1089.74	1060.90	1047.61	1018.10	995.15	977.79	959.66	944.30
Adjustment for Net Disposable	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7
TOTAL NET DISPOSABLE REVENUES millions \$	1075.95	1057.80	1027.04	998.20	984.91	955.40	932.45	915.09	896.96	881.60
*adjustments by Gov made for fall forecast										
PERM FUND CONTRIBUTION	136.33	134.30	128.82	122.48	120.58	113.61	109.22	105.30	101.74	98.80
	3543.393	3457.177	3294.351	3117.406	3054.278	2850.89	2717.253	2590.456	2476.782	2372.775
	0.136085	0.137537	0.138851	0.140392	0.141496	0.143541	0.145019	0.146943	0.148858	0.15124
ROYALTY GROSS	482.2044	475.4883	457.4235	437.6603	432.1692	409.2201	394.0525	380.6494	368.6897	358.8595
CURRENT PF FACT	0.712519	0.71293	0.713395	0.71366	0.714129	0.715295	0.715384	0.715595	0.715922	0.717233
CURRENT GF ROYALTY	343.5799	338.9901	326.3236	312.3406	308.6244	292.7132	281.8988	272.3909	263.9532	257.3858
25% PF	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
NEW GF ROYALTY	361.6533	356.6162	343.0676	328.2452	324.1269	306.9151	295.5394	285.4871	276.5173	269.1446
ADDED GF ROYALTY FROM REDUCED PF CONTRIB	18.07335	17.62613	16.74408	15.90458	15.50248	14.20182	13.64061	13.09615	12.56406	11.7588
PERM FUND CONTRIBUTION If HB 96 passes	118.26	116.68	112.07	106.58	105.08	99.40	95.58	92.20	89.18	87.04

*FY99, deduct \$1.51 million for taking out tobacco settlement \$ and including revenue carry forward

*FY00, reduces Rev by \$21.9 million, tobacco settlement money adjustments made on line 6, Budget Interactive

Legislative Research Report 99.052

February 16, 1999

Estimated Impact on the General Fund if Permanent Fund Contributions Were at 25 Percent of Mineral Income

Legislative Research Services
Division of Legal and Research Services
Legislative Affairs Agency
Alaska State Legislature

Prepared for Representative Norman Rokeberg
Prepared by Maria Gladziszewski, Manager



*Legislative Research Services
130 Seward Street, Room 218
Juneau, AK 99801
907-465-3991
907-463-3351 (fax)*

www.legis.state.ak.us/research/home.htm

PERMANENT FUND CONTRIBUTIONS AT 25 PERCENT OF MINERAL INCOME

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979 must be deposited into the permanent fund.¹ For leases issued after December 1, 1979, required permanent fund contributions are 50 percent of income. You asked us to calculate the effect on the permanent fund and general fund if required deposits to the permanent fund were 25 percent of income from all mineral leases.²

Previously, we sent you a table showing actual contributions to the permanent fund from mineral revenues for the past eight years (1990-1998) as well as projected revenues from oil and gas royalties through 2013 (Legislative Research Report 99.010, December 1998). You asked for details--such as assumptions regarding oil prices and production--on how the projections were calculated. The attached table provides some of those details. Charles Logsdon, petroleum economist at the Alaska Department of Revenue, provided the predictions using data from the department's revised fall 1998 forecast. As you can see from Table 1, if all deposits to the permanent fund were at 25 percent of income, the Department's revised fall 1998 forecasting model estimates additional deposits to the General Fund averaging \$16 million annually over the next 15 years.

The Department of Revenue estimates contributions based on production forecasts on a field by field basis. As the table indicates, the price of oil used to calculate the contributions presented in Table 1 was \$11.58 for the remainder of 1999 and \$12.50 for 2000.³ When preparing the revised projections for this report, Mr. Logsdon discovered that he failed to subtract from the original numbers (presented in Research Report 99.010) the oil and gas royalties that go to the school fund. The revenue impact on the general fund, therefore, is less than estimated previously.

It should be noted that neither bonuses from mineral sales nor the small amount of mineral rent deposited into the state treasury, primarily from coal leases, is included in the department's forecasting model. Future revenue from currently undiscovered sources of oil are also not included in these projections. The additional general fund revenues predicted in Table 1, therefore, underestimate deposits to the extent that mineral rents, bonuses, and revenues from as yet undiscovered fields are not included in the figures; additional annual deposits to the general fund would likely exceed the figures presented in Table 1.

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ This report discusses what happens to state mineral revenues once they are collected. Changes to AS 37.13.010 affect not the amount of revenue collected overall, but how much revenue is deposited into the permanent fund as opposed to the general fund. Deposits to the permanent fund under AS 37.13.010 derive mostly from petroleum (primarily oil royalties) but they also include some revenue from other minerals (mostly coal).

² The majority of mineral income deposited into the permanent fund comes from leases issued before December 1, 1979, and is, therefore, already deposited at the 25 percent rate. Alaska Statute 37.13.010 specifies that only the following incomes from leases issued after December 1, 1979 are subject to 50 percent deposits: mineral lease rentals, royalties, royalty sale proceeds, net profit shares, and federal mineral revenue sharing payments. Bonuses received by the state from mineral leases issued after February 15, 1980 are also subject to 50 percent deposits.

³ The oil prices assumed on the spreadsheet can be changed to roughly estimate the revenue impact of changing the 50 percent permanent fund contributing leases to 25 percent as oil prices vary. Production changes, though, depend on what oil fields are assumed to change from the baseline and would have to be re-estimated by the Department of Revenue.

**Projected Contributions to the Permanent and General Funds from Mineral Royalties
If All Leases Contributed to the Permanent Fund at 25 Percent of Royalties**

Fiscal Year	A	B	C	D	E	F	G	H	I	J	K	L	M
	ANS West Coast Price	TAPS, Marine, Other Allowable Costs	Royalty Wellhead Price	Daily Production	Annual Value of Production for Royalties	Average Royalty Rate	North Slope Current Gross Royalties	Current Average Permanent Fund Contribution Rate	Current		If Permanent Fund Contributions @ 25%		
									Contribution to the Permanent Fund from North Slope Oil	Contribution to the General Fund from North Slope Oil	Contribution to the Permanent Fund from North Slope Oil	Contribution to the General Fund from North Slope Oil	Estimated Gain to the General Fund
									Millions of Dollars		Millions of Dollars		
Dollars	Dollars	Dollars	Millions of Barrels/Day	Millions of Dollars	Percent	Millions of Dollars	Percent	Millions of Dollars					
		A-B		C'D*365		E'F		G'H	G-I	G*25%	G-K	L-J	
1999	\$11.58	\$5.05	\$6.53	1.177	\$2,805.3	13%	\$356.9	27%	\$94.7	\$262.2	\$89.2	\$267.7	\$5.5
2000	\$12.50	\$4.80	\$7.70	1.117	\$3,147.9	13%	\$399.6	27%	\$109.4	\$290.1	\$99.9	\$299.7	\$9.5
2001	\$15.90	\$4.99	\$10.91	1.146	\$4,564.2	12%	\$567.9	27%	\$128.8	\$412.1	\$142.0	\$425.9	\$13.8
2002	\$16.23	\$5.06	\$11.18	1.159	\$4,726.2	12%	\$583.9	28%	\$164.3	\$419.6	\$146.0	\$438.0	\$18.3
2003	\$18.66	\$5.11	\$11.55	1.175	\$4,952.7	12%	\$608.8	29%	\$175.6	\$433.2	\$152.2	\$456.6	\$23.4
2004	\$17.13	\$5.17	\$11.96	1.139	\$4,985.1	12%	\$614.9	29%	\$177.0	\$437.9	\$153.7	\$461.2	\$23.3
2005	\$17.61	\$5.93	\$11.68	1.060	\$4,519.7	12%	\$558.8	29%	\$159.7	\$399.1	\$139.7	\$419.1	\$20.0
2006	\$18.10	\$6.10	\$12.00	0.987	\$4,324.4	12%	\$536.2	28%	\$152.0	\$384.2	\$134.0	\$402.1	\$18.0
2007	\$18.62	\$6.25	\$12.37	0.925	\$4,175.7	13%	\$528.8	28%	\$149.5	\$379.3	\$132.2	\$396.6	\$17.3
2008	\$19.16	\$6.45	\$12.71	0.859	\$3,995.0	13%	\$510.4	28%	\$143.9	\$366.4	\$127.6	\$382.8	\$16.4
2009	\$19.72	\$6.63	\$13.09	0.799	\$3,817.6	13%	\$489.3	28%	\$137.6	\$351.7	\$122.3	\$367.0	\$15.3
2010	\$20.31	\$7.42	\$12.89	0.746	\$3,508.4	13%	\$445.3	28%	\$125.1	\$320.2	\$111.3	\$334.0	\$13.8
2011	\$20.91	\$7.69	\$13.22	0.695	\$3,355.1	13%	\$427.1	28%	\$119.9	\$307.2	\$106.8	\$320.3	\$13.1
2012	\$21.52	\$7.64	\$13.88	0.647	\$3,274.6	13%	\$419.4	28%	\$117.5	\$301.9	\$104.8	\$314.5	\$12.7
2013	\$22.15	\$7.94	\$14.21	0.602	\$3,125.2	13%	\$400.2	28%	\$112.1	\$288.1	\$100.1	\$300.2	\$12.0

NOTES: Alaska Statute 37.13.010 specifies that 50 percent of income from mineral leases issued after December 1, 1979, must be deposited into the permanent fund. For leases issued before December 1, 1979, required permanent fund contributions are 25 percent of income. This table projects future deposits into both funds if contributions to the Permanent Fund from all leases were at 25 percent of income. Projections are based on the Alaska Department of Revenue's revised fall 1998 revenue forecast. Figures include oil and gas royalties only (i.e., mineral rents and bonuses are not included).

SOURCE: Alaska Department of Revenue, Oil & Gas Audit Division (Charles Logsdon).

Legislative Research Report 99.089

March 24, 1999

Additions to the Permanent Fund as a Result of AS 37.13.010

MAR 24 1999

Legislative Research Services
Division of Legal and Research Services
Legislative Affairs Agency
Alaska State Legislature

Prepared for Representative Norman Rokeberg
Prepared by Maria Gladziszewski, Manager



Legislative Research Services
130 Seward Street, Room 218
Juneau, AK 99801
907-465-3991
907-463-3351 (fax)
www.legis.state.ak.us/research/hcmo.htm

THE EFFECT OF AS 37.13.010 ON PERMANENT FUND DEPOSITS

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979, must be deposited into the permanent fund. For leases issued after December 1, 1979, required permanent fund contributions are 50 percent of income. You asked us to calculate how much this "additional" 25 percent has meant for the permanent fund over the years. As you can see from the following table, between FY81 and FY98, the permanent fund received approximately \$106 million as a result of the "additional" 25 percent of mineral income from certain leases.

FISCAL YEAR	Actual Deposits to the Permanent Fund From Mineral Leases (nominal dollars, in millions)			Additional Deposits to the Permanent Fund Resulting from the 50% Provision
	Contributing at 25%	Contributing at 50%	TOTAL	
1981 (a)	\$375.40	\$0.00	\$375.40	\$0.00
1982 (a)	\$388.30	\$0.00	\$388.30	\$0.00
1983 (a)	\$361.85	\$0.00	\$361.85	\$0.00
1984 (a)	\$352.25	\$0.00	\$352.25	\$0.00
1985 (a)	\$347.58	\$0.00	\$347.58	\$0.00
1986 (a)	\$278.58	\$25.70	\$304.28	\$12.85
1987 (a)	\$146.65	\$2.55	\$149.20	\$1.28
1988 (a)	\$236.34	\$7.70	\$244.03	\$3.85
1989 (b)	\$205.00	\$12.00	\$217.00	\$6.00
1990 (c)	\$258.99	\$11.25	\$270.24	\$5.62
1991 (c)	\$430.96	\$16.74	\$447.69	\$8.37
1992 (c)	\$304.19	\$14.78	\$318.97	\$7.39
1993 (c)	\$269.58	\$13.22	\$282.80	\$6.61
1994 (c)	\$202.26	\$9.06	\$211.32	\$4.53
1995 (c)	\$267.79	\$10.58	\$278.37	\$5.29
1996 (c)	\$236.13	\$18.17	\$254.30	\$9.09
1997 (c)	\$281.22	\$39.43	\$320.65	\$19.72
1998 (c)	\$217.22	\$30.79	\$248.01	\$15.40
TOTAL FY 81-98				\$106.0

NOTES and SOURCES:

(a) As listed in a previous Legislative Research Report (89.222); 1981-1988 actuals originally supplied by the Department of Revenue.

(b) Department of Revenue (Charles Logsdon); data based on prior years factors (3/99) supplied by Alaska Department of Revenue.

(c) Actual deposits—data compiled from actual transfers to the permanent fund that were listed in the state's accounting system (AKSAS) and in the "Additional Due the Permanent Fund for Post Chapter 13 Leases" reports. Included are all mineral royalties, rents, interest, and bonus bids (Alaska Department of Revenue, Oil & Gas Audit Division).

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

Article IX

Section 14. Legislative Post-audit

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

A legislative post-audit is a review of the expenditure of public funds by all government agencies (legislative, executive and judicial) to ensure that the agencies spent the money in compliance with applicable laws and regulations. A post-audit contrasts with the pre-audit used in some states where expenditures are reviewed *before* payment is made. This section makes the auditor responsible to the legislature, as a potential conflict of interest exists if the post-auditor is appointed by and responsible to the governor, as is the case in some states.

State statutes that implement this section (AS 24.20.270) authorize the legislative auditor to undertake "performance" audits as well as financial audits. A performance audit evaluates a program's management and its effectiveness in meeting its goals.

Section 15. Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

A constitutional amendment in 1976 added this entire section. It mandates the creation of the Alaska Permanent Fund. An amendment was required because Section 7 prohibits dedicated funds. Although the permanent fund dedicates nontax petroleum revenue (royalties and lease-related revenue received by the state by virtue of its ownership of oil lands), the phrase "tax or license" used in Section 7 has been interpreted to encompass all forms of public revenue.

**STATE OF ALASKA
FIVE-YEAR OIL AND GAS LEASING PROGRAM
1999 TO 2003**

1999 Sales

North Slope Areawide 1999	February
*Cook Inlet Areawide 1999	April
*Beaufort Sea Areawide 1999	October

2000 Sales

North Slope Areawide 2000	February
Beaufort Sea Areawide 2000	May
Cook Inlet Areawide 2000	August

2001 Sales

North Slope Areawide 2001	February
*NS Foothills Areawide 2001	April
Beaufort Sea Areawide 2001	May
Cook Inlet Areawide 2001	August

2002 Sales

North Slope Areawide 2002	February
Beaufort Sea Areawide 2002	May
Cook Inlet Areawide 2002	August

2003 Sales

North Slope Areawide 2003	February
Beaufort Sea Areawide 2003	May
Cook Inlet Areawide 2003	August

* Requires a Best Interest Finding

The sales scheduled for 2002 and 2003 are new to the Five-Year Oil and Gas Leasing Program. All other sales were proposed in the 1997 Five-Year Program. DNR has announced its decision to proceed with two sales – North Slope Areawide 1999 and Cook Inlet Areawide 1999. As for the rest of the schedule, if the decision is to proceed with a sale, a Sale Announcement, including the sale terms, bidding method, tract map, and mitigation measures will be issued 90 days prior to that sale. If a best interest finding or a supplement to a previous finding is required, it will be released at the same time as the Sale Announcement.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

Article IX

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Dedicated funds normally specify the source of the revenue and the purpose for which it is to be expended (for example, motor fuel taxes are often dedicated to highway construction, lottery income to education, and so on). This provision specifies merely that certain money will be deposited to a special fund and invested, only the earnings of which may be appropriated by the legislature. Nonetheless, the fund represents a type of dedication because the deposits bypass the legislative appropriation process. The fund's earnings are not earmarked for a particular purpose by the constitution; they are deposited in the general fund "unless otherwise provided by law." The law on the matter provides that approximately half of the annual income of the fund is to be distributed on a per capita basis (the dividend program) and as much of the balance as necessary is to be deposited to the corpus (principal) of the fund to account for losses in the value of the fund due to inflation (so-called inflation-proofing). Any income remaining after these purposes are satisfied is deposited to a reserve account for future dividends and inflation-proofing.

**STATE OF ALASKA
FIVE-YEAR OIL AND GAS LEASING PROGRAM
1999 TO 2003**

1999 Sales

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Summary

Prepared by C. Poulos; DNR, SSD, FSS-Anchorage
2/18/99

Calculation of the amount the PF would have received if all distributions were 25%.

	Transfers to PF	-	Additional Due Transactions	=	25% distribution to PF
FY90	\$270,236,651.14	-	\$4,217,045.54	=	\$266,019,605.60
FY91	447,694,592.87	-	8,368,975.31	=	439,325,617.6
FY92	318,971,140.31	-	7,390,570.50	=	311,580,569.8
FY93	282,799,605.82	-	6,608,482.69	=	276,191,123.1
FY94	211,324,505.64	-	4,531,341.61	=	206,793,164.0
FY95	278,367,321.07	-	5,287,842.48	=	273,079,478.6
FY96	254,298,653.60	-	9,086,004.67	=	245,212,648.9
FY97	320,648,410.01	-	19,712,887.29	=	300,935,522.7
FY98	248,017,152.43	-	15,396,645.13	=	232,620,507.3
	<u>\$2,632,358,032.89</u>	-	<u>\$80,599,795.22</u>	=	<u>\$2,551,758,237.67</u>

Transfers to PF = all revenues transferred to the Permanent Fund

Additional Due = the additional 25% due the Permanent Fund on 50% distribution revenues

Subject: hello.....

Date: Thu, 18 Feb 1999 13:04:51 -0500

From: john <jgensel@alaska.net>

To: Representative_Norman_Rokeberg@Legis.state.ak.us

I agree with your HB 96..... good idea.

Also please make sure the personal income tax bill 91 gets stopped.
Its a totally unfair bill taxing the hard working citizens of Alaska.

At the very least a cap should be put on State Income tax (no one
pays more than annual Perm fund dividend).... and everyone should pay
something.

My ideas.... #1. Use perm fund to help operate State

#2. Use perm fund to help operate State.....

thanks..... john

John Gensel
125 East Redoubt Avenue
Soldotna, Alaska 99669

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM
1115 WEST 14TH AVENUE, SUITE 441
ANCHORAGE, AK 99501
PHONE (907) 269-0117
FAX (907) 269-0119

SESSION
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1132
PHONE (907) 465-4368
FAX (907) 465-2040

Representative Norman Rokeberg

FINAL RESULTS FROM THE ROKEBERG LEGISLATIVE QUESTIONNAIRE 1999
4,157 mailed; 314 returned or 7.5%
Questions 15 and 19

15. In addition to the items in #9 above, please let me know if you generally favor or oppose the following as ways to address the fiscal gap:
- | | |
|---|----------------|
| a. Establish a state sales tax | Yes 138 No 157 |
| b. Re-establish a school tax | Yes 104 No 176 |
| c. Increase alcohol taxes | Yes 196 No 107 |
| d. Raise user fees and index fees to inflation | Yes 162 No 115 |
| e. Increase fishery, timber and mining taxes | Yes 126 No 162 |
| f. Establish new taxes on the tourism industry | Yes 179 No 116 |
| g. Increase oil and gas taxes | Yes 126 No 171 |
| h. Establish a seasonal sales tax | Yes 128 No 162 |
| i. Use a portion of the Permanent Fund earnings reserve to fund government operations | Yes 132 No 165 |
19. Alaska's Constitution mandates that 25% of oil and mineral leases, royalties and bonuses are deposited into the principal of the Permanent Fund. In 1980, the Legislature increased that to 50% of all new leases. If we repealed this law and went back to the original 25%, an extra \$16 million a year would be generated to help close the fiscal gap. Do you support changing the law back to the Constitution's 25%? Yes 199 No 94

HB

104

FISCAL NOTE

No: 1

STATE OF ALASKA
1999 LEGISLATIVE SESSION

Version: CSHB 104 (FSH)
(H) Publish Date: 3/10/99

Revision Date/Time (Note if correction) _____ Dept. Affected: Fish and Game
 Title An Act revising the procedures and authority of the Alaska Commercial Fisheries Entry Commission, the Board of Fisheries, and ... BRU: Commercial Fisheries (Limited) Entry Commission
 Component: Limited Entry Program Administration
 Sponsor Rep. Hudson
 Requester Rep. Hudson - House Fisheries Committee COMPONENT SERIAL NO. 0471

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

Prepared by Roger Kolden Phone 790-6950
 Agency Commercial Fisheries (Limited) Entry Commission Date/Time 02/19/99

Approved by Commissioner Bruce Twomley Date: 2/22/99
 Agency Commercial Fisheries (Limited) Entry Commission

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

COMMITTEE COPY



Alaska State Legislature

REPRESENTATIVE BILL HUDSON

State Capitol
Juneau, Alaska
99801-1182
(907) 465-3744
Fax (907) 465-2273

COMMITTEES

CHAIR
Fisheries Committee
Utility Restructuring Committee

MEMBER
State Affairs Committee
Transportation Committee

Sponsor Statement

CSHB 104 (FSH)

Entry Moratorium on Participants and Vessels

CSHB 104 amends existing moratorium law to provide for a streamlined and effective process to better manage Alaska's fisheries resources.

A moratorium offers an alternative to moving a fishery straight from "open access" to limited entry. It is a tool to delay and possibly prevent the need to limit entry into a fishery by giving participants and regulators the time and opportunity to assess the resource and explore alternative management schemes. This provision will allow the Commercial Fisheries Entry Commission to act quickly and temporarily freeze participation in a fishery when participation by Alaskans is at its peak.

The current moratorium statute has proven cumbersome and unworkable. It prevents quick response in fisheries that are growing too rapidly to ensure effective management. As a result, both the resource and the economic livelihood of the participants could be jeopardized. In some situations, ADF&G's only recourse is to close the fishery or refuse to open a new fishery if effort cannot be controlled.

CSHB 104 allows petitioners to request a moratorium directly from the CFEC. A moratorium would be established if the CFEC found that it was necessary "to promote the conservation and sustained yield management of the resource and the economic health and stability of commercial fishing in the state."

Additionally, CSHB 104 allows the state to extend its moratorium authority to offshore fisheries adjacent to state waters when consistent with federal law. The bill also includes provisions authorizing the CFEC to extend the current moratoria on the Korean Hair Crab and Weathervane Scallop fisheries for an additional two years if necessary. These moratoria were established by the Legislature several years ago and would only be extended if no effective management scheme is in place when the moratoria lapse.

Alaska State Legislature

MAY 12 1999

Rep. Bill Hudson, Chair
Rep. Fred Dyson
Rep. John Harris
Rep. Carl Morgan
Rep. John Whitaker
Rep. Mary Kapsner
Rep. Harold Smalley

HOUSE OF REPRESENTATIVES



State Capitol
Juneau, Alaska
99801-1182
(907) 465-6890 or
465-3744
Fax (907) 465-2273

Special Committee on Fisheries

March 11, 1999

TO: Senator Rick Halford
Chair, Senate Resources Committee

FROM: Representative Bill Hudson *Bill*
Chair, House Fisheries Committee

RE: Committee Hearing for HB 104

HB 104 passed the House unanimously on Saturday, May 8th. I would appreciate it if you could schedule a hearing in Senate Resources as soon as practicable.

Attached is a sponsor statement and supporting documentation.

Thank you for your consideration.

HOUSE COMMITTEE REPORT

3-10-99
Resources

6
(7)

Date Referred to Committee: February 19, 1999

FURTHER REFERRALS:

Date of Committee Action: March 8, 1999

The HOUSE SPECIAL COMMITTEE ON FISHERIES Committee considered:

HB 104

HOUSE BILL NO. 104

ENTRY MORATORIA ON PARTICIPANTS/VESSELS

"An Act revising the procedures and authority of the Alaska Commercial Fisheries Entry Commission, the Board of Fisheries, and the Department of Fish and Game to establish a moratorium on participants or vessels, or both, participating in certain fisheries; and providing for an effective date."

recommends it be replaced with the following committee substitute CSHB 104(FSH) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) F&G zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Thary Kapsner</u> Kapsner	✓			
<u>[Signature]</u> MORGAN	✓			
<u>[Signature]</u> WHITAKER	✓			
<u>Bill Hudson</u> HUDSON	✓			
	(4)			

CHAIR'S SIGNATURE Bill Hudson
Hudson

HOUSE COMMITTEE REPORT

5-6-99
Ruled

(9)
Date Referred to Committee: March 10, 1999

FURTHER REFERRALS:

Date of Committee Action: 5-5-99

The RESOURCES Committee considered:

HB 104

HOUSE BILL NO. 104

ENTRY MORATORIA ON PARTICIPANTS/VESSELS

"An Act revising the procedures and authority of the Alaska Commercial Fisheries Entry Commission, the Board of Fisheries, and the Department of Fish and Game to establish a moratorium on participants or vessels, or both, participating in certain fisheries; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 104 (FSH) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) DF+G 3-10-99

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Scott Dan</u> Ogan			✓	
<u>Jerry Sanders</u> Sanders			✓	
<u>John Morgan</u> Morgan	✓			
<u>John Harris</u> Harris	✓			
<u>M Whitaker</u> Whitaker	✓			
<u>Thouls</u> Thouls			✓	
	(3)		(3)	

CO' CHAIR'S SIGNATURE Scott Dan Jerry Sanders
Ogan Sanders

House SPECIAL COMMITTEE ON FISHERIES Minutes



HOUSE SPECIAL COMMITTEE ON FISHERIES

March 8, 1999

5:09 p.m.

HB 104 - ENTRY MORATORIA ON PARTICIPANTS/VESSELS

Number 0125

CHAIRMAN HUDSON announced the first order of business was House Bill No. 104, "An Act revising the procedures and authority of the Alaska Commercial Fisheries Entry Commission, the Board of Fisheries, and the Department of Fish and Game to establish a moratorium on participants or vessels, or both, participating in certain fisheries; and providing for an effective date."

CHAIRMAN HUDSON announced there is a committee substitute for House Bill No. 104, and asked for a motion to adopt it.

REPRESENTATIVE WHITAKER made a motion to adopt the proposed committee substitute for HB 104 [1-LS0394-I, Utermohle, 03/08/99]. There being no objection, it was so adopted.

CHAIRMAN HUDSON called on Elizabeth Cabrera, staff to Representative Hudson who is the sponsor of HB 104, to present the sponsor statement.

Number 0199

ELIZABETH CABRERA, Researcher, Representative Bill Hudson, Alaska State Legislature, read the following sponsor statement into the record:

HB 104 amends the existing moratorium law to provide for a streamlined and effective process to better manage Alaska's fisheries resources. The current process involves multiple steps whereby a fisherman seeking a moratorium must first go to the Commissioner of Fish and Game, who, in turn, must seek authorization from the Board of Fisheries. If the Fish Board authorizes the Commissioner to go forward, the Commissioner may then petition CFEC (Commercial Fisheries Entry Commission) to provide a moratorium. CFEC is then authorized to go forward if it can make findings as required by statute. Unfortunately, the standards set forth in statute are difficult to understand and mutually inconsistent.

HB 104 allows petitioners to request a moratorium directly from CFEC. A moratorium would be established if CFEC found that it was necessary "to promote the conservation and sustained yield management of the resource and the economic health and stability of commercial fishing in the state." The purpose of a moratorium is to quickly put a lid on participation levels in order to buy time to develop better management tools.

HB 104 authorizes CFEC to implement a moratorium on entry of new vessels into a fishery as well as participants. This new authority provides an additional management tool where there are a number of different skippers used on one vessel. Additionally, HB 104 allows the state to extend its moratorium

authority to offshore fisheries adjacent to state waters when consistent with federal law.

The committee substitute specifically differs from the original bill by authorizing CFEC to extend the moratorium on both the Korean hair crab and weathervane scallop fisheries. Also, I would note that a similar bill passed the House last session with overwhelming support. Improving the moratorium law is consistent with our concern for developing and protecting jobs, as well as streamlining government and resource protection.

Number 0378

CHAIRMAN HUDSON asked if there were questions regarding the sponsor statement. Hearing none, he opened the meeting to public testimony.

Number 0459

MARY McDOWELL, Commissioner, Commercial Fisheries Entry Commission (CFEC), Alaska Department of Fish and Game, provided testimony in support of HB 104 on behalf of CFEC. It is the belief of CFEC, she stressed, that having a workable moratorium statute is very important for sound management of the fisheries. She explained that the moratorium provisions currently in statute are so cumbersome that they are counterproductive, and could result in harm to a fishery by generating "a rush" of new participants. She informed the committee that HB 104 would create a workable process whereby massive growth could be temporarily controlled in a quickly developing fishery. This would allow time to work with the Alaska Department of Fish and Game (ADF&G), the Board of Fisheries and individuals involved in the fishery to assess the best route for the future.

CHAIRMAN HUDSON asked whether a moratorium was for purposes of biological conservation or to "save the scales of economy of those who participate in the fisheries."

Number 0600

MS. McDOWELL responded that the two mandates of a limited entry act are conservation of the resource and protecting the economic health of the fishery itself. She explained that a moratorium is an interim step to "getting a handle on" a fishery while assessing whether limitation is the way to go.

CHAIRMAN HUDSON sought clarification as to whether HB 104 would simply streamline CFEC's existing authority to employ a moratorium.

MS. McDOWELL said yes. She added that the current provision for employing a moratorium is a convoluted process, involving petitioning the Commissioner of ADF&G, who would then go to the Board of Fisheries "if and when they can get on the agenda." The Board of Fisheries would then sanction the Commissioner of ADF&G to approach CFEC to request a moratorium. She stressed that this process would take so much time that it is equivalent to waving a flag and telling individuals, "You might want to rush into this fishery because we might be putting a lid on it." This would be absolutely the opposite of what CFEC would want to do at that particular point, she said. She clarified that CFEC would continue to work with ADF&G and the Board of Fisheries in this process, but HB 104 would allow anyone to come directly to CFEC to petition the moratorium.

CHAIRMAN HUDSON next introduced Amy Daugherty, former legislative assistant to Representative Alan Austerman, and former House Special Committee on Fisheries committee aide for four years.

Number 0788

AMY DAUGHERTY, Pacific Associates, Inc., came forward to testify in support of HB 104. She is currently working on the Korean hair crab vessel moratorium and the scallop moratorium. She indicated that the language in the proposed committee substitute was clear and specific. She expressed support for the bill in its entirety, but particularly supported the provision to extend the moratorium.

Number 0869

JOE KYLE, Pacific Associates, Inc., came forward to testify in support of HB 104. He mentioned that he is a member of the North Pacific Fishery Management Council (NPFMC), but he clarified that he was not speaking on their behalf. He declared that anything that could be done to give better management tools to ADF&G or CFEC would protect the interests of Alaska. He stipulated that many things overlap and intertwine between state and federal fishery management; however, the federal fishery managers in Alaska are currently in better shape with their budget than the state fishery managers.

MR. KYLE added that there are times, from his perspective as a member of NPFMC, when the state could be delegated more power over some of the fisheries, but not having the management tools in place acts as an inhibitor to that. He reminded the committee that HB 104 had a zero fiscal note, and would give the state fishery managers improved tools to manage their fisheries. He stressed that the greatest issue currently facing fishery management worldwide is overcapitalization. If the state is not able to address that issue in a timely and productive manner, he added, federal fisheries organizations may preempt state fishery issues. He urged the committee to move HB 104 as a means of giving the state of Alaska the ability to take control of its destiny with regard to state fisheries.

CHAIRMAN HUDSON asked if anyone from ADF&G would like to testify.

Number 1049

GERON BRUCE, Legislative Liaison, Office of the Commissioner, Alaska Department of Fish and Game, came forward to testify on behalf of ADF&G in support of HB 104, and he explained that ADF&G worked with CFEC to develop it. He stated he was available to answer any questions.

Number 1122

RAYMOND CAMPBELL testified via teleconference from Ketchikan in opposition to HB 104. He felt that HB 104 seemed to be a resurgence of HB 204 in 1998, and he referred to it as "the Santa Claus program." He argued, "The Commercial Fisheries Entry Commission (CFEC) wants the process of giving away our resources streamlined so they can be Santa Claus and give our resources away to people that got their hand out and want something for nothing. We've had a bill -- we put our dive fisheries in Southeast in a moratorium here about three years ago, and we put people out of business who were actively fishing in those fisheries, and we allowed people to come into the fisheries that had never touched urchins before, and never touched some of the other fisheries... I think this is a bad bill. If it goes through, I would like to

see it changed like the bill in last session which was 204. I'd like to see the transferability of permits be eliminated, and I think, if you took the transferability of permits out of it and made it into a 'not a give-away' program, I think the support would dry up."

Number 1225

CHAIRMAN HUDSON noted that he worked on a bill last year to try to open up the urchin dive fishery, and he asked if that was working at the present time.

MR. CAMPBELL replied, "Not for the people who were diving and got cut out. It hasn't worked for me. It financially destroyed me... I was down here diving for urchins and I was thrown out of the fishery so people who had never touched an urchin before could have the opportunity to do it, and this bill right here is going to give CFEC the right to give people the opportunity to go into a moratorium who have never been in a moratorium before, and it will give them the right to cut people who are fishing in a fishery out, so people who haven't been in the fishery can get into it, just like it happened with the dive fisheries here in Southeast."

CHAIRMAN HUDSON declared he did not believe that would be the end result of this legislation; rather, HB 104 is aimed at the Korean hair crab and scallop industries. He added, "I don't think that it's going to provide any more effort for mischief on the part of CFEC in the dive fisheries down here." He asked Mary McDowell from CFEC to again come forward to address Mr. Campbell's concerns.

Number 1340

MS. McDOWELL advised the dive moratorium was not imposed by the CFEC, but by legislative statute. She explained that there was a provision inserted in that legislation, by the legislature, that allowed some fishermen who had not yet participated in certain species to participate in all dive fisheries during the moratorium. She explained that an individual needed to have participated a certain number of years in a dive fishery to be "grandfathered in" to other species.

CHAIRMAN HUDSON reiterated that the dive moratorium was a legislative action, and he asked Ms. McDowell if she saw anything in HB 104 that would adversely affect Mr. Campbell's interest in getting involved in the dive fisheries.

MS. McDOWELL said she did not. The only connection between the dive moratorium and HB 104, she explained, was that the committee substitute of HB 104 would provide for the ability to extend Korean hair crab and scallop fishery moratoriums for two more years, if that much time was needed to gather data and decide upon a course. She stressed that it was the belief of CFEC that a sound public process, where the fishermen are involved in establishing the rules through the regular public process, is a good way to go.

CHAIRMAN HUDSON invited Mr. Campbell to send him his written observations, and his concerns would be addressed. However, he pointed out that he did not believe HB 104 would have any affect on the issues Mr. Campbell raised.

Number 1514

MR. CAMPBELL agreed to do that. He further addressed a question to CFEC, "Does that mean, if this bill goes through, they won't be able to extend the moratorium on dive fisheries for another two

years? It seems to me like you...you are saying that it is directed at the Korean hair crab and the scallop fishery, but it seemed to me like the dive fisheries would be in there, too."

MS. McDOWELL explained there was nothing in HB 104 that would prohibit CFEC from extending the dive moratorium for two additional years; however, she stressed that CFEC would never want to use an extension provision unless there was a very specific reason for doing so. She added, "People need certainty in their lives and we know that. At a certain point, you need to make a decision and let people know whether they are in or out of a fishery and get on with it, so we'd be very careful about extending any moratorium any longer than we absolutely needed to."

CHAIRMAN HUDSON once again reassured Mr. Campbell that they would look into his written concerns, perhaps communicating through Representative Carl Morgan's office. He invited the next witness on teleconference to testify.

Number 1639

DONALD WESTLUND testified via teleconference from Ketchikan on HB 104. He mentioned he had some concerns, but added that CFEC really needs some type of moratorium that is quick and responsive. He cited his personal experience of having just gone through the issuance of shrimp limitations, and attending three public meetings on this issue. He related that there were 137 active fishermen at the first meeting he attended. The next meeting had an attendance of 243, and the following year there were 332. He stressed that some type of stabilization of the fishery was needed when petitioners file a petition with CFEC and "get a stop." He argued that ADF&G should not, as was done in his area, advertise, "If you have not fished in this year, you need to make a delivery so you can fish in the next coming year or you will have a moratorium or you will not be able to fish." He indicated that some type of ground rules were needed, and that a moratorium would help in certain circumstances.

Number 1769

MR. WESTLUND continued by stating that there was a five-month fishery originally and historically, and some years it is a five-week season. Stability of the fishery is needed, he stressed, and parts of the limited entry buy-back program should be addressed as well. He argued that there are too many participants in a fishery, almost double the number in his case, and that something needs to be done.

CHAIRMAN HUDSON reassured the witness that the committee was looking for ways to streamline the public process, and give the needed tools to CFEC and others to balance conservation with the economy. He agreed that too many participants in a fishery would, not only not make money, but deplete the resources; however, he added that this has not always been easy to balance.

Number 1880

GERRY MERRIGAN, Petersburg Vessel Owners Association, testified via teleconference from Petersburg on behalf of his organization. He indicated that they would generally endorse HB 104 as providing two new tools, one being a more timely way to institute moratoriums. The other benefit from HB 104, he added, would be "adding in vessels in cases where if you limited, say, permit holders, you might be increasing the harvesting capacity by giving it to the skippers...The larger-vessel fisheries, such as hair crab, you

might be increasing the catching power." He summarized by stating that HB 104 should move forward.

Number 1950

DALE BONDURANT testified via teleconference from Soldotna. He stated he thought there was a problem in our fisheries with overcapitalization; although, he admitted that he did not know how HB 104 would deal with this issue. He pointed out that the Board of Fisheries passed a resolution last year addressing overcapitalization; however, he was told at a meeting in the Soldotna/Kenai area that the legislature "black-holed it." He urged the legislature to institute a program that would not expand the fisheries anymore, and to recognize their responsibility to protect the users of these resources.

CHAIRMAN HUDSON thanked the witness for his testimony, and expressed understanding of his concerns. He clarified that HB 104 related more towards streamlining bureaucracy by instituting a process whereby CFEC would possess moratorium capabilities. He reassured Mr. Bondurant that the committee would be open to looking into his concerns at a future date.

Hearing no further questions from committee members or further testimony from witnesses, CHAIRMAN HUDSON asked to entertain a motion to move the committee substitute for HB 104 out of the committee.

Number 2139

REPRESENTATIVE WHITAKER made a motion to move CS HB 104 out of committee with individual recommendations and the attached zero fiscal note. There being no objection, it was so ordered.

Bill Root:

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BASIS Last Updated 5/06/99 9:15 AM



May 14, 1999

Senator Halford
State Capitol
Room 121
Juneau, Alaska 99801

Dear Senator Halford,

My name is Dennis Watson. I am the mayor of the City of Craig and the President of the Southeast Regional Dive Fishery Association (SARDFIA).

I would like to offer a few thoughts on HB 104. I am in favor of this bill in its original form, not because it is a prelude to limited entry but because it offers (CFEC) / (ADFG) a simple interim solution to manage a quickly expanding open access fishery. It can be used to protect the viability of the target species and the economic benefit of the fishery. What it also does is buy time for rational consideration of what long term means of controlling access best suits the particular fishery, be it standard limited entry or any number of other innovative approaches that can pass the test of usability and the law.

I would like to go over what the passage of HB 104 could mean to the southeast dive fishery. The Southeast dive fishery currently under the Representative Williams moratorium with the Senator Mackie amendment, this bill will sunset next year. The Williams moratorium was to stem the rapid increase of entry into this fishery. There were thousands of inquiries to ADFG about participation.

Another benefit of the William's bill was allowing enough time to pass the necessary legislation to create (SARDFIA), which would in turn provide a unique management tool and source of program receipts to help cover the costs of managing the fishery. Organizing (SARDFIA) was a far slower process than we had anticipated. We are a year or more behind schedule, though we are now fully functional and moving ahead quickly.

HB 104 could extend the moratorium on this fishery allowing (SARDFIA) and (ADFG) to complete development of management plans for primary dive fishery species and to work on an acceptable access plan.

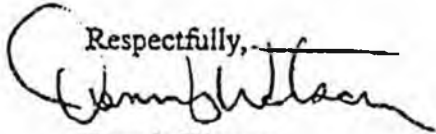
Currently a diver has circulated and filed a petition to limit entry into the Geoduct fishery. Geoducts are a primary target species in the dive fisheries and the species with

the most economic potential and the least amount of inventory work on their geographic extent and their numbers, preliminary estimates suggest the numbers are substantial.

Almost half of the signatures on the Geoduct petition were non-resident. This represents an unacceptable loss of the economic benefit of this resource to southeast communities. I should mention that the waters around Craig and Western Prince of Wales Island area are estimated to have one of the largest Geoduct populations.

Passage of HB 104 could buy us the time to develop acceptable solution for entry into The Geoduct and other dive fisheries and realize the maximum possible benefit to southeast communities.

Respectfully,



Dennis Watson
Mayor

CC Representative Hudson
Senator Mackie

HB

108

1-LS0445L
Ford
4/18/00

SENATE CS FOR CS FOR HOUSE BILL NO. 108(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES HUDSON, Halcro, Phillips, Kerttula, Cowdery, Murkowski, Bunde, Cissna, Joule

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use, operation, and regulation of boats; establishing a
2 uniform state waterway marking system; and providing for an effective date."

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
5 section to read:

6 **INTENT.** It is the intent of the legislature that

7 (1) at least 75 percent of any federal funds generated as a result of this Act
8 be used to fund a statewide boating safety and education program, and that the state program
9 operate in conjunction with the United States Coast Guard Auxiliary boating safety program
10 and other marine education organizations; and

11 (2) any amendment made on or after the effective date of this section and
12 before the date the delayed repeal and reenactment provisions of this Act take effect that is
13 made to existing law affected by the delayed repeal and reenactment provisions of this Act
14 will also be repealed when those provisions take effect.

1 * Sec. 2. AS 05.25.010 is repealed and reenacted to read:

2 **Sec. 05.25.010. Safety requirements.** (a) Except as otherwise provided by
3 law, a boat placed on the water of the state

4 (1) must be equipped with and use the sound producing devices and
5 visual distress signals of the same number, type, and specifications as required by the
6 United States Coast Guard;

7 (2) that is equipped with a gasoline engine for electrical generation,
8 mechanical power, or mechanical propulsion must also be equipped with the
9 ventilation systems and backfire flame control devices of the same type and
10 specifications as required by the United States Coast Guard; and

11 (3) that is equipped with an engine for electrical generation, mechanical
12 power, or mechanical propulsion must also be equipped with the fire extinguishers of
13 the same number, type, and specifications as required by the United States Coast
14 Guard.

15 (b) The provisions of (a) of this section apply regardless of whether the boat
16 is placed or operated on water of the state subject to federal jurisdiction.

17 (c) During the period of time extending from sunset to sunrise and during
18 periods of restricted visibility, a boat placed on water of the state must display lights
19 of the same number, type, and specifications as required by the United States Coast
20 Guard under 33 U.S.C. 1602 and 33 U.S.C. 2002.

21 (d) A boat on water of the state must carry one United States Coast Guard
22 approved Type I, Type II, or Type III personal flotation device in serviceable condition
23 for each person on board the boat. A Type V personal flotation device may be carried
24 in lieu of a personal flotation device required in this subsection if the Type V personal
25 flotation device is in serviceable condition and

26 (1) if the approval label on the Type V personal flotation device
27 indicates that the device is approved for the activity in which the boat is being used,
28 or that the device is approved as a substitute for a personal flotation device of the type
29 required on the boat; and

30 (2) for a device that contains a reference to an owner's manual, if the
31 Type V personal flotation device is used in accordance with the requirements in the

1 owner's manual.

2 (e) In addition to the requirements in (d) of this section, a boat that is 16 feet
3 or longer, other than a kayak or canoe, must carry one Type IV personal flotation
4 device that can be thrown and that is approved by the United States Coast Guard.

5 (f) A person may not use a flashing or revolving red or blue emergency light
6 on a boat unless the boat is operated by a peace officer or emergency professional in
7 the performance of official duties.

8 (g) The operator of a boat on water of the state may not transport a person
9 under 13 years of age on the deck of a boat or in an open boat unless the person is
10 wearing a United States Coast Guard approved Type I, Type II, or Type III personal
11 flotation device. A Type V personal flotation device may be worn in lieu of a
12 personal flotation device required in this subsection if the Type V personal flotation
13 device is in serviceable condition and

14 (1) if the approval label on the Type V personal flotation device
15 indicates that the device is approved for the activity in which the boat is being used,
16 or that the device is approved as a substitute for a personal flotation device of the type
17 required on the boat; and

18 (2) for a device that contains a reference to an owner's manual, if the
19 Type V personal flotation device is used in accordance with the requirements in the
20 owner's manual.

21 (h) The Department of Public Safety may require, by regulation, that a boat
22 or class of boats carry additional equipment that is necessary for the safety of persons
23 and property.

24 * Sec. 3. AS 05.25.010 is repealed and reenacted to read:

25 **Sec. 05.25.010. Safety requirements.** (a) A watercraft operated on inland
26 water must carry and exhibit between sunset and sunrise at least one white light to
27 show all around the horizon.

28 (b) A watercraft operated on inland water must carry at least one life
29 preserver, lifebelt, ring buoy, or other device approved by the United States Coast
30 Guard for each person on board, so placed as to be readily accessible. A watercraft
31 carrying passengers for hire must carry, so placed as to be readily accessible, at least

1 one life preserver approved by the United States Coast Guard for passenger-carrying
2 watercraft for each person on board.

3 (c) A motor-driven watercraft operated for hire must carry a fire extinguisher
4 capable of promptly and effectually extinguishing burning gasoline.

5 (d) The operator of a watercraft on the water of the state may not transport a
6 person under 13 years of age on the deck of a watercraft or in an open watercraft
7 unless the person is wearing a United States Coast Guard approved Type I, Type II,
8 or Type III flotation device. In this subsection, "personal flotation device" does not
9 include a life belt or life ring.

10 * Sec. 4. AS 05.25.020 is amended to read:

11 **Sec. 05.25.020. Use of boat with water [WATER] skis and surfboards.** (a)

12 A person may not operate a boat [WATERCRAFT] on water [THE INLAND
13 WATERS] of the [THIS] state for towing a person on water skis, [OR] a surfboard,
14 or a similar device [DEVICES] unless

15 (1) the boat [WATERCRAFT] is equipped with a rearview mirror in
16 which the person being towed can be viewed; [,] or

17 (2) there is, in the boat, [WATERCRAFT] a person of 12 years of age
18 or older in addition to the operator [,] in a position to observe the progress of the
19 person being towed.

20 (b) A person may not operate a boat [WATERCRAFT] on [THE] water of the
21 state to tow a person under 13 years of age on water skis, a surfboard, or a similar
22 device unless the person being towed is wearing a United States Coast Guard approved

23 (1) Type I, Type II, or Type III personal flotation device; or

24 (2) Type V personal flotation device if the Type V personal
25 flotation device is in serviceable condition and

26 (A) if the approval label on the Type V personal flotation
27 device indicates that the device is approved for the activity;

28 (B) for a device that contains a reference to an owner's
29 manual, if the Type V personal flotation device is used in accordance with
30 the requirements in the owner's manual [. IN THIS SUBSECTION,

31 "PERSONAL FLOTATION DEVICE" DOES NOT INCLUDE A LIFE BELT

1 OR LIFE RING].

2 * Sec. 5. AS 05.25.020 is repealed and reenacted to read:

3 **Sec. 05.25.020. Water skis and surfboards.** (a) A person may not operate
4 a watercraft on inland water of the state for towing a person on water skis, a surfboard,
5 or similar devices unless

6 (1) the watercraft is equipped with a rearview mirror in which the
7 person being towed can be viewed; or

8 (2) there is in the watercraft a person of 12 years of age or older in
9 addition to the operator in a position to observe the progress of the person being
10 towed.

11 (b) A person may not operate a watercraft on water of the state to tow a
12 person under 13 years of age on water skis, a surfboard, or a similar device unless the
13 person being towed is wearing a United States Coast Guard approved Type I, Type II,
14 or Type III personal flotation device. In this subsection, "personal flotation device"
15 does not include a life belt or life ring.

16 * Sec. 6. AS 05.25.030 is repealed and reenacted to read:

17 **Sec. 05.25.030. Boat collisions, accidents, and casualties.** (a) The operator
18 of a boat involved in a collision, accident, or casualty shall

19 (1) render assistance as is practicable and necessary to save other
20 persons from danger or to minimize the danger to other persons to the extent that the
21 operator can do so without serious danger to the operator's boat, crew, and passengers;
22 and

23 (2) give the operator's name, address, and identification number of the
24 operator's boat in writing to each person injured in the collision, accident, or casualty
25 and to the owner of property damaged in the collision, accident, or casualty.

26 (b) For the purpose of gathering boating accident statistics, the operator of a
27 boat involved in a collision, accident, or casualty that results in death or injury to a
28 person, or damage to property in excess of \$500 for each incident, shall file a report
29 with the Department of Public Safety on or before the 20th day after the incident. The
30 Department of Public Safety shall prepare a form for the report and make the form
31 available to other agencies and to the public.

1 (c) In response to a request from an authorized official or agency of the United
2 States, a law enforcement agency, or in compliance with United States Coast Guard
3 regulations, the Department of Public Safety shall provide statistical information
4 compiled or otherwise available to the Department of Public Safety from the reports
5 required under (b) of this section.

6 * Sec. 7. AS 05.25.030 is repealed and reenacted to read:

7 **Sec. 05.25.030. Collisions, accidents, and casualties.** (a) The operator of a
8 watercraft involved in a collision, accident, or casualty shall give to other persons
9 affected by the collision, accident, or casualty assistance that is necessary to save them
10 from or minimize any danger caused by the collision, accident, or casualty, and shall
11 give the operator's name, address, and identification of the operator's watercraft in
12 writing to any person injured and to the owner of any property damaged in the
13 collision, accident, or casualty.

14 (b) In the case of collision, accident, or casualty involving a watercraft, the
15 operator of the watercraft, if the collision, accident, or casualty results in death or
16 injury to a person or damage to property in excess of \$100, shall file with the
17 department a full description of the collision, accident, or casualty, including
18 information the department, by regulation, requires.

19 * Sec. 8. AS 05.25.040 is amended to read:

20 **Sec. 05.25.040. Owner's civil liability.** The owner of a boat
21 [WATERCRAFT] is liable for injury or damage caused by the negligent operation of
22 the owner's boat [WATERCRAFT] whether the negligence consists of a violation of
23 a state statute [,] or the failure [NEGLECTING] to exercise [OBSERVE] ordinary
24 care in the operation of the boat [WATERCRAFT] as the rules of the common law
25 require. The owner is not liable, however, unless the boat [WATERCRAFT] is used
26 with the owner's express or implied consent. It is presumed that the boat
27 [WATERCRAFT] is being operated with the knowledge and consent of the owner [,]
28 if, at the time of the injury or damage, it is under the control of the owner's spouse,
29 father, mother, brother, sister, son, daughter, or other member of the owner's immediate
30 family. This chapter does not relieve any other person from a liability that the person
31 would otherwise incur [,] and does not authorize or permit recovery in excess of injury

1 or damage actually incurred.

2 * Sec. 9. AS 05.25.040 is repealed and reenacted to read:

3 **Sec. 05.25.040. Owner's civil liability.** The owner of a watercraft is liable
4 for injury or damage caused by the negligent operation of the owner's watercraft
5 whether the negligence consists of a violation of a state statute or neglecting to observe
6 ordinary care in the operation of the watercraft as the rules of the common law require.
7 The owner is not liable, however, unless the watercraft is used with the owner's
8 express or implied consent. It is presumed that the watercraft is being operated with
9 the knowledge and consent of the owner if, at the time of the injury or damage, it is
10 under the control of the owner's spouse, father, mother, brother, sister, son, daughter,
11 or other member of the owner's immediate family. This chapter does not relieve any
12 other person from a liability that the person would otherwise incur and does not
13 authorize or permit recovery in excess of injury or damage actually incurred.

14 * Sec. 10. AS 05.25.050 is amended to read:

15 **Sec. 05.25.050. Declaration of policy.** It is the policy of the [THIS] state to
16 promote safety for persons and property in and connected with the use, operation, and
17 equipment of boats on water of the state [VESSELS IN RECREATIONAL
18 PURSUITS IN INLAND WATERS] and to promote uniformity of laws relating to
19 boat safety [THERETO].

20 * Sec. 11. AS 05.25.050 is repealed and reenacted to read:

21 **Sec. 05.25.050. Declaration of policy.** It is the policy of this state to promote
22 safety for persons and property in and connected with the use, operation, and
23 equipment of vessels in recreational pursuits in inland water and to promote uniformity
24 of laws relating thereto.

25 * Sec. 12. AS 05.25 is amended by adding new sections to read:

26 **Sec. 05.25.053. Boating safety program.** (a) Except as provided in this
27 section, the department shall administer a statewide boating safety program. The
28 program must, to the extent consistent with state law,

29 (1) secure the full benefits available to the state under 46 U.S.C. 13101

30 - 13110; and

31 (2) take additional actions necessary to gain initial and ongoing federal

1 acceptance of the boating safety program and to qualify and apply for federal money
2 under 46 U.S.C. 13102.

3 (b) The department shall cooperate with local, state, and federal agencies,
4 private and public organizations, and individuals to provide for

5 (1) a statewide boating safety education program; the program must

6 (A) develop educational materials relevant to the unique needs
7 of urban and rural boaters in this state;

8 (B) support statewide boating safety training programs;

9 (C) support boating safety education and training programs for
10 children and other high risk groups;

11 (D) train, certify, and support boating safety instructors;

12 (E) evaluate, on an ongoing basis, the effectiveness of programs
13 funded under this chapter; and

14 (2) a boating safety advisory council as described in AS 05.25.057; and

15 (3) a boat registration and numbering system through the Department
16 of Administration.

17 (c) The Department of Public Safety shall cooperate with local, state, and
18 federal agencies, private and public organizations, and individuals to provide for

19 (1) a boating collisions, accidents, and casualties reporting system; and

20 (2) boating safety patrol and law enforcement activity.

21 **Sec. 05.25.055. Registration and numbering of boats.** (a) An
22 undocumented boat placed on water of the state must be registered and numbered as
23 required by this chapter. The Department of Administration shall adopt by regulation
24 a boat registration and numbering system that

25 (1) except as provided in (2) of this subsection, is consistent with the
26 national standard for state numbering systems established by the United States Coast
27 Guard; and

28 (2) uses a size-appropriate decal for a boat that is not equipped with
29 mechanical propulsion, that is exclusively paddled, poled, rowed, or powered by wind,
30 and that is 10 feet or greater in length.

31 (b) In adopting a boat registration system under (a) of this section, the

1 Department of Administration shall authorize agents, including boat dealers, to register
2 boats.

3 (c) A boat dealer shall require a purchaser of a new or used boat sold at retail
4 to complete a registration application and pay the registration fee before the boat
5 leaves the dealer's premises unless the boat is exempt from registration and numbering
6 under this chapter or regulations adopted under this chapter.

7 (d) A person may not operate a boat on water of the state unless a valid
8 certificate of number has been awarded by the Department of Administration to the
9 boat and the identification number and any required validation decals are properly
10 displayed on the boat.

11 (e) The Department of Administration shall authorize agents to accept an
12 application and registration fee for registration, to issue a registration, and to forward
13 the application and registration fee to the Department of Administration.

14 (f) Unless otherwise provided by this chapter, or unless the owner has been
15 awarded a current, valid Alaska certificate of number from the United States Coast
16 Guard, the owner of a boat for which a current certificate of number has been awarded
17 under federal law or a federally approved numbering system of another state shall
18 apply for a certificate of number in this state as required by this chapter if the boat is
19 operated on water of the state for more than 90 consecutive days. If a boat has an
20 existing number, the owner may request that the department issue the same number for
21 purposes of this section, and the department shall comply with the request unless
22 compliance would result in a duplication of numbers.

23 (g) A certificate of number issued under this chapter is valid for three years
24 unless terminated or discontinued earlier as required by this chapter and regulations
25 adopted under this chapter. The certificate expires on the last day of the month at the
26 end of the three-year period. The expiration date shall be indicated on the certificate.

27 (h) All records of ownership of boats that are kept by the Department of
28 Administration under this section are public records. The Department of
29 Administration shall provide records of ownership and registration expense reports to
30 the Department of Public Safety for the purposes of meeting the federal requirements
31 for state programs and implementing this chapter.

1 (i) The following boats are exempt from the numbering and registration
2 provisions of this section:

3 (1) a boat that is operated in this state for a period not exceeding 90
4 consecutive days and that has a current, valid certificate of number issued by another
5 state having a federally approved numbering system;

6 (2) a foreign boat operated in water of the state for a period not
7 exceeding 90 consecutive days;

8 (3) a boat owned by the United States or an entity or political
9 subdivision of the United States, or a boat owned by a state or an entity or political
10 subdivision of a state;

11 (4) a boat that is not equipped with mechanical propulsion, that is
12 exclusively paddled, poled, rowed, or powered by wind, and that is

13 (A) under 10 feet in length; or

14 (B) operated in this state for a period not exceeding ³⁰90 days in
15 a calendar year by a person who has not established residency as described
16 under AS 01.10.055;

17 (5) a boat with a valid document to operate the boat that is issued by
18 the United States or a foreign government.

19 **Sec. 05.25.057. Alaska Boating Safety Advisory Council established.** (a)
20 The Alaska Boating Safety Advisory Council is established in the department.

21 (b) The council consists of seven members appointed by the governor. The
22 governor shall appoint each member on the basis of interest in public affairs,
23 knowledge of boating issues as they relate to both safety and water of the state, and
24 good judgment and ability concerning boating safety. The appointed members shall
25 represent boat owner interests, including owners of boats powered by engines and
26 owners of boats that are paddled, poled, rowed, or powered by wind, shall be residents
27 of the state, and shall be appointed without regard to political affiliation or
28 geographical location of residence. The commissioner is not a member of the council,
29 but shall be ex officio secretary.

30 (c) The purpose of the council is to

31 (1) recommend to the department boating safety educational materials;

- 1 (2) review and make recommendations on proposed boating regulations;
2 (3) consider regional boating safety needs and promote boating safety
3 education programs throughout the state; and
4 (4) advise the department on state, regional, and national boating issues.

5 (d) The council may not meet more than two times in each calendar year.
6 Members of the council receive no compensation for services on the council, but are
7 entitled to per diem and travel expenses authorized for boards under AS 39.20.180.

8 (e) In this section, "council" means the Alaska Boating Safety Advisory
9 Council.

10 * Sec. 13. AS 05.25.060 is repealed and reenacted to read:

11 **Sec. 05.25.060. Prohibited operation.** A person may not operate a boat on
12 water of the state

13 (1) for a recreational purpose or another purpose, or tow water skis, a
14 surfboard, or a similar device, in a reckless or negligent manner so as to endanger the
15 life or property of another person; or

16 (2) that is not equipped as required under this chapter and regulations
17 adopted under this chapter.

18 * Sec. 14. AS 05.25.060 is repealed and reenacted to read:

19 **Sec. 05.25.060. Prohibited operation.** (a) A person may not operate a
20 watercraft, whether for recreational purposes or any other purpose, or manipulate water
21 skis, a surfboard, or a similar device on the water of the state in a reckless or negligent
22 manner so as to endanger the life or property of another person.

23 (b) A person may not operate a watercraft, whether for recreational purposes
24 or any other purpose, in violation of AS 28.35.030 on the water of the state while
25 under the influence of any intoxicating liquor, narcotic drug, barbiturate, or marijuana.

26 * Sec. 15. AS 05.25.070 is amended to read:

27 **Sec. 05.25.070. Exemptions.** Boats [WATERCRAFT] and persons operating
28 boats [WATERCRAFT] are exempt from this chapter [, EXCEPT AS 05.25.060(b),]
29 when participating in the area set aside for a public regatta, race, marine parade,
30 tournament, or exhibition on inland water; for purposes of this section, "inland
31 water" means water of the state that is not offshore water [WATERS].

1 * **Sec. 16.** AS 05.25.070 is repealed and reenacted to read:

2 **Sec. 05.25.070. Exemptions.** Watercraft and persons operating watercraft are
3 exempt from this chapter, except AS 05.25.060(b), when participating in the area set
4 aside for a public regatta, race, marine parade, tournament, or exhibition on inland
5 water.

6 * **Sec. 17.** AS 05.25.080 is repealed and reenacted to read:

7 **Sec. 05.25.080. Enforcement.** (a) The Department of Public Safety has
8 authority for enforcement of this chapter and the regulations adopted under this
9 chapter.

10 (b) A peace officer may enforce this chapter and regulations adopted under this
11 chapter and, in the exercise of enforcement, may stop and, if the peace officer has
12 probable cause to believe a violation of this chapter has occurred, may board a boat
13 subject to this chapter. A peace officer may issue a citation as provided in
14 AS 12.25.180 to a person who violates a provision of this chapter.

15 (c) A person employed by the Department of Natural Resources, or a person
16 authorized by the commissioner under AS 41.21.955(a), acting as a peace officer, may
17 enforce this chapter and regulations adopted under this chapter only in units of the
18 state park system.

19 * **Sec. 18.** AS 05.25.080 is repealed and reenacted to read:

20 **Sec. 05.25.080. Enforcement.** A peace officer may enforce this chapter and,
21 in the exercise of enforcement, may stop and board watercraft subject to this chapter.

22 * **Sec. 19.** AS 05.25.090 is repealed and reenacted to read:

23 **Sec. 05.25.090. Penalties.** (a) Except as provided in (b) of this section, a
24 person who violates a provision of this chapter or regulations adopted under this
25 chapter is guilty of a class A misdemeanor.

26 (b) A person who violates

27 (1) AS 05.25.010, 05.25.020, 05.25.030(b), 05.25.060(2), or a regulation
28 adopted under this chapter relating to AS 05.25.010 or 05.25.020 is guilty of a
29 violation as defined in AS 11.81.900 and may be fined up to \$500;

30 (2) AS 05.25.055 is guilty of a violation as defined in AS 11.81.900
31 and may be fined up to \$50.

1 (c) The supreme court shall establish by order or rule a schedule of bail
2 amounts for violations under (b) of this section that allow the disposition of a citation
3 without a court appearance.

4 * Sec. 20. AS 05.25.090 is repealed and reenacted to read:

5 **Sec. 05.25.090. Penalties.** (a) Except as provided in (b) of this section, a
6 person who violates a provision of this chapter is guilty of a misdemeanor and is
7 punishable by a fine of not more than \$500, or by imprisonment of not more than six
8 months, or by both, for each violation unless that person is convicted of a violation of
9 AS 28.35.030, in which case the sentence shall be in accordance with AS 28.35.030.

10 (b) A person who violates AS 05.25.010(d) or 05.25.020(b) is guilty of a
11 violation, as defined in AS 11.81.900, and may be fined up to \$50.

12 * Sec. 21. AS 05.25 is amended by adding new sections to read:

13 **Sec. 05.25.095. Regulations.** (a) Except as provided in (c) - (e) of this
14 section, the department may adopt regulations regarding requirements for certification
15 of programs on boating safety education.

16 (b) In consultation with the Department of Public Safety, the Department of
17 Administration may adopt regulations to implement this chapter with respect to the
18 numbering, marking, and titling of undocumented boats.

19 (c) Regulations adopted under this chapter may not be less stringent than
20 applicable minimum requirements of regulations governing recreational boat safety of
21 the United States Coast Guard.

22 (d) The department may not adopt a regulation under (a) of this section if,
23 before or during the period for public comment on the proposed regulation provided
24 by AS 44.62.190, the Alaska Boating Safety Advisory Council provides the department
25 with a written objection regarding the regulation, unless the department modifies the
26 proposed regulation to satisfy the objection. The prohibition of this subsection does
27 not apply if modification of the proposed regulation to satisfy the council's objection
28 would result in

29 (1) failure to meet a federal stringency requirement described under (c)
30 of this section; or

31 (2) a regulation that is not consistent with another provision of law.

1 (e) Nothing in this section authorizes the department to prohibit a use of or
2 access to the water of the state by a person or user group.

3 **Sec. 05.25.096. Fees.** (a) The Department of Administration shall assess the
4 following fees:

5 (1) motorized boat registration, registration renewal, and transfer of
6 registration, \$24 for a three-year period;

7 (2) nonmotorized boat registration, registration renewal, and transfer of
8 registration, \$10 for a three-year period;

9 (3) replacement of lost registration, \$5;

10 (4) replacement of lost registration validation decals, \$5.

11 (b) The Department of Administration shall separately account for fees
12 collected under (a) of this section for boat registration that are deposited in the general
13 fund. The annual estimated balance in that account may be used by the legislature to
14 make appropriations to the department and the Department of Administration to carry
15 out the purposes of this chapter.

16 * **Sec. 22.** AS 05.25.100 is repealed and reenacted to read:

17 **Sec. 05.25.100. Definitions.** In this chapter, unless the context requires
18 otherwise,

19 (1) "aids to navigation" means buoys, beacons, or other fixed objects
20 in the water that are used to mark obstructions to navigation or to direct navigation
21 through safe channels;

22 (2) "boat" means watercraft used or capable of being used as a means
23 of transportation on water, except for

24 (A) a ship's lifeboat;

25 (B) a seaplane;

26 (C) an inspected passenger vessel; and

27 (D) a single air mattress, single inner tube, or other water toy;

28 (3) "boat dealer" means a person engaged wholly or in part in the
29 business of selling or offering for sale, buying or taking in trade for the purpose of
30 resale, or exchanging, displaying, demonstrating, or offering for sale three or more
31 boats within 12 consecutive months and who receives or expects to receive money,

1 profit, or any other thing of value;

2 (4) "certificate of number" means the document bearing the
3 identification number issued to a boat by the Department of Administration under this
4 chapter, by a federal agency, or by the state of principal use under a federally
5 approved numbering system;

6 (5) "commissioner" means the commissioner of natural resources;

7 (6) "department" means the Department of Natural Resources;

8 (7) "operate" means to navigate or to be in actual physical control of
9 a boat used or capable of being used as a means of transportation on water of the state;

10 (8) "owner" means a person who has a property interest other than a
11 security interest in a boat and the right of use or possession of the boat; "owner" does
12 not include a lessee unless the lease is intended as security;

13 (9) "ownership" means a property interest other than a security interest;

14 (10) "passenger" means a person on board a boat who is not the master,
15 operator, crew member, or other person engaged in a capacity in the business of the
16 boat;

17 (11) "regulatory marker" means an anchored or fixed marker in or on
18 the water, or sign on the shore or on a bridge over the water, other than aids to
19 navigation; "regulatory marker" includes swimming markers, bathing markers, speed
20 zone markers, identification markers, danger zone markers, boat keep out areas, special
21 anchorage areas, and mooring buoys;

22 (12) "serviceable condition" as applied to personal flotation devices
23 means

24 (A) metal or plastic hardware is not broken, deformed, or
25 weakened by corrosion;

26 (B) webbings or straps are not ripped, torn, or separated from
27 an attachment point;

28 (C) there are no rotted or deteriorated structural components that
29 fail when tugged;

30 (D) there are no rips, tears, or open seams in fabric or coatings
31 that are large enough to allow the loss of buoyant material;

1 (E) buoyant material has not become hardened, nonresilient,
2 permanently compressed, waterlogged, or oil-soaked, and does not show
3 evidence of fungus or mildew;

4 (F) there is no loss of buoyant material or evidence of buoyant
5 material that is not securely held in position;

6 (G) there is a properly armed inflation mechanism, complete
7 with a full inflation medium cartridge and all status indicators showing that the
8 inflation mechanism is properly armed, unless the PFD is worn inflated;

9 (H) inflatable chambers are all capable of holding air;

10 (I) oral inflation tubes are not blocked, detached, or broken;

11 (J) the manual inflation lanyard or lever is not inaccessible,
12 broken, or missing;

13 (K) inflator status indicators are not broken or otherwise non-
14 functional;

15 (13) "undocumented boat" means a boat that does not possess a valid
16 certificate of documentation issued by the United States Coast Guard under 46 U.S.C.
17 12101 - 12123;

18 (14) "validation decal" means a decal that has the state of registration
19 and registration expiration year clearly marked;

20 (15) "water of the state" has the meaning given in the term "navigable
21 water" in AS 38.05.965; "water of the state" also includes the marginal sea adjacent
22 to the state and the high seas within the territorial limits of the state, irrespective of
23 the ownership of the land underlying those waters.

24 * Sec. 23. AS 05.25.100 is repealed and reenacted to read:

25 **Sec. 05.25.100. Definitions.** In this chapter, unless the context otherwise
26 requires,

27 (1) "department" means the Department of Public Safety;

28 (2) "operate" means to navigate or otherwise use a watercraft for
29 recreational purposes as opposed to business, subsistence, or commercial purposes;

30 (3) "watercraft" means every description of vessel, other than a
31 seaplane on the water, used or capable of being used as a means of transportation on

1 water and devoted to recreational pursuits unless otherwise expressly provided in this
2 chapter; and excepting vessels having a valid marine document issued by the United
3 States or foreign governments;

4 (4) "water of the state" means all water, fresh or salt, inland or coastal,
5 within the territorial limits or under the jurisdiction of the state.

6 * Sec. 24. AS 09.25.120(a) is amended by adding a new paragraph to read:

7 (9) reports submitted under AS 05.25.030 concerning certain collisions,
8 accidents, or other casualties involving boats.

9 * Sec. 25. AS 12.25.190(c) is amended to read:

10 (c) The person cited for the crime shall give a written promise to appear in
11 court by signing at least one copy of the written citation prepared by the peace officer,
12 and the officer shall deliver a copy of the citation to the person. The written promise
13 requirement of this subsection does not apply to boating citations for which a bail
14 schedule has been established under AS 05.25.090(b), motor vehicle and traffic
15 citations for which a bail or fine schedule has been established under AS 28.05.151,
16 fish and game citations for which a bail schedule has been established under
17 AS 16.05.165, citations issued under AS 04.21.065, citations issued under
18 AS 18.35.341, citations issued in state park and recreational facilities under
19 AS 41.21.960, or littering citations issued under AS 46.06.080.

20 * Sec. 26. AS 12.25.190(c) is repealed and reenacted to read:

21 (c) The person cited for the crime shall give a written promise to appear in
22 court by signing at least one copy of the written citation prepared by the peace officer,
23 and the officer shall deliver a copy of the citation to the person. The written promise
24 requirement of this subsection does not apply to motor vehicle and traffic citations for
25 which a bail or fine schedule has been established under AS 28.05.151, fish and game
26 citations for which a bail schedule has been established under AS 16.05.165, citations
27 issued under AS 04.21.065, citations issued under AS 18.35.341, citations issued in
28 state park and recreational facilities under AS 41.21.960, or littering citations issued
29 under AS 46.06.080.

30 * Sec. 27. AS 05.25.053, 05.25.055, 05.25.057, 05.25.095, 05.25.096, and
31 AS 09.25.120(a)(9) are repealed.

1 * **Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section
2 to read:

3 **TRANSITION: REGULATIONS.** The Department of Natural Resources, Department
4 of Public Safety, and Department of Administration may immediately proceed to adopt
5 regulations to implement their respective provisions of this Act. The regulations take effect
6 under AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1,
7 2, 4, 6, 8, 10, 12, 13, 15, 17, 19, 21 - 22, 24, and 25 of this Act.

8 * **Sec. 29.** Section 28 of this Act takes effect immediately under AS 01.10.070(c).

9 * **Sec. 30.** Sections 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27 of this Act take effect on
10 the earlier of the following dates:

11 (1) July 1, 2005; or

12 (2) 90 days after the date the chair of the Alaska Legislative Council notifies
13 the revisor of statutes that in the previous state fiscal year the state did not receive and does
14 not anticipate receiving federal funding for a statewide boating and safety education program;
15 the director of the division of legislative finance shall notify the chair of the Alaska
16 Legislative Council when the state, in the previous fiscal year, did not receive federal funding
17 for a statewide boating and safety program; the chair of the Alaska Legislative Council may
18 not give the notice described in this paragraph unless the notice is approved by a vote of a
19 majority of the members of the Alaska Legislative Council.

FISCAL NOTE No. 7

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL No. SCS 05HB 108 (RES)
(S) Publish Date: 4-19-00

Revision Date <u>4/18/00</u>	Dept. Affected <u>Public Safety</u>
Title <u>An Act relating to boat safety, registration, fees, enforcement and waterway marking system</u>	BRU <u>Fish And Wildlife Protection</u>
Sponsor <u>Representative Hudson</u>	Component <u>Enforcement and Investigative Services Unit</u>
Requester <u>Senate Resources</u>	Component No. <u>490</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This bill is not expected to have a budgetary impact.

Prepared by: <u>Royce Weller, Special Assistant</u>	Phone <u>465-2649</u>
Division <u>Office of the Commissioner</u>	Date/Time <u>4/18/00 12:00 AM</u>
Approved by Commissioner <u>Ronald L. Olte</u>	Date <u>4-19-00</u>
Agency <u>Department of Public Safety</u>	

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FISCAL NOTE No. 8

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BIL Bill Version: SES CSHB 108 (RES)
 (S) Publish Date: 4-20-00

Revision Date: 19-Apr-00 Dept Affected: Natural Resources
 Title: An Act relating to the use, operation, and BRU: Parks & Recreation Management
regulation of boats; establishing a uniform state waterway... Component: Parks Access
 Sponsor: Rep. Hudson
 Requestor: (S) FIN Component Serial No. #2136

Expenditures/Revenues (Inflation not included unless otherwise noted below) (Thousands of Dollars)

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY00) cost: \$ none

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

The Division of Parks included \$660,000 in federal funding to support this legislation in the FY01 Governor's capital budget request, therefore no fiscal note for additional authorization is required.

Administration	\$66.0	10%
Public Access/Nav Aids	30.0	5%
Education	564.0	85%

(annotated on next page)

Prepared by: Jim Stratton, Director *[Signature]* Phone: 269-8701
 Division: Parks Date: 19-Apr-00
 Approved by Commissioner: John Shively *[Signature]* Date: 19-Apr-00
 Agency: Natural Resources

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Continuation of fiscal note for: SCSHB108 (RES)

Education expenditures annotated:

Alaska Boaters Guide revision and reprinting	\$ 70.0
Kid's Don't Float Program (life jackets)	20.0
AK Boating Safety Course Curriculum, and Instructor Course Development	30.0
Statewide Instructor Training (contracts and scholarships)	300.0
Educational materials (instructor guides, brochures, teaching kits)	50.0
Coastie the Safety Boat program (USCG auxiliary)	10.0
Media (PSA's, radio and television)	24.0
School Programs	50.0
Education program evaluation	10.0
Total	\$564.0

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 9
BILL NO. : Bill Version: SCS CSHB 108 (RES)
(S) Publish Date: 4-20-00

Revision Date/Time (Note if correction) <u>4/19/00</u>	Dept. Affect <u>Administration</u>
Title <u>An act relating to boat registration.....</u>	BRU <u>Motor Vehicles</u>
	Component <u>Motor Vehicles</u>
Sponsor <u>Rep Hudson</u>	
Requester <u>S (FIN)</u>	Component Serial No. <u>2348</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include initiation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	260.7	295.1	272.6	272.6	272.6	272.6
Travel	15.0	15.0	15.0	15.0	15.0	15.0
Contractual	115.5	91.0	91.0	91.0	91.0	91.0
Supplies						
Equipment	80.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	471.2	401.1	378.6	378.6	378.6	378.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	466.5	933.0	933.0	933.0	933.0	933.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	471.2	401.1	378.6	378.6	378.6	378.6
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	471.2	401.1	378.6	378.6	378.6	378.6

Estimate of any current year (FY00) cost: _____

POSITIONS

Full-time	5	5	5	5	5	5
Part-time	2	2	2	2	2	2
Temporary	2	2				

ANALYSIS: (Attach a separate page if necessary)

The analysis will assume that the program will start on January 1, 2001. The positions that will be needed to administer the program will be hired on October 1, 2000, to allow time for training and establishing the program. Costs shown for FY 01 will only reflect partial year costs for 9 months of personal services costs and 6 months of registration activity.

(Continued on the attached sheet)

Prepared by <u>Charles R. Hosack</u>	Phone <u>269-5559</u>
Division <u>Motor Vehicles</u>	Date/Time _____
Approved by Commissioner -- <u>Robert Poe, Jr.</u> <i>Robert Poe, Jr.</i>	Date <u>4/19/00</u> <i>4/19/00</i>
Agency <u>Department of Administration</u>	

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Revision Date: April 19, 2000

Dept. Affected: Administration

ANALYSIS CONTINUED:

Discussions and Assumptions

The Coast Guard currently requires registration of powered boats used on navigable waterways and has approximately 33,000 registered boats. Assuming that an equal number of registrations expire in each year, this results in a registration workload of 11,000 boats per year. To process this workload the Coast Guard has 1.5 positions (1 dedicated full time and 1 which assists in administration and during the peak season) and has requested an additional full time position to prevent backlogs. These registrations are maintained on a stand alone computer system using specially developed software known as SABRE (State of Alaska Boat Registration). This system is a windows based system that is not networked or available to other users.

Under the proposed law all powered boats would be registered by DMV not just those on navigable waterways. Increased enforcement by law enforcement agencies and Division of Parks would increase the number of registered boats. There is no accurate number of the total number of powered boats in the state however estimates from the various sources place the number between 50,000 to 100,000. This is mainly based on boat sales of 10,000 per year. For purpose of this fiscal note it is assumed that there will be 75,000 registered powered boats. The bill also requires the registration of non-powered boats over 10 feet in length which were not previously required to be registered by the Coast Guard. The estimate of non-powered boats in the state is 100,000 boats. This estimate is based on the experience of other states which register non-powered boats. The registration period for all boats will be three years resulting in an annual registration workload of 58,300 boat registrations.

The Coast Guard has offered to give the SABRE registration system to the state however there are problems with using it. The rationale for having DMV register boats is the fact that there are offices located throughout the state and there is an information system available to these offices, to law enforcement, and to other agencies as required. The DMV system has an integrated accounting module to properly account for state revenues. The SABRE system is not compatible with the current DMV system and would require extensive modification to make it so. It would be more cost effective and efficient to create a new application on the DMV system by modifying the vehicle registration system to accommodate boat registration.

Initial Start-up Costs

During the first year there will be additional costs to modify the DMV information system for the boat registration program and to convert the existing boat registration data base to the DMV system. The programming needs will be done by contract programmers and the conversion of the data base will require either manual data entry or manual verification of each entry due to the differences between the two operating systems. The data entry will be done by non-perm project employees. These costs will be incurred in the first calendar year of the program which will cross fiscal years. With an assumed start date of Jan 1, 2001, all employees will start on Oct 1, 2000, so that they can receive initial training, test the computer systems, and provide training for both the boat dealers and DMV employees

The costs associated with the start-up are as follows:

	<u>FY 01</u>	<u>FY 02</u>
2 non-perm employees MVCSR I (rng 10) for 12 months	\$67.5	\$22.5
300 hours contract programming @ \$125/hr	\$37.5	
Equipment (computer workstations)	\$20.0	
Total	\$125.0	\$22.5

These costs will be incurred only in the first year of the program.

On-going Operating Budget Costs

In addition to the initial costs to establish the system and to convert the data from the SABRE system to the DMV system, there will be the regular costs to renew registrations of boats that are expiring and to register boats as they are sold by the dealers. Dealers are required to have a customer complete an application for any boat sold at retail and then send the registration application along with the appropriate fees to DMV. Boats due for registration renewal will be incorporated into the normal renewal system the same as vehicle. This will include an initial renewal notice and the opportunity to renew by mail, by phone, by internet, or in person at any DMV office. The on-going costs will be based on an annual registration workload for 58,300 boats.

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO: SCSHB 108(RES)

Revision Date: April 19, 2000

Dept. Affected: Administration

Cost Detail

	<u>FY 01</u>	<u>FY 02</u>
1 PFT MVCSR III (rng 14) lead worker	\$35.7	\$47.6
4 PFT MVCSR Is (rng 10)	\$135.0	\$180.0
2 PFT (Seas) MVCSR Is (rng10)	\$22.5	\$45.0
Postage costs (postage envelopes)	\$13.0	\$26.0
Forms cost (applications and registrations)	\$10.0	\$10.0
Validation Decals (90,000* @ \$0.50 ea.)	\$45.0	\$45.0
Training Costs (for Boat Dealers and DMV employees)	\$10.0	\$10.0
Travel & Per Diem cost for training and auditing	\$15.0	\$15.0
Equipment (computer workstations)	\$60.0	
Total	\$346.2	\$378.6

Revenue

There will be 25,000 powered boat registrations processed each year at \$24 for the three year period generating \$600.0 in GF revenue annually. There will 33,300 non-powered boat registrations processed each year at \$10 generating \$333.0 in GF revenue annually. The total GF revenue for all registrations will be \$933.0. The revenue estimate is based on the assumption that all boat owners will comply with the law. The enforcement efforts will have an impact on the revenue generated.

1-LS0445C

Ford

4/5/00

SENATE CS FOR CS FOR HOUSE BILL NO. 108(RES)**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTY-FIRST LEGISLATURE - SECOND SESSION****BY THE SENATE RESOURCES COMMITTEE****Offered:****Referred:****Sponsor(s): REPRESENTATIVES HUDSON, Halcro, Phillips, Kerttula, Cowdery, Murkowski, Bunde, Cissna, Joule****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the use, operation, and regulation of boats; establishing a
2 uniform state waterway marking system; and providing for an effective date."

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
5 section to read:

6 **INTENT.** It is the intent of the legislature that

7 (1) at least 75 percent of any federal funds generated as a result of this Act
8 be used to fund a statewide boating safety and education program, and that the state program
9 operate in conjunction with the United States Coast Guard Auxiliary boating safety program
10 and other marine education organizations; and

11 (2) any amendment made on or after the effective date of this section and
12 before the date the delayed repeal and reenactment provisions of this Act take effect that is
13 made to existing law affected by the delayed repeal and reenactment provisions of this Act
14 will also be repealed when those provisions take effect.

1 * Sec. 2. AS 05.25.010 is repealed and reenacted to read:

2 **Sec. 05.25.010. Safety requirements.** (a) Except as otherwise provided by
3 law, a boat placed on the water of the state

4 (1) must be equipped with and use the sound producing devices and
5 visual distress signals of the same number, type, and specifications as required by the
6 United States Coast Guard;

7 (2) that is equipped with a gasoline engine for electrical generation,
8 mechanical power, or mechanical propulsion must also be equipped with the
9 ventilation systems and backfire flame control devices of the same type and
10 specifications as required by the United States Coast Guard; and

11 (3) that is equipped with an engine for electrical generation, mechanical
12 power, or mechanical propulsion must also be equipped with the fire extinguishers of
13 the same number, type, and specifications as required by the United States Coast
14 Guard.

15 (b) The provisions of (a) of this section apply regardless of whether the boat
16 is placed or operated on water of the state subject to federal jurisdiction.

17 (c) During the period of time extending from sunset to sunrise and during
18 periods of restricted visibility, a boat placed on water of the state must display lights
19 of the same number, type, and specifications as required by the United States Coast
20 Guard under 33 U.S.C. 1602 and 33 U.S.C. 2002.

21 (d) A boat on water of the state must carry one United States Coast Guard
22 approved Type I, Type II, or Type III personal flotation device in serviceable condition
23 for each person on board the boat. A Type V personal flotation device may be carried
24 in lieu of a personal flotation device required in this subsection if the Type V personal
25 flotation device is in serviceable condition and

26 (1) if the approval label on the Type V personal flotation device
27 indicates that the device is approved for the activity in which the boat is being used,
28 or that the device is approved as a substitute for a personal flotation device of the type
29 required on the boat; and

30 (2) for a device that contains a reference to an owner's manual, if the
31 Type V personal flotation device is used in accordance with the requirements in the

1 owner's manual.

2 (e) In addition to the requirements in (d) of this section, a boat that is 16 feet
3 or longer, other than a kayak or canoe, must carry one Type IV personal flotation
4 device that can be thrown and that is approved by the United States Coast Guard.

5 (f) A person may not use a flashing or revolving red or blue emergency light
6 on a boat unless the boat is operated by a peace officer or emergency professional in
7 the performance of official duties.

8 (g) The operator of a boat on water of the state may not transport a person
9 under 13 years of age on the deck of a boat or in an open boat unless the person is
10 wearing a United States Coast Guard approved Type I, Type II, or Type III personal
11 flotation device. A Type V personal flotation device may be worn in lieu of a
12 personal flotation device required in this subsection if the Type V personal flotation
13 device is in serviceable condition and

14 (1) if the approval label on the Type V personal flotation device
15 indicates that the device is approved for the activity in which the boat is being used,
16 or that the device is approved as a substitute for a personal flotation device of the type
17 required on the boat; and

18 (2) for a device that contains a reference to an owner's manual, if the
19 Type V personal flotation device is used in accordance with the requirements in the
20 owner's manual.

21 (h) The department may require, by regulation, that a boat or class of boats
22 carry additional equipment that is necessary for the safety of persons and property.

23 * Sec. 3. AS 05.25.010 is repealed and reenacted to read:

24 **Sec. 05.25.010. Safety requirements.** (a) A watercraft operated on inland
25 water must carry and exhibit between sunset and sunrise at least one white light to
26 show all around the horizon.

27 (b) A watercraft operated on inland water must carry at least one life
28 preserver, lifebelt, ring buoy, or other device approved by the United States Coast
29 Guard for each person on board, so placed as to be readily accessible. A watercraft
30 carrying passengers for hire must carry, so placed as to be readily accessible, at least
31 one life preserver approved by the United States Coast Guard for passenger-carrying

1 watercraft for each person on board.

2 (c) A motor-driven watercraft operated for hire must carry a fire extinguisher
3 capable of promptly and effectually extinguishing burning gasoline.

4 (d) The operator of a watercraft on the water of the state may not transport a
5 person under 13 years of age on the deck of a watercraft or in an open watercraft
6 unless the person is wearing a United States Coast Guard approved Type I, Type II,
7 or Type III flotation device. In this subsection, "personal flotation device" does not
8 include a life belt or life ring.

9 * Sec. 4. AS 05.25.020 is amended to read:

10 Sec. 05.25.020. Use of boat with water [WATER] skis and surfboards. (a)

11 A person may not operate a boat [WATERCRAFT] on water [THE INLAND
12 WATERS] of the [THIS] state for towing a person on water skis, [OR] a surfboard,
13 or a similar device [DEVICES] unless

14 (1) the boat [WATERCRAFT] is equipped with a rearview mirror in
15 which the person being towed can be viewed; [,] or

16 (2) there is, in the boat, [WATERCRAFT] a person of 12 years of age
17 or older in addition to the operator [,] in a position to observe the progress of the
18 person being towed.

19 (b) A person may not operate a boat [WATERCRAFT] on [THE] water of the
20 state to tow a person under 13 years of age on water skis, a surfboard, or a similar
21 device unless the person being towed is wearing a United States Coast Guard approved

22 (1) Type I, Type II, or Type III personal flotation device; or

23 (2) Type V personal flotation device if the Type V personal

24 flotation device is in serviceable condition and

25 (A) if the approval label on the Type V personal flotation
26 device indicates that the device is approved for the activity;

27 (B) for a device that contains a reference to an owner's
28 manual, if the Type V personal flotation device is used in accordance with
29 the requirements in the owner's manual [. IN THIS SUBSECTION,
30 "PERSONAL FLOTATION DEVICE" DOES NOT INCLUDE A LIFE BELT
31 OR LIFE RING].

1 * Sec. 5. AS 05.25.020 is repealed and reenacted to read:

2 **Sec. 05.25.020. Water skis and surfboards.** (a) A person may not operate
3 a watercraft on inland water of the state for towing a person on water skis, a surfboard,
4 or similar devices unless

5 (1) the watercraft is equipped with a rearview mirror in which the
6 person being towed can be viewed; or

7 (2) there is in the watercraft a person of 12 years of age or older in
8 addition to the operator in a position to observe the progress of the person being
9 towed.

10 (b) A person may not operate a watercraft on water of the state to tow a
11 person under 13 years of age on water skis, a surfboard, or a similar device unless the
12 person being towed is wearing a United States Coast Guard approved Type I, Type II,
13 or Type III personal flotation device. In this subsection, "personal flotation device"
14 does not include a life belt or life ring.

15 * Sec. 6. AS 05.25.030 is repealed and reenacted to read:

16 **Sec. 05.25.030. Boat collisions, accidents, and casualties.** (a) The operator
17 of a boat involved in a collision, accident, or casualty shall

18 (1) render assistance as is practicable and necessary to save other
19 persons from danger or to minimize the danger to other persons to the extent that the
20 operator can do so without serious danger to the operator's boat, crew, and passengers;
21 and

22 (2) give the operator's name, address, and identification number of the
23 operator's boat in writing to each person injured in the collision, accident, or casualty
24 and to the owner of property damaged in the collision, accident, or casualty.

25 (b) For the purpose of gathering boating accident statistics, the operator of a
26 boat involved in a collision, accident, or casualty that results in death or injury to a
27 person, or damage to property in excess of \$500 for each incident, shall file a report
28 with the department on or before the 20th day after the incident. The department shall
29 prepare a form for the report and make the form available to other agencies and to the
30 public.

31 (c) In response to a request from an authorized official or agency of the United

1 States, a law enforcement agency, or in compliance with United States Coast Guard
2 regulations, the department shall provide statistical information compiled or otherwise
3 available to the department from the reports required under (b) of this section.

4 * Sec. 7. AS 05.25.030 is repealed and reenacted to read:

5 Sec. 05.25.030. Collisions, accidents, and casualties. (a) The operator of a
6 watercraft involved in a collision, accident, or casualty shall give to other persons
7 affected by the collision, accident, or casualty assistance that is necessary to save them
8 from or minimize any danger caused by the collision, accident, or casualty, and shall
9 give the operator's name, address, and identification of the operator's watercraft in
10 writing to any person injured and to the owner of any property damaged in the
11 collision, accident, or casualty.

12 (b) In the case of collision, accident, or casualty involving a watercraft, the
13 operator of the watercraft, if the collision, accident, or casualty results in death or
14 injury to a person or damage to property in excess of \$100, shall file with the
15 department a full description of the collision, accident, or casualty, including
16 information the department, by regulation, requires.

17 * Sec. 8. AS 05.25.040 is amended to read:

18 Sec. 05.25.040. Owner's civil liability. The owner of a boat
19 [WATERCRAFT] is liable for injury or damage caused by the negligent operation of
20 the owner's boat [WATERCRAFT] whether the negligence consists of a violation of
21 a state statute [,] or the failure [NEGLECTING] to exercise [OBSERVE] ordinary
22 care in the operation of the boat [WATERCRAFT] as the rules of the common law
23 require. The owner is not liable, however, unless the boat [WATERCRAFT] is used
24 with the owner's express or implied consent. It is presumed that the boat
25 [WATERCRAFT] is being operated with the knowledge and consent of the owner [,]
26 if, at the time of the injury or damage, it is under the control of the owner's spouse,
27 father, mother, brother, sister, son, daughter, or other member of the owner's immediate
28 family. This chapter does not relieve any other person from a liability that the person
29 would otherwise incur [,] and does not authorize or permit recovery in excess of injury
30 or damage actually incurred.

31 * Sec. 9. AS 05.25.040 is repealed and reenacted to read:

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Sec. 05.25.040. Owner's civil liability. The owner of a watercraft is liable for injury or damage caused by the negligent operation of the owner's watercraft whether the negligence consists of a violation of a state statute or neglecting to observe ordinary care in the operation of the watercraft as the rules of the common law require. The owner is not liable, however, unless the watercraft is used with the owner's express or implied consent. It is presumed that the watercraft is being operated with the knowledge and consent of the owner if, at the time of the injury or damage, it is under the control of the owner's spouse, father, mother, brother, sister, son, daughter, or other member of the owner's immediate family. This chapter does not relieve any other person from a liability that the person would otherwise incur and does not authorize or permit recovery in excess of injury or damage actually incurred.

* **Sec. 10.** AS 05.25.050 is amended to read:

Sec. 05.25.050. Declaration of policy. It is the policy of the [THIS] state to promote safety for persons and property in and connected with the use, operation, and equipment of boats on water of the state [VESSELS IN RECREATIONAL PURSUITS IN INLAND WATERS] and to promote uniformity of laws relating to boat safety [THERE TO].

* **Sec. 11.** AS 05.25.050 is repealed and reenacted to read:

Sec. 05.25.050. Declaration of policy. It is the policy of this state to promote safety for persons and property in and connected with the use, operation, and equipment of vessels in recreational pursuits in inland water and to promote uniformity of laws relating thereto.

* **Sec. 12.** AS 05.25 is amended by adding new sections to read:

Sec. 05.25.052. Uniform state waterway marking system. The department shall develop and adopt regulations establishing a uniform state waterway marking system for the placement of regulatory markers. The regulations must be compatible with the system of aids to navigation prescribed by the United States Coast Guard.

Sec. 05.25.053. Boating safety program. (a) The department shall administer a statewide boating safety program. The program must, to the extent consistent with state law,

(1) secure the full benefits available to the state under 46 U.S.C. 13101

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- 13110 (Federal Boat Safety Act of 1971); and

(2) take additional actions necessary to gain initial and ongoing federal acceptance of the boating safety program and to qualify and apply for federal money under 46 U.S.C. 13102.

(b) The department shall cooperate with local, state, and federal agencies, private and public organizations, and individuals to provide for

(1) a statewide boating safety education program; the program must

(A) develop educational materials relevant to the unique needs of urban and rural boaters in this state;

(B) support statewide boating safety training programs;

(C) support boating safety education and training programs for children and other high risk groups;

(D) train, certify, and support boating safety instructors;

(E) evaluate, on an ongoing basis, the effectiveness of programs funded under this chapter;

(2) a boat registration and numbering system through the Department of Administration;

(3) a boating collisions, accidents, and casualties reporting system;

(4) boating access;

(5) boating safety patrol and law enforcement activity;

(6) a uniform state waterway marking system; and

(7) a boating safety advisory council as described in AS 05.25.057.

Sec. 05.25.055. Registration and numbering of boats. (a) An undocumented boat placed on water of the state must be registered and numbered as required by this chapter. The Department of Administration shall adopt by regulation a boat registration and numbering system that

(1) except as provided in (2) of this subsection, is consistent with the national standard for state numbering systems established by the United States Coast Guard; and

(2) uses a size-appropriate decal for a boat that is not equipped with mechanical propulsion, that is exclusively paddled, poled, rowed, or powered by wind.

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(b) In adopting a boat registration system under (a) or section, the Department of Administration shall authorize agents, including boat dealers, to register boats.

(c) A boat dealer shall require a purchaser of a new or used boat sold at retail to complete a registration application and pay the registration fee before the boat leaves the dealer's premises unless the boat is exempt from registration and numbering under this chapter or regulations adopted under this chapter.

(d) A person may not operate a boat on water of the state unless a valid certificate of number has been awarded by the Department of Administration to the boat and the identification number and any required validation decals are properly displayed on the boat.

(e) The Department of Administration shall authorize agents to accept an application and registration fee for registration, to issue a registration, and to forward the application and registration fee to the Department of Administration.

(f) Unless otherwise provided by this chapter, or unless the owner has been awarded a current, valid Alaska certificate of number from the United States Coast Guard, the owner of a boat for which a current certificate of number has been awarded under federal law or a federally approved numbering system of another state shall apply for a certificate of number in this state as required by this chapter if the boat is operated on water of the state for more than 90 consecutive days. If a boat has an existing number, the owner may request that the department issue the same number for purposes of this section, and the department shall comply with the request unless compliance would result in a duplication of numbers.

(g) A certificate of number issued for registration under this chapter is valid until the owner of the boat sells or transfers ownership to another person unless terminated or discontinued earlier as required by this chapter and regulations adopted under this chapter. The certificate expires on the last day of the month following the month in which ownership in the boat is sold or transferred.

(h) All records of ownership of boats that are kept by the Department of Administration under this section are public records. The Department of Administration shall provide records of ownership and registration exemption reports to

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the Department of Public Safety for the purposes of meeting the federal requirements for state programs and implementing this chapter.

(i) The following boats are exempt from the numbering and registration provisions of this section:

(1) a boat that is operated in this state for a period not exceeding 90 consecutive days and that has a current, valid certificate of number issued by another state having a federally approved numbering system;

(2) a foreign boat operated in water of the state for a period not exceeding 90 consecutive days;

(3) a boat owned by the United States or an entity or political subdivision of the United States, or a boat owned by a state or an entity or political subdivision of a state;

(4) a boat with a valid document to operate the boat that is issued by the United States or a foreign government.

Sec. 05.25.057. Alaska Boating Safety Advisory Council established. (a)

The Alaska Boating Safety Advisory Council is established in the department.

(b) The council consists of seven members appointed by the governor. The governor shall appoint each member on the basis of interest in public affairs, knowledge of boating issues as they relate to both safety and water of the state, and good judgment and ability concerning boating safety. At least four members of the council shall represent boat owner interests, including owners of boats powered by engines and owners of boats that are paddled, poled, rowed, or powered by wind. The appointed members shall be residents of the state and shall be appointed without regard to political affiliation or geographical location of residence. The commissioner is not a member of the council, but shall be ex officio secretary.

(c) The purpose of the council is to

- (1) recommend to the department boating safety educational materials;
- (2) review and make recommendations to the department on proposed regulations;
- (3) consider regional boating safety needs and promote boating safety education programs throughout the state; and

1 (4) advise the department on state, regional, and national boating issues.

2 (d) The council may not meet more than two times in each calendar year.
3 Members of the council receive no compensation for services on the council, but are
4 entitled to per diem and travel expenses authorized for boards under AS 39.20.180.

5 (e) In this section, "council" means the Alaska Boating Safety Advisory
6 Council.

7 * Sec. 13. AS 05.25.060 is repealed and reenacted to read:

8 **Sec. 05.25.060. Prohibited operation.** A person may not operate a boat on
9 water of the state

10 (1) for a recreational purpose or another purpose, or tow water skis, a
11 surfboard, or a similar device, in a reckless or negligent manner so as to endanger the
12 life or property of another person;

13 (2) that is not equipped as required under this chapter and regulations
14 adopted under this chapter; or

15 (3) in a manner that is inconsistent with a regulatory marker authorized
16 under regulations adopted by the department under this chapter.

17 * Sec. 14. AS 05.25.060 is repealed and reenacted to read:

18 **Sec. 05.25.060. Prohibited operation.** (a) A person may not operate a
19 watercraft, whether for recreational purposes or any other purpose, or manipulate water
20 skis, a surfboard, or a similar device on the water of the state in a reckless or negligent
21 manner so as to endanger the life or property of another person.

22 (b) A person may not operate a watercraft, whether for recreational purposes
23 or any other purpose, in violation of AS 28.35.030 on the water of the state while
24 under the influence of any intoxicating liquor, narcotic drug, barbiturate, or marijuana.

25 * Sec. 15. AS 05.25.070 is amended to read:

26 **Sec. 05.25.070. Exemptions.** Boats [WATERCRAFT] and persons operating
27 boats [WATERCRAFT] are exempt from this chapter [, EXCEPT AS 05.25.060(b).]
28 when participating in the area set aside for a public regatta, race, marine parade,
29 tournament, or exhibition on inland water; for purposes of this section, "inland
30 water" means water of the state that is not offshore water [WATERS].

31 * Sec. 16. AS 05.25.070 is repealed and reenacted to read:

1 **Sec. 05.25.070. Exemptions.** Watercraft and persons operating watercraft are
2 exempt from this chapter, except AS 05.25.060(b), when participating in the area set
3 aside for a public regatta, race, marine parade, tournament, or exhibition on inland
4 water.

5 * **Sec. 17.** AS 05.25.080 is repealed and reenacted to read:

6 **Sec. 05.25.080. Enforcement.** A peace officer may enforce this chapter and
7 regulations adopted under this chapter and in the exercise of enforcement may stop
8 and, if the peace officer has probable cause to believe a violation of this chapter has
9 occurred, may board a boat subject to this chapter. A peace officer may issue a
10 citation as provided in AS 12.25.180 to a person who violates a provision of this
11 chapter.

12 * **Sec. 18.** AS 05.25.080 is repealed and reenacted to read:

13 **Sec. 05.25.080. Enforcement.** A peace officer may enforce this chapter and,
14 in the exercise of enforcement, may stop and board watercraft subject to this chapter.

15 * **Sec. 19.** AS 05.25.090 is repealed and reenacted to read:

16 **Sec. 05.25.090. Penalties.** (a) Except as provided in (b) of this section, a
17 person who violates a provision of this chapter or regulations adopted under this
18 chapter is guilty of a class A misdemeanor.

19 (b) A person who violates AS 05.25.010, 05.25.020, 05.25.030(b), 05.25.055,
20 05.25.060(2) or (3), or a regulation adopted under this chapter relating to AS 05.25.010
21 or 05.25.020 is guilty of a violation as defined in AS 11.81.900 and may be fined up
22 to \$500. The supreme court shall establish by order or rule a schedule of bail amounts
23 for violations under this subsection that allow the disposition of a citation without a
24 court appearance.

25 * **Sec. 20.** AS 05.25.090 is repealed and reenacted to read:

26 **Sec. 05.25.090. Penalties.** (a) Except as provided in (b) of this section, a
27 person who violates a provision of this chapter is guilty of a misdemeanor and is
28 punishable by a fine of not more than \$500, or by imprisonment of not more than six
29 months, or by both, for each violation unless that person is convicted of a violation of
30 AS 28.35.030, in which case the sentence shall be in accordance with AS 28.35.030.

31 (b) A person who violates AS 05.25.010(d) or 05.25.020(b) is guilty of a

1 violation, as defined in AS 11.81.900, and may be fined up to \$50.

2 * **Sec. 21.** AS 05.25 is amended by adding new sections to read:

3 **Sec. 05.25.095. Regulations.** (a) Except as provided in (c) - (e) of this
4 section, the department may adopt regulations to implement this chapter, including
5 regulations regarding

6 (1) boat and associated safety equipment requirements, including
7 additional equipment as described in AS 05.25.010;

8 (2) uniform waterway markers;

9 (3) boat operation and safety requirements; and

10 (4) requirements for certification of programs on boating safety
11 education.

12 (b) In consultation with the department, the Department of Administration may
13 adopt regulations to implement this chapter with respect to the numbering, marking,
14 and titling of undocumented boats.

15 (c) Regulations adopted under this chapter may not be less stringent than
16 applicable minimum requirements of regulations governing recreational boat safety of
17 the United States Coast Guard.

18 (d) The department may not adopt a regulation under this section regarding
19 boating safety if, before or during the period for public comment on the proposed
20 regulation provided by AS 44.62.190, the Alaska Boating Safety Advisory Council
21 provides the department with a written objection regarding the regulation, unless the
22 department modifies the proposed regulation to satisfy the objection. The prohibition
23 of this subsection does not apply if modification of the proposed regulation to satisfy
24 the council's objection would result in

25 (1) failure to meet a federal stringency requirement described under (c)
26 of this section; or

27 (2) a regulation that is not consistent with another provision of law.

28 (e) Nothing in this section authorizes the department to prohibit a use of or
29 access to the water of the state by a person or user group.

30 **Sec. 05.25.096. Fees.** (a) The Department of Administration shall assess the
31 following fees:

- 1 (1) motorized boat registration and transfer of registration, \$24;
- 2 (2) nonmotorized boat registration and transfer of registration, \$10;
- 3 (3) replacement of lost registration, \$5;
- 4 (4) replacement of lost registration validation decals, \$5.

5 (b) The Department of Administration shall separately account for fees
6 collected under (a) of this section for boat registration that are deposited in the general
7 fund. The annual estimated balance in that account may be used by the legislature to
8 make appropriations to the department and the Department of Administration to carry
9 out the purposes of this chapter.

10 * Sec. 22. AS 05.25.100 is repealed and reenacted to read:

11 **Sec. 05.25.100. Definitions.** In this chapter, unless the context requires
12 otherwise,

13 (1) "aids to navigation" means buoys, beacons, or other fixed objects
14 in the water that are used to mark obstructions to navigation or to direct navigation
15 through safe channels;

16 (2) "boat" means watercraft used or capable of being used as a means
17 of transportation on water, except for

18 (A) a ship's lifeboat;

19 (B) a seaplane;

20 (C) an inspected passenger vessel; and

21 (D) a single air mattress, single inner tube, or other water toy;

22 (3) "boat dealer" means a person engaged wholly or in part in the
23 business of selling or offering for sale, buying or taking in trade for the purpose of
24 resale, or exchanging, displaying, demonstrating, or offering for sale three or more
25 boats within 12 consecutive months and who receives or expects to receive money,
26 profit, or any other thing of value;

27 (4) "certificate of number" means the document bearing the
28 identification number issued to a boat by the Department of Administration under this
29 chapter, by a federal agency, or by the state of principal use under a federally
30 approved numbering system;

31 (5) "commissioner" means the commissioner of public safety;

1 (6) "department" means the Department of Public Safety;

2 (7) "operate" means to navigate or to be in actual physical control of
3 a boat used or capable of being used as a means of transportation on water of the state;

4 (8) "owner" means a person who has a property interest other than a
5 security interest in a boat and the right of use or possession of the boat; "owner" does
6 not include a lessee unless the lease is intended as security;

7 (9) "ownership" means a property interest other than a security interest;

8 (10) "passenger" means a person on board a boat who is not the master,
9 operator, crew member, or other person engaged in a capacity in the business of the
10 boat;

11 (11) "regulatory marker" means an anchored or fixed marker in or on
12 the water, or sign on the shore or on a bridge over the water, other than aids to
13 navigation; "regulatory marker" includes swimming markers, bathing markers, speed
14 zone markers, identification markers, danger zone markers, boat keep out areas, special
15 anchorage areas, and mooring buoys;

16 (12) "serviceable condition" as applied to personal flotation devices
17 means

18 (A) metal or plastic hardware is not broken, deformed, or
19 weakened by corrosion;

20 (B) webbings or straps are not ripped, torn, or separated from
21 an attachment point;

22 (C) there are no rotted or deteriorated structural components that
23 fail when tugged;

24 (D) there are no rips, tears, or open seams in fabric or coatings
25 that are large enough to allow the loss of buoyant material;

26 (E) buoyant material has not become hardened, nonresilient,
27 permanently compressed, waterlogged, or oil-soaked, and does not show
28 evidence of fungus or mildew;

29 (F) there is no loss of buoyant material or evidence of buoyant
30 material that is not securely held in position;

31 (G) there is a properly armed inflation mechanism, complete

- 1 with a full inflation medium cartridge and all status indicators showing that the
2 inflation mechanism is properly armed, unless the PFD is worn inflated;
- 3 (H) inflatable chambers are all capable of holding air;
- 4 (I) oral inflation tubes are not blocked, detached, or broken;
- 5 (J) the manual inflation lanyard or lever is not inaccessible,
6 broken, or missing;
- 7 (K) inflator status indicators are not broken or otherwise non-
8 functional;

9 (13) "undocumented boat" means a boat that does not possess a valid
10 certificate of documentation issued by the United States Coast Guard under 46 U.S.C.
11 12101 - 12123;

12 (14) "validation decal" means a decal that has the state of registration
13 and registration expiration year clearly marked;

14 (15) "water of the state" has the meaning given in the term "navigable
15 water" in AS 38.05.965; "water of the state" also includes the marginal sea adjacent
16 to the state and the high seas within the territorial limits of the state, irrespective of
17 the ownership of the land underlying those waters.

18 * Sec. 23. AS 05.25.100 is repealed and reenacted to read:

19 **Sec. 05.25.100. Definitions.** In this chapter, unless the context otherwise
20 requires,

21 (1) "department" means the Department of Public Safety;

22 (2) "operate" means to navigate or otherwise use a watercraft for
23 recreational purposes as opposed to business, subsistence, or commercial purposes;

24 (3) "watercraft" means every description of vessel, other than a
25 seaplane on the water, used or capable of being used as a means of transportation on
26 water and devoted to recreational pursuits unless otherwise expressly provided in this
27 chapter; and excepting vessels having a valid marine document issued by the United
28 States or foreign governments;

29 (4) "water of the state" means all water, fresh or salt, inland or coastal,
30 within the territorial limits or under the jurisdiction of the state.

31 * Sec. 24. AS 09.25.120(a) is amended by adding a new paragraph to read:

1 (9) reports submitted under AS 05.25.030 concerning certain collisions,
2 accidents, or other casualties involving boats.

3 * Sec. 25. AS 12.25.190(c) is amended to read:

4 (c) The person cited for the crime shall give a written promise to appear in
5 court by signing at least one copy of the written citation prepared by the peace officer,
6 and the officer shall deliver a copy of the citation to the person. The written promise
7 requirement of this subsection does not apply to boating citations for which a bail
8 schedule has been established under AS 05.25.090(b), motor vehicle and traffic
9 citations for which a bail or fine schedule has been established under AS 28.05.151,
10 fish and game citations for which a bail schedule has been established under
11 AS 16.05.165, citations issued under AS 04.21.065, citations issued under
12 AS 18.35.341, citations issued in state park and recreational facilities under
13 AS 41.21.960, or littering citations issued under AS 46.06.080.

14 * Sec. 26. AS 12.25.190(c) is repealed and reenacted to read:

15 (c) The person cited for the crime shall give a written promise to appear in
16 court by signing at least one copy of the written citation prepared by the peace officer,
17 and the officer shall deliver a copy of the citation to the person. The written promise
18 requirement of this subsection does not apply to motor vehicle and traffic citations for
19 which a bail or fine schedule has been established under AS 28.05.151, fish and game
20 citations for which a bail schedule has been established under AS 16.05.165, citations
21 issued under AS 04.21.065, citations issued under AS 18.35.341, citations issued in
22 state park and recreational facilities under AS 41.21.960, or littering citations issued
23 under AS 46.06.080.

24 * Sec. 27. AS 05.25.052, 05.25.053, 05.25.055, 05.25.057, 05.25.095, 05.25.096, and
25 AS 09.25.120(a)(9) are repealed.

26 * Sec. 28. The uncodified law of the State of Alaska is amended by adding a new section
27 to read:

28 TRANSITION: REGULATIONS. The Department of Public Safety and Department
29 of Administration may immediately proceed to adopt regulations to implement their respective
30 provisions of this Act. The regulations take effect under AS 44.62 (Administrative Procedure
31 Act), but not before the effective date of secs. 1, 2, 4, 6, 8, 10, 12, 13, 15, 17, 19, 21, 22, 24,

1 ~~AND 25 OF THIS ACT.~~

2 * Sec. 29. Section 28 of this Act takes effect immediately under AS 01.10.070(c).

3 * Sec. 30. Sections 1, 2, 4, 6, 8, 10, 12, 13, 15, 17, 19, 21, 22, 24, and 25 of this Act take
4 effect the day after the United States Coast Guard provides written notice to the commissioner
5 of public safety that the statewide boating regulation and safety program created by this Act
6 has been approved. The commissioner of public safety shall immediately notify the revisor
7 of statutes if the commissioner receives notice from the United States Coast Guard as
8 described in this section.

9 * Sec. 31. Sections 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27 of this Act take effect 90
10 days after the date the chair of the Alaska Legislative Council notifies the revisor of statutes
11 that in the previous state fiscal year the state did not receive and does not anticipate receiving
12 federal funding for a statewide boating and safety education program. The director of the
13 division of legislative finance shall notify the chair of the Alaska Legislative Council when
14 the state, in the previous fiscal year, did not receive federal funding for a statewide boating
15 and safety program. The chair of the Alaska Legislative Council may not give the notice
16 described in this section unless the notice is approved by a vote of a majority of the members
17 of the Alaska Legislative Council.