

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 80/2

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disputed, without forcing parties to proceed together to a full hearing on the merits.

Section 60 creates two new statutory provisions, AS 23.30.112, relating to the additional qualifications and authority of administrative law judges beyond those in AS 44.64, created by HCS CSSB 203(FIN), and AS 23.30.113, relating to hearings before administrative law judges. This amendment provides that administrative law judges employed by the office of administrative hearings will hear claims and petitions. The amendment provides that administrative law judges must be licensed to practice law in Alaska and have three years of experience in workers' compensation or a similar field of practice. This amendment sets standards for performance of their duties. Authority previously granted to the board is transferred to administrative law judges: to issue subpoenas and request enforcement of their subpoenas by the superior court, require reports of treatment, and arrange hearings to preserve testimony in other states. The new provision AS 23.30.113 transfers to hearings by administrative law judges certain provisions regarding standards for hearings previously conducted by the board. A new provision makes specific which portions of the Alaska Administrative Procedure Act apply to hearings. New provisions set standards for impartiality, performance of duties and disqualification from a hearing, incorporating by reference AS 44.64.070. Another new provision prohibits *ex parte* communications with the administrative law judge. Finally, this amendment transfers from the board to the administrative law judge the requirement that the hearing be recorded and be public.

Section 61 amends AS 23.30.115 relating to witness fees and subpoenas to appear as a witness. This section removes references to proceedings before the board and substitutes hearings before an administrative law judge or the commission. This section substitutes the word "hearing" for "proceeding" because witnesses (as distinct from parties) are not required by subpoena to appear at other forms of proceedings before the commission or an administrative law judge. A new provision is added to allow the commission clerk to issue subpoenas for hearings, depositions, and production of records, and to direct the superior court to enforce the subpoenas at the request of the commission as provided in AS 44.62.590.

Section 62 amends AS 23.30.120(b) to remove a reference to the board and transfer to an administrative law judge the authority to excuse failure to give notice. This amendment conforms to Section 54 above. There is no change to the substance of AS 23.30.120, which contains the presumption that "a claim comes within the provisions" of the workers' compensation act.

Section 63 repeals and reenacts AS 23.30.122, relating to determinations of the credibility of witnesses. The former statute provided that the board had the

Section by Section Analysis
Proposed Workers' Compensation Reform Bill

sole power to determine credibility of witnesses and that the board's findings concerning the weight of a witnesses testimony, including medical testimony and (unsworn) reports were conclusive. The amendment transfers to the administrative law judge only the sole power to determine the credibility of a witness who appears before the administrative law judge in hearing. Section 66 includes provisions transferring to the commission the authority to make conclusive findings concerning the weight of evidence. A new provision is added to require specific findings when credibility is disputed.

Section 64 creates a new statutory provision, AS 23.30.124, which clarifies the process and time for reconsideration of a compensation order (administrative law judge's decision) and limits the delay of finality of a compensation order by limiting the time for reconsideration. Reconsideration may be ordered upon the administrative law judge's own motion or on petition of a party filed within 15 days of mailing of the compensation order. The administrative law judge's power to order reconsideration expires 30 days after the compensation order. If the administrative law judge does not file an order of reconsideration within 30 days of the date the compensation order was mailed, any pending petition for reconsideration is denied. However, if an administrative law judge issues an order of reconsideration, then the compensation order which is being reconsidered is stayed until the decision on reconsideration is filed by the administrative law judge. The administrative law judge must file his or her decision on reconsideration within 30 days of when the order for reconsideration was filed. This amendment also provides that reconsideration is made on the record and any additional argument allowed by the administrative law judge.

Section 65 repeals and reenacts AS 23.30.125 relating to review of compensation orders. It replaces superior court review of board decisions with commission review of compensation orders (administrative law judge decisions). The amendment sets a date on which compensation orders are final unless review is undertaken. It makes explicit that the commission has the power to review administrative law judge decisions and orders, and that orders may not be suspended, reconsidered or set aside except through the commission process. This amendment also creates a provision for stays of orders pending appeal. It requires a party seeking a stay to produce evidence of irreparable damage. If a party seeks a stay of continuing periodic compensation payments, the party seeking the stay must demonstrate that the appeal is likely to be decided adversely to the compensation recipient. The commission may allow a hearing on the stay on three days notice to the parties and director.

Section 66 creates four new statutory provisions relating to commission review of director decisions, commission procedure on appeal, commission authority to review and judicial review of commission proceedings. The first, AS

Section by Section Analysis
Proposed Workers' Compensation Reform Bill

23.30.126, establishes commission review of director decisions that affect a right, privilege, benefit or duty under the act. It describes the method of undertaking review and allows 30 days for a director decision to be appealed to the commission. This provision also establishes the same standard for obtaining a stay of appeal of a director decision as of a compensation order; the party seeking a stay must demonstrate irreparable damage.

The second new statute, AS 23.30.127, establishes the basic procedure for appeal to the commission. This provision allows the director to intervene in an appeal. If a party does not have legal representation and the order appealed concerns an unsettled question of law, the director may file an appeal to obtain a ruling. This provision sets a 30-day period for appeal of a compensation order or a director decision. It describes the documents that must be filed with the commission to initiate an appeal and a cross-appeal. It authorizes the commission to charge a fee up to \$100 for filing appeals and cross appeals, but exempts the state and political subdivisions of the state from the filing fee. It authorizes the commission to require an appellant to pay costs of preparing a transcript and preparing the record on appeal. Cross appellants and intervenors may be required to share in the costs. This provision grants the commission general authority to make rules and orders for the prompt fair and just disposition of appeals and authorizes the commission to require written briefs.

The third new statutory provision in Section 66, AS 23.30.128, establishes the commission's authority to review and act on appeals. The commission hears appeals in panels of three members, the chair and one citizen member representing employees and one citizen member representing employers. The panel decision is the decision of the commission. The commission may review de novo all exercises of discretion, factual findings, and legal conclusions below, except that an administrative law judge's findings regarding the credibility of a witness who appeared in the hearing is binding on the commission. Any other finding, including the weight given expert evidence, may be set aside by the commission. If not set aside, the administrative law judge's findings are conclusive. This statute provides that the commission review will be on the record, except that briefs and argument shall be allowed. The exception is that the commission may receive evidence in applications for a stay of a decision below (see section 65 above), attorney fees and costs of appeal, waiver of fees for indigent appellants, and dismissal of appeals for failure to prosecute or settlement. This provision also gives the commission wide discretion to act on appeal. The commission may expedite appeals. It may affirm, reverse or modify a decision; remand matters it determines were improperly or insufficiently developed, or remand for further action without relinquishing jurisdiction. The commission members who

heard an appeal must decide whether to grant reconsideration. The commission may reconsider its decisions on specific grounds listed in subsection (f): misapplication or failure to apply directly controlling law; overlooking or misconceiving a material fact; misunderstanding a material question in the case presented on appeal; or, applying law that has subsequently changed. AS 44.62 does not apply to proceedings of the commission. This provision balances shorter time for appeal and reconsideration (30 days) with sufficient time for collegial consideration of the merits of the appeal before a commission decision (90 days). This provision sets out clearly when a decision of the commission is final, to avoid confusion as to dates of finality.

The fourth new statutory provision exempts the commission from the grant of superior court jurisdiction over judicial appeals of administrative agency decisions contained in AS 44.62.590 and states that commission orders may not be otherwise appealed to the superior court. The purpose of this provision is to eliminate appeal to the superior court, and to provide that decisions of the commission may be appealed directly to the Supreme Court. This provision withdraws workers' compensation appeals from the jurisdiction of the superior court, which the legislature may do by law. See, Art. IV, Sec. 1 of the Alaska Constitution, see also AS 22.10.020(d). It does not encroach on the judicial power reserved to the courts under Art. IV, Sec. 15, because incidental effects of substantive change do not trigger Art. IV, Sec. 15 requirements. See, *Wienegardner v. Greater Anchorage Borough Bd. Of Equalization*, 534 P.2d 541, 547 n. 18 (Alaska 1975). This provision does not affect the right to seek declaratory judgment in superior court on matters affecting workers' compensation law, as, for example, to declare a regulation invalid or to require coverage under an insurance contract. This provision also establishes the standard of review for commission findings of the weight to be accorded witness testimony and commission findings of fact, which must be supported by substantial evidence in light of the whole record.

Section 67 amends AS 23.30.130 to remove references to the board, transfer the authority of the board to modify decisions to an administrative law judge, conform the statute language to modern usage, and to add the director to those who may petition for modification of a compensation order. This provision also limits modification based on mistake of fact to mistake of material fact. This provision does not limit the type of fact that may be the subject of mistake, but does require that the mistake be one that is important to the outcome.

Section 68 amends AS 23.30.135 regarding investigation proceedings before the division to remove references to the board, transfer the authority of the board to make investigations under the act, take testimony and hold hearings to the director, give the director power to issue subpoenas and examine records relating to the

investigation and requires the superior court to enforce the director's subpoenas.

Section 69 amends AS 23.30.140 to remove reference to the board and transfer the authority of the board to require appointment of a guardian to receive compensation to the director.

Sections 70 amends AS 23.30.145(a) to remove references to the board, transfer the authority of the board to award attorney fees to an administrative law judge, and conform the language of the statute to modern usage.

Sections 71 amends AS 23.30.145(b) to remove references to the board, transfer from the board to an administrative law judge the authority to award costs and attorney fees and conform the language of the statute to modern usage.

Section 72 amends AS 23.30.155(a) to remove a reference to the board and transfer the authority to prescribe forms from the board to the director.

Section 73 amends AS 23.30.155(b) to remove a reference to the board and transfer from the board to an administrative law judge the authority to vary periodic payments from the biweekly standard.

Section 74 amends AS 23.30.155(c) to remove references to the board, transfer the authority of the board to prescribe forms to the director, and replace the board with the division as the agency receiving notices and filings of compensation reports. The language of the statute is also conformed to modern usage.

Section 75 amends AS 23.30.155(d) to remove references to the board and replaces the board with the division as the agency where controversion notices are filed. The amendment also conforms language to modern usage.

Section 76 amends AS 23.30.155(e) to remove a reference to the board and transfer the authority to excuse nonpayment of compensation from the board to an administrative law judge.

Section 77 amends AS 23.30.155(f) removes a reference to stay of payment on appeal issued by a court and substitutes a reference to stay of payment by order of the commission. This conforms to the provisions of Section 65 above.

Section 78 amends AS 23.30.155(h) to remove references to the board, transfer the authority to initiate investigations, order independent medical examinations, and take other action to protect the parties' rights from the board to the director. The provision also gives the director the authority to file petitions in disputed matters for a hearing before an administrative law judge. The provision also conforms the language of the statute to modern usage.

Section 79 amends AS 23.30.155(i) to remove references to the board and transfer the authority to require the employer to make deposits with the Department of Revenue to secure payment of compensation from the board to the director.

Section by Section Analysis
Proposed Workers' Compensation Reform Bill

- Section 80** amends AS 23.30.155(j) to remove a references to the board and transfer the authority to approve offset of overpayments exceeding 20% of periodic compensation payments from the board to an administrative law judge.
- Section 81** amends AS 23.30.155(k) to remove reference to the board and transfer the authority to inspect receipts from the board to the director.
- Section 82** amends AS 23.30.155(m) to remove references to the board. This provision transfers to the director the authority of the board to prescribe forms; the authority of the commissioner to review the timeliness of insurer and adjuster annual reports; and the authority of the commissioner to give notice of penalties. This provision also replaces the board with the division for the agency receiving annual reports.
- Section 83** amends AS 23.30.155(o) to remove references to the board. It transfers the obligation to notify the division of insurance of frivolous or unfair controversion determinations from the board to the director, and the authority to make such determinations from the board to an administrative law judge.
- Section 84** amends AS 23.30.170(a) to remove references to the board, modernize the language of the statute and conform it to other usage in the act, replace the board with the division as the recipient agency for petition filings, transfer the authority to make investigation from the board to the director, and transfer authority to make supplementary orders to an administrative law judge.
- Section 85** amends AS 23.30.170(b) to remove references to the board, transfer the authority to declare awards in default from the board to an administrative law judge, and transfer authority to request collection of defaulted payments by the attorney general from the commissioner to the director. The provision also makes a technical amendment, replacing applicant with petitioner to conform to current usage.
- Section 86** amends AS 23.30.175(a) to remove references to the board and transfer the authority to determine spendable weekly wages, order adjustment of compensation rates, and direct deduction of prior payments from unpaid compensation from the board to an administrative law judge.
- Section 87** creates a new statutory provision, AS 23.30.175(b)(5), which caps compensation paid to non-resident recipients at the compensation rate the recipient would receive if residing in Alaska. The effect of the amendment is to allow compensation rates paid to a non-resident to decrease by cost of living adjustments for the recipient's area of residence, but not to allow the compensation rate to rise higher than the Alaska rate if the cost of living is higher in the recipient's area of residence.

Section by Section Analysis
Proposed Workers' Compensation Reform Bill

- Section 88** amends AS 23.30.175(c) to remove a reference to the board and transfer the authority to provide cost of living comparisons from the board to the department.
- Section 89** amends AS 23.30.180 to remove a reference to the board and transfer the authority to determine inflation adjustments and reductions of permanent total compensation for prior payment of permanent partial disability compensation from the board to an administrative law judge. This amendment also conforms the language of the statute to modern usage.
- Section 90** amends AS 23.30.190(b) to remove a reference to the board and transfer the authority to adopt a schedule for injuries that cannot be rated by use of the American Medical Association Guides from the board to the department.
- Section 91** amends AS 23.30.190(d) to remove references to the board, transfer from the board to the director the requirement to hold open hearings on the adoption date for new editions of the American Medical Association Guides and the authority to select and publish a date that new editions will be used for impairment ratings.
- Section 92** amends AS 23.30.200(b) to remove a reference to the board and transfer the authority to fix wage-earning capacity from the board to an administrative law judge.
- Section 93** amends AS 23.30.205(e) to replace the commissioner with the director for receipt of notice of award or adjudication respecting the second injury fund.
- Section 94** amends AS 23.30.205(f) to replace the commissioner with the director as the recipient of notice of possible claim against the second injury fund.
- Section 95** amends AS 23.30.215(d) to remove references to the board, transfer the authority of the board to an administrative law judge to commute payments of future compensation to persons residing outside the United States or Canada, and conform the language of the statute to modern usage. This amendment also adds the director and employer to the persons who may petition for commutation.
- Section 96** amends AS 23.30.220(a) to remove references to the board, transfer the authority to determine matters relating to gross weekly earnings from the board to an administrative law judge and conforms the language of the statute to modern usage.
- Section 97** amends AS 23.30.240 to transfer the authority to approve executive officer waivers of coverage from the commissioner to the director.
- Section 98** creates a new section relating to fraudulent acts or false or misleading statements in workers' compensation. Provisions for civil reimbursement for benefits obtained through fraudulent acts or false or misleading statements

formerly in AS 23.30.250(b), are moved to this section, and the standard of proof of fraudulent acts or false or misleading statements is clarified. The form of the statute conforms to modern usage. This section also provides civil immunity for a person who furnishes information regarding fraud in good faith to law enforcement officials, the division, the division of insurance in the Department of Commerce, Community and Economic Development, or an insurer or risk manager of a self-insured employer. The immunity is not extended to those whose liability is the result of reckless, willful or intentional misconduct. In addition, an insurer, adjuster or risk manager is required to report information about suspected fraud to the director, and is immune from civil liability for making such a report. The provision grants the director authority to investigate reports of fraud, and, if the director finds credible evidence of fraud, to refer the facts to a prosecutor and to the affected insurer. If the fraud was perpetrated against the division, the director may seek an order of forfeiture against the person, precluding the person from future benefits. The director's investigations are made confidential, unless a court directs public inspection. The director is given power to obtain information outside the state, through other state's officials, and to cooperate with officials outside the state. Definitions are provided of "fraudulent acts", which include actions by persons other than an employee.

Section 99 amends AS 23.30.250, relating to criminal penalties for fraudulent acts or false or misleading statements. The section is reserved to the criminal statute, incorporating former AS 23.30.250(a), and civil restitution is moved to a new section. (See Section 98, above.) A new subsection (b) incorporates definitions to assist the prosecution of fraud under this section.

Section 100 amends AS 23.30.260 to remove a reference to the board, transfer the power to approve fees for representation to an administrative law judge and commission, clarifies that the statute refers to representation or advice with respect to a claim, and conforms the language of the statute to modern usage.

Section 101 amends AS 23.30.260 to add a new subsection (b) that provides that an attorney may charge up to \$300 for one-time only consultation with a claimant. This provision gives statutory authority for a regulation that presently exists allowing such fees.

Section 102 amends AS 23.30.395(28) to remove a reference to the board and replaces the board with the division as the agency which is furnished proof of financial ability to make direct payments.

Section 103 amends AS 23.30.395 to add new subsections defining the commission, director, division and administrative law judge. The administrative law judge is "employed or retained by the office of administrative hearings (AS 44.64.010)".

Section by Section Analysis
Proposed Workers' Compensation Reform Bill

- Section 104** amends AS 39.25.110 to include the chair of the commission in the exempt service.
- Section 105** amends AS 39.25.120(c)(14) to remove a reference to the board and substitute the division as the employer of the rehabilitation administrator.
- Section 106** amends AS 39.50.200(b)(31) to remove a reference to the board and substitute the commission.
- Section 107** amends AS 44.62.330(a)(15) to remove a reference to the board and to substitute the division and director. This provision also modernizes the reference to the act by substituting the statute citation.
- Section 108** amends AS 44.64.020(a) to add a provision that exempts the commission from the authority of the chief administrative law judge to devise hearing procedures.
- Section 109** includes the workers' compensation act (AS 23.30) in the list of subject jurisdiction of the office of administrative hearings.
- Section 110** establishes the rate of pay of administrative law judges within the office of administrative hearings who do workers' compensation hearings and other proceedings under AS 23.30 at Range 24.
- Section 111** repeals AS 21.39.155(c), relating to the assigned risk pool.
- Section 112** repeals AS 23.30.395(3), defining the board.
- Section 113** creates a new provision of uncodified law that provides that the cap on rates paid to out of state claimants shall apply only to injuries occurring after the effective date of the provision establishing the cap.
- Section 114** creates a new provision of uncodified law that establishes a transition period during which the director of insurance will name members of the board of governors of the Alaska Insurance Guaranty Association to serve staggered initial terms, sets dates of expiration of the current board of governors and permits a member of the current board of governors to continue to serve until a successor is appointed.
- Section 115** creates a new provision of uncodified law that establishes a transition period during which matters pending before the board may be completed, setting an expiration date for the terms of members of the board, and providing for continuation of effect notwithstanding a transfer of function from the board to the commission or director. This provision also continues in force all regulations, orders, decisions, or certificates issued by the board until revoked, modified or vacated under the provisions of this bill; continues in effect all contracts, rights, liabilities or obligations; and transfers the property of the board or other state agencies to implement the provisions of this bill.

Section by Section Analysis
Proposed Workers' Compensation Reform Bill

Section 116 creates a new provision of uncodified law setting the initial terms of the commission to achieve staggered terms as provided in AS 39.05.055.

Section 117 creates a new provision of uncodified law permitting the director to lend staff temporarily to the commission for a period of six months after the effective date of the provision creating the commission.

Section 118 creates a new provision of uncodified law providing for general transition authority, the continuance of litigation, investigations, and other proceedings notwithstanding a transfer or amendment provided above. Certificates, decisions, and orders remain in effect and contract, rights and liabilities created by law remain in effect notwithstanding the passage of this act, and records, appropriations, and other property is transferred with the functions of the affected agency, so as to implement this act.

Section 119 creates a new provision of uncodified law permitting the director of insurance in the Department of Community and Economic Development and Department of Labor and Workforce Development to proceed to adopt necessary regulations to implement this bill, but not before the effective date of the bill.

Section 120 creates a new provision of uncodified law establishing that those sections transferring authority to or establishing authority, duties, qualifications, or otherwise affecting administrative law judges and the commission is conditioned upon enactment of HCS CSSB 203(FIN), passed by the Twenty-Third Alaska State Legislature.

Section 121 provides an immediate effective date for Section 119(a), relating to the power of Department of Labor and Workforce development and the Department of Commerce, Community and Economic Development to develop regulations to implement this act.

Section 122 provides an effective date of September 1, 2004 for all the provisions relating to the division of insurance reforms.

Section 123 provides all Sections remaining, relating to reorganization and reform of the workers' compensation system an effective date of July 1, 2005.

AMENDMENT

Quota Share Insolvency to AIGA

AS 21.09.095 is amended by adding a new subsection to read:

(c) To the extent the obligations of an insurer described in (b) of this section as a joint and several reinsurer of the Alaska workers' compensation assigned risk pool exceed the amount of the insurer's deposit under this section, the obligations shall be considered a covered claim for the purposes of AS 21.80.010 – 21.80.190 (Alaska Insurance Guaranty Association Act).

AS 21.80.060(a) is amended to read:

(a) The association

(1) is obligated to pay covered claims existing before the order of liquidation and arising within 30 days after the order of liquidation, or before the policy expiration date if less than 30 days after the order of liquidation, or before the insured replaces the policy or causes its cancellation if the insured does so within 30 days after the order of liquidation, but this obligation includes only that amount of each covered claim that is less than \$500,000, except that a covered claim for return of unearned premium may not exceed \$10,000 for each policy, and except that the association shall pay the full amount of any covered claim arising out of a workers' compensation policy and any covered claim arising under (8) of this subsection and AS 21.80.180(6)(C); the association is not obligated

(A) to a policyholder or claimant in an amount in excess of the obligation of the insolvent insurer under the policy from which the claim arises; or

(B) to pay a claim filed with the association after the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer;

(2) is considered the insurer to the extent of its obligation on the covered claims and to that extent has all rights, duties, and obligations of the insolvent insurer as if the insurer had not become insolvent;

(3) shall allocate claims paid and expenses incurred among the three accounts separately, and assess member insurers separately for each account amounts necessary to pay the obligation of the association under (1) of this subsection subsequent to an insolvency, the expenses of handling covered claims subsequent to an insolvency, and other expenses authorized by this chapter; under this paragraph,

(A) the assessments of each member insurer must initially be based on a uniform percentage, as determined by the association, of the net direct written premiums of each member

insurer for the last year for which annual statements have been filed on the kinds of insurance in the account; this initial assessment shall be adjusted by applying the same uniform percentage as initially used to each member insurer's net direct written premiums for the calendar year following the year in which the initial assessment was issued; any difference between the initial assessment amount and the adjusted assessment amount allocated to a member insurer shall be levied against or credited back to the member insurer, as appropriate, by the association; the association shall calculate and issue all appropriate levies and credits as soon as practical after all member insurers have filed their annual statements for the calendar year following the year in which the initial assessment was issued;

(B) on an annual basis, the association shall determine if funding is required for any of the three accounts; based on this determination, the association shall, during November of each year, issue initial assessments as may be necessary to cover the projected reasonable costs of claims and expenses to administer the association for the following year; the association shall use the services of an independent actuary to assist the association to evaluate and make the projection; an initial assessment may be made at any other time if the association determines funding is necessary, except that a member insurer may not be assessed initial assessments on any account in an amount greater than two percent of the member insurer's net direct written premiums for the applicable calendar year;

(C) the association may pay claims in any order that it determines reasonable, including the payment of claims as they are received from claimants or in groups or categories of claims; however, if the maximum assessment, together with the other assets of the association in any account, does not provide in any one year in any account an amount sufficient to make all necessary payments from that account, the funds available shall be prorated, and the unpaid portion shall be paid as soon thereafter as funds become available;

(D) the association may defer, in whole or in part, an assessment of any member insurer if the assessment would endanger the ability of the member insurer to fulfill the insurer's contractual obligations or cause the member insurer's financial statement to reflect amounts of capital or surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in which the member insurer is authorized to transact insurance; however, during the period of deferment, the member insurer may not pay dividends to shareholders or policyholders; a deferred assessment may only be paid when the payment does not reduce capital or surplus below minimums required by law; a

member insurer who pays a larger assessment as a result of a deferment given to another member insurer shall receive a refund when the deferment ends or, at the election of the member insurer, receive a credit against future assessments;

(E) each member insurer may set off against an assessment authorized payments made on covered claims and expenses incurred in the payment of these claims by the member insurer if they are chargeable to the account for which the assessment is made;

(4) shall investigate claims brought against the association, adjust, compromise, settle, and pay covered claims to the extent of the association's obligation, and deny all other claims, and may review settlements, releases, and judgments to which the insolvent insurer or its insureds were parties to determine the extent to which settlements, releases, and judgments may be properly contested;

(5) may, subject to AS 21.89.100, appoint, substitute, or direct legal counsel retained under an insurance policy for the defense of a covered claim;

(6) shall handle claims through its employees or through one or more insurers or other persons designated as servicing facilities; a servicing facility shall operate and maintain its principal office in this state unless the use of a servicing facility located outside of the state would result in operating cost savings of at least 10 percent and would not result in material delay in claim payments; designation of a servicing facility is subject to the approval of the director, but designation may be declined by a member insurer;

(7) shall reimburse each servicing facility for obligations of the association paid by the facility and for expenses incurred by the facility while handling claims on behalf of the association and shall pay the other expenses of the association authorized by this chapter;

(8) shall pay the quota share reinsurance obligations of an insolvent workers' compensation insurer that have been reallocated to other insurers as joint and several reinsurers of the Alaska workers' compensation assigned risk pool established under AS 21.39.155 if an order of liquidation against the insurer was made on or after June 1, 2004, and the obligations are in excess of the amount of any existing special deposit required under AS 21.09.095; the quota share reinsurance obligations described in this paragraph shall be paid whenever the workers' compensation account has sufficient funds in a calendar year to first pay all other covered claims and obligations of the association projected for the workers' compensation account for that calendar year; if there are not sufficient amounts to make full payment of a covered claim under this paragraph in any calendar year, then any funds that are available in the workers' compensation account shall be prorated, and the unpaid amount shall be paid in subsequent calendar years; before receiving payment under this paragraph, a joint and several quota share

reinsurer shall have increased its deposit under AS 21.09.095 by an amount equal to the covered claim payments.

AS 21.80.180(6) is amended to read:

(6) "covered claim" means an unpaid claim, including one of unearned premiums, that arises out of and is within the coverage and not in excess of the applicable limits of an insurance policy issued by an insurer to which this chapter applies if the insurer becomes an insolvent insurer and (A) the claimant or insured is a resident of this state at the time of the insured event, [or] (B) the claim is a first party claim for damage to property that is permanently located in this state, or (C) the claim is a quota share reinsurance obligation of an insolvent workers' compensation insurer that has been reallocated to other insurers as joint and several reinsurers of the workers' compensation assigned risk pool if the order of liquidation against the insolvent insurer was made after May 31, 2004, and the obligations are in excess of the amount of any existing special deposit required under AS 21.09.095; "covered claim" does not include an amount awarded for punitive or exemplary damages, an amount sought as a return of premium under a retroactive rating plan, or, except as provided in AS 21.80.060(a)(8), an amount due a reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise;

By:

AMENDMENT

OFFERED IN THE SENATE

TO: ^HSB 1002

Page 4, Line 17, after "AS 21.09.090(e)" insert:

"and AS 21.09.095,"

AS 21.39.155(d) is amended to read:

"(d) Rates for the workers' compensation assigned risk pool shall be established and maintained at a level that will ensure, to the greatest extent practicable, that the workers' compensation assigned risk pool will operate on a self-funding financial basis. For purposes of this subsection, "operate on a self-funding financial basis" means that the workers' compensation assigned risk pool shall charge rates based upon a combination of voluntary loss costs, administrative expenses, servicing carrier allowances, catastrophe and other reinsurance expenses, contingencies, and all other factors in AS 21.39.030 ~~that are approved by the director~~, so as to be self-funding during any consecutive three-year period, on a moving average basis."

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Alaska Chapter

June 21, 2004

Representative Pete Kott
State Capitol - Room 208
Juneau, AK 99801-1182

Dear Representative Kott,

ABC of Alaska represents 155 member companies employing over 6,000 individuals throughout the state. Our members regularly deal with the Workers' Compensation system and they have found that, as structured, the system encourages long delays in returning to work or in settling claims, regularly fails to investigate fraudulent claims, and provides no consistent set of rulings that may be relied upon for evaluating liabilities. In short, this is a system that is inefficient, expensive, and one in which the business community has lost all confidence. With premiums regularly increasing (an average of 21% this year) the system slows economic growth and investment and impacts businesses' ability to provide jobs.

ABC of Alaska's Legislative Review Committee strongly recommends and requests your support for HB 1002, an act which will go a long way toward providing consistency and predictability in Workers' Compensation; a first step in system overhaul and something all Alaskans deserve. With rising insurance costs across the board, it is critical that the legislature pass this bill and affect meaningful change to the Workers' Compensation system in Alaska.

Specifically, this legislation will:

- Accelerate the appeals timeframe, reducing costs and administrative burden on individuals and business.
- Provide specific enforcement and fraud investigation authority in a single office, ensuring better protection under the law for both employers dealing with fraudulent claims and workers employed by uninsured employers.
- Increase predictability and consistency in the interpretation and application of the law through appeals review by a single entity rather than a series of hearing panels and judges.

Please support HB 1002 to ensure Alaskan workers and Alaskan businesses receive fair and timely hearings with a comprehensive review and appeals procedure in place.

Sincerely,

D. Eden Larson
President & CEO

cc: Members of the House

HJR

32

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: HJR032-CS-FSH-EC-EH-02-04-04

Bill Version: CSHJR 32 (FSH)

() Publish Date: _____

Revision Date/Time (Note if correction): _____

Title Labeling fish and fishery food products

Dept. Affected: Environmental Conservation

RDU Environmental Health

Component Food Safety and Sanitation

Sponsor Rep Kerttula

Requester (H) Fisheries, Labor and Commerce

Component No. 2343

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This Fisheries Committee Substitute Resolution will have no known fiscal impact upon the department.

Prepared by: Kristin Ryan, Director

Division: Environmental Health

Approved by: Kurt Fredriksson, Deputy Commissioner

Agency: Department of Environmental Conservation

Phone: (907) 269-7644

Date/Time: 2/4/04 12:00 AM

Date: 2/4/04 12:00 AM

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Alaska Marine Conservation Council

P.O. Box 101145 Anchorage, Alaska 99510
Phone: (907) 277-5357 • Fax: (907) 277-5975
amcc@akmarine.org • www.akmarine.org

February 4, 2004

The Honorable Beth Kerttula
Alaska House of Representatives
State Capitol, Room 430
Juneau, Alaska 99801-1182

Dear Representative Kerttula,

Thank you for introducing House Joint Resolution 32 (HJR 32), relating to the labeling of fish and fishery products. The Alaska Marine Conservation Council wholeheartedly supports this legislation that supports the timely federal implementation of labeling fish products as wild or farmed and with the country of origin.

Alaska Marine Conservation Council (AMCC) is a community-based organization working to protect marine habitat and to support clean, community-based fishing opportunities. As such, we are committed to providing accurate and scientifically based information to individuals and communities on the impact of fish farming on wild stocks, on the health and environment of our marine ecosystem and on the economies of Alaska's coastal communities. Further, AMCC supports habitat conservation for wild fish and promotes the marketing and consumption of Alaska's wild fish as opposed to farmed fish.

We believe that accurate information and labeling is an essential part of the consumer's right to know what they are purchasing. A labeling program, such as HJR 32 supports, is one important step in maintaining a vibrant and critical fishing industry. Provided with information on the many health and environmental benefits of our wild fisheries, we believe the consumer will make the choice to purchase "wild" and to support the Alaska's fishermen and the economies of Alaska's coastal communities.

Again, our deepest appreciation for your continued support of Alaska's fishing communities and for your efforts to provide accurate information to the consumer.

Sincerely,

Dorothy Childers
Executive Director



Alaska Trollers Association

130 Seward St., No. 211
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

February 6, 2004

Representative Hugh Fate, Chair
House Resources
Alaska State Legislature
Juneau, AK 99801

RE: HJR 32

Dear Representative Fate and Committee Members:

The Alaska Trollers Association (ATA) supports HJR 32, which seeks to label seafood products for specific purposes.

ATA strongly supports the labeling of seafood products to distinguish between wild and farmed fish, to identify the country of origin, to inform consumers that chemical additives have been used, or the product has been genetically modified (GM) and/or GM products have been used in its production.

Over the last few years many issues have come to light resulting in questions for consumers regarding wholesomeness and the environmental and social consequences of farmed fish production. Many folks are beginning to make the distinction between farmed and wild.

We believe consumers deserve information about where their food comes from and how it's produced. Labeling laws are being developed around the country and here in Alaska to serve this purpose. From there it is the buyers choice what to purchase, we just believe they deserve that choice.

Thanks so much for your ongoing support of Alaska's seafood industry. Please let me know if I can assist the committee in any way.

Best Regards,

Dale Kelley
Executive Director



Representative Beth Kerttula

Alaska State Legislature, District 3
State Capitol • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax (907) 465-4748
E-mail: Representative_Beth_Kerttula@legis.state.ak.us • <http://www.kerttula.net>

Sponsor Statement

HJR 32

"Relating to the labeling of fish and fishery food products"

As Alaskans, we know that wild fish is superior to farmed fish, both in taste and nutritional value. We also know that farmed fish poses serious health risks because of the manner in which they are raised. Other Americans have recently become more aware of this. However, it can be difficult to tell whether the fish you are buying in a grocery store is farm raised or wild caught. Clearly labeling fish would provide consumers with the information they need to make healthy choices when buying fish in the marketplace. House Joint Resolution 32 supports efforts to clearly label fish as wild or farmed and include a country of origin. Thank you for your consideration.



UNITED FISHERMEN OF ALASKA

January 30, 2004

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Beth Kerttula
Alaska State Legislature
State Capitol (Mail stop 3100)
Juneau, AK 99801-1182

Dear Representative Kerttula,

United Fishermen of Alaska supports HJR 32 regarding the labeling of salmon as wild and farmed, and as to country of origin. UFA has long supported the country of origin labeling of seafood in all product forms, and we also recognize the importance of differentiating Alaska's salmon as "wild" in consideration of the recent study referred to in HJR 32. In illustration I offer my experience:

This summer (2003) I noticed that the Juneau Fred Meyer supermarket had intermixed cans of Bumble Bee from Alaska with very similar cans labeled "Product of Thailand" in fine print (1/16th inch tall). The label said "FOR INQUIRIES CONCERNING PRODUCT INCLUDE NUMBER SHOWN ON CAN END / VISIT US AT www.bumblebee.com" (see attached label photocopies). In response to my inquiry I found that this second can was Russian salmon, canned in Mexico. I have no idea how Thailand is involved and suspect in this regard it is mislabeled. As a consumer I have a high opinion of Alaska salmon based on our environmental and quality standards and management for sustainable fisheries. I have far less confidence in the related standards in today's Russia.

I am sorry to report that this supermarket now only has the "Product of Thailand" Bumble Bee 6 oz. cans on their shelf. As a consumer I need to clearly know where my salmon comes from, and whether it is of farmed or wild origin. In light of the recent study and current economic hardship facing Alaska's salmon fishermen, it is essential that consumers nationwide be made aware of the product they are buying through adequate labeling.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HJR 32 and thank you for your attention to this matter.

Sincerely,

Mark D. Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Dragners Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association
Seafood Producers Cooperative • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Catcher Boats • United Salmon Association • United Southeast Alaska Gillnetters • Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen



0 866783 7

Premium Quality

BUMBLE BEE
SKINLESS & BONELESS
PINK SALMON
CHUNK STYLE • IN WATER



U

INGREDIENTS: PINK SALMON, WATER, SALT, SODIUM TRIPOLYPHOSPHATE.

Write for free recipes or visit us at www.bumblebee.com

DISTRIBUTED BY:
BUMBLE BEE SEAFOODS
SAN DIEGO, CA 92186
AN INTERNATIONAL HOME FOODS COMPANY

PRODUCT OF ALASKA, U.S.A.

NET WT 6 OZ (170g)

Nutrition Facts

Serving Size 2 oz. drained
(56g/about 1/4 cup)
Servings about 2.5

Calories 70
Fat Cal. 20

* Percent Daily Values (DV) are based on a 2,000 calorie diet.

Amount/Serving	%DV*	Amount/Serving	%DV*
Total Fat 2g	3%	Total Carb. 0g	0%
Sat. Fat 0g	0%	Dietary Fiber 0g	0%
Cholest. 40mg	13%	Sugar 0g	0%
Sodium 220mg	9%	Protein 14g	25%

Vitamin A 0% • Vitamin C 0% • Calcium 0% • Iron 2%

Alaska

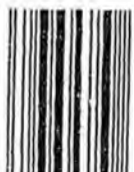
Salmon, showed shelf

space, then later

displaced (summer 2003 -

present) by

Russian, canned in Mexico



0 866983 5

Premium Quality

BUMBLE BEE
SKINLESS & BONELESS
CHUNK STYLE PINK SALMON IN WATER



NET WT 6 OZ (170g)

Premium Quality

BUMBLE BEE
SKINLESS & BONELESS
CHUNK STYLE PINK SALMON IN WATER

SCISSOR

Nutrition Facts

Serv. Size 2oz drained
(56g - about 1/4 cup)
Servings about 2.5
Calories 50
Fat Cal. 10

* Percent Daily Values (DV) are based on a 2,000 calorie diet.

Amount/Serving	%DV*	Amount/Serving	%DV*
Total Fat 1.0g	2%	Total Carb. 0g	0%
Sat Fat 0g	0%	Fiber 0g	0%
Cholest. 20mg	7%	Sugars 0g	0%
Sodium 150mg	8%	Protein 11g	25%

Vitamin A 0% • Vitamin C 0% • Calcium 0% • Iron 0%

INGREDIENTS: PINK SALMON, WATER, SALT
CONTAINS: FISH
DISTRIBUTED BY:
ConAgra
Foods
SAN DIEGO, CA 92186
A PRODUCT OF TRAWLERS
FOR MORE INFO CONTACT
PRODUCT INCLUDES WEIGHT
SHEETS OF EACH END
VISIT US AT
www.bumblebee.com

Fred Meyer Supermarket - Juneau
Mark Vini
UFA



United Southeast Alaska Gillnetters

P.O. Box 23378, Ketchikan, AK 99901 Phone & Fax (907) 247-2471 Email: usag@gci.net

January 28, 2004

The Honorable Beth Kerttula
Alaska House of Representatives
State Capitol, Room 430
Juneau, AK 99801-1182

Send Via Fax To: 465-4748

Dear Representative Kerttula:

The United Southeast Alaska Gillnetters Association (USAG) represents about 150 small business owners who catch salmon by drift gillnetting in Southeast Alaska and market salmon throughout the United States. Many of our members participate in other fisheries such as crab, shrimp, longline, and dive fisheries.

USAG has consistently supported the federal Country of Origin Labeling legislation and we strongly support HJR 32 which asks for the implementation of this program. We believe the American consumer needs to know what they are being offered on the grocery store shelves and where it comes from. We also believe that when the consumer has this information, they will choose Alaska wild salmon as the highest quality product available instead of farmed salmon from other countries. This program is one of the best ways we can differentiate our Alaska wild salmon, and other home grown U.S. products in general, in our domestic market place as well as helping to protect our export markets. We believe the requirement to accurately label salmon products is a vital step in helping to restore our wild salmon industry.

Representative Kerttula, USAG appreciates your development and introduction of this resolution and supports you and your co-sponsors efforts to assure accurate labeling for the American consumer.

Yours truly,

Kenneth Duckett
Executive Director

cc: Representative Seaton
Chair, House Fisheries Committee Fax 465-3472



Cordova District Fishermen United

P.O. Box 939
Cordova, Alaska 99574
(907) 424-3447 FAX (907) 424-3430

JANUARY 27, 2004,

REPRESENTATIVE BETH KERTTULA
STATE CAPITOL RM 430
JUNEAU, AK 99801-1182

RE: HJR 32

DEAR REPRESENTATIVE KERTTULA: CO-SPONSORS.

CORDOVA DISTRICT FISHERMEN UNITED (C.D. F. U.),
REPRESENTING THE FISHING FLEET OF AREA E, IS WRITING IN SUPPORT OF
HJR 32, ALSO KNOWN AS THE C.O.O.L. RESOLUTION.

THIS RESOLUTION WILL PROVIDE CONSUMERS WITH INFORMATION TO
MAKE INFORMED CHOICES WHEN BUYING SALMON OR PRODUCTS
CONTAINING SALMON. IT IS THE FISHING INDUSTRY'S BELIEF THAT, GIVEN A
CHOICE, CONSUMERS WILL CHOOSE NATURALLY HEALTHY WILD SALMON
OVER FARMED PRODUCT. THIS WILL BENEFIT NOT ONLY THE ALASKA
FISHERMEN BUT ALSO THE CONSUMER WHO CAN BE CONFIDENT THAT THEY
ARE FEEDING THEMSELVES AND THEIR FAMILIES THE BEST AVAILABLE
PROTEIN ON THE MARKET.

C.D.F.U. THANKS YOU FOR YOUR TIME AND ATTENTION ON HJR 32.

WITH REGARDS,

PAGE HERRING
EXECUTIVE DIRECTOR
CORDOVA DISTRICT FISHERMEN UNITED

CC:
DAHLSTROM, GUTTENBERG, LYNN, CISSNA, CHENAULT, SEATON, KAPSNER, KOTT, HEINZE,
MCGUIRE, MEYER, CROFT, GRUENBERG, KOOKESH



February 2, 2004

Representative Beth Kerttula
State Capitol
Juneau, AK 99801

Re: Support for HJR 32

Dear Representative Kerttula:

I would like to add the support of the Prince William Sound Aquaculture Corporation (PWSAC) to HJR 32 that relates to the labeling of salmon and salmon food products as to their place of origin.

As the largest non-profit salmon ocean ranching organization in our state, PWSAC encourages any effort which will help consumers identify the superior product caught in our Alaskan waters. The recent study referenced to in your resolution only supports what we have suspected all along-farmed salmon is not good for the consumer and doesn't compare with the health benefits of our wild Alaska salmon.

Alaska has been very successful in achieving the goal of enhancing our wild salmon fisheries. Our wild stocks are healthy and abundant. It is our hope that as consumers become educated on the possible health risks associated with farmed salmon, sales of wild Alaskan salmon will increase in the domestic and foreign markets. The attempt by our congressional delegation to require labeling as to the place of origin on salmon products will greatly help in this effort.

Thank you for introducing HCR 32, and please contact me if you require any further assistance from PWSAC or myself.

Sincerely,


Dave Reggiani
General Manager

PRINCE WILLIAM SOUND AQUACULTURE CORPORATION
Corporate Office • P. O. Box 1110, Cordova, AK 99574
Office: 907/424-7511 • Fax: 907/424-7514
Website: www.ctcak.net/~pwsac • Email: pwsac@ctcak.net



175 SOUTH FRANKLIN STREET, SUITE 418 JUNEAU, ALASKA 99801 907.586.4050 WWW.OCEANA.ORG

January 30, 2004

The Honorable Beth Kerttula
Alaska State Legislature
State Capitol, Room 430
Juneau, AK 99801-1182

Dear Representative Kerttula:

Thank you for introducing House Joint Resolution 32 (HJR32), a resolution relating to the labeling of salmon and salmon food products. Oceana, a global non-profit organization dedicated to protecting and restoring the health of the world's oceans, strongly supports this resolution.

We believe that consumers have a right to know the source of the seafood they are considering purchasing. In particular, and in light of the recent article in *Science* showing that farmed salmon carry a heavier toxic burden than wild caught fish, and other recent findings on contaminants in fish, we strongly back the provisions of the resolution that support mandatory labeling of salmon food products as wild or farmed and with the place of origin.

Alaska's salmon fisheries are crucial to our economy and to a sustainable existence. Labeling wild Alaska salmon is a win-win situation all around. It is good for the health of American consumers in that it allows them to make informed choices about their seafood selections. It is good for Alaska and will help us maintain a strong market for the vibrant fisheries that are so important to our livelihoods and economy. Additionally, it is good for the environment. It is well documented that salmon farms are a source of pollution and allow for foreign invasive Atlantic salmon to escape into Pacific waters. There is no substitute for healthy wild Alaska salmon.

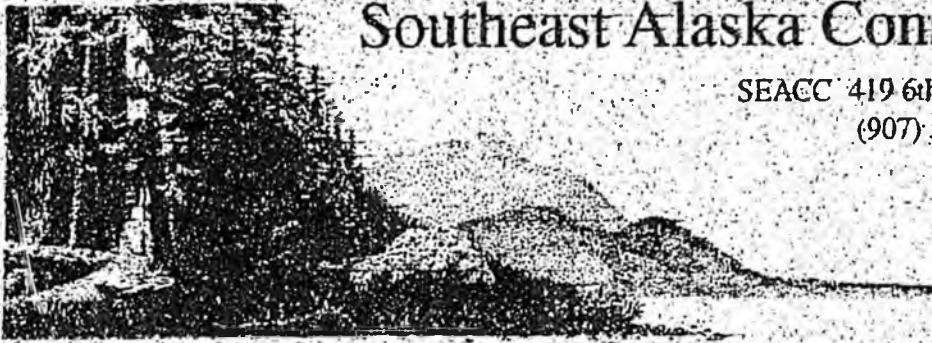
Oceana fully supports HJR 32. This resolution supports the long-term viability of our critically important salmon fisheries. Thank you for supporting Alaska's fishermen and environment.

Sincerely,

Jim Ayers
Director, Pacific Region



CHLORINE BLEACH FREE



Southeast Alaska Conservation Council

SEACC 419 6th Street, Suite 200, Juneau, AK 99801
(907) 586-6942 phone • (907) 463-3312 fax
www.seacc.org • info@seacc.org

January 28, 2004

Representative Beth Kertula
State Capitol, Room 430
Juneau, AK 99801-1182

Sent by fax to: 907-463-4748

Re: House Joint Resolution No. 32, Relating to the labeling of salmon and salmon food products

Dear Representative Kertula:

The Southeast Alaska Conservation Council (SEACC) wholeheartedly backs House Joint Resolution 32 as introduced on January 20, 2004, which supports efforts to require labeling salmon as wild or farmed and identifying its country of origin.

Founded in 1970, SEACC is a grassroots coalition of 18 volunteer, non-profit conservation groups made up of local citizens in 14 Southeast Alaska communities that stretch from Ketchikan to Yakutat. SEACC's individual members include commercial fishermen, Alaskan Natives, small timber operators, hunters and guides, and Alaskans from all walks of life. SEACC is dedicated to preserving the integrity of Southeast Alaska's unsurpassed natural environment while providing for balanced, sustainable uses of our region's resources.

Wild Alaska salmon has long been key to the health and vitality of Alaska's economy and its residents. Ninety percent of the wild salmon caught in the United States is harvested in Alaskan waters. Alaska's salmon fishing industry does not include fish farms, but is composed entirely of fishermen, processors, and business owners who depend on wild-caught salmon. By purchasing wild salmon, consumers support small, locally-owned businesses over large fish farming operations, many of which are located in Europe and South America.

Alaska's wild salmon fishery is one of just six fisheries worldwide—and the only one in the United States—to be certified "sustainable" by the international Marine Stewardship Council. Thanks to responsible management programs and efforts to maintain healthy salmon spawning and rearing streams, Alaska is recognized around the world as the leader in sustaining vigorous runs of wild salmon. Alaska fishermen and their organizations have long been defenders of fish habitat and advocates for sound fishery

ALASKA SOCIETY OF AMERICAN FOREST DWELLERS, Fair Bank • ALASKANS FOR JUNEAU • CHELAGOF CONSERVATION COUNCIL, Tenakee
CUSTOMARY & TRADITIONAL GATHERING COUNCIL OF KAKE • FRIENDS OF BERNERS BAY, Juneau • FRIENDS OF GLACIER BAY, Gustavus • JUNEAU AUDUBON SOCIETY
JUNEAU GROUP SIERRA CLUB • LOWER CHATHAM CONSERVATION SOCIETY, Port Alexander • LYNN CANAL CONSERVATION, Haines • NARROWS CONSERVATION
COALITION, Petersburg • LISIANSKI INLET RESOURCE COUNCIL, Petersburg • PRINCE OF WALES CONSERVATION LEAGUE, Craig • SITKA CONSERVATION SOCIETY
TONGASS CONSERVATION SOCIETY, Ketchikan • TAKU CONSERVATION SOCIETY, Juneau • WRANGELL RESOURCE COUNCIL • YAKUTAT RESOURCE CONSERVATION COUNCIL

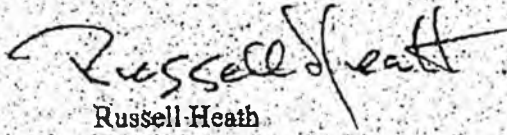
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management. Their commitment to protect the resource upon which they rely has helped to ensure magnificent landscape and wildlife values in the Tongass and Chugach National Forests. By contrast, fish farms abroad and in the Lower 48 have been associated with severe pollution and may put local fish populations at risk. By purchasing wild salmon, consumers join Alaskan fishermen in advocating for a healthy ecosystem.

Wild Alaska salmon has a variety of health benefits, whereas farmed fish food additives, the high levels of contaminants, including PCBs, found in farmed salmon, and the push for genetic modification cause concern for many who buy and eat seafood. By purchasing wild Alaska salmon, consumers make the healthy choice.

Consumers have the right to know what is in the salmon that they buy, where it comes from, and what economic, social, and environmental values it supports. Labeling salmon as wild or farmed and identifying its country of origin are necessary first steps in empowering Americans to make informed, healthy decisions about the seafood they eat.

Sincerely,

A handwritten signature in cursive script that reads "Russell Heath". The signature is written in dark ink and is positioned above the printed name and title.

Russell Heath
Executive Director

HJR

34

23-LS1408S
Utermohle
2/3/04

CS FOR HOUSE JOINT RESOLUTION NO. 34()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES OGG BY REQUEST OF THE JOINT LEGISLATIVE SALMON
INDUSTRY TASK FORCE, Wilson

A RESOLUTION

1 Requesting the United States Department of Agriculture and the United States
2 Department of Labor to extend Trade Adjustment Assistance benefits to Alaska salmon
3 fishermen; requesting the United States Congress and the United States Department of
4 Agriculture to extend additional disaster and price support benefits to Alaska salmon
5 fishermen; and requesting the United States Department of Commerce to establish a
6 Trade Adjustment Assistance program specific to commercial salmon fishermen.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the United States Department of Labor Trade Adjustment Assistance
9 program provides job search, relocation assistance, and retraining benefits for qualified
10 worker groups; and

11 WHEREAS the United States Department of Agriculture Trade Adjustment
12 Assistance program provides eligibility for qualified persons to receive retraining benefits
13 through the United States Department of Labor Trade Adjustment Assistance program; and

14 WHEREAS Alaska salmon fishermen are currently required to show a net decline in

1 fishing earnings from 2001 to 2002 in order to be eligible for the United States Department of
2 Agriculture Trade Adjustment Assistance program; and

3 **WHEREAS** many Alaska salmon fishermen experienced reduced fishing earnings in
4 2001 due to the decline in the price of all five Alaska salmon species as the result of increased
5 imports of foreign salmon, price-related work stoppages, and closures of processor markets
6 and thus were not able to participate in the United States Department of Agriculture Trade
7 Adjustment Assistance program because they could not demonstrate a net decline in fishing
8 earnings from 2001 to 2002; and

9 **WHEREAS** many Alaska salmon fishermen did not fish at all in 2002 because they
10 had been informed by fish processors and buyers to whom they had traditionally sold their
11 catch that the fish processors and buyers would not purchase salmon during 2002 and thus
12 these fishermen were not eligible for commodity-based United States Department of
13 Agriculture Trade Adjustment Assistance price adjustment payments or for United States
14 Department of Labor Trade Adjustment Assistance program retraining benefits; and

15 **WHEREAS** alternative job opportunities are uncommon in many of the rural areas
16 where Alaska salmon fishermen live;

17 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the United
18 States Department of Agriculture to extend price adjustment benefits under the Trade
19 Adjustment Assistance program to Alaska salmon fishermen who fished in five of the six
20 years from 1997 to 2002, inclusive, if the fishermen can certify a loss in income from salmon
21 fishing in any of those years due to import-related price fluctuations or were prevented from
22 fishing for salmon in any of those years due to loss of market caused by import-related price
23 fluctuations; and be it

24 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the
25 United States Department of Labor to extend retraining benefits under the Trade Adjustment
26 Assistance program to Alaska salmon fishermen who fished in five of the six years from 1997
27 to 2002, inclusive, even if the fishermen did not fish the preceding year due to import-related
28 price fluctuations or due to loss of market caused by import-related price fluctuations; and be
29 it

30 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests that
31 the United States Congress and the United States Department of Agriculture extend additional

1 disaster and price support benefits to Alaska salmon fishermen who fished in five of the six
2 years from 1997 to 2002, inclusive, and continued fishing during periods of disaster or market
3 declines by taking the necessary legislative and administrative action to include each species
4 of Alaska salmon as "covered/eligible" commodities for purposes of the Noninsured Crop
5 Disaster Assistance program, Livestock Compensation program, and Loan Deficiency
6 Payment program; and be it

7 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests that
8 the United States Department of Commerce pursue the establishment of a Trade Adjustment
9 Assistance program specific to commercial salmon fishermen.

10 **COPIES** of this resolution shall be sent to the Honorable Ann Veneman, United
11 States Secretary of Agriculture; the Honorable Elaine Chao, United States Secretary of Labor;
12 the Honorable Don Evans, United States Secretary of Commerce; the Honorable Ted Stevens,
13 President Pro Tempore of the U.S. Senate and member of the Alaska delegation in Congress;
14 the Honorable J. Dennis Hastert, Speaker of the U.S. House of Representatives; and to the
15 Honorable Lisa Murkowski, U.S. Senator, and the Honorable Don Young, U.S.
16 Representative, members of the Alaska delegation in Congress.

Below are the CS changes to HJR 34. Rep. Ogg made the changes prior to the fisheries committee hearing on 2/9/04. Please contact Melissa Dover at x3820 if you have any questions.

CS changes to HJR 34:

1. p. 2, lines 17-19 deleted

Explanation: This was a simple drafting error. The coordinating resolved statement was removed previously, but the whereas statement was overlooked.

2. p. 2, line 24 – added “due to import-related price fluctuations,” after the word “years;” added “due to loss of market caused by import-related price fluctuations” after second reference to “years”

Explanation: This change makes the resolution specific to salmon fishermen suffering due to imports, which is the basis of Trade Adjustment Assistance. The previous wording would have left it open to fishermen who suffered income losses due to other factors, such as closures for conservation purposes.

3. p. 2, line 28 – deleted “either had reduced fishing earnings in 2001 or did not fish in 2002,” add – “did not fish the preceding year due to import-related price fluctuations or due to loss of market caused by import-related price fluctuations”

Explanation: This language was confusing and year specific. We changed it to make it applicable to coming years and added the “import-related” clauses referenced in #2.

4. p. 3, line 3 – delete “all,” replace with “each”

Explanation: This was a technical change so that each species can be looked at separately since each have different value.

5. p. 3, line 7-9 deleted

Explanation: Terminal markets are a highly complicated issue. In speaking with Sen. Lisa Murkowski’s office, we decided to take it out since we were asking for something that would be very difficult for them to accomplish

6. p. 3, lines 7-9 - added resolved statement

Explanation: This final resolved statement asks the Secretary of Commerce to consider developing a TAA program specific to commercial fishermen, since the current one was designed primarily for agricultural workers.



Committee Assignments:

Member:

House Special Committee on Fisheries
House Special Committee on Education
House Transportation Committee
House Judiciary Committee

Dan Ogg
Representative

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SPONSOR STATEMENT

House Joint Resolution 34

2/2/04

"A Resolution requesting the United States Department of Labor to extend Trade Adjustment Assistance benefits to Alaska salmon fishermen; requesting the United States Congress and the United States Department of Agriculture to extend additional disaster and price support benefits to Alaska salmon fishermen; and requesting the United States Department of Commerce to establish a Trade Adjustment Assistance program specific to commercial fishermen."

In recent years, Alaska salmon fishermen have seen dramatically reduced prices for their salmon catches due to imported salmon flooding the market. Many salmon fishermen could not fish at all in 2002 or 2003 because the processors who traditionally bought their catch made the decision not to buy salmon because of devastatingly low prices.

The United States Department of Agriculture (USDA) and the United States Department of Labor have Trade Adjustment Assistance (TAA) programs that were designed to help workers whose industries have been hurt by imports. As a result of efforts by Sen. Lisa Murkowski last year, Alaska salmon fishermen were made eligible for these TAA programs. However, the programs were designed primarily for agricultural workers and have proven difficult for fishermen to navigate.

It is undisputed that Alaska salmon fishermen have suffered price declines due to foreign imports. But salmon fishermen may not show a net fishing income decline from one year to the next because they received other income. For instance, in 2002 some fishermen received Exxon payments from the 1989 oil spill, thereby making many of them ineligible for TAA. This resolution urges the federal government to make adjustments to the existing program to accommodate the current petition and to ultimately create a separate program designed to better suit the unique qualities of the commercial fishing industry.

SPONSOR STATEMENT – HJR 34

Page Two

In light of the continuing downturn in the salmon market, many fishermen are eager to learn new skills to make them viable in a competitive job market. As it stands now, however, retraining benefits from the U.S. Dept. of Labor are only available if the fishermen qualify for the USDA TAA price adjustment benefits.

In order to make the TAA programs a better fit for commercial fishermen the resolution makes four specific requests:

- 1) It asks that the USDA give price-adjustment benefits to Alaska salmon fishermen who fished five of six years from 1997 to 2002 and subsequent qualifying years if the fishermen can prove they lost income in any one of those five years due to imports or they lost their market due to imports. This would remove the requirement that fishermen show a net income loss from one year to the next, providing instead for a loss over a period of time.
- 2) It asks that the U.S. Dept. of Labor extend retraining benefits to Alaska salmon fishermen who fished in five of the six years from 1997 to 2002 even if the fishermen did not fish in the preceding year due to impacts from price fluctuations or loss of market.
- 3) It asks that the U.S. Congress and the USDA make Alaska salmon a covered commodity, which makes Alaska salmon fishermen eligible for other disaster and price support benefits.
- 4) It asks that the U.S. Secretary of Commerce pursue the creation of a TAA program specific to commercial fishermen.

Alaska Department of Labor and Workforce Development Trade Adjustment Assistance (TAA)

TAA Reform Act of 2002

- TAA programs are available to assist individuals who have become unemployed as a result of increased imports or shifts in production to other countries.
- The goal is to help laid-off workers return to suitable employment as quickly as possible.
- This is a federal program administered by the U.S. Department of Labor and through state employment security agencies.

Qualifying Requirements

The worker must have been laid off from a certified company during the approved certification dates.

Program Benefits

TAA includes a variety of benefits and reemployment services to help unemployed workers prepare for and obtain suitable employment. Workers are eligible for:

- **Reemployment services:** Reemployment services are available to TAA clients through local One-Stop Job Centers. Services include employment counseling, resume preparation, interviewing skills, etc.
- **Training:** Training opportunities include on-the-job, vocational or technical training and remedial education. TAA pays 100% tuition, books, fees and travel to training. TAA will also pay costs of rent, food and utilities at the training location if the worker is maintaining two separate households. Maximum length of training is 104 weeks or 130 weeks if remedial education is needed.
- **Job Search Allowance:** A job search allowance is payable to cover expenses incurred in seeking employment outside the normal commuting area. A worker may be paid 90 percent of necessary transportation and living expenses (up to a maximum of \$1,250) while searching for such employment.
- **Health Care Tax Credit:** The Trade Act of 2002 created a tax credit of 65% of the cost of a health plan premium for eligible individuals and qualified family members who are enrolled in qualified health plans. Tax credits may be advanced or claimed at the end of year. Eligible individuals include TAA participants receiving weekly TRA benefits, those who are eligible to receive TRA but are still receiving their Unemployment Insurance (UI), and ATAA participants. For information: <http://www.irs.gov>, keyword: HCTC.
- **Relocation Allowance:** When a worker is successful in obtaining employment outside his normal commuting area, the TAA program offers relocation assistance to help them relocate to the new area of employment. A relocation allowance pays 90 percent of the reasonable and necessary expenses of moving the worker and family, household goods and personal belongings to the new location. Additionally, the worker will receive a lump sum payment equal to three times his former average weekly wage (up to a maximum of \$1,250) to help them get settled.
- **Trade Readjustment Allowances (TRA):** TRA is a weekly benefit that begins after Unemployment Insurance (UI) benefits exhaust. To qualify for TRA the worker must have worked at least 26 weeks in the 52-week period prior to his separation date. To be eligible for TRA, the worker must be enrolled in a training program approved no later than the last day of the 16th week after the worker's most recent TAA qualifying separation; or the last day of the 8th week after the U.S. Department of Labor issues the certification, or be on a waiver. The weekly TRA amount is the same as UI, and basic TRA usually lasts 26 weeks after UI is exhausted. Workers approved for training within 210 days of his layoff date or the company's certification date, whichever is later, may receive up to 52 additional weeks of TRA to complete a training program. In no event may an individual receive more than 130 weeks of allowances
- **Alternative Trade Adjustment Assistance (ATAA):** Alternative Trade Adjustment Assistance is available for a worker over the age of 50 who is laid off from a company that has been certified for ATAA. A worker may choose to receive payments of 50 percent of the difference between pre-layoff wage and his reemployment wage. He must be re-employed within 26 weeks of his layoff date in a full-time job that pays less than \$50,000 per year to be eligible. A participant can receive up to \$10,000 as a wage subsidy over a two-year period. Once the participant chooses ATAA, they are ineligible to receive training benefits or TRA weekly benefits.



UNITED FISHERMEN OF ALASKA

February 6, 2004

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Representative Paul Seaton, Chair
Representative Peggy Wilson, Vice Chair
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (Mail stop 3100)
Juneau, AK 99801-1182

Dear Representatives Seaton and Wilson,

United Fishermen of Alaska supports HJR 34 regarding the USDA Trade Adjustment Assistance program. The purpose of the program is to provide assistance to help fishermen and farmers impacted by increased foreign trade, but the details of the program's requirements do not fit the situations of large numbers of fishermen, as many legislators and people in fishing communities are aware of.

HJR 34 will help convey broad support for technical and interpretive changes that if enacted by the USDA and Farm Service Agency, will help provide to salmon fishermen the technical assistance, retraining benefits and price adjustment assistance that we feel are the intended in the program.

We support the work of the Joint Legislative Salmon Industry Task Force in addressing the aspects of the program that have prevented many Alaska fishermen from qualifying although they certainly suffered from increased imports.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HJR 32 and thank you for your attention to this matter.

Sincerely,

Mark D. Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Kola • At-sea Processors Association
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association
Scallop Producers Cooperative • Southeast Alaska Regional Diver Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Catcher Boats • United Salmon Association • United Seiners Association



◀ Return to the FAS Home Page



Trade Adjustment Assistance for Farmers

Fact Sheet
August 2003

...TAA provides technical assistance and cash benefits to eligible producers if an increase in imports has contributed to a decline in price, resulting in a drop in net farm income.

What is trade adjustment assistance?

The Trade Act of 1974, as amended by the Trade Act of 2002, established the Trade Adjustment Assistance (TAA) for Farmers program for fiscal years 2003 – 2007.

Under the program, the U.S. Department of Agriculture (USDA) provides technical assistance and cash benefits to eligible farmers and fishermen if increased imports have contributed importantly to a price decline of at least 20 percent. Technical assistance under the program can provide access to a wide variety of resources from USDA's Cooperative State Research, Education, and Extension Service (CSREES), in partnership with a county Extension service, to assist producers in exploring alternative crops and marketing techniques. The program's goal is to help producers respond proactively to import competition through training, cash benefits, and employment services.

Establishing eligibility for trade adjustment assistance.

Producers must first file a petition with USDA's Foreign Agricultural Service (FAS) to establish eligibility for assistance. Petitions may be filed by a group of three or more producers or an authorized representative. The TAA petition form may be found on the Internet at <http://www.fas.usda.gov/taa/fas0930.pdf>. A copy may also be obtained from a USDA Farm Service Agency county office, or requested by phone at (202) 720-2916 or by writing to USDA, Foreign Agricultural Service, Trade Adjustment Assistance, STOP 1021, 1400 Independence Avenue, SW, Washington, DC 20250-1021, or e-mail at trade.adjustment@fas.usda.gov.

FAS will certify producers' eligibility for adjustment assistance if they can demonstrate that their prices are less than or equal to 80 percent of the national average price during the previous 5 marketing years and that increases in imports of like or competitive products "contributed importantly" to the decline in prices.

Am I eligible for Trade Adjustment Assistance?

You are eligible for TAA benefits once a petition has been certified and if:

- You are an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or qualified fishermen.
- You are a producer of a raw agricultural commodity, including livestock, fish,

and aquaculture products.

You are ineligible if:

- You are a processor of commodities. This excludes: cleaning, grading, coating, sorting, trimming, mixing, conditioning, drying, dehulling, shelling, chilling, cooling, blanching, irradiating, or fumigating.
- Your farm is located outside of the producing area covered by the petition.

APPLYING FOR trade adjustment assistance.

Only producers covered by a certification of eligibility may apply for adjustment assistance. An eligible producer must apply for adjustment assistance within 90 days after the certification date. FSA county offices can help producers prepare and submit their applications.

Eligibility for Technical Assistance.

After submitting an application, producers are immediately eligible to request trade adjustment technical assistance from the Extension service at no cost. The Extension office will provide information regarding the feasibility and desirability of substituting one or more alternative commodities and technical assistance that will improve the competitiveness of the production and marketing of the adversely affected commodity.

Qualifying for Trade Adjustment Assistance Payments.

To qualify for a TAA cash payment, producers must complete Form FSA-229, meet with the county Extension service, and submit all supporting documentation by September 30. If an applicant has already received \$10,000 in TAA benefits or \$65,000 in counter-cyclical payments for the year, reported an increase in net farm or fishing income in the most recent tax year, or has an annual adjusted gross income greater than \$2.5 million, he or she is disqualified from receiving an additional TAA cash payment.

The amount of cash payment will be equal to the quantity produced in the most recent marketing year multiplied by one-half the difference between the average price in the most recent marketing year and 80 percent of the average price for the 5 preceding marketing years.

Where can I obtain further assistance?

Your first stop should be your local FSA county office. You can also contact the Trade Adjustment Assistance Office, Foreign Agricultural Service, at (202) 720-2916 or write to USDA, Foreign Agricultural Service, Trade Adjustment Assistance, STOP 1021, 1400 Independence Avenue, SW, Washington, DC 20250-1021, or e-mail at trade.adjustment@fas.usda.gov.

U.S. DEPARTMENT OF AGRICULTURE TRADE ADJUSTMENT ASSISTANCE FOR FARMERS

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

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PROGRAM ANNOUNCEMENT
United States Department of Agriculture
Foreign Agricultural Service

PR 0248-03

USDA GRANTS ASSISTANCE TO ALASKA SALMON FISHERMEN
UNDER TRADE ADJUSTMENT ASSISTANCE PROGRAM

WASHINGTON, Oct. 22, 2003 -- The U.S. Department of Agriculture's Foreign Agricultural Service announced today that salmon fishermen in Alaska may now apply for benefits under the Trade Adjustment Assistance (TAA) for Farmers program.

Under TAA for Farmers, USDA provides technical assistance and cash benefits to producers if an increase in imports of a like commodity has contributed importantly to a decline in price and a loss of income.

After receiving a petition from the United Fishermen of Alaska, USDA investigated market conditions for Pacific salmon. FAS determined that increased imports of frozen salmon fillets contributed importantly to a decline in the landed prices for whole salmon in Alaska by an average of 34.6 percent during marketing year 2002 (January-December), when compared with the previous 5-year average.

USDA will provide technical assistance at no cost to producers through the University of Alaska's Sea Grant Program. USDA's Farm Service Agency (FSA) will issue payments to eligible fishermen. Based on the weighted average of prices received for five species of Pacific salmon, fishermen may receive 3 cents per pound for the salmon they landed in Alaska during 2002.

USDA is mailing application materials to all fishermen who held licenses to fish for salmon in Alaska in 2002. Fishermen may also obtain the TAA application from <http://forms.sc.egov.usda.gov/eforms/mainervlet>, or from their local Farm Service Agency service center. Applications (FSA-229) must be submitted to the Farm Service Agency by January 20, 2004. Salmon fishermen may call 1-866-872-3320 for more information about program services in Alaska.

After producers submit completed applications, technical assistance and training will begin as soon as possible. Financial payments will not be disbursed until after applications are certified.

For general information about the program, contact Jean-Louis Pajot, coordinator, Trade Adjustment Assistance for Farmers, FAS, USDA, at (202) 720-2916, or by e-mail at trade.adjustment@fas.usda.gov

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UNITED FISHERMEN OF ALASKA

February 16, 2004

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Representative Tom Anderson, Chair
House Committee on Labor and Commerce
Alaska State Legislature
State Capitol (Mail stop 3100)
Juneau, AK 99801-1182

Dear Representatives Anderson,

United Fishermen of Alaska supports HJR 34 regarding the USDA Trade Adjustment Assistance program. The purpose of the program is to provide price adjustment assistance, technical training, and retraining options to help fishermen and farmers impacted by increased foreign trade. All five of Alaska's salmon species qualified as significantly impacted by foreign import increases, but many Alaska fishermen have not qualified due to the details of the program's requirements. We support the work of the Joint Legislative Salmon Industry Task Force in addressing the specifics of the program that have prevented many Alaska fishermen from qualifying for price adjustment or retraining benefits.

HJR 34 will help convey the broad support across the state for technical and interpretive changes in the TAA program that if enacted by the USDA and Farm Service Agency, will help provide to Alaska salmon fishermen the technical assistance, retraining benefits, and price adjustment assistance that we feel are intended in the program.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HJR34 and thank you for your attention to this matter.

Sincerely,

Mark D. Vinsel
Executive Director

CC: Representative Dan Ogg

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Kota • At-sea Processors Association
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association
Seafood Producers Cooperative • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Catcher Boats • United Salmon Association • United Southeast Alaska Gillnetters • Valdez Fisheries Development Association • Western Gull of Alaska Fishermen



807 G Street, Suite 356, Anchorage, AK 99501



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February 14, 2004

Representative Tom Anderson, Chairman
House Labor & Commerce Committee
Alaska State Legislature
Alaska Capitol Building
Juneau, Alaska 99811

Dear Representative Anderson:

The Alaska Municipal League Joint Insurance Association supports the concept of workers' compensation reform as contemplated in HB450. The bill should streamline the hearing and appeal process with little change in benefits available to injured workers.

In Alaska, 2004 will prove to be a difficult year for workers' compensation, as the National Council on Compensation Insurance (NCCI) rates have increased at an average of 21.5%. This, coupled with the increased costs in reinsurance, will likely mean increases in workers' compensation rates for Alaska employers in excess of 25 percent. Higher premiums affect business owners and economic development, as well as our schools, cities and boroughs.

There are a number of reasons for the increases nationally, including medical expense inflation, investment income losses, slow economic growth, and workforce demographics. Controlling these factors is obviously beyond the control of Alaska's State Legislature. What is in your control, however, is dealing with the inefficiencies in our own system.

By changing the system as the Governor has proposed, the hearing and appeal process should be more efficient and decisions should be more predictable and consistent. Injured workers should see speedier resolution of their claims and employers should see reduced costs associated with litigation and better decision-making associated with predictable results.

While only a small percentage of workers' compensation claims are disputed, these controverted claims often result in hideous expenses. Money spent on attorney fees offer no solace to either the injured worker or the employer. Reducing these costs by making the process quicker, while not a complete answer to Alaska's workers' compensation crisis, merits your consideration.

Sincerely,

Kevin Smith
Executive Director

HJR

35

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HJR 35
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
 Title Mad Cow Disease/Country of Origin Lables BRU _____
 Component _____
 Sponsor Rep. Kerttula _____
 Requester House Labor & Commerce Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact.

Prepared by: Rep. Tom Anderson
 Division: House Labor & Commerce Committee
 Approved by: Rep. Tom Anderson
 Agency: House Labor & Commerce Committee

Phone 465-4954
 Date/Time 2/17/04 2:31 PM
 Date 2/17/2004



Representative Beth Kerttula

Alaska State Legislature, District 3
State Capitol • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax (907) 465-4748
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House Joint Resolution 35

Sponsor Statement

"Relating to mad cow disease and country-of-origin labeling for meat products."

National attention has recently been drawn to bovine spongiform encephalopathy, "mad cow disease," because the prions that cause the disease were found in a cow from a farm in Washington state. It was later discovered that cow had been brought to Washington from Canada and had probably contracted the disease from its feed. After the discovery, the U.S. Department of Agriculture took swift steps to contain and prevent the disease. House Joint Resolution 35 supports the USDA's efforts.

Country of origin labeling (COOL) of beef and beef products would help consumers to make intelligent decisions in purchasing meat. Currently, country of origin labeling for beef has been delayed until September 30, 2006 from its original implementation date of September 30, 2004. Because of the recent mad cow scare, COOL should be implemented sooner. House Joint Resolution 35 supports any efforts by the Alaska congressional delegation to ensure more timely country of origin labeling of beef.

Bovine Spongiform Encephalopathy (BSE)

Q & A's

Q: What is the current situation regarding the bovine spongiform encephalopathy (BSE) detection?

A: On the morning of December 25, 2003, the BSE World Reference Laboratory in Weybridge, England, confirmed USDA's December 23 preliminary diagnosis of BSE in a single non-ambulatory dairy cow that had been slaughtered on December 9 at Vern's Moses Lake Meats in Washington State. USDA and Canada worked together to confirm the identification of this cow through DNA testing.

On December 30, 2003, Agriculture Secretary Ann Veneman announced additional safeguards to bolster the U.S. protection systems against BSE and further protect public health. The policies will further strengthen protections against BSE by removing certain animals and specified risk material and tissues from the human food chain; requiring additional process controls for establishments using advanced meat recovery (AMR); holding meat from cattle that have been targeted for BSE surveillance testing until the test has confirmed negative; and prohibiting the air injection stunning of cattle.

The Secretary also announced that USDA will begin immediate implementation of a verifiable system of national animal identification. The development of such a system has been underway for more than a year-and-a-half to achieve uniformity, consistency and efficiency across this national system.

Q: What are the results of USDA's investigation so far?

A: On January 6, 2003, USDA announced that DNA evidence verified, with a high degree of certainty, that the BSE positive cow found in the state of Washington did in fact originate from a dairy farm in Alberta, Canada.

The USDA's Animal and Plant Health Inspection Service (APHIS) and Canadian officials have determined that the index animal was approximately 6-1/2 years old at the time of slaughter. The age of the animal is significant because she would have been born before feed bans were implemented in North America in August 1997. The feed bans prohibit the inclusion of mammalian protein in feed intended for other ruminants to eat. This practice has been identified time and time again as the primary means by which BSE is spread.

The index cow had three calves while in the United States. The first was stillborn. The second, a yearling heifer, is among 129 animals from the index farm being depopulated. The third, a bull calf, was among the group of calves depopulated January 6. The herd the affected animal came from is under a State quarantine in Washington State. Any cattle that die on the farm will be tested for BSE.

Through its traceback investigation, the USDA's Animal and Plant Health Inspection Service (APHIS) has determined the following additional information:

- The Canadian health certificate, dated August 28, 2001, lists 82 ear tag numbers from cattle that were part of herd dispersal in Alberta, Canada. USDA has confirmed that 81 of those 82 animals crossed into the United States in September, 2001. It is believed that one of the 82 remained in Canada. To learn the latest number and locations of animal traced, please check the daily BSE update at <http://www.aphis.usda.gov/lpa/issues/bse/bse.html>
- USDA depopulated the bull calf operation that included the calf born to the cow infected with BSE on January 6. The depopulated herd contained approximately 450 head of cattle. The depopulation effort took place at a slaughter facility that currently is not in use. Animal care veterinarians were on hand at both the farm where the calves were loaded and at the slaughter facility to ensure that the animals were treated in a humane manner. The animals were euthanized according to American Veterinary Medical Association animal euthanasia guidelines. No products from any of the slaughtered animals will enter the human food chain, nor will products be rendered.

Bovine Spongiform Encephalopathy (BSE)

Q: What is BSE?

A: BSE is a degenerative neurological disease caused by an aberrant protein called a prion. It is in the family of diseases—all caused by prions—referred to as transmissible spongiform encephalopathies, or TSEs. TSEs include

scrapie in sheep and goats, chronic wasting disease (CWD) in deer and elk, and Creutzfeldt-Jakob disease, or CJD, in humans. It's important to note that TSEs are not communicable diseases—they do not spread easily like viruses.

Q: How is BSE spread in cattle?

A: There is no scientific evidence that shows BSE can be spread by contact between unrelated adult cattle or from cattle to other species. There is some evidence suggesting maternal transmission may occur at extremely low levels. Cattle can become infected with BSE by eating feed contaminated with the infectious BSE agent. This is why in 1997 the U.S. Food and Drug Administration prohibited the use of most mammalian protein in the manufacture of animal feed intended for cows and other ruminants. For more information on the feed ban, please visit the U.S. Food and Drug Administration's website at www.fda.gov.

Q: What steps is USDA taking in response to the detection?

A: USDA's Food Safety Inspection Service (FSIS) has taken the following actions:

- USDA has banned all non-ambulatory disabled (downer) cattle from the human food chain effective immediately.
- FSIS inspectors will no longer mark cattle targeted for testing under the BSE surveillance program as "inspected and passed" until confirmation is received that the animals have, in fact, tested negative for BSE. This new policy is in the form of an interpretive rule that was published January 8, 2004 in the Federal Register. It is important to note that FSIS inspection program personnel have always — and will continue to — perform ante- and post-mortem inspection of cattle that are slaughtered in the United States. As part of the ante-mortem inspection, FSIS personnel look for signs of disease, including signs of central nervous system impairment. Animals showing signs of systemic disease, including those exhibiting signs of neurological impairment, are condemned and do not enter the food chain. Meat from all condemned animals has never been permitted for use as human food.
- Effective January 8, 2004, USDA enhanced its regulations by declaring as specified risk materials skull, brain, trigeminal ganglia, eyes, vertebral column, spinal cord and dorsal root ganglia of cattle over 30 months of age and the distal ileum of the small intestine of cattle of all ages, thus prohibiting their use in the human food supply. Tonsils from all cattle were already considered inedible and therefore do not enter the food supply. These enhancements are consistent with the actions taken by Canada after the discovery of BSE in May 2003.
- In March 2003, FSIS began a routine regulatory sampling program for beef produced from AMR systems to ensure that spinal cord tissue is not present in beef. In a new interim rule announced December 31, 2003, meat processing establishments have to ensure process control through verification testing to ensure that neither spinal cord nor dorsal root ganglia is present in the product. (For a more detailed description of AMR see below).
- In order to ensure that portions of the brain are not dislocated into tissues of the carcass as a consequence of humanely stunning cattle during the slaughter process, FSIS has issued a regulation to ban the practice of air-injection stunning.
- USDA will prohibit use of mechanically separated meat in human food. Consumers with other food safety questions can call the toll-free USDA Meat and Poultry Hotline at 1-888-MPHotline (674-6854). The hotline is available in English and Spanish and can be reached from 10 a.m. to 4 p.m. (Eastern Time), Monday through Friday. Recorded food safety messages are available 24 hours a day.

Q: What is Advanced Meat Recovery?

A: AMR is an industrial technology that removes muscle tissue from the bone of beef carcasses under high pressure without incorporating bone material when operated properly. AMR products can be labeled as "meat." FSIS has previously had regulations in place that prohibit spinal cord from being included in products labeled as "meat." An FSIS regulation published January 8, 2004, expands that prohibition to include dorsal root ganglia, and clusters of nerve cells connected to the spinal cord along the vertebrae column, in addition to spinal cord tissue. Like the spinal cord, the dorsal root ganglia may also contain BSE infectivity if the animal is infected. In addition, because the vertebral column and skull in cattle 30 months and older will be considered inedible, it cannot be used for AMR.

Testing and Surveillance

Q: Given the Secretary's announcement to prohibit downer cattle from slaughter establishments, what does that mean in terms of USDA's BSE surveillance program?

A: USDA has tested 20,000 animals annually for each of the last 2 years, and approximately 75 percent of these were downers at slaughter. USDA is working with industry to reposition its efforts to collect samples on-farm, at rendering facilities, and at facilities where meat products are harvested for non-edible purposes. USDA is committed—and the industry shares this commitment—to ensuring that a robust surveillance program for BSE.

continues in this country. USDA will be working very closely with the rendering and animal disposal industry and other government agencies in the days and weeks to come to ensure that USDA continues to have access to the population of animals considered to be at highest risk for BSE.

Q: Will USDA be issuing licenses for rapid diagnostic tests for BSE?

A: USDA's Center for Veterinary Biologics, in Ames, Iowa will accept license and permit applications for rapid test kits. Accepting license and permit applications at this time will allow CVB to respond to submissions, test master seeds and serials and inspect facilities should a decision to license need to be made to further protect animal agriculture.

BSE and its effect on U.S. trade

Q: What does the detection of BSE in the United States mean for the country's beef exports?

A: In accordance with international trade agreements, USDA has notified the international animal health governing body, the Office of International Epizootic's (OIE), of the positive BSE detection.

USDA officials will be working to provide U.S. trading partners and international animal health officials with information regarding the steps being taken in response to the detection.

For a current list of countries that have place BSE restrictions on the United States visit the following website:

http://www.aphis.usda.gov/lpa/issues/bse/bse_trade_ban_status.html

BSE and the U.S. Food Supply

Q: What are the risks to the U.S. food supply as a result of this detection?

A: USDA remains confident in the safety of the U.S. food supply. The risk to human health from BSE is extremely low. As is standard practice for downer animals identified prior to slaughter, the animal's brain, spinal cord, and other related products were removed and sent to a rendering facility. These so-called "specified risk materials" present the greatest risk of carrying the BSE agent and have not entered U.S. food supply channels. The scientific community believes that there is no evidence to demonstrate that muscle cuts or whole muscle meats that come from animals infected with BSE are at risk of harboring the causative agent of the disease.

Q: Is there a meat recall associated with the detection?

A: Yes. On December 23, 2003, FSIS issued a Class II recall of approximately 10,410 pounds of raw beef that may have been exposed to tissues containing the infectious agent that causes BSE. FSIS' designation of the recall as Class II was due to the extremely low likelihood that the beef contained the infectious agent that causes BSE. According to scientific evidence, the tissues of highest infectivity are the brain, spinal cord, and distal ileum portion of the small intestine. All were removed from the rest of the carcass at slaughter. Therefore, the meat produced were cuts that would not be expected to be infected or have an adverse public health impact. The recall is being conducted out of an abundance of caution.

- FSIS has conducted an investigation and determined the points of distribution for the entire recalled product.
- All of the primary, secondary and tertiary establishments that may have received product subject to this recall have been contacted by FSIS compliance officers. All have acknowledged being contacted about the recall by their suppliers. All have confirmed securing whatever product they had upon notification of the recall and making their customers aware of the recall as well.
- FSIS will now focus its efforts toward verifying the return and destruction of the recalled products.
- Recall effectiveness checks have determined that product was sent to six states. Those states are Washington, Oregon, California, Nevada, Idaho and Montana. Alaska, Hawaii and Guam did not receive any of the products subject to recall.

Q: What is the significance of a "Class II" designated recall?

A: FSIS' designation of this recall as Class II is due to the extremely low likelihood that the beef being recalled contains the infectious agent that causes BSE.

According to scientific evidence, the tissues of highest infectivity are the brain, spinal cord, and distal ileum, which were removed from the rest of the animal's carcass at slaughter. Therefore, the meat produced would not be expected to be infected or have an adverse public health impact, but are being recalled out of an abundance of caution.

Q: Will the recalled beef be tested to determine if it contains any central nervous system tissue and if it is positive, will it be tested for BSE?

A: No. There is no BSE test for muscle tissue. Tests can only be conducted on brain tissue.

Q: Is there a phone number consumers can call with questions about meat products?

A: Consumers with other food safety questions can phone the toll-free USDA Meat and Poultry Hotline at 1-888-MPHotline. The hotline is available in English and Spanish and can be reached from 10 a.m. to 4 p.m. (Eastern Standard Time), Monday through Friday. Recorded food safety messages are available 24 hours a day.

SB

20

HOUSE LABOR
& COMMERCE

COMMITTEE
PACKET
Index

March 10, 2003

1

CSSB 20(FIN)

*Extend Board of
Marine Pilots*

2

HB 111

*Extend Regulatory
Commission of Alaska*

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 20
(S) Publish Date: 2/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title An Act extending the termination date of the BRU Occupational Licensing (117)
Board of Marine Pilots; and providing for an effective date. Component Occupational Licensing
Sponsor Senator Therriault
Requester Senate Labor and Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	78.5	78.5	78.5	78.5	78.5	
Travel	15.9	15.9	15.9	15.9	15.9	
Contractual	17.0	17.0	17.0	17.0	17.0	
Supplies	0.1	0.1	0.1	0.1	0.1	
Equipment	0.0	0.0	0.0	0.0	0.0	
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	111.5	111.5	111.5	111.5	111.5	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (1156)	111.5	111.5	111.5	111.5	111.5	
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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 1156- Receipt Supported Services	111.5	111.5	111.5	111.5	111.5	
TOTAL	111.5	111.5	111.5	111.5	111.5	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Board of Marine Pilots to June 30, 2007. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2004 Operating Budget request. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144
Division: Occupational Licensing Date/Time 2/5/03 4:18 PM
Approved by: Edgar Blatchford, Commissioner Date 2/5/2003
Agency: Department of Community & Economic Development

Alaska State Legislature

SENATOR
GENE THERRIAULT

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax: (907) 488-4271



Senate

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

Sponsor Statement

Senate Bill 20: "An Act extending the termination date of the Board of Marine Pilots; and providing for an effective date."

Sponsor: Senator Gene Therriault

A handwritten signature in dark ink, appearing to read "Gene T.", written over a horizontal line.

Under AS 08.03.010 (10) the Board of Marine Pilots (BMP) will terminate on June 30, 2003. A report released by the Legislative Budget and Audit Committee recommended that the Legislature extend the board's termination date to June 30, 2007. House Bill 32 does just that.

The regulation and licensing of qualified marine pilots benefit the public's safety and welfare. The steady increase in tourist passenger ships in recent years has made BMP's role increasingly more important. The board provides reasonable assurance that the individuals licensed to pilot passenger and cargo ships in Alaskan waters are qualified to do so.

Alaska State Legislature

SENATOR
GENE THERRIAULT

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Senate

While in session
State Capitol
Juneau, Alaska
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Fax: (907) 465-3884

Request for Hearing

To: Senator Tom Anderson
Chair, House Labor and Commerce

Subject: Senate Bill 20 (Fin)

Sponsor: Senator Gene Therriault 

Date: March 5, 2003

I would like to respectfully request that Senate Bill 20 be scheduled for a hearing before the House Labor and Commerce Committee pending referral.

SB 20 would extend the sunset date for the Board of Marine Pilots from June 30, 2003 to June 30, 2007 as suggested in the Legislative Audit released November 1, 2002. The Senate Finance Committee amended SB 20 to address three issues.

Additional language was added to require that trainees and apprentices seeking a marine pilot license follow the same drug testing requirements that licensed marine pilots receive. The second change clarifies in statute that Canadian commercial vessels engaged in frequent trade between British Columbia and Southeast Alaska are allowed to travel all of the way to Skagway. This codifies current practice. Finally the bill contains an exemption that that would allow Canadian Naval and Coast Guard vessels to travel Alaskan waters without an Alaska Marine Pilot.

I support the CS for SB 20 and respectfully request that you schedule the bill for a hearing next week.



Alaska Division of Legislative Audit

Audit Digest #08-20015-02



* Requires Acrobat Reader 

SUMMARY OF: A Special Report on the Department of Community and Economic Development, Board of Marine Pilots, Sunset Review, November 1, 2002.

PURPOSE OF THE REPORT

In accordance with the intent of Title 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Board of Marine Pilots (BMP). Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the oversight process to determine whether the termination date of the board should be extended. Currently, AS 08.03.010 (c)(10) states that the board will terminate on June 30, 2003, and will have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

The regulation and licensing of qualified marine pilots benefits the public's safety and welfare. The board provides reasonable assurance that the individuals licensed to pilot passenger and cargo ships in Alaska waters are qualified to do so. BMP has continued to put in place requirements that pilots demonstrate continuing professional proficiency. The board has successfully worked with the pilot associations in resolving many of the problems identified in prior sunset audits, and has contributed to improving marine safety in Alaska waters.

The board's administration of the mandatory random drug testing program is not consistent with established regulatory standards, and needs to be improved. Additionally, we suggest the board address issues raised by requiring large, privately-owned pleasure craft have pilots on board.

In our opinion, the Board of Marine Pilots serves a valid public purpose. The termination date for the board should be extended until June 30, 2007.

FINDINGS AND RECOMMENDATIONS

1. The Board of Marine Pilots (BMP) should take action to ensure regional pilot associations administer mandatory random drug testing programs in a manner consistent with established regulatory standards.

Under AS 08.62.040(b)(2), the board is authorized to develop a mandatory drug and alcohol testing program for licensed pilots. The board adopted regulations that delegated the responsibility for administering a mandatory random drug testing program to the local pilot associations. Further, BMP regulations required that local associations administer their programs in accordance with requirements set out in Titles 46 and 49 of the Code of Federal Regulations.

We reviewed the relevant detailed records related to the mandatory random drug testing programs maintained by the local piloting associations. From our review we determined that some of the testing was incomplete, and inconsistent with federal regulatory requirements.

2. The BMP should establish more informative and comprehensive reporting requirements so the Marine Pilot Coordinator (MPC) can confirm that an appropriate number of licensed pilots are consistently being subjected to random testing.

BMP should develop or amend regulations to provide for more specificity regarding what constitutes "participation" in a drug testing program, and that provisions be made for associations to report the pilots selected for testing, the pilots who have completed testing, and the results of all completed tests.

3. The legislature should consider amending current statutes in order to extend mandatory drug and alcohol testing to pilot organization trainees and apprentices.
4. The Board of Marine Pilots should seek statutory authority to allow the board the discretion to grant waivers of pilotage requirements to large pleasure crafts.

Under AS 08.62.180(7), foreign-registered pleasure craft of "*less than 300 gross tons as measured - [as specified in federal regulations]*" are exempted from obtaining a licensed marine pilot. Therefore, privately-owned yachts in excess of 300 gross tons require a marine pilot to navigate specified waters within the State. Effective enforcement of this particular statutory provision has historically been inconsistent, if not impossible.

Reportedly, the number of private foreign-registered yachts that exceed the 300 gross ton limit is steadily increasing. Currently, these large vessels are generally either plying Alaska waters without the required pilot on board, or are being discouraged from coming to the state altogether because of the prohibitive pilotage costs, and the impracticality of maintaining a pilot on board over an extended period of time.

If the board had authority to consider and issue waivers on a case-by-case basis, the board could develop a sense of the demand for high-end pleasure cruising in the state. BMP could tabulate the average size involved with these larger yachts, and if there were perceived abuses, could begin limiting or eliminating waivers altogether on a discretionary basis.

Such action would seem to be preferable to current situation whereby the individuals involved are either flaunting the statute with no effective consequence, or are avoiding Alaska waters due to cost prohibitive pilotage nature of the fees involved.



* Requires Acrobat Reader 

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 95603

Tel: (907) 235-8783
Fax: (907) 235-8119

February 5, 2003

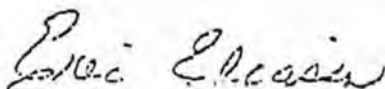
Senator Gene Therriault
Senate President
Alaska State Legislature

Dear Senator Therriault,

I am writing to indicate the support of the Southwest Alaska Pilots Association (SWAPA) for your bill, SB20. We appreciate you introducing this legislation.

Our preference would be for passage of the bill just as you have written it with a simple extension of the Board of Marine Pilots. I have attached an explanation of the history and issues surrounding marine pilotage in Alaska and would ask you to enter it into the record of the bill deliberations. The bottom line is that the compromise which was reached between industry, pilots, the administration and the legislature is working and should not be changed.

Thank you for your leadership on this issue.



Eric Eliassen
President

2003 REAUTHORIZATION OF ALASKA'S BOARD OF MARINE PILOTS

The State of Alaska requires the use of marine pilots with extensive local knowledge in Alaskan waters for foreign vessels, oil tankers and non tanker vessels above a certain size. The goals of this requirement are twofold: 1) protect Alaskan waters and shorelines from oil spills and 2) facilitate waterborne commerce in Alaska's coastal communities.

Marine pilots are required to form associations to provide for the dispatch of pilots and to coordinate the training of new pilots to make sure that they maintain proficiency in their regions. There are three regions in Alaska roughly covering Southeast Alaska, Southcentral Alaska out to Kodiak, and Western Alaska all the way up to the North Slope. Pilots may have their licenses removed by the Board if they are found to be not competent.

Relations between Pilots and industry were contentious in the past and this caused an instability that was unacceptable to the State of Alaska. Because of this fact in 1995 under the leadership of Senator Drue Pearce, an historic compromise was reached on the organization of marine pilotage in Alaska which has worked well over the past ten years.

Alaska's marine pilots are asking this upcoming Alaska Legislature to reauthorize the Board for another 5 years and to maintain the fair balance of forces contained in current law. The elements of this balance are:

- 1) Marine Pilots file a tariff with the Board of Marine Pilots however in most cases, they negotiate special bulk rates with shipping and tourism companies.
- 2) If the shipping industry believes a proposed tariff is too high, they can appeal the increase to the board and have the tariff overturned. In the vast majority of cases, the parties reach a negotiated agreement, but in several appeals to the Board, the shipping industry has been successful in having the tariff overturned, in which case the parties return to negotiations.
- 3) This semi-regulated rate setting is justified because in no case can pilots go on strike and negatively impact Alaska's economy.
- 4) The shipping interests pushed for the provisions in the law which allow for the formation of competing associations within the regions which affords the shipping industry the possibility of seeking competitive bids for services. Since this legislation passed, two groups existed and were later united in Western Alaska, and in Southeast two groups existed to provide competition until this year when they were united.
- 5) Pilots must have extensive knowledge of their regions and pilots cannot transfer between regions until they are fully trained in the specific requirements for operating safely for a specific region.

This arrangement has served Alaska well over the past ten years and we encourage the Legislature to reauthorize the Board and to maintain the fair balance between commercial interests and the protection of Alaska's coastline.

Contact: Paul Fuhs 907-351-0407



March 10, 2003

Representative Tom Anderson, Chairman
Committee Members
House Labor and Commerce Committee
State Capitol
Juneau, AK 99801-1182

RE: Private yachts in Alaska and marine pilot statutes/SB 20

Dear Representative:

I recently began a small business that works with owners and managers of large pleasure yachts who desire to cruise in Alaska, although I've worked in the yacht industry for the past 8 years. I book and coordinate trips and provide services to guests and crew while in port. I would like to bring to your attention a situation that I understand may have been caused inadvertently when Alaska's marine pilotage statutes were last revised in 1995. It has, however, the potential to significantly impact the economy of several communities in Alaska.

At that time, language was included in the Alaska Marine Pilotage Act (in SB 130), which mandated employment of state licensed marine pilots on all foreign flagged pleasure craft larger than 300 gross tons. At the same time, all American flagged pleasure craft of every size were exempted from pilotage laws. (Washington State currently exempts yachts under 200' and 500 tons, and Canada allows applications for waivers on an individual basis.) In 1995, visits to Alaskan ports by large yachts were not a common occurrence, and no one could have foreseen the rapid expansion in this lucrative segment of the boating community. Prior to 1995, pilots were not required on any non-commercial pleasure craft.

After conversations with a variety of people involved with the legislation, it has become clear that the 300 gross ton exemption was somewhat arbitrarily selected to address a particular vessel traveling in Alaska that summer. Eight years later, this tonnage level has become unworkable considering the present trend in pleasure craft. There are 507 yachts of over 80' currently under construction worldwide. Although a significant number of these vessels are being constructed in US shipyards, owners may prefer to flag (register) these pleasure craft in other countries for any number of reasons, including the rise in anti-American sentiment in many areas of the world. Approximately 90% of these yachts are registered under the British flag and have a British or American master.

The economic impact of this unenforceable state mandate to the port communities in Alaska is substantial. Because of the current law, a number of yacht owners and brokers are choosing other areas of the Pacific Northwest for cruising opportunities. Although Alaska is the premier yachting destination, many in the yachting community choose not to pay the cost of hiring a marine pilot (\$1400.00-\$3000.00 per day out of Ketchikan) and contending with the inconvenience of including an extra, unfamiliar, crewperson aboard for an extended cruise of many weeks. It is estimated that these yachts spend an additional 30% over the cost of these cruises to pay for food, beverages, dockage, and fuel in ports during their visits. This does not include the amount additionally spent on personal shopping, in restaurants, or on local tours by family, guests and crew.

Alaska Yacht Services And Provisioning

P.O. Box 32320, Juneau, AK 99803 tel: 907.789.2491 col: 954-683-0983 fax: 907.789.2492 email: aysap@aol.com

Representative Tom Anderson
House Labor and Commerce Committee Members
March 10, 2003
Page 2

Alaska's small coastal communities, many who are struggling from the loss of timber jobs and the decline in commercial fishing, are missing out on the possibility of millions of dollars of economic opportunity. From florists to liquor stores, from hair salons to car rentals- literally dozens of small businesses in these port communities can participate in the economic benefits brought to Alaska by these yachts. Because of the current world situation, yacht owners are re-positioning these vessels to avoid Europe and many are considering safer US waters for the summer. Alaska is perfectly positioned to receive the revenue resulting from these changes.

Although it has not yet been defined in regulation, a statute is in place that already allows these yachts to travel in Alaska without a pilot if one is not available. This is commonly the case, as a shortage of pilots may exist in Southeast during the summer when large cruiseship traffic in Alaska is at its peak. Others may cruise illegally, as enforcement of the current law is impossible and non-existent.

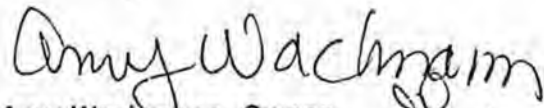
We are proposing a change be made to the Marine Pilotage Act to grant waivers to these foreign flagged yachts of less than 200' and 500 ton. The recent legislative audit (#08-20015-02 November 1, 2002) from the Legislative Budget and Audit Committee states, under Recommendation No. 4, "The Board of Marine Pilots should seek statutory authority to allow the board the discretion to grant waivers of pilotage requirements to large pleasure craft." In their response, the representative of the Commissioner of the Department of Community and Economic Development, a board member of 8 years, agreed.

As a small business person raised in Alaska, I also want to guarantee that the vessels are safely navigated, ensuring the protection of life, property and the marine environment. Owners of multi-million dollar vessels do not entrust them to captains or masters without the proper knowledge, education and experience to competently operate them. Our proposal would place criteria in statute to help ensure that marine incidents do not occur, and fees could be charged to apply for this waiver (Washington has a fee structure in place to charge for each application).

With this application process in place, the State of Alaska would have information, which is currently not available to them in any form, regarding the number of yachts cruising in Alaska waters. We are also proposing to mandate certain areas and portions of a trip for mandatory pilotage, as well as requiring the use of satellite transponders.

We are working with legislators, yacht owners, port communities and marine pilots to draft an amendment to end the inequity of this unenforceable state mandate. Thank you for your consideration of this issue, and please feel free to contact me, or Kate Tesar at 463-5657, if you need any further information.

Sincerely,



Amy Wachmann, Owner
Alaska Yacht Services & Provisioning

Marine Exchange of Alaska

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ASVTS: GMDSS as a Maritime Security Tool: ASVTS Graphics

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ASVTS as
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Secure

Vessel

Tracking

System

GMDSS (Global Marine Distress Signaling System) as a Maritime Security Tool

Published in Pacific Maritime September 2002

Fortunately, there are already easy, low cost and timely options in place that can help provide Maritime Domain Awareness now. Vessels equipped with GMDSS (Global Marine Distress Signaling System) are capable of automatically sending their vessel's position on a regular or modified schedule to a centralized tracking system for dissemination to the Coast Guard and other federal, state and private entities charged with addressing maritime security. The International Maritime Organization (IMO) has prescribed all vessels over 300 gross tons engaged in international trade be equipped with GMDSS to aid notification of maritime emergencies. Polling of vessels' positions can be initiated when a vessel provides its 96 hour Advance Notice of Arrival, which for many vessels is 2,000 miles offshore. The position information on participating vessels can be compared to other data sources, such as satellite imagery, to identify vessels that have no correlating advance notice of arrival or vessel tracking information. These few vessels, the needles in the haystack, become the focus of interest and become subject to additional control measures exercised by the Coast Guard, such as prior boarding, interception at sea, etc. The fastest and least expensive way to bring this Maritime Domain Awareness tool on line is to tap the maritime community who has a "shared commitment" to aid homeland security. The non-profit Maritime Information Service of North America's (MISNA) network of marine exchanges can use available secure chart display software such as Secure Asset Reporting System (SARS) to process and disseminate the GMDSS generated vessel position reports to the Coast Guard and other agencies to aid Maritime Domain Awareness. As the equipment, organizational infrastructure and software are all in place, this vessel tracking system can be in place in a matter of months. The cost to the marine industry would be minimal, averaging less than \$30 per month/ per vessel for the satellite communication fees incurred in sending position reports. MISNA refers to this vessel locating system as the "Automated Secure Vessel Tracking System".

When implemented it will complement the existing and developing VTS and AIS systems, providing the long range strategic input needed for Maritime Domain Awareness. Example of ASVTS Tracking.

The satellite component uses the IMO approved Inmarsat worldwide satellite communications network to send and receive messages. Once the owner/operator authorizes access, a vessel tracking entity such as MISNA can remotely, through a satellite transmission, download a program into the transceiver directing it to periodically transmit the vessel's position to a satellite. The information is then relayed from the satellite to a Land User Terminal to the end user, i.e. marine exchange, via e-mail for display on a chart or database and further dissemination to authorized entities. As the proposed legislation also addresses the tracking of domestic vessels, there are a number of other satellite or other communications equipment vessel tracking options available for a reasonable fee.



Ed Pago is the Executive Director of the Marine Exchange of Alaska, and was previously the Captain of the Port of Los Angeles/Long Beach

Reporting Service have been testing this system for the last year on CG vessels, the Alaska Marine Highway System ferries, tug boats, fishing vessels and a cruise ship. It works!

Coast Guard personnel are already fully tapped assigning their limited and stretched work force to operate their vessels and aircraft, conduct security boardings, inspect ships, and patrol our ports. They are not in the position to now stand up a nationwide vessel tracking system. The added information/data management workload can quickly and adequately be done by the Maritime Information Service of North America and member marine exchanges that can serve as the "trusted agents".

As President Bush has stated, we must push our borders further out. Requiring vessels to operate transponders only when operating in U.S. navigable waters, extending 12 miles off our shores is not providing adequate Maritime Domain Awareness. International maritime law and Freedom of Navigation issues may lead the U.S. to hesitate to require the operation of transponders out to our territorial sea limit of 200 miles, or a vessel's position some 2,000 miles offshore when it provides its 96 hour advance notice of arrival. Security processing incentives can lead vessel owners and operators to keep their transponders on at all times, even when they are in foreign ports and waters. A vessel cooperating with the U.S. ASVTS program can receive "express lane" privileges, and receive a lower security threat risk rating. The old adage "Time is Money" applies. A majority of vessels will voluntarily cooperate.

The above provides a straightforward and easy way to implement Maritime Domain Awareness option. While this is not the panacea and many other maritime security issues remain to be addressed, the proposed Maritime Information Service of North America's ASVTS can address one of the more vexing aspects of our homeland defense issues today.



U.S. Department
of Transportation

United States
Coast Guard



Commander
17th Coast Guard District

P.O. Box 25517
Juneau, AK 99801
Staff Symbol: (m)
Phone: (907) 463-2802

16712

MAR 6 2003

The Honorable Gene Therriault
State Capitol Building
Juneau, AK 99801

Dear Mr. Therriault:

I wanted to take the opportunity to applaud your efforts to permit an orderly process for exempting Canadian warships and Coast Guard vessels home-ported in British Columbia from state pilotage requirements. We support this reciprocal agreement and believe it will only serve to improve the important relationships we share with our Canadian neighbors.

I also would like to take this opportunity to respond to requests for my comments on state legislative discussions of easing pilotage requirements for foreign pleasure vessels. The current statute requires a pilot for vessels 300 gross tons and over. Proposals have been made to increase that tonnage exemption, effectively allowing larger vessels the opportunity to transit Alaskan waters without a pilot. These are matters of state interest over which the Coast Guard has no authority but about which I do have concerns. Vessels greater than 300 gross tons are large and can pose serious risks to the safety of navigation and the environment. Removing pilots from these vessels could dramatically impact vessel safety since local knowledge and experience are a key component of safe navigation. Having a pilot onboard helps prevent groundings and subsequent environmental damage. Their presence facilitates communications during vessel passages in the narrow waters of Southeast as well. By their presence onboard during vessel operations, the pilots are also in a unique position to alert the proper authorities if there are indications the vessel or crew may present law enforcement or homeland security concerns. Finally, the pilot's local knowledge helps with sensitive property and territorial concerns; distinguishing between local, federal and tribal areas. This type of overall awareness prevents accidents in the first place and helps mitigate them when they do happen. It cannot be replaced by a foreign crew, a transponder, or a float plan. We appreciate the service and performance of your state pilots and recommend their continued presence on foreign pleasure vessels 300 gross tons and over.

Again, I recognize these are state interests and appreciate the opportunity to present my concerns as part of our cooperative relationship. I trust all will go well with the remainder of your session. Please contact myself or LT Matt Jones of my staff at 907-463-2809 if we may be of further assistance on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "J. W. Underwood".

J. W. UNDERWOOD
Rear Admiral, U.S. Coast Guard
Commander, Seventeenth Coast Guard District

Copy: The Honorable Fred Dyson
The Honorable Gary Wilken
Mr. Joseph W. Geldhof, Esq.



HAINES BOROUGH, ALASKA
P.O. BOX 1209
HAINES, AK 99827
(907) 766-2231 * FAX (907) 766-3179

COPY

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Re: Private Foreign-Flagged Yachts

Dear Senator Therriault:

On behalf of the newly-formed Haines Borough, I would like to add my support to a proposal to change a state law that could help the economy of our small community. I am referring to the current attempt to put a waiver system in place to allow private foreign-flagged yachts to cruise in Alaskan waters without a marine pilot aboard.

Haines has felt the devastating effects of a general downturn in our economy for many years. With the loss of the timber industry and the low return for our fisheries resources, we have turned to tourism as one way to help rebuild our community. The impact of the spending by guests and crew on these large yachts in a small coastal community such as Haines cannot be overstated.

Haines is open for business and we welcome any changes in state law that will help bring new customers here. Thank you for your consideration of these changes. They could have a very positive impact on the economy of our community.

Sincerely,

Jerry Lapp
Deputy Mayor
HAINES BOROUGH

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**CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY**

OFFICE OF THE MAYOR

Telephone: (907) 586-3240; Facsimile: (907) 586-3183
Sally_Smith@ci.juneau.ak.us

February 10, 2003

The Honorable Gene Theriault
President of the Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Re: SB 20

Dear Mr. President:


Over the past few years Juneau has invested heavily to upgrade our docks and harbors. Part of that effort has included the development of a more hospitable welcome to private yachts. As a longtime tourist destination, we understand the economic opportunity derived from these vessels. Benefits accrue both to the city, through docking fees, and to many small businesses that offer goods and services to the owners, passengers, and crewmembers.

It is my understanding that there is currently a proposal to change state law to allow large, foreign flagged private yachts to travel in Alaska without marine pilots. Juneau endorses that change, believing it will encourage more yacht traffic.

Given the current situation, we are losing a portion of potential business from this affluent group, all because of a basically unenforceable state law. We just cannot afford to lose such lucrative business to other coastal states.

Your consideration of this issue will be greatly appreciated. The commerce is important to all coastal communities.

Sincerely,


Sally Smith
Mayor



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

February 12, 2003

The Honorable
Senator Gene Therriault
Senate President
State Capitol, Room 111
Juneau, Alaska 99801-1182

Re: Changes in marine pilotage laws re: foreign flagged yachts

Dear Senator Therriault:

The City and Borough of Sitka would like to join other SE communities in supporting a statutory change that would allow certain pleasure yachts to travel in Alaska without marine pilots. Facilitating a boost to our economy while maintaining safety and environmental standards is what I feel most residents of Sitka could support.

As you know, Sitka is still in the process of redefining itself after many decades with a primarily resource-based economy. Fortunately for us, as the timber industry was receding in our area, the tourism industry in Alaska was developing. Although we are taking a very deliberate look at how this industry should progress in our community and how any changes may affect our citizens and their way of life, it is generally agreed that many opportunities for local businesses and residents may be tied to the tourism industry.

As a port community, we realize the positive financial impact visitors aboard these large yachts can have in Sitka. Some yachts currently use our port as their home base during their summers in Alaska. It makes sense to allow these vessels, and their foreign flagged counterparts, to travel freely in Alaska without another marine pilot aboard, as long as competent and experienced masters are in charge. As this pilotage law has never been enforced, it only makes common sense to change the law to reflect the actual reality of today's yacht cruising public.

I would appreciate your support for legislation that removes this barrier to commerce in Sitka and other coastal communities of Southeast. Thank you for your consideration of this issue.

Sincerely,

Fred Reeder
Mayor



**City of
Ketchikan**

334 Front Street
Ketchikan, Alaska 99901
Phone 907-225-3111
Fax 907-225-5075

February 7, 2003

Senator Gene Therrault
Senate President
State Capitol, Room 111
Juneau, Alaska 99801-1182

Re: Statutory change regarding requirement for marine pilots on large yachts

Dear Senator Therrault:

I am writing regarding the above-referenced subject. I am generally in support of a statutory change, which would allow large noncommercial private yachts to travel in Alaska without marine pilots to the extent that safety and other issues are not compromised. I would, however, want to see specific legislative language prior to endorsing a particular concept.

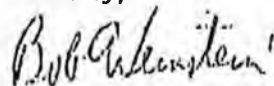
As you know, Ketchikan's economy has been hard hit by the decline in the timber industry, as well as by the challenges currently facing the fishing industry. Fortunately, on the other hand, our tourism industry is continuing to provide economic opportunities for local businesses and residents.

Ketchikan is in the process of completing a comprehensive development plan for our port and harbor facilities. I believe that this will result in a number of improvements in our infrastructure to better accommodate various classes of vessels, particularly including large yachts, and thereby enhance our economy. I also believe that, in addition to the goods and services that yacht passengers and crew might typically spend while visiting a community, we will be in a unique position to perform routine vessel maintenance/repair as the capacity of our shipyard increases.

In closing, I would appreciate your support for legislation that removes barriers to vessel traffic through an appropriate mechanism which can be supported by concerned parties, including marine pilots and yacht owners.

Thank you for your consideration of this issue.

Sincerely,



Bob Weinstein
Mayor

Southeast Conference

P.O. Box 21989 Juneau Alaska 99802-1989 Tel. (907) 463-1445 Fax (907) 463-5670

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol, Room 107
Juneau, AK 99801-1082

Re: exemptions from marine pilotage statutes for large yachts

Dear Senator Therriault:

On behalf of the Southeast Conference we would like to voice out support for changes to state pilotage laws to allow private foreign flagged yachts up to 200 feet in length, to cruise in Alaskan waters without a marine pilot aboard. Current law requires foreign vessels over 300 tons to employ a state licensed marine pilot from one of the pilot associations. These associations are quite busy in the typical summer season, servicing the large contingent of cruise ships that deploy in Alaska. It is appropriate for these ships to have state licensed pilots aboard, as they are quite large, operate largely at night, and have much greater potential for significant damage to other shipping, and the environment. We believe that the language in the current law reached too far down in size to a ship type for which the perceived protection to state waters is out of scale related to its costs and inconvenience to the vessels. Adding the pilotage requirement on a 300 ton motor yacht in the same fashion as on a 100,000 ton cruise ship, adds about \$1800 per day in fees, plus the costs to carry an extra, unfamiliar person on what is usually a pleasure charter. On these yachts, a pilot is typically underutilized, as these vessels operate with a much more relaxed itinerary, daytime cruising, and with longer stays on anchor and in port calls. Because of the added costs, and especially the burden of eliminating a berth in very limited capacity vessels, charterers are motivated to cruise elsewhere around the world, to the detriment of our port communities and businesses who could benefit from this traffic. The State of Washington currently allows waivers to State pilotage requirements for this type of vessel, so they are getting some of the business that would otherwise come to our state.

Southeast Conference members include representatives from most Southeast community governments and Chambers of Commerce, visitor's bureaus, non-profits, utilities, businesses, and concerned citizens. (We currently have over 100 members, including 28 communities, 9 Chambers of Commerce, 9 Native Organizations, 18 non-profits and community organizations, and 9 transportation organizations.) Our goals include developing strong economies, improving the region as a good place to live and work, and encouraging and assisting in responsible development in the tourism sector.



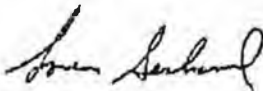
Southeast Conference



P.O. Box 21989 Juneau Alaska 99802-1989 Tel. (907) 463-3445 Fax (907) 463-5670

We would appreciate it if you could review the language in the Alaska Marine Pilotage Act, passed in 1995, with a mind to possible changes that could resolve what we think was an unintended consequence. We believe it is in the best interests of our member communities, and for commerce in our state, with minimal impact on the level of protection to our waters. We are hopeful you can initiate legislation to either change this law, or allow the relevant agencies to grant waivers. We stand ready to support these changes in whatever manner you consider appropriate.

Sincerely,



Loren Gerhard
Projects & Policy Director
cc: Amy Wachman, Kate Tesar



SITKA ECONOMIC DEVELOPMENT ASSOCIATION

329 Harbor Drive, Suite 212 * Sitka, Alaska, 99835 * (907) 747-2660 * fax (907) 747-7888 * www.sitka.ak.us

February 12, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1182

Senator Con Bunde, Chair
Senate Labor & Commerce
State Capital
Juneau, AK 99801-1182

RE: Senate Bill 20 – Alaska Board of Marine Pilots

Dear Senators Therriault and Bunde:

The Sitka Economic Development Association would like to encourage your amendment of Senate Bill 20 to allow an exemption of private boats up to 500 tons from requiring a pilot be aboard the boat.

Over the last 10 years, Sitka has made a concerted effort to build the number of visits of private yachts to Sitka. This is good economic development and has provided needed dollars to Sitka's economy. Without the exclusion, these boats have made it quite clear they won't travel Southeast Alaska waters if they have the heavy expense of having a pilot aboard for the voyage. In addition, many boats of this size don't have the space for a pilot.

Placing a pilot on a private pleasure yacht for safety reasons would be duplicating what insurance companies are already doing to assure the safe operation of a boat. Insurance companies require the owner of a large yacht to name the captain of the vessel and then evaluate the experience and/or skills this person has to operate such a boat. Once the insurance company has sufficient confidence the named captain can indeed operate the boat, the policy will then name that person as the only master of the boat.

The importance of the private yacht industry to Sitka can't be overstated. Please give serious consideration to the exemption being requested.

Sincerely,

Jonathan D. Krebs, CEcD
Executive Director

Cc: SEDA Board of Directors
John Litten



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(907) 463-3488 • Fax (907) 463-3489

February 12, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Dear Senator Therriault:

As the Executive Director of the Juneau Chamber of Commerce, I would like to add the support of our organization for a change in Alaska statutes that will allow additional private yachts to travel into Alaskan waters without a marine pilot aboard.

Although Juneau is enjoying a stable economy at this time based on a combination of government and private employment and summer tourism positions, other areas of Southeast are not as lucky. In communities where timber and fish were once the mainstays, the tourism industry is becoming an important partner. In Juneau, a community which hosts nearly one million visitors a year, we have long understood the value of these independent travelers to our economy.

As you may know, a private sector group in Juneau is in the permitting stage for construction of a new dock to provide additional moorage space for yachts, small cruise ships and lightering vessels. There is no better way to gage business opportunities than by those who are willing to invest in the infrastructure of our community.

The Chamber supports the efforts by Alaska Yacht Services and Provisioning to change this state law which significantly discourages yacht visitation. Without an amendment to the current marine pilot regulation that states that "all pleasure craft foreign flagged must hire a state marine pilot onboard," Southeast Alaska is missing out on a wonderful economic opportunity. Please consider this change in direction that will help stimulate the economy for many small businesses in Juneau, as well as throughout Southeast and coastal Alaska.

I thank you for your consideration of this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Janie Parsons", is written over a large, faint circular watermark or stamp.

Janie Parsons
Executive Director
Juneau Chamber of Commerce

CC: Governor Murkowski