

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11303 SENATE RESOURCES

P.O. Box 189
NAKNEK, ALASKA 99633

www.thebcborough.com



TELEPHONE
(907) 246-4224
FAX
(907) 246-6633

Bristol Bay Borough

BRISTOL BAY BOROUGH RESOLUTION 2002-02

A RESOLUTION SUPPORTING OIL & GAS EXPLORATION ON NATIVE CORPORATION LANDS NEAR BRISTOL BAY BOROUGH

WHEREAS, Bristol Bay Borough and Communities throughout Western Alaska face difficult economic conditions due in part to high costs of living, high costs of energy and depressed fish prices and;

WHEREAS, all refined petroleum products required to operate home heating furnaces, electrical generators, cannery retorts and fish harvesting vessels are imported into the region and stored, both at very high costs and;

WHEREAS, the oil & gas industry has in the past expressed interest in exploring for reserves on the Alaska Peninsula on or near lands currently owned by the Alaska Peninsula Corporation and Bristol Bay Native Corporation as well as other lands in the region and;

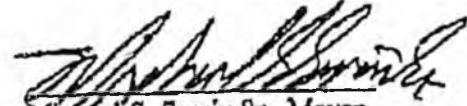
WHEREAS, the interest was significant enough for the private sector to invest considerable capital in seismic and actual drilling exploration and;

WHEREAS, Senator Stevens in recent conversations with Bristol Bay Borough officials and before the Alaska State Legislature indicated a willingness to petition Congress to add funding to the United State Geologic Survey in order to enable regional oil & gas assessments throughout rural Alaska and;

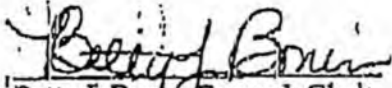
WHEREAS, potential development of oil & gas reserves on the Alaska Peninsula would likely yield direct benefits to the Bristol Bay Borough, borough residents and businesses and economic development efforts to revive our ailing economy and,

NOW THEREFORE BE IT RESOLVED, that the Bristol Bay Borough Assembly strongly encourages the local & regional Bristol Bay ANCSA corporations to work closely with the Borough, private sector oil & gas firms and the Congressional delegation in the wise development of our natural oil & gas resources in an effort to optimize benefits to the overall Bristol Bay region and State of Alaska.

PASSED AND APPROVED, by a duly constituted quorum of the Bristol Bay Borough Assembly on this 4th day of February, 2002.


Michael S. Swain Sr., Mayor

ATTEST:


Betty J. Borja, Borough Clerk

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

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

October 14, 2003

James Hansen,
Leasing Manager
Division of Oil & Gas
Department of Natural Resources
550 West 7th Avenue, Suite 800
Anchorage, AK 99501

Ref.: Proposed Alaska Peninsula & Bristol Bay
Oil & Gas Leasing Program

Dear Mr. Hansen,

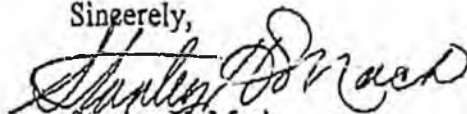
The Assembly of the Aleutians East Borough wants to thank you and your team for the presentation on October 7, 2003. Even though the weather did not allow everyone to get to Cold Bay, the Assembly's comments after the meeting included their appreciation of your efforts to brief the Assembly and the residents of the Aleutians East Borough.

First, it is the Borough's understanding that if there is Best Interest Finding, all development will take place within the State's jurisdiction and that there will be no development off shore. Furthermore, the Borough understands that the majority of the development will likely be on State owned land. Second, the concerns voiced by the people of Nelson Lagoon are symptomatic of the concerns of the majority of the Aleutians East Borough's residents. They were:

1. We need to protect our fish and game resources.
2. We need local jobs and employment at all stages of development. This must be at all levels, management, technical and labor, union and non union, should oil or gas be produced within the Aleutians East Borough.
3. We need any and all exploration sites returned to their original nature.

To this end, the Assembly passed a motion supporting the State of Alaska's efforts to conduct a Best Interest Finding process for the proposed oil & gas leasing program on the Alaska Peninsula.

Sincerely,


Stanley H. Mack
Mayor

RECEIVED

OCT 16 2003

DIVISION OF
OIL AND GAS

CLERK/PLANNER
P.O. BOX 349
SAND POINT, AK 99661
(907) 383-2699
(907) 383-3496 FAX
e-mail: AEECLERK@aol.com

BOROUGH ADMINISTRATOR
3380 C STREET, SUITE 205
ANCHORAGE, AK 99503-3962
(907) 274-7555
(907) 276-7569 FAX
e-mail: aebanc@gcl.net

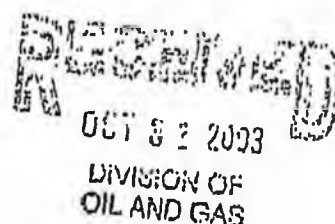
FINANCE DIRECTOR
P.O. BOX 49
KING COVE, AK 99612
(907) 497-2588
(907) 497-2386 FAX
e-mail: aabfinance@aol.com



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



October 27, 2003

Patrick Galvin, Petroleum Land Manager
Division of Oil & Gas
550 W 7th Ave, Suite 800
Anchorage, Alaska 99501-3560

RE: Call for Comments, AK Peninsula Arcawide 2005 Oil & Gas Lease Sale

Dear Mr. Galvin:

First, we would like to thank the Governor, the Governors staff and those within DNR's Oil & Gas Division for the recognition of the extra attention required "to get the word out" to those who live on the Alaska Peninsula concerning the upcoming oil and gas lease sales. There are many communication gaps in bush Alaska making your task that much more difficult.

The regional meetings in Dillingham, Bristol Bay Borough (Naknek) and in the Lake & Peninsula Borough offices (King Salmon) were instrumental in ensuring accurate information is "passed along" to others. However, due to the size of the Lake and Peninsula Borough and the steep transportation costs to travel between villages, some over 1 hour away from King Salmon by plane, I would encourage you consider additional informational meetings to be held in Port Heiden, Iliamna, and the Chignik, ASAP. We will be glad to provide you with local contacts for those communities.

Lake & Peninsula Borough responded earlier to Mr. James Hansen's request for information providing copies of the borough's latest Community Economic Development Strategies document. Additionally, community profile maps will soon be available (expected by June 2004) on-line at DCEP's website of all the villages within the Borough. These maps will contain several layers of information readily accessible by the user. Local information pertaining to sensitive cultural areas, traditional hunting or gathering areas and local historic sites are included on most community maps (local preference so not every village map contains this information). These maps will no doubt prove to be invaluable relating to potential exploration that might be considered in close proximity to a village.

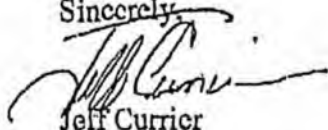
Finally, the Lake and Peninsula Borough supports onshore exploration and development but are concerned that the Best Interest Findings developed from this "call for comment period" also apparently apply to the 1.5 million acres of offshore acreage included in the lease sale, and further, that those findings are valid 10 years out.

We want to make it perfectly clear that while we are in support of onshore exploration and leasing, "the jury is still out" in most Borough villages when it comes to offshore exploration. I suspect much more information and discussion with the village leaders around the Bay will be required before offshore activities receive a majority of local support.

By supporting the current lease sale proposal, the resulting exploration and possible development of onshore sites within the next 5 years, we want to ensure we do not lose the ability to consider through separate actions, any potential exploration and development of offshore acreage in the future.

I thank you for the opportunity to provide this input. Please feel free to contact me as may be necessary.

Sincerely,



Jeff Currier
Borough Manager

SEP-25-03 15:26 From: BRISTOL BAY NATIVE CORPORATION

9072763924

T-213 P.02/02 Job-240



King Salmon Tribe

People of the Volcano

P.O. BOX 65 KING SALMON, AK 99613
TEL: 907/246-3553 FAX: 907/246-3449
E-MAIL: kstnvo@bristolbay.com

September 15, 2003

Bristol Bay Native Corporation
800 Cordova Street
Suite 200
Anchorage, AK 99501-6299

VIA FACSIMILE: 907/276-3924

Dear Mr. President:

As you know, Bristol Bay has been faced with economic failure year after year, due to the low return of salmon and the low prices paid to the fisherman. Because of the failure in our fishery, our people are faced with having to live in poverty. We can no longer pretend that our fisheries will be, as we knew it. Other than fishing, most of our people in our villages have very few economic opportunities. As a result, we have friends and family fighting amongst themselves for these limited jobs. Until there are economic changes in place, we will forever be faced with economic despair because there are no other means to provide for ourselves other than what we have today. We need economic diversity.

The village of King Salmon is in support of developing our oil and gas reserves both onshore and offshore and developing our mineral deposits here in Bristol Bay. We also support ground transportation from King Salmon to Anchorage so that we can reduce transportation costs to promote economic opportunities. This would also reduce the cost of living in our villages and region. Whether any of these development issues take place remains to be seen. However, we cannot continue to impoverish our people because of differences of opinions in regards to economic development.

It is unfair of people and organizations who criticize development in our region when in fact they offer no solutions to address our current short and long-term needs. In addition, many people who are opposed to economic development have good paying jobs, or work and live outside our region. Yet, many try to dictate what is best for us and our villages.

In closing, the village of King Salmon asks that we all put aside any differences that we may have of economic development in Bristol Bay. Our people deserve more than having to live in poverty and the consideration of going on welfare.

Sincerely,

Ralph Angasan, Sr.
President

2832
JP

CITY OF ALEKNAGIK

P.O. Box 33, MAIN STREET
ALEKNAGIK, ALASKA 99555-0033
PHONE: 907-842-5953 OR 842-2528
FAX: 907-842-2107
EMAIL: cityalok@nushtel.com

April 11, 2003

Governor Frank H. Murkowski
Office of the Governor
3rd Floor State Capital, Mail Stop 0001
P.O. Box 110001
Juneau, Alaska 99811-0001

RECEIVED

APR 16 2003

GOVERNOR'S OFFICE

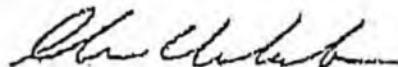
RE: Oil and Gas Development in Bristol Bay

Dear Governor Murkowski:

The City Council of the City of Aleknagik passed Resolution 03-11 supporting OCS 92 lease sales for oil and gas development in Bristol Bay at their regularly meeting on April 8, 2003. The City of Aleknagik supports economic development, local jobs, lower energy costs, less dependence on foreign oil, and protection of the fisheries and environment.

Please support oil and gas development in Bristol Bay and help to move up the OCS sales from 2011 to the earliest possible date. Thank you for your time and favorable consideration.

Sincerely,



Chris Chuckwik
Mayor

Enclosure: Resolution 03-11

cc: Senator Ted Stevens
Senator Laura Murkowski
Congressman Don Young
Alaska State Legislature
Paul Rochl, Bristol Bay Native Corporation

CITY OF ALEKNAGIK
RESOLUTION 03-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALEKNAGIK
SUPPORTING OCS 92 LEASE SALES FOR OIL AND GAS DEVELOPMENT IN
BRISTOL BAY.

WHEREAS, Outer Continental Shelf (OCS) Sale 92, which occurred in October 1988, garnered nearly \$96 million in oil and gas bids for 122,000 acres contained in 23 leases; and

WHEREAS, the lease sale happened at a time when the price for sockeye salmon was high (up to \$2.60/lb.) and the price for oil was relatively low (\$17.30/bbl.); and

WHEREAS, the high commercial value of salmon in the late 1980's, coupled with the threat posed by the oil industry to salmon and wildlife habitat (particularly after the March 1989 Exxon Valdez oil spill), resulted in widespread opposition to the OCS 92 lease sales, and eventually led to the cancellation of those lease sales and the return of the bid proceeds to the respective oil companies; and

WHEREAS, lease sale area OCS 92 is not scheduled to be revisited by the U.S. Minerals Management Service until 2011; and

WHEREAS, the environmentally responsible exploration for, and development of, Bristol Bay oil and gas resources could create needed high-paying, rewarding jobs for the people of the region, especially given the recent, disastrous Bristol Bay commercial salmon seasons; and

WHEREAS development of these oil and gas resources could also result in substantially reduced heating and energy costs for residents in the Bristol Bay region, and could enhance the competitiveness of the Bristol Bay commercial salmon and other industries, such as mining; and

WHEREAS, given the rising tensions in the Middle East, it is becoming increasingly clear that America's dependence on foreign oil imports is highly undesirable, both from a strategic and domestic standpoint.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Aleknagik that the City of Aleknagik strongly supports oil and gas exploration and development in the Bristol Bay region provided maximum protection be given to the fishery resources and that exploration and development be done in an environmental manner; and

BE IT FURTHER RESOLVED that the City of Aleknagik supports immediate exploration and development of the OCS 92 area and request the assistance of Senator Stovena, Senator Murkowski, Congressman Young, Governor Murkowski, and the

Alaska State Legislature to assist in moving the OCS sales schedule up from 2011 to 2004 or as earliest as possible.

PASSED AND APPROVED this 7 day of April, 2003 at Aleknagik, Alaska.

SIGNED:


Chris Chuckwuk, Mayor

ATTEST:


Pauline Kohler, City Clerk

Sen. Elton

LOCATION MAP

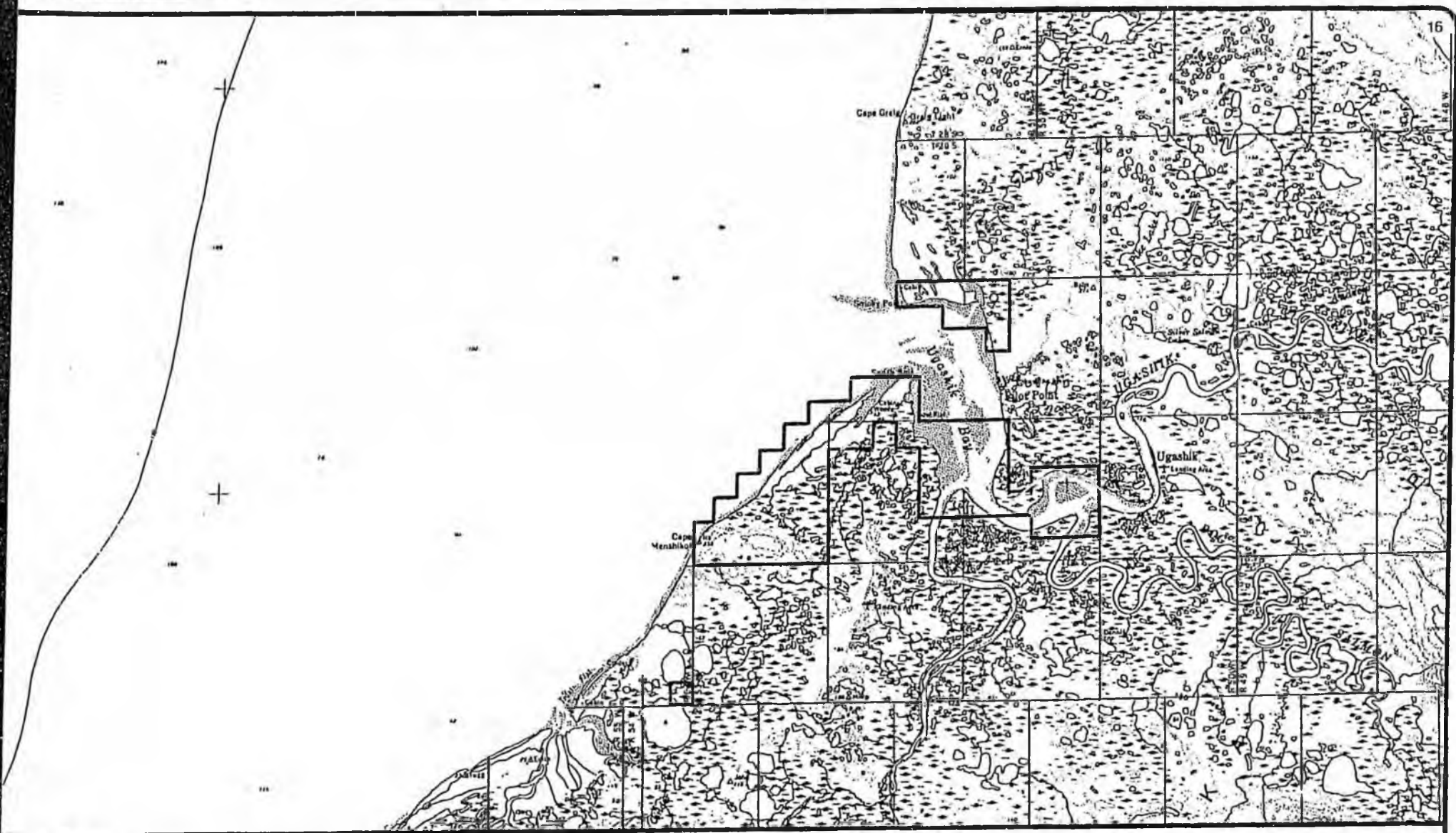


Year Established	1972
Purpose	protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved	uplands, tidelands, and submerged lands

PILOT POINT CRITICAL HABITAT AREA

AS 16.20.230(5) The following described area is established as Pilot Point Critical Habitat Area:

- (A) Township 30 South, Range 52 West, Seward Meridian (protracted)
Sections 1 — 3
Section 12
- (B) Township 30 South, Range 51 West, Seward Meridian (protracted)
Sections 5 — 8
Section 17
- (C) Township 31 South, Range 51 West, Seward Meridian (protracted)
Sections 5 — 8
Sections 13 — 15
Sections 17 — 27
- (D) Township 30 South, Range 52 West, Seward Meridian (protracted)
Sections 27 — 29
Sections 31 — 34
- (E) Township 31 South, Range 52 West, Seward Meridian (protracted)
Sections 1 — 3
Sections 5 — 6
Sections 11 — 14
Sections 23 — 24
- (F) Township 30 South, Range 53 West, Seward Meridian (protracted)
Section 36
- (G) Township 31 South, Range 53 West, Seward Meridian (protracted)
Sections 1 — 2
Sections 10 — 11
Sections 12 — 14 (not tide or submerged land)
Sections 15 — 16
Sections 20 — 21
Sections 22 — 28 (not tide or submerged land)
Sections 29 — 31
Sections 32 — 36 (not tide or submerged land)
- (H) Township 32 South, Range 54 West, Seward Meridian (protracted)
Section 36;



HABITAT DIVISION

PILOT POINT

SCALE 1:250,000



LOCATION MAP

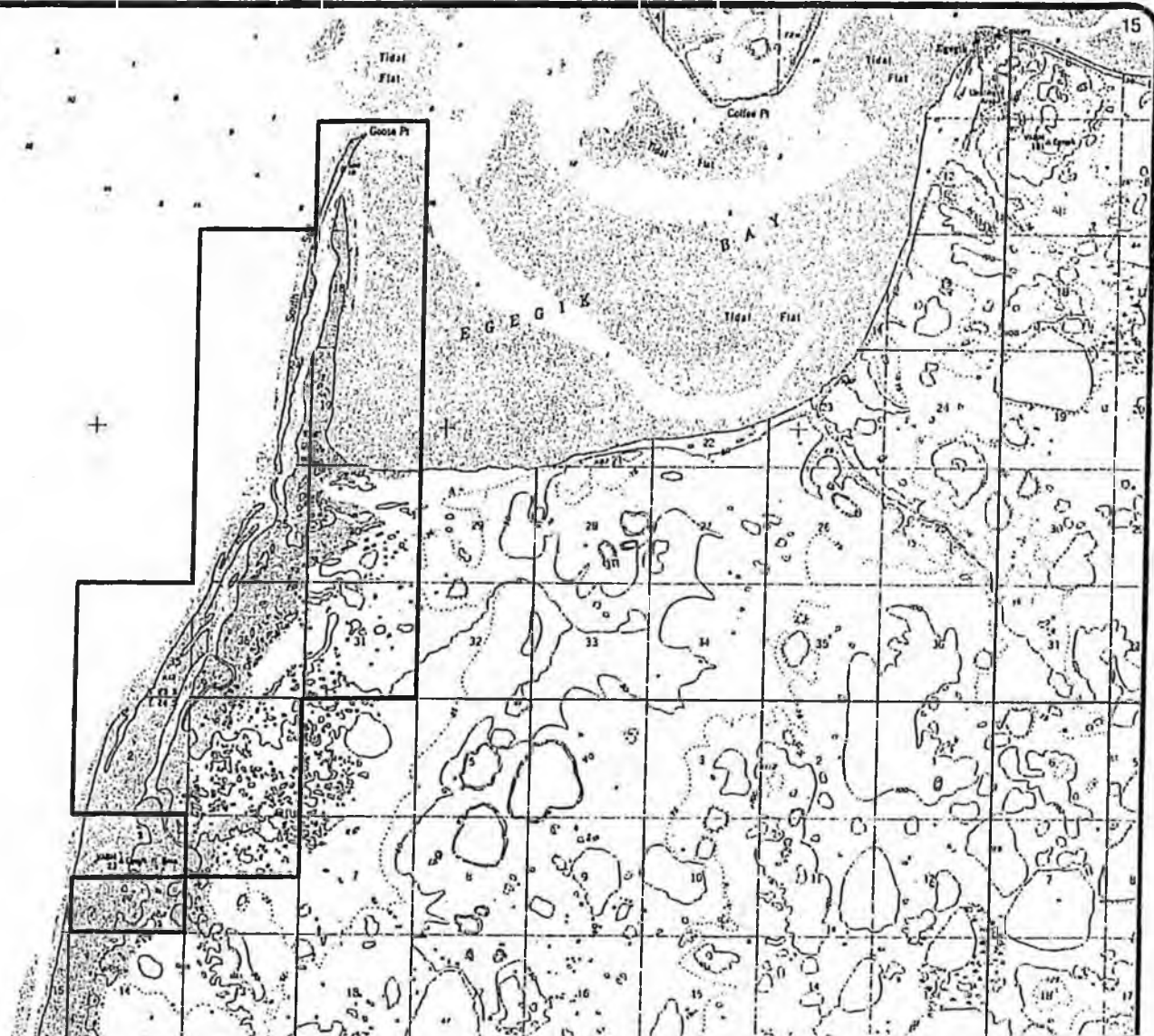


Year Established 1972
Purpose protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved uplands, tidelands, and submerged lands

EGEGIK CRITICAL HABITAT AREA

AS 16.20.230(4) The following described area is established as Egegik Critical Habitat Area:

- (A) Township 24 South, Range 51 West, Seward Meridian (protracted)
Sections 1 — 2
Section 11 S $\frac{1}{2}$
Section 12 N $\frac{1}{2}$
- (B) Township 23 South, Range 51 West, Seward Meridian (protracted)
Section 13
Sections 24 — 25
Sections 35 — 36
- (C) Township 23 South, Range 50 West, Seward Meridian (protracted)
Section 7
Sections 18 — 19
Section 30
Section 31 (not tide or submerged land);



HABITAT DIVISION
JULY 1983

EGEGIK
State Critical Habitat Area

SCALE 1:63,360



LOCATION MAP

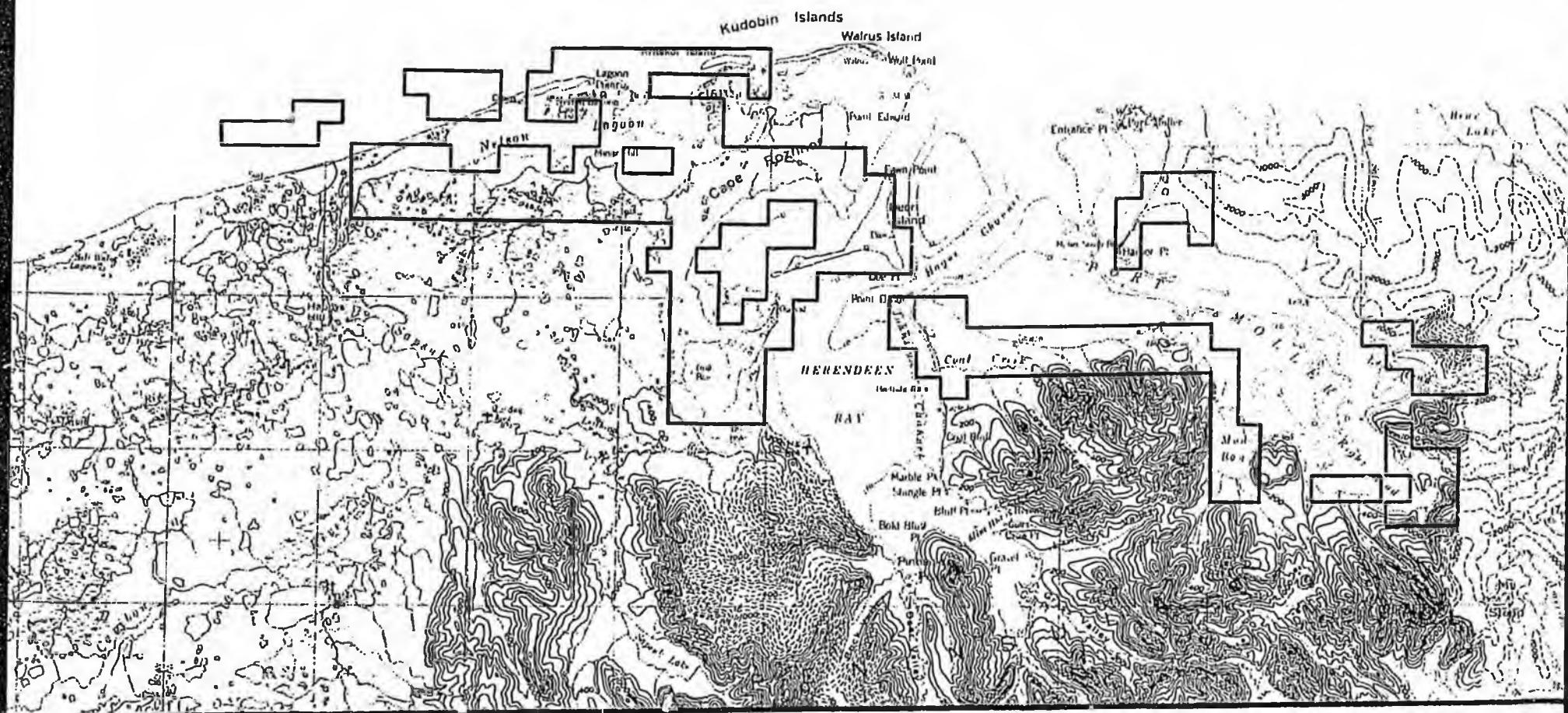


Year Established	1972
Purpose	protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved	uplands, tidelands, and submerged lands

PORT MOLLER CRITICAL HABITAT AREA

AS 16.20.230(1) The following described area is established as Port Moller Critical Habitat Area:

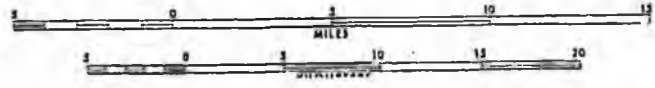
- (A) Township 50 South, Range 71 West, Seward Meridian, Sections 7 — 8, Section 14 (not tide or submerged land), Sections 15 — 17, Sections 21 — 23, Section 32
- (B) Township 51 South, Range 71 West, Seward Meridian, Section 3 (not tide or submerged land), Sections 4 — 5, Section 7, Sections 9 — 10, Sections 15 — 17
- (C) Township 49 South, Range 73 West, Seward Meridian, Sections 10 — 11, Section 12 (not tide or submerged land), Sections 13 — 16, Section 21, Section 24, Section 28
- (D) Township 51 South, Range 72 West, Seward Meridian, Sections 5 — 8, Sections 11 — 12
- (E) Township 50 South, Range 72 West, Seward Meridian, Sections 10 — 19, Sections 30 — 32
- (F) Township 50 South, Range 73 West, Seward Meridian, Sections 7 — 13, Sections 14 — 17 (not tide or submerged land), Section 18
- (G) Township 50 South, Range 74 West, Seward Meridian, Sections 5 — 7, Section 8 (not tide or submerged land), Sections 9 — 13, Sections 14 — 16 (not tide or submerged land), Sections 17 — 18, Section 20
- (H) Township 50 South, Range 75 West, Seward Meridian, Section 1, Sections 6 — 7, Section 12
- (I) Township 49 South, Range 75 West, Seward Meridian, Section 3, Sections 4 — 6 (not tide or submerged land), Sections 7 — 11, Sections 14 — 16, Sections 21 — 32
- (J) Township 48 South, Range 75 West, Seward Meridian, Sections 15 — 18, Section 22, Sections 29 — 30, Section 31 (not tide or submerged land), Section 32
- (K) Township 48 South, Range 76 West, Seward Meridian, Sections 13 — 17, Sections 19 — 23, Sections 25 — 27, Sections 29 — 30, Sections 34 — 35, Section 36 (not tide or submerged land)
- (L) Township 50 South, Range 76 West, Seward Meridian, Section 1, Section 3, Section 4 (not tide or submerged land), Section 9 (not tide or submerged land), Sections 10 — 13, Sections 14 — 16 (not tide or submerged land), Sections 21 — 23 (not tide or submerged land), Sections 24 — 25, Sections 26 — 28 (not tide or submerged land)
- (M) Township 49 South, Range 76 West, Seward Meridian, Sections 1 — 4, Sections 7 — 9, Sections 10 — 11 (not tide or submerged land), Sections 12 — 14, Sections 15 — 16 (not tide or submerged land), Sections 17 — 18, Section 21 (not tide or submerged land), Section 22, Sections 28 — 29, Sections 33 — 34
- (N) Township 49 South, Range 77 West, Seward Meridian, Sections 1 — 2, Sections 4 — 5, Sections 7 — 12, Sections 13 — 18 (not tide or submerged land)
- (O) Township 48 South, Range 77 West, Seward Meridian, Sections 20 — 23, Sections 26 — 28
- (P) Township 48 South, Range 78 West, Seward Meridian, Sections 26 — 27, Sections 31 — 34
- (Q) Township 49 South, Range 78 West, Seward Meridian, Sections 2 — 5, Sections 8 — 12, Sections 13 — 16 (not tide or submerged land), Section 17;



HABITAT DIVISION
JULY 1983

PORT MOLLER
 State Critical Habitat Area

SCALE 1: 250,000



LOCATION MAP

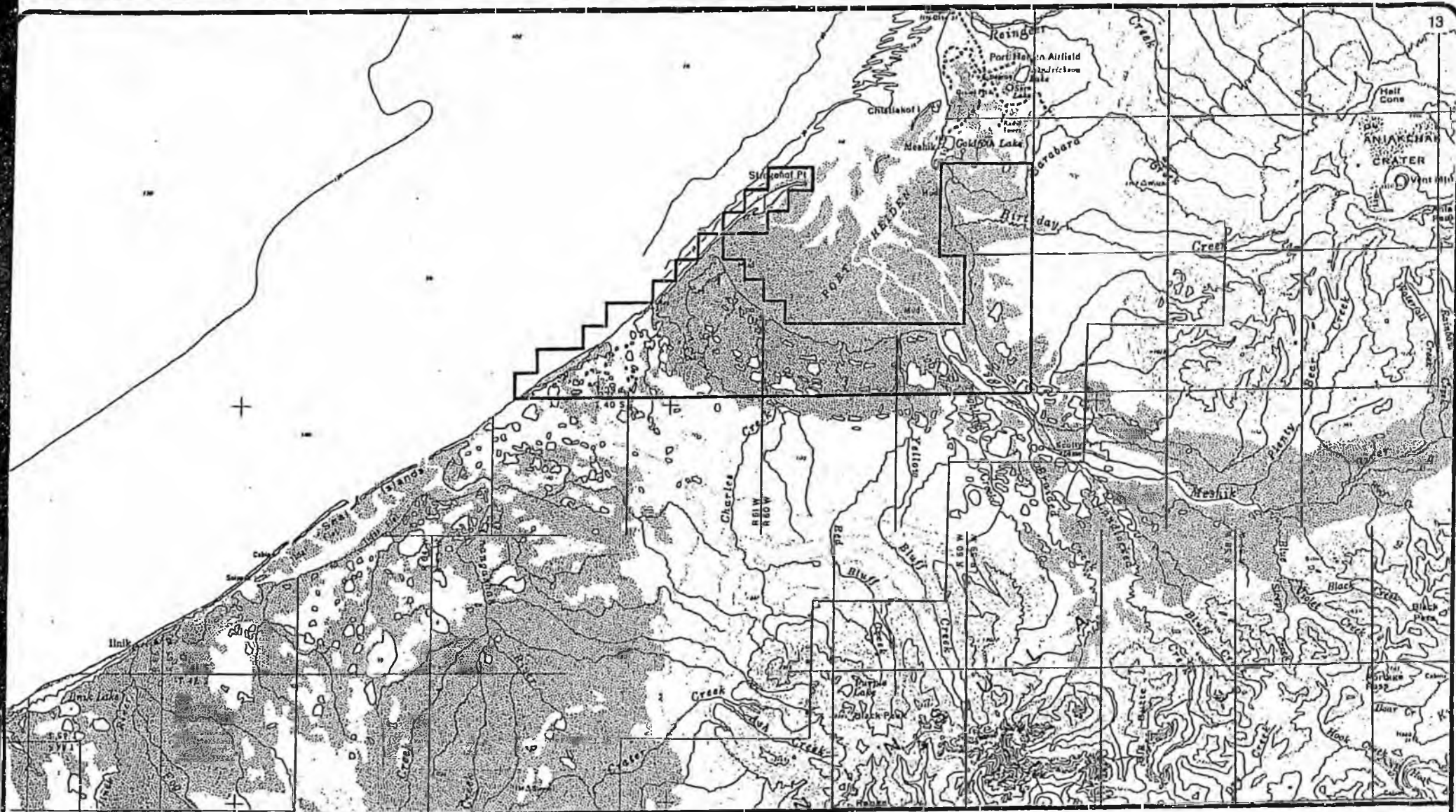


Year Established 1972
Purpose protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved uplands, tidelands, and submerged lands

PORT HEIDEN CRITICAL HABITAT AREA

AS 16.20.230(2) The following described area is established as Port Heiden Critical Habitat Area:

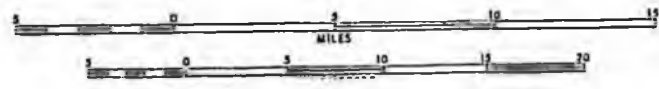
- (A) Township 38 South, Range 59 West, Seward Meridian
Sections 13 — 15 (not tide or submerged land)
Section 16
Section 21
Sections 22 — 27 (not tide or submerged land)
Section 28
Sections 33 — 34
Sections 35 — 36 (not tide or submerged land)
- (B) Township 38 South, Range 60 West, Seward Meridian
Sections 17 — 19
- (C) Township 38 South, Range 61 West, Seward Meridian
Sections 24 — 26
Section 34
- (D) Township 39 South, Range 59 West, Seward Meridian
Sections 1 — 2 (not tide or submerged land)
Section 3
Sections 10 — 14 (not tide or submerged land)
Section 15
Sections 19 — 22
Sections 23 — 25 (not tide or submerged land)
Sections 26 — 29
Sections 30 — 33 (not tide or submerged land)
Sections 34 — 36
- (E) Township 39 South, Range 60 West, Seward Meridian
Sections 18 — 24
Section 25 (not tide or submerged land)
Sections 26 — 27
Sections 28 — 36 (not tide or submerged land)
- (F) Township 39 South, Range 61 West, Seward Meridian
Sections 2 — 4
Sections 8 — 9
Section 10 (not tide or submerged land)
Sections 11 — 13
Sections 14 — 15 (not tide or submerged land)
Sections 16 — 18
Sections 19 — 20 (not tide or submerged land)
Section 21
Sections 22 — 36 (not tide or submerged land)
- (G) Township 39 South, Range 62 West, Seward Meridian
Section 13
Sections 23 — 28
Sections 32 — 34
Sections 35 — 36 (not tide or submerged land);



HABITAT DIVISION
JULY 1983

PORT HEIDEN
State Critical Habitat Area

SCALE 1: 250,000



LOCATION MAP

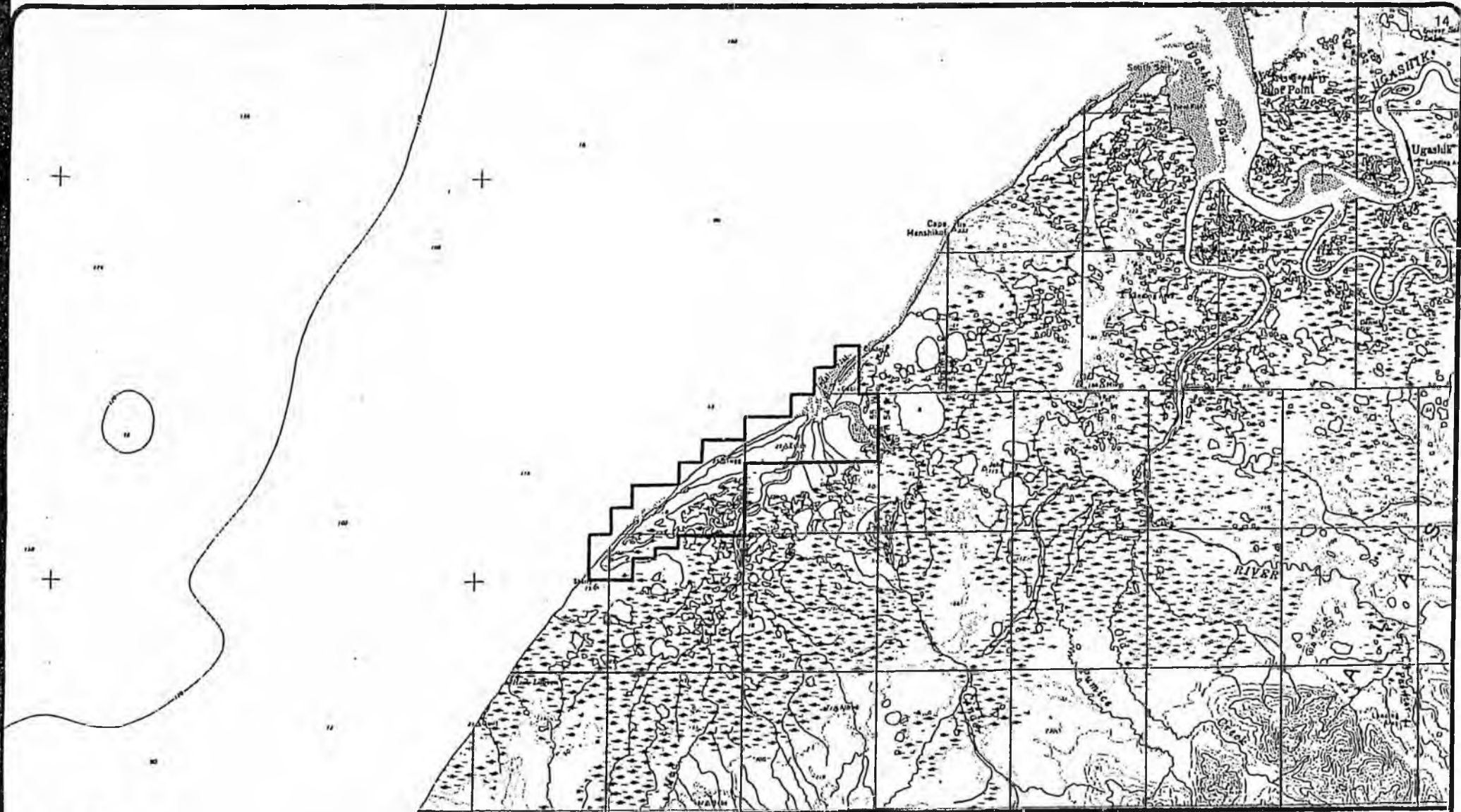


CINDER RIVER CRITICAL HABITAT AREA

AS 16.20.230(3) The following described area is established as Cinder River Critical Habitat Area:

- (A) Township 32 South, Range 54 West, Seward Meridian
Section 29
Sections 31 — 32
- (B) Township 33 South, Range 55 West, Seward Meridian
Sections 1 — 4
Sections 7 — 13
Sections 14 — 17 (not tide or submerged land)
Section 18
- (C) Township 33 South, Range 56 West, Seward Meridian
Sections 13 — 14
Sections 22 — 23
Sections 24 — 26 (not tide or submerged land)
Sections 27 — 29
Sections 31 — 32
Sections 33 — 36 (not tide or submerged land)
- (D) Township 34 South, Range 56 West, Seward Meridian
Sections 5 — 7
Section 4 N ½
- (E) Township 34 South, Range 57 West, Seward Meridian
Section 1
Section 12;

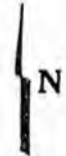
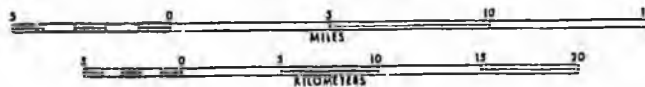
Year Established 1972
Purpose protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved uplands, tidelands, and submerged lands



HABITAT DIVISION
JULY 1983

CINDER RIVER
State Critical Habitat Area

SCALE 1:250,000



SB

271

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/21/04

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2-17-04

Resources Committee considered SENATE BILL NO. 271

SB 271 NATURAL GAS DEVEL AUTHORITY PROJECTS

"An Act amending the purpose of the Alaska Natural Gas Development Authority to include planning, developing, constructing, managing, or operating an economically viable gas pipeline project from the North Slope of Alaska by a route that parallels the Trans Alaska Pipeline System or the Alaska Highway; authorizing evaluation of opportunities for private sector involvement in the project; amending requirements related to the Authority's preparation of a development plan; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- Same Title
- New Title

House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Rev	7/16/04		✓		1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Stephen Seelins</i>	✓			
<i>Thomas N. Wagoner</i>	✓			
<i>James H. ...</i>			✓	
<i>...</i>			✓	
<i>...</i>	✓			
CHAIR: <i>Scott Eger</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 271
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Natural Gas Dev Auth Projects RDU AK Natural Gas Dev Authority
Component AK Natural Gas Dev Authority
Sponsor Senator Ogan
Requester Senate Resources Component No. 2708

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	****	****	****	****	****	****
----------------------	------	------	------	------	------	------

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--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 legislation expands the responsibility of the Alaska Natural Gas Development Authority to include the review of the economic viability of a gas pipeline by a route that parallels the Trans Alaska Pipeline System or the Alaska Highway to the Canadian border. The legislation also extends the deadline to January 1, 2005 for ANGDA to complete a development plan.

The State of Alaska is currently reviewing the economics of a gas pipeline to the Lower - 48 through Canada. To reduce duplication the State will coordinate research on all gas pipeline options and provide ANGDA with any research it develops that may assist ANDGA in the fulfillment of its obligations. There may also be research that is appropriate for ANGDA to conduct and to provide that information to the State of Alaska.

Prepared by: Steve Porter, Deputy Commissioner Phone (907) 465-2365
Division Department of Revenue Date/Time 2/16/04 9:58 AM
Approved by: Steve Porter, Deputy Commissioner Date 2/16/2004
Agency Department of Revenue



Senate District H Lazy Mountain * Butte * Chugiak * Peters Creek * Fairview Loop

Knik-Goose Bay * Big Lake * Houston * Willow * Talkeetna * Trapper Creek

State Capitol, Room 103, Juneau Alaska 99801 * (907) 465-3878 * 1 (800) 862-3878 *
Fax (907) 465-3265

Senator_Scott_Ogan@legis.state.ak.us

Http://www.akrepublicans.org/ogan

SPONSOR STATEMENT

SB 271 Natural Gas Development Authority Projects

SB 271 was introduced to expand the scope of the Alaska Natural Gas Development Authority (ANGDA) to include planning, developing, constructing, managing or operating an economically viable gas pipeline project from the North Slope to the Canadian Boarder. This approach also asks ANGDA to evaluate opportunities for private sector involvement in the project. With the recent announcement of applications by independent and producer pipeline operators under The Stranded Gas Act, **SB 271** could be a key component to a link with existing infrastructure in Canada.

As one of the legislators that introduced the original legislation eventually passed by a voter initiative, I feel it was an omission to not allow for more private sector risk when considering this project. Under this bill, a private sector investor, constructor and or operator could build and operate the pipeline either to tidewater, the Canadian border or both. State ownership would give the advantage of tax-free status but the private sector would shoulder the risk in areas that the state traditionally should not undertake. Tax-free ownership dramatically changes the economics of a project.

SB 271 is project sponsor neutral, as all parties interested in bringing Alaska's North Slope Gas to market, could utilize this process. I think this makes LNG to tidewater a more viable project if the LNG line could piggyback off of the preplanned infrastructure of a route that parallels the Trans Alaska Pipeline System or the Alaska Highway.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

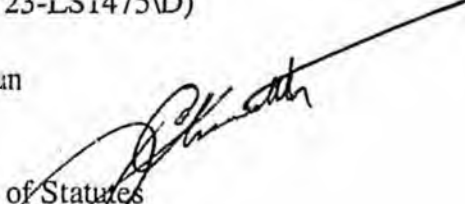
MEMORANDUM

January 22, 2004

SUBJECT: Senate Bill 271, amending material added by the Alaska Natural Gas Development Authority initiative -- sectional analysis (Work Order No. 23-LS1475D)

TO: Senator Scott Ogan

FROM: Jack Chenoweth
Assistant Revisor of Statutes



Linda Hay has requested a sectional analysis of the above-captioned bill. The measure addresses material added by the Alaska Natural Gas Development Authority initiative. The authority was established by initiative approved at the November 2002 general election to build a gas pipeline to tidewater and to market North Slope natural gas.

Bill section 3: The amendment made to AS 41.41.990(3) is the measure's principal substantive change. It amends the definition used in the Alaska Natural Gas Development Authority chapter to define the "project" to add the alternative of a route that parallels the TransAlaska Pipeline System or the Alaska Highway to the Canadian border, at which point the pipeline would interconnect with a TransCanada line. The amendment makes a conforming change by eliminating a specific reference to completion of a spur line from a point of origin in Glennallen to service the Southcentral gas distribution grid; while the inclusion of reference to a spur line remains part of the definition of the project, the spur line could originate at any appropriate point.

Bill section 1 adds a series of findings supportive of the changes proposed in the legislation.

Bill section 2, amending AS 41.41.010(d), makes a conforming change by eliminating reference to a delivery to tidewater for onward shipment; subsection (d) otherwise retains reference to the authority's ability to acquire North Slope natural gas for delivery to market as "an essential government function of the state."

Bill section 4: The 2002 Alaska Natural Gas Development Authority initiative included an interim provision directing the Authority's board to prepare a development plan within one year (or at a point later in this calendar year). The changes made in the bill section (1) delay the deadline to meet that requirement to January 1, 2005, so that the Authority's directors may respond to the new duties assigned in the bill, (2) direct the development of separate plans, and (3) add, as a further requirement, an evaluation of private sector

Senator Scott Ogan
January 22, 2004
Page 2

opportunities associated with planning, development, construction, management, and operation of the pipeline projects.

Bill section 5 gives these changes an immediate effective date.

JBC:med
04-070.med

Senate Bill 271 by Sen Ogan

AMENDING the purpose of ANGDA to include AlCan Highway route

Ballot Measure 3 specifies that a "project plan" be developed by June 15, 2004 for a gas pipeline linking Prudhoe Bay to Valdez and a spur line from Glennallen to the Cook Inlet area. That work is underway and has received \$350,000. funding. A request for an additional \$2,150,000. in FY04 to complete that effort is under legislative consideration.

SB 271 would expand the definition of the "project" to be studied to include the addition of a gas pipeline linking Prudhoe Bay to the US on a route following the Alcan Highway. The timeline to complete the work on the development plans is extended by 6 months to 1/1/05 and a specific plan element evaluating private sector involvement is added. While a great deal of the work associated with a total ANGDA funding of \$2,500,000. would apply to either project (ie., tax advice and financing structure) there are significant new work elements that would be uniquely added to evaluate the feasibility of the Alcan highway routing (ie, hydraulic design of combining projects to Delta and gas markets in the Lower-48).

Expanded Work Scope Under Business Contractors	\$200,000.
Expanded Work Scope Under Project Contractors	\$150,000.
Additional Gas Pipeline Design (emphasis on combined flow)	\$500,000.
Assessment of pricing, timeline & competition in Mid-West	\$150,000.

Total Additional FY04 Funding	\$1,000,000.

This additional contractor work would allow a comparison of the alternative projects at a feasibility study level (ie., cost, benefits, timing, market & synergy).

The cost of evaluating this alternative project might be lowered if engineering design details were made available to ANGDA by either or both of the Stranded Gas Act applicants.

H Heinze 1/26/04

Alaska Natural Gas Development Authority
2004 Legislation
Status Report

Bill Number	Short Title	Changes	Fiscal Note	Status
HB 279 Governor	Natural Gas Pipeline Development	Amends the definition of project to include a pipeline that parallels the Alaska Highway. Requires a work plan instead of a development plan.	Yes, 04/21/03 \$150 K	(H) O&G
HB 296 Croft	Approp: Natural Gas Dev Authority	Appropriates \$2.15 million to the authority	No	(H)O&G
HB 386 Croft	Natural Gas Dev Authority Contract	Exempts the Authority from the Procurement Code	No	(H)L&C
SB 193 Governor	Natural Gas Pipeline Development	Amends the definition of project to include a pipeline that parallels the Alaska Highway. Requires a work plan instead of a development plan.	Yes 04/21/03 \$150 K	(S) RES
SB 241 Therriault	Approp: Natural Gas Dev Authority	Appropriates \$2,15 million to the authority	No	(S)RES
SB 247 Wagoner	Natural Gas Dev Auth Initiative	Amends the definition of project to include a pipeline to tidewater at a point on Cook Inlet	No	(S)RES
SB 253 Therriault	Natural Gas Dev Authority Contract	Exempts the Authority from the Procurement Code	No	(S)STA
SB 271 Ogan	Natural Gas Dev Authority Projects	Amends the definition of project to include a pipeline that parallels the Alaska Highway	No	(S) RES 01/26/04 3:30 PM

SB 271 & SB 241

ANGDA work plan & supplementary funding request (\$2.15 million)

(Heinze on 2/16/04)

Covers major work areas related to:

- business structure for the lowest cost-of-service
- integrated analysis of the benefits to Alaska and Alaskans
- verification of key project design, cost, and schedule elements

Addresses all eleven elements listed in Ballot Measure 3 that must be included in the development plan

Interacts with State's consideration of the Stranded Gas applications:

- Help with the work (ie, benefits analysis)
- Provide a lower cost-of-service business alternative that help gas marketability
- Augment sponsors ability to provide gas and benefits to Alaskans
- Provides an alternative project for comparison (fall-back)

ANGDA is working with the Administration team to define and contract for most important ANGDA and Stranded Gas work efforts. Total funding requirement seems consistent with several alternative work emphasis scenarios. Timeline may slip depending on involvement with SGA applicants

Resolution of the ANGDA Board passed unanimously on Feb 9, 2004 in support of the Administration's proposal to combine efforts of State resources working on North Slope gas issues.

"The Board of the Alaska Natural Gas Development Authority supports the appropriation of \$3,000,000. in the remainder of FY 04 to the Department of Revenue for work related to bringing North Slope gas to market."

NO UNFUNDED MANDATES

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

February 13, 2004

To:

Mr. Joe Marushack
 Vice President
 ANS Gas Development
 ConocoPhillips Alaska

Mr. Ken Konrad
 Sr. Vice President
 Alaska Gas
 BP Exploration Alaska

Mr. R. D. Schilhab
 Vice President
 ExxonMobil Alaska
 Production

Dear Sirs:

The Board of Directors of the Alaska Natural Gas Development Authority (ANGDA) takes note of your recent application to the State of Alaska under the Stranded Gas Act.

As a public corporation of the State, ANGDA's interest is in the timely delivery of Alaska gas to the market in a way that provides the maximum benefits to Alaska and Alaskans. ANGDA was created by public initiative and directed to pursue a gasline to Valdez, LNG export, and a spur line from Glennallen to the Cook Inlet area. Obviously this project has a number of common aspects to one of your proposed gasline route alternatives following the AICan highway and we would welcome the opportunity to work with you in a mutually beneficial way. Your Beaufort Sea alternative route might become possible if North Slope gas was available to Alaskans as provided for in our project and we would also welcome the opportunity to discuss your co-operation towards that objective.

Additionally, ANGDA has undertaken several work projects (i.e., a "benefits analysis" model) that may be of interest in your project definition and discussions with the State. We also are currently defining our business structure to assure that the leverage of being an Alaskan public agency contributes to the lowest cost-of-service possible in North Slope gas transportation.

In all of these areas we are anxious to contribute positively towards your determination of an economic project and we would welcome the earliest opportunity to interact directly at a Board level.

Harold Heinze
 CEO, Alaska Natural Gas Development Authority

February 12, 2004

Mr. David L. Sokol
Chairman and Chief Executive Officer
MidAmerican Energy Holdings Company
P. O. Box 657
Des Moines, IA 50303-0657

Dear Mr. Sokol:

The Board of Directors of the Alaska Natural Gas Development Authority (ANGDA) and I welcome you and your company to Alaska and your sponsor group interest in bringing North Slope gas to market. As a public corporation of the State, ANGDA's interest is in the timely delivery of Alaska gas to the market in a way that provides the maximum benefits to Alaska and Alaskans.

ANGDA was created by public initiative and directed to pursue a gasline to Valdez, LNG export, and a spur line from Glennallen to the Cook Inlet area. Obviously this project has a number of common aspects to your proposed AICan highway gas project and we would welcome the opportunity to work with you in a mutually beneficial way.

Additionally, ANGDA has undertaken several work projects (i.e., a "benefits analysis" model) that may be of interest in your project definition and discussions with the State. We also are currently defining our business structure to assure that the leverage of being an Alaskan public agency contributes to the lowest cost-of-service possible in North Slope gas transportation.

In all of these areas we are anxious to contribute to your project's success and would welcome the earliest opportunity to interact directly in Alaska or at your headquarters.

Harold Heinze
CEO, Alaska Natural Gas Development Authority

Copied To: Mr. Robert Sluder, MEHC Alaska Gas Transmission Company, LLC
Mr. Ken Thompson, Pacific Star Energy
Mr. Carl Marrs, CIRI

SB

275

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1--CORRECTED
 Bill Version: SB 275
 (S) Publish Date: 1/26/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
 Title Relating to fees for the DEC RDU Multiple
 Component Commissioner's Office
 Sponsor Rules by Request
 Requester Governor Component No. 633

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	541.1	653.5	653.5	653.5	653.5

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	(68.9)	(68.9)	(68.9)	(68.9)	(68.9)
1004 GF	0.0	(262.2)	(374.6)	(374.6)	(374.6)	(374.6)
1005 GF/Program Receipts	0.0	465.1	577.5	577.5	577.5	577.5
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1052 Response Fund	0.0	(206.8)	(206.8)	(206.8)	(206.8)	(206.8)
1156 Receipt Supported Services	0.0	72.8	72.8	72.8	72.8	72.8
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Check 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)

See Attached

Prepared by: Kristin Ryan, Director
 Division: Environmental Health
 Approved by: Kurt Fredriksson
 Agency: Department of Environmental Conservation

Phone 269-7644
 Date/Time 1/26/04 11:52 AM
 Date 1/26/2004

FISCAL NOTE #1 -- CORRECTED

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 275

ANALYSIS

This bill amends existing fee authority to allow DEC to recover the estimated actual costs of services provided for a pesticide registration program; seafood food/safety laboratory services; and contingency plan review and financial responsibility for noncrude oil operations. The bill also eliminates the prohibition on including travel costs in the estimated actual costs for services, adds late fee and permit revocation for nonpayment authority, and results in fund source changes from general fund or the Response Fund to general fund program receipts.

FY2006

RDU: Environmental Health

Component: All

Page 1, line 10. Removing the travel cost recovery prohibition in AS 44.46.025(a) will allow the department to recover costs from ongoing inspection and permit related activities. Estimated average costs that can be recovered, assuming field travel and associated per diem for inspections, not including complaint investigation, or non-fee generating travel, is \$90.0 beginning in FY2006. The programmatic breakdown for travel cost recovery and associated general fund replacement is:

Food Safety Program (RSS)	\$ 72.8
Laboratory Services (GFPR)	\$ 6.5
Drinking Water (GFPR)	<u>\$ 10.7</u>
	\$ 90.0

RDU: Environmental Health

Component: Laboratory Services/Pesticide Program

Page 2, line 14. Subsection (8) allows the department to recover direct costs from ongoing pesticide registration program activities. DEC will charge \$40.00 per pesticide brand registered beginning in FY2006. Fees will replace current general funds used to match the federal pesticide grant (\$68.9), and will replace general funds (\$59.9) for a position that processes registrations for manufacturers and suppliers of 5,500 pesticide brands sold in Alaska. Assumptions include a 40% reduction in the potential number of registrations, generating approximately \$132.0 annually.

RDU: Environmental Health

Component: Laboratory Services/Seafood Food Safety Lab

Page 2, line 15. Subsection (9) allows the department to recover program costs relating to services provided by the state seafood and food safety laboratory. SB 215 authorized the construction of a new seafood food safety lab. A move in date of July, 2005 with full operation by mid-FY2006 is expected. FY2006 revenue projections for testing drinking water and shellfish toxins for one half year is \$112.3. These receipts will double with the full year of operations in FY2007.

PDU: Spill Prevention and Response

Component: Industry Preparedness

Page 2, line 16. Subsection (10) allows the department to recover estimated actual costs relating to the ongoing Plan Review for Oil Discharge Prevention and Contingency Plans (C-Plans) for noncrude oil operations and the related C-Plan Financial Responsibility requirement.

Financial responsibility applications: 980 per year at \$150 per application = \$147,000

Nontank vessel contingency plans: 128 per year at \$250 per application = \$32,000

Other operator contingency plans - new applications: 10 per year at \$1,000 each = \$10,000

Other operator contingency plans - significant amendments: 10 per year at \$500 each = \$5,000

Other operator contingency plans - renewal applications: 17 per year at \$750 each = \$12,750

Current funding source for these activities is the Oil and Hazardous Substance Release Prevention and Response Fund. Fee revenues would replace expenditures from this funding source. Fees would be assessed beginning in FY2006. Total fund source change resulting from the noncrude C-Plan review and financial responsibility requirements is \$206.8.

FISCAL NOTE #1--CORRECTED

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 275

ANALYSIS (cont.)

RDU: Air & Water Quality

Component: Water Quality

Page 3, line 9. Adds a new section in AS 44.46 allowing the department to assess late fees against a person who has failed to pay monetary charges. The section also allows the department to revoke or refuse to issue a permit or approval until payment of the charge is made. In 2002-2003 there were over 650 statements for past due balances. With statutory authority to compel clients to pay late fees on outstanding balances we estimate that the number of subsequent statements billed would be reduced by 75% and view the late fee as a deterrent to growing delinquent accounts along with the ability to revoke or refuse to issue authorization for nonpayment. At an average cost per statement of \$14.64 we expect late fees to be minimal and have not included them as a new revenue source.

FISCAL NOTE #1--CORRECTED

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 275

ANALYSIS CONTINUATION

FY2006 Impacts to Funding by Section

FUND SOURCE	EH Travel	EH Lab Pesticides	EH Lab Fees	SPAR C-Plans	AWQ-WQ	Total
1002 Federal Receipts						0.0
1003 GF Match		(68.9)				(68.9)
1004 GF	(90.0)	(59.9)	(112.3)			(262.2)
1005 GF/Program Receipts	17.2	128.8	112.3	206.8		465.1
1037 GF/Mental Health						0.0
1052 Response Fund				(206.8)		(206.8)
1156 Receipt Supported Services	72.8					72.8
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

	EH Travel	EH Lab Pesticides	EH Lab Fees	SPAR C-Plans	AWQ-WQ	Total
Revenues	90.0	132.0	112.3	206.8		541.1

FY2007 and Out Years
Impacts to Funding by Section

FUND SOURCE	EH Travel	EH Lab Pesticides	EH Lab Fees	SPAR C-Plans	AWQ-WQ	Total
1002 Federal Receipts						0.0
1003 GF Match		(68.9)				(68.9)
1004 GF	(90.0)	(59.9)	(224.7)			(374.6)
1005 GF/Program Receipts	17.2	128.8	224.7	206.8		577.5
1037 GF/Mental Health						0.0
1052 Response Fund				(206.8)		(206.8)
1156 Receipt Supported Services	72.8					72.8
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

	EH Travel	EH Lab Pesticides	EH Lab Fees	SPAR C-Plans	AWQ-WQ	Total
Revenues	90.0	132.0	224.7	206.8		653.5

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

410 Willoughby Ave., Ste 303
Juneau, AK 99801-1795
PHONE: (907) 465-5065
FAX: (907) 465-5070
<http://www.state.ak.us/dec/>

January 27, 2004

The Honorable Scott Ogan
Chair, Senate Resources Committee
Alaska State Senate
State Capitol, Room 103
Juneau, Alaska 99801

Dear Senator Ogan:

The Department of Environmental Conservation respectfully requests your consideration in scheduling a hearing for SB 275, an Act "Relating to certain fees of the Department of Environmental Conservation and actions relating to permits for nonpayment of permit fees," before the Senate Resources Committee at your earliest convenience.

This bill amends existing statutory fee authority to allow DEC to recover the estimated actual costs of services provided for a pesticide registration program; seafood food/safety laboratory services; and contingency plan review and financial responsibility for non-crude oil operations. The bill also eliminates the prohibition on including travel costs in the estimated actual costs for services, adds late fee and permit revocation for nonpayment authority.

SB 275 has an associated fiscal note that reflects the fund source changes from general fund and Oil and Hazardous Substance Release Prevention and Response funds to general fund program receipts, and no additional expenditure authority.

For further information regarding this bill contact Kristin Ryan, Director of the Division of Environmental Health at 269-7644 or Melanie Lesh, the department's legislative liaison, at 465-5290. Thank you for your consideration.

Sincerely,



Ernesta Ballard
Commissioner

cc: Mike Tibbles, Legislative Director, Office of the Governor
Kristin Ryan, Environmental Health, DEC

Governor's transmittal letter dated January 22, 2004

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the fee authority of the Department of Environmental Conservation (DEC) AS 44.46.025. The bill would require a variety of persons benefiting from DEC's services to contribute toward the costs of providing those services.

This bill would expand DEC's authority to collect fees for services relating to pesticides under AS 46.03. Unlike most states, DEC does not have statutory authority to charge fees for its pesticide-related services. DEC provides services such as certifying applicators, issuing permits for pesticide application, and registering pesticides.

Similarly, this bill would grant DEC authority to collect fees for services provided through the state seafood and food safety laboratory. The seafood and food safety laboratory provides a myriad of services to certain users and the general public. Such services include testing crab, geoducks, and other shellfish for toxins before sale, testing local dairy products before sale to schools and the military, testing food products for the presence of harmful bacteria, and performing nutritional analyses.

This bill would require non-crude oil operators to contribute towards DEC's costs for reviewing, commenting upon, approving, and retaining oil discharge prevention and contingency plans and proof of financial responsibility. Non-crude operators include operators of: oil terminal facilities; oil barges; tank vessels; nontank vessels; and railroad tank cars that store or transport petroleum products derived from crude oil. Currently, only crude oil operators contribute towards DEC's costs for handling oil discharge prevention and contingency plans and proof of financial responsibility through the oil conservation surcharge on crude oil production in AS 43.55.300.

Both types of operators, non-crude and crude, derive a benefit from DEC's services. They should both contribute to the cost of maintaining the State of Alaska's oil spill safety net. The fee amount would be limited to recovering DEC's applicable direct costs associated with oil discharge prevention and contingency plans and proof of financial responsibility.

This bill would also authorize DEC to include travel costs in determining the amount of a fee and to assess late fees against a person for failing to pay amounts owed DEC. The late fees would be assessed on a monthly basis until the amount due is paid. The late fees would be adopted by DEC as fixed fees and may not exceed DEC's estimated average reasonable costs in collecting unpaid and late monetary charges. Under proposed AS 44.46.027, DEC would periodically review regulations adopted under that section, to identify any changes in the average actual cost of collecting unpaid and late monetary charges and, by regulation, adjust the late fees accordingly. After 30 days' written notice to the person, DEC could revoke or refuse to issue, modify, amend, or renew permits, approvals, or any other DEC authorization until payment is made to the department.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski
Governor

Subject: dec fee bill

Date: Thu, 19 Feb 2004 10:26:44 -0900

From: "Jim" <jaguiar@ctcak.net>

To: "scott" <senator_scott_ogon@legis.state.ak.us>,
"tom" <senator_tom_wagoner@legis.state.ak.us>,
"fred" <senator_fred_dyson@legis.state.ak.us>,
"ralph" <senator_ralph_seekins@legis.state.ak.us>,
"ben" <senator_ben_stevens@legis.state.ak.us>,
"kin" <senator_kim_elton@legis.state.ak.us>,
"georgianna" <senator_georgianna_lincoln@legis.state.ak.us>,
"nancy" <representative_nancy_dahlman@legis.state.ak.us>,
"beverly" <representative_beverly_masek@legis.state.ak.us>,
"cheryll" <representative_cheryll_heinze@legis.state.ak.us>,
"carl" <representative_carl_gatto@legis.state.ak.us>,
"bob" <representative_bob_lynn@legis.state.ak.us>,
"nick" <representative_nick_stepovich@legis.state.ak.us>,
"kelly" <representative_kelly_wolf@legis.state.ak.us>,
"beth" <representative_beth_kerttula@legis.state.ak.us>,
"max" <representative_max_gruenberg@legis.state.ak.us>

DEAR LEGISLATORS

I am a small oyster farmer outside of cordova. I would like you to know that the proposed dec fee (sb 275, hb 399) would put me out of business. My season goes for 32 weeks. I ship an average of 350 dozen oyster a week at \$4.00 a dozen.(100 to 500 dz) the proposed fee would be \$250 a week about 20% average.far more than I can absorb.

I hope that d.e.c. a.s.g.a. and the legislature can work together to come up with a plan that will work for all of us.
please do not distroy a new industry.

thank you

james aguiar

eagle shellfish farm

po box 2211

cordova ak. 99574

(907 424 3481)

Alaskan Shellfish Growers ASSOCIATION



February 27, 2004

**Senator Scott Ogan, chair
Senate Resources Committee
Capitol Building, Room 103
Juneau, AK 99811**

Dear Sen. Ogan:

Imposition of the user fees proposed by the Alaska Department of Environmental Conservation (DEC) to carry out the intent of SB 275 would put most aquatic farms in the state out of business and halt development of this promising economic opportunity in coastal Alaska. We urge your committee to remove the food safety lab from the measure and direct DEC to work with shellfish growers on strategies to reduce the operating cost of this vital public service.

Although we outlined in earlier correspondence the impact of the fees on the small mom-and-pop business that comprise our industry, the result of this legislation would be so devastating to the industry that it should be restated.

If the legislation is approved, DEC says it would charge shellfish growers \$125 per sample. After contacting several growers, ASGA has calculated growers would have been charged fees ranging between \$2,500 and \$25,000 for their 2003 production. While these might not sound significant, they are staggering sums to businesses with annual revenues of \$50,000 to \$150,000.

When examining the user fees proposed in SB 275, it is significant to note that the food safety laboratory is the only DEC service mentioned that is designed specifically to protect public health and safety. Indeed, that is how every other coastal state views these types of services, as no other jurisdiction in the country charges users for testing shellfish for marine toxins or pollution.

Alaska is known by scientists throughout the world as the "hot spot" for paralytic shellfish poisoning (PSP) as outbreaks are pretty commonplace in some regions of the state. The current PSP testing program for shellfish farms is the only monitoring the state does for these deadly toxins and the tests should be regarded as vital warning systems for recreational and subsistence harvesters.

Shellfish growers do not oppose the concept of user fees. Growers pay DEC fees for water quality certification, and invest significant sums of their own funds and time to collect the samples and send them to the lab for analysis. ASGA urged DEC for years to have growers collect their own water samples as we recognized the cost of the state chartering airplanes and sending DEC officials to remote areas was far too expensive an undertaking.

ASGA believes that the operating cost of the PSP testing program can be reduced significantly without compromising public health or safety. We'd like to work with DEC

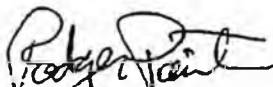
on strategies to accomplish this goal. It also is fair to point out that DEC did not consult with the industry when this bill was being drafted; we believe this should be the first step an agency takes when it moves to impose user fees.

We respectfully request you amend SB 275 as follows:

Delete all language on line 15 and renumber accordingly. [(9) the state seafood and food safety laboratory;].

ASGA also would be willing to draft suggested language for a letter of intent to attach to the amended bill directing ADEC to work with users to reduce the cost of operating the food safety lab. Kristen Ryan, director of the Division of Environmental Health, has told me she's be happy to work with growers over the interim on strategies to reduce the operating cost of the new lab.

Thank you very much for considering my comments on the behalf of shellfish growers from across the state.


Rodger Painter
Vice President

c.c. Senators Wagoner, Seekins, Ben Stevens, Elton and Lincoln

Alaskan Shellfish Growers ASSOCIATION



February 12, 2004

Senator Scott Ogan, chair
Senate Resources Committee
Capitol Building, Room 103
Juneau, AK 99811

Dear Sen. Ogan:

The state's fiscal crisis certainly is causing a rethinking of how we fund state government and what are the appropriate levels of various state services. While user fees are appropriate for many state services, it certainly doesn't work for others. In the case of user fees for marine toxin tests by the state's Food Safety Lab, the imposition of user fees would destroy a promising sector of our economy and virtually eliminate the only data the state has to detect deadly marine toxins.

Two administration bills (SB 275 and HB399) instruct DEC to impose fees for the services of the food safety laboratory. DEC tells me that means growers would be faced with costs of \$125 for each sample submitted for analysis of toxin, such as paralytic shellfish poisoning (PSP).

This would put all current farms out of business and bring development to a grinding halt. In the case of my own farm, about 15% of my gross sales revenues would be eaten up by the fees. It's even worse for new farms. I talked to several farms to determine the number of samples they were required to submit in 2003. Here's what I found:

2003 Farm Businesses	No. Samples	\$/Sample	Annual Cost
PWS Oyster Farm	32	\$125	\$4,000
Kake Oyster Farm	20	\$125	\$2,500
POW Oyster/Clam Farm	86	\$125	\$10,750
POW Oyster/Clam Farm	198	\$125	\$24,750

The number of samples vary according to experience of the farm, season, amount of product sold and number of species produced, so the costs are significantly different from farm to farm. All of the farms I've contacted say the fees would put them out of business.

The impact on new farmers is the heaviest. Consider this example:

New Oyster Farm	Gross Sales*	DEC Fees	% of Rev.
50 doz./week for 18 weeks	\$3,375	\$1,250	37.04%
100 doz./week for 17 weeks	\$6,375	\$4,250	66.67%
200 doz./week for 17 weeks	\$12,750	\$2,500	19.61%
Total	\$22,500	\$8,000	35.56%

*\$3.75/doz. farmgate

The impact on the newly emerging geoduck farms in the Ketchikan area also would be heavy:

New Geoduck Farm	No. Samples	\$/Sample	Annual Cost
3 samples/sale/50 sales	150	\$125	\$18,750

Policymakers become accustomed to industry saying government fees or regulations will put them out of business, but it certainly is the case with these fees. Alaska shellfish farms are mom-and-pop businesses and they simply can't shoulder fees of this magnitude.

Important to keep in mind is the farms operate year round, selling relatively small amounts of product on a weekly basis. This feature increases economic benefits to local communities, allows farmers to charge premium prices, and provides Alaskans with the only fresh local seafood products they can buy 52 weeks a year. However, it also greatly increases the cost of PSP testing.

Under current PSP testing guidelines, geoduck divers can certify an entire bay for two days on the results of three tests. The divers might harvest 30,000 pounds of product from the bay during the two-day opening. Contrast the \$375 lab fee bill with the cost to a farmer to sell 30,000 pounds in weekly lots of 1,000 pounds: \$11,250.

Every state with extensive shellfish beds provides some level of testing to ensure public health for recreational and commercial harvested product. In some states, Shellfish growers are not charged for these tests anywhere else in the country, as it is regarded as a necessary public health service.

The state's current marine toxin testing program is an important safeguard for public health, as the aquatic farms are ensured of providing safe shellfish for local consumption. Outbreaks of PSP are an unfortunate fact of life in Alaska and the testing at farms provide the only information available in most areas about the risks of PSP.

Two things are clear to us: (1) the fees would sink most, if not all, existing farms, and (2) interest in starting new farms will cease if the fees are enacted. While we are very mindful of the state's precarious fiscal situation, ASGA believes transfer of the cost of these essential public health programs to the private sector would be self-defeating because the impacted businesses will go broke. As one grower commented, "The state won't have to build a new lab...there will be no customers."

We think there's a better solution. ASGA would like to work with DEC over the coming year on strategies to reduce the number of samples required of shellfish farms without compromising the safety of the testing program. We believe enough data has been collected to regionalize PSP management, there should be more consolidation of testing requirements where there are clusters of farms, and the number of samples required should be re-examined.

The UA Marine Advisory Program has agreed to work on such an effort with DEC and the industry. I am optimistic that we can find ways to significantly reduce the number of samples required.


Rodger Painter
Vice President

Subject: FW: SB275 hearing

Date: Sat, 28 Feb 2004 03:35:18 -0900

From: "Rodger Painter" <rodgerpainter@hotmail.com>

To: Linda_Hay@legis.state.ak.us

I think you have this already, but thought I should make sure. It saure would be nice if this could make it into committee packets.

I would really like to be at the hearing but have to go to my farm for 10 days. I do have email access via satellite dish. Please contact me if I can answer questions or put you in contact with someone.

Thanks much.

>From: Jim Redfield <jaredfield@earthlink.net>
>To: senator.georgianna.lincoln@legislature.state.ak.us,
>senator.ralph.seekins@legislature.state.ak.us,
>senator.scott.ogan@legislature.state.ak.us,
>senator.fred.dyson@legislature.state.ak.us,
>senator.tom.wagoner@legislature.state.ak.us,
>senator.ben.stevens@legislature.state.ak.us,
>senator.kim.elton@legislature.state.ak.us, governor@gov.state.ak.us
>CC: Kristin_Ryan@dec.state.ak.us, Rodger Painter
><rodgerpainter@hotmail.com>, linda.hay@legislature.state.ak.us,
>commissioner@dec.state.ak.us
>Subject: SB275 hearing
>Date: Fri, 27 Feb 2004 17:34:53 -0800
>
>Ladies and Gentlemen,
>
>I became aware earlier today of a hearing to be held on Monday, March 1, on
>SB 275, a bill put forward by DEC, and am very startled and concerned.
>Unfortunately I will be travelling and unavailable to speak at this
>hearing. I wish this email to be verbally read into the proceedings.
>
>Thank you for allowing me to express my opinions regarding SB275.
>
>Let me introduce myself. My name is Jim Redfield. I have a Ph. D. in
>ecological genetics and worked for over 10 years as a Research Scientist
>with CSIRO, Division of Fisheries Research, in Australia. My role there was
>identifying new prawn stocks in the tropical and very remote Gulf of
>Carpentaria. Although the water is warmer, the scientific and commercial
>challenges are similar to southeast Alaska.
>
>My partners and I are newcomers to the Southeast Alaska aquaculture
>industry. Under HB208, we recently acquired the lease rights to two
>subtidal geoduck farm sites (19 acres) off Etohin Island, about 30 miles
>southwest of Wrangell.
>
>It is our understanding that the Governor is a strong advocate of these new
>aquaculture ventures and works very hard to provide the proper economic
>encouragement to help these aquaculture ventures to succeed. We are
>particularly interested in Alaskan geoduck for the very high end live
>geoduck Asian market. As such we need the help and input of many agencies
>including the DEC.
>
>We are in the very early stages of obtaining all the necessary permits,
>approvals, and certifications from the State of Alaska. We are excited
>about the future of this industry and judging by the success of the British
>Columbia sub-tidal farming ventures, feel that geoducks could become a

>significant cash crop for southeast Alaska. But like any new industry,
>opening the opportunity needs careful nurturing by the relevant government
>agencies. Sometimes that means guidance and direction, sometimes it means
>getting out of the way. It almost always means providing an economic
>environment that will attract strong investment from a variety of sources.

>
>With attacks like that proposed in SB275, we reflect that maybe the
>sub-tidal Geoduck farms were not such a good idea after all. Some in the
>State appear to want to tax geoduck aquaculture farmers out of existence
>before we get off the ground.

>
>I refer directly to the \$125/sample tax the DEC wants to impose on PSP
>testing for all shellfish.

>
>This equates to a \$62.50/day tax every day a geoduck farmer is harvesting
>(the test is only valid for 2 days). Given the nature of taxes, this tax
>may well be \$100 to \$500/day by the time the first newly planted geoduck
>are mature in 7 to 8 years. Who knows?

>
>The whole SE Alaska shellfish industry suffers enormously due to the
>distance to the testing facility from the harvesting grounds. No one would
>reasonably argue that it is in the best interests of a growing industry to
>placing a critical path facility 1000 miles away from the harvest area. Yet
>that is exactly what we have with the lab facility in Palmer. This facility
>should be located in Petersberg, Wrangell, or Ketchikan. The science done
>there for PSP testing is straight-forward and routine, certainly within the
>capacity of a trained lab technician.

>
>Worse, DEC does little in the way of pro-active, on-site monitoring for PSP
>precursors.

>
>As a big for example, DEC does not allow the harvesters to use reliable
>MIST tests to certify their harvest. The MIST Alert test can instantly
>detect PSP toxins in phytoplankton, both in the laboratory and in the
>field, and has been shown to provide an effective early warning system of
>PSP algal blooms in field studies.

>
>According to Jellett Biotek, the inventors of the MIST Alert system: "The
>tests, called MIST Alert, are simple enough for field use and can be
>applied to the detection of marine biotoxins in shellfish or phytoplankton.
>Thousands of shellfish samples were tested in parallel using the mouse
>bioassay and MIST Alert for PSP in Alaska, Maine, British Columbia, New
>Zealand and the UK. The MIST Alert for PSP detected 100% of the toxic (>80
>µg/100g) sample extracts, and also detected the majority of extracts
>containing PSP toxin over 32 µg/100g. Compared to the mouse bioassay, there
>was a false positive rate recorded of about 10-12% by the MIST Alert.
>However, when the extracts that gave false positive results on the MIST
>Alert™ were further analyzed by HPLC, it was found that the MIST Alert
>detected toxicity that was present in many of the extracts in the range of
>20-40 µg/100g, below the level detectable by the mouse bioassay. Therefore
>MIST Alert for PSP gave false positive results only about 1-2% of the time,
>when there was low to no detectable PSP present."

>
>The short version is that the MIST tests work and work well more or less
>instantaneously.

>
>Let's review what this proposed DEC initiated, PSP tax means to a new
>aquaculture farmers like us:

>
>During our startup phase this tax would burden us an additional \$62.50/day
>when we are simply preparing our site for a farm. Sites were deliberately
>chosen by various parties because they believed the sites don't have high
>densities of geoduck. So we must realize what is being proposed here.

>
 >We need to collect and send live 3 geoducks (at \$4/pound these would be
 >collectively worth about \$30) from Etolin Island to Palmer for a reasonably
 >straight forward test (mix up a bit of geoduck, inject the mixture into a
 >mouse, and watch the mouse die - I don't want to trivialize this, but it is
 >a routine lab test done with simple equipment).

>
 >Our cost of collection (10 minutes bottom time- \$50, 6 hours steaming
 >(return)-\$200, GoldStreak to Anchorage - \$50, ground transportation to
 >Palmer - \$30, one full day of work lost waiting for results - \$250) will
 >easily surpasses \$500 every other day as a necessary cost of doing
 >business. Now DEC wants to impose yet another \$125 on top of that. This
 >does not makes economic sense.

>
 >Add to that the cost of our Water Quality Testing about \$4000 (\$500-State
 >Fees plus about \$3500-sampling and shipping costs) in order to get to the
 >point where we can have the honor of paying the for the PSP testing.

>
 >Another way of looking at this is to imagine that all 11 recently awarded
 >geoduck farms are fully utilized and that new farms are added. Each farmer
 >must test for PSP on their own, unlike the commercial fishers who have a
 >'site' qualified and they all can participate in the harvest. Now let's say
 >that the average harvest took 10 weeks, and that sampling for PSP needed to
 >be done every other day over the 70 day period. That would result in 35
 >tests * 11 farms *(\$125 state PSP tax + \$500 collection and shipping fees)
 >would result in a loss of \$240,625 to a fledgling industry. If we take the
 >collection and shipping fees out of this equation we are left with a (35
 >samples*11 farms*\$125 =) \$48,125 tax on geoduck aquaculturalists at a time
 >when they are trying to forge out a new industry that will help the State
 >in the long run.

>
 >What is really disturbing is that DEC seems to be doing nothing to make the
 >cost of doing business for geoduck aquaculture farmers more economical. It
 >is no wonder that British Columbia geoduck fishers and farmers get premium
 >price for their highly regarded, pristine, and very high quality geoduck in
 >the live Asian market while Alaskan geoduck fishermen get much less. We
 >need to make the production and distribution chain more efficient, not tax
 >the producers to prop up a remote testing facility that is often seen as a
 >liability.

>
 >Here are four recommendations (in order of priority):

- >
 >1. Create a water quality and PSP testing facility in Southeast Alaska,
 >near the shellfish industry of that region. Why not have a facility in
 >Petersberg, Wrangell, or Ketchikan? This facility could be privately run.
 >Given the opportunity, I would love to take on this task.
- >
 >2. Allow the shell fishermen to conduct their own PSP testing at least 80%
 >of the time using the reliable MIST test kit. Wait, you say, we can't trust
 >the fishermen to test their own product! They might not reveal results
 >unfavorable to their harvest. Well, the State already entrusts the
 >aquaculture farmers to collect their own water samples for water quality
 >testing. If they can be trusted for this critical procedure, why can't they
 >be trusted for part of another procedure?
- >
 >2A. Develop procedures to use mussels (or other species) as an indicator
 >species for daily PSP levels. Mussels are good because they rapidly take up
 >and void PSP toxins, are easy to grow, and can be sampled quickly from the
 >surface on suspended cultures. These indicator species tests could be used
 >in conjunction with other tests to create a broad picture of PSP levels in
 >any given region.
- >
 >3. DEC should become proactive in monitoring for PSP indicators to obtain a

>more accurate picture of when potential problems may occur.

>

>Is the State really serious about stimulating aquaculture, or are they
>interested in finding new ways to tax fragile startup operations?

>

>Continued tax attacks like this will drive away external sources of
>funding. This external funding is critical to the success of geoduck
>aquaculture. I already have some of my potential investors questioning
>whether geoduck aquaculture has State of Alaska support. These investors
>wonder if the State may be sucker-punching us by inviting aquaculture
>participation just prior to taxing us out of existence.

>

>We have water quality issues, lease issues (the State gives us a 10 year
>lease, in Canada similar operations get 30 year renewable leases),
>aquaculture issues, predator issues, funding issues, and PSP issues. Don't
>kill an new industry before we know if it can lay any golden eggs. Kill the
>tax, not the industry.

>

>Thank you for your time.

>

>Dr. James Redfield

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Subject: SB 275

Date: Mon, 1 Mar 2004 04:07:42 -0900

From: "Stephen La Croix" <s.w.lacroix@worldnet.att.net>

To: "Linda Hay" <Linda_Hay@legis.state.ak.us>

Dear Linda, My name is Stephen La Croix, I live in Ketchikan. I have been working to develop the geoduck clam resource in Southeast Alaska since 1986. We had a major breakthrough in that effort this year. We were struggling with our efforts to export live geoducks because we could not afford to fund the cost of doing all the necessary PSP sampling. Last session the legislature agreed to fund \$250,000 over two years to help us get started. So far this year we have sent 300,000 pounds of live product @ over \$3.00 per pound to market. The increased revenue from the increased value of the product will provide the fishermen with the funds to pay their own way in the future. WE call this Priming the Pump. I believe the same principle applies to the aquatic farmers who are just starting to develop some of the potential in the State of Alaska. My suggestion to the Committee is, do not tax them out of business before they get started. At least wait a few years for these new businesses to get established. Let them get the Pump Primed. Thankyou, Stephen La Croix 907 247 5687

Subject: SB 275
Date: Sun, 29 Feb 2004 11:12:08 -0800 (PST)
From: David Chipman <hisoysters@yahoo.com>
To: Mark_Stopha@legis.state.ak.us

Mr. Mark Stopha,

I will not be able attend the public hearing on SB 275 on Monday so please consider this my written statement.

I have lived in Cordova for 15 years and have been involved in oyster farming for 10 years. Our oyster farm employs 3 full time and 2 part time seasonal employees. If SB 275 passes, my business and employees will be in jeopardy. Below you will find a case study of our farm for 2003 based on the current Uniform Shellfish Sampling Plan for PSP for the first three years of production if SB 275 passes.

Part of ADEC mission is to protect the health and safety of the people of the State and their overall economic and social well being. PSP testing is major part of this mission. The only PSP monitoring in Prince William Sound is provided by the farms and tested by the ADEC lab. There are no State certified shellfish digging beaches in P.W.S. so the only data available for P.W.S. is the Uniform Shellfish Sampling Plan. Subsistence, personal use and recreational shellfish harvesting has always been a way of life in P.W.S. and without any monitoring controls of PSP the health and safety of the people of P.W.S. is not being protected and requiring the oysters farmer to pay for this monitoring is not in the best interest of the economic and social well being of the people of the State.

Aquatic Farming is a growing industry in the state and has the possibility of growing into a multi million dollar industry if the state regulatory agency will work with the industry to make it financially feasible to do business in the state.

Case study of my farm for 2003

Sales of 7,200 Doz. oysters @ \$3.75 per Doz. = \$27,000. Farm gate price.

Farm gate price = sales - cost of processing, packaging and shipping.


Years 1, 2 and 3.

30 lots @ 2 tests per lot @ \$125. = \$7,500.
7 lot over 500 doz. additional 2 tests \$1,750.

Express Mail 30 @ \$20. \$600.
Cost of oysters 2 1/2 doz. per sample \$480.
Total \$10,330.

\$ 10,330. / \$27,000. = 38 % with the additional cost of permits, water sampling and lease payments the cost is closer to 50% of gross farm gate income.

Thank you for your time.
David Chipman
Hawkins Island Shellfish Co.



ALASKA CONSERVATION VOTERS

419TH STREET, SUITE 321
JUNEAU, AK 99801

PO BOX 22151
JUNEAU, AK 99802

(907) 463-3366 VOICE
(907) 463-3312 FAX

No. of PAGES: 3

DATE: 3-1-2004

TO: Paula
Mark
LINDA
GERAN

FAX NUMBER: 465-2108
465-2652
465-3265
465-2108

FROM: Matt Davidson

SUBJECT: SB 275 - DEC FEES

MESSAGE: Examples of the fees other states charge for pesticide registration

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ADAMS TECHNOLOGY STATE PESTICIDE REGISTRATION SERVICE CENTER (ATSSC)

This chart is for quick reference only! It is meant to give an overview of the registration fees and the total cost of registering one product in all states. We have intentionally used the New Product Fee that most registrants will likely pay. This chart is not perfect but gives a rough picture of the fees as of the date listed below. Please refer to the state forms for current and complete registration information. Most states post their regulations, fee schedules and forms on the internet.

ATSSC State Pesticide Registration Fee Chart - Updated: November 19, 2003 (10:30am)

State	2003 Reg Fee	Date Confirmed	2004 Reg Fee	Form Chgk?	Comments
AK Alaska	\$0.00	11/13/03	\$0.00	No	Proposed \$150
AL Alabama	\$100.00	11/17/03	\$100.00		
AR Arkansas	\$150.00	11/13/03	\$200.00	Yes	Reg \$150 + \$50 Pesticide Disposal (some exemptions)
AZ Arizona	\$100.00	11/11/03	\$100.00		
CA California	\$200.00	11/13/03	\$750.00	Yes	Plus Mill Tax: \$0.0021 - Amendments: \$100 (new chg & form)
CO Colorado	\$95.00	11/12/03	\$95.00	No	
CT Connecticut	\$500.00	11/13/03	\$750.00	No	Five year registration (\$150/yr) - Pro-rated first year registration to fit into a 5 year cycle
DC Washington DC	\$75.00	11/11/03	\$130.00	No	
DE Delaware	\$70.00	11/11/03	\$70.00		Two year registration (\$35/yr)
FL Florida	\$250.00	11/12/03	\$250.00	Yes	SLN & EUP: \$100
GA Georgia	\$100.00	11/17/03	\$100.00		
HI Hawaii	\$225.00	11/18/03	\$225.00		Three year registration (\$75)
IA Iowa	\$250.00	11/17/03	\$250.00		Based on sales: Minimum \$250, Maximum \$3000
ID Idaho	\$145.00	11/11/03	\$145.00		
IL Illinois	\$500.00	11/17/03	\$800.00	Yes	Includes Company Fee of \$400/yr! Registration fee after first is \$200/product
IN Indiana	\$75.00	11/11/03	\$75.00		
KS Kansas	\$210.00	11/13/03	\$210.00	Yes	Antimicrobials \$150
KY Kentucky	\$125.00	11/13/03	\$125.00	No	
LA Louisiana	\$300.00	11/12/03	\$400.00	No	
MA Massachusetts	\$100.00	11/11/03	\$300.00	Yes	New AI: \$500, Renewals: \$250
MD Maryland	\$80.00	11/11/03	\$100.00		
ME Maine	\$115.00	11/11/03	\$125.00		
MI Michigan	\$190.00	11/17/03	\$190.00		Fee is 0.75% of sales, minimum \$190. Antimicrobials, Household, etc: \$140
MN Minnesota	\$250.00	11/11/03	\$250.00	Yes	Plus Mill Tax: Sales x 0.004 plus 0.003 ACRRR - Proposed \$350
MO Missouri	\$15.00	11/11/03	\$15.00	No	Proposed \$100

ATSSC State Pesticide Registration Fee Chart - Updated: November 19, 2003 (10:30am)

State	2003 Reg Fee	Date Confirmed	2004 Reg Fee	Form Chge?	Comments
MS Mississippi	\$200.00	11/13/03	\$200.00	Yes	
MT Montana	\$185.00	11/13/03	\$185.00	No	
NC North Carolina	\$80.00	11/11/03	\$150.00		Reg fee \$100 + \$50 > \$5000 in sales or \$25 < \$5000
ND North Dakota	\$350.00	11/12/03	\$350.00	No	Designated Two year registration periods (\$175/yr)
NE Nebraska	\$200.00	11/12/03	\$200.00	Yes	Specialty Products: \$135
NH New Hampshire	\$50.00	11/13/03	\$50.00	No	
NJ New Jersey	\$250.00	11/11/03	\$250.00		
NM New Mexico	\$35.00	11/11/03	\$35.00		
NV Nevada	\$80.00	11/11/03	\$80.00		
NY New York	\$310.00	11/13/03	\$310.00	No	Two year registration (\$155/yr) (expect fee increase by July 1, 2005!)
OH Ohio	\$75.00	11/17/03	\$75.00		
OK Oklahoma	\$100.00	11/12/03	\$160.00	No	
OR Oregon	\$160.00	11/11/03	\$160.00		
PA Pennsylvania	\$135.00	11/17/03	\$135.00	No	
RI Rhode Island	\$80.00	11/11/03	\$80.00		
SC South Carolina	\$100.00	11/17/03	\$175.00		
SD South Dakota	\$175.00	11/12/03	\$175.00	No	Two year registration (\$87.50/yr)
TN Tennessee	\$100.00	11/11/03	\$100.00		
TX Texas	\$350.00	11/12/03	\$420.00	Yes	Two year registration (\$210/yr) (Pro-rated first year registration to fit into a 2 year cycle)
UT Utah	\$70.00	11/17/03	\$70.00		
VA Virginia	\$160.00	11/13/03	\$160.00	Yes	
VT Vermont	\$75.00	11/11/03	\$75.00		
WA Washington	\$290.00	11/17/03	\$290.00	Yes	Two Year Registration (\$145/yr)
WI Wisconsin	\$265.00	11/12/03	\$265.00	No	Reg Fee from \$265 to \$3060 plus 1.3% of sales. *See detail below.
WV West Virginia	\$100.00	11/17/03	\$100.00		
WY Wyoming	\$75.00	11/11/03	\$75.00		
One Reg Fee Total	\$8,230.00		\$8,880.00		119.81% percent of last year (Reg Fees only; No mill taxes included)

*** Wisconsin Registration Fee Details**

"HOUSEHOLD" pesticides: \$0 to \$24,999 in sales pay \$265; sales between \$25,000 and \$74,999 pay \$750; and sales over \$75,000 pay \$1,500.

"INDUSTRIAL" pesticides: \$0 to \$24,999 in sales pay \$315; sales between \$25,000 and \$74,999 pay \$860; and sales over \$75,000 pay \$3,060.

"NON-HOUSEHOLD" pesticides: \$0 to \$24,999 in sales pay \$325; gross sales between \$25,000 and \$74,999 pay \$1060; sales over \$75,000 pay \$3,060 PLUS 1.3% of the gross sales of the product in WI.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

March 1, 2004

Senator Scott Ogan
Chair, Senate Resources Committee
Alaska State Senate
State Capitol, Room 103
Juneau, Alaska 99801-1182

Re: SB 275 — Dept. of Environmental Conservation Fees

Dear Senator Ogan:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I am writing to offer our comments on SB 275 — Dept. of Environmental Conservation Fees.

RDC is a private, membership-funded, non-profit trade association. The organization represents individuals and companies from Alaska's mining, timber, oil and gas, tourism and fishing industries. Also within our ranks are local communities, Native regional and village corporations, organized labor and industry support firms. Our mission is to help grow Alaska's economy through the responsible development of the state's natural resources.

Our comments on SB 275 are limited to Section 3 of the bill, specifically the changes proposed to AS 44.46.027(c). While we support a strong enforcement capability for DEC, we believe the language in subsection (c) is problematic for two reasons.

First, the bill provides no opportunity or process to appeal an enforcement action whether it is the assessment of a late fee or the revocation of a permit. The right to appeal in the event of a legitimate dispute with the department is essential. Including a reasonable appeals provision will strengthen the bill.

Second, the bill allows DEC to revoke or refuse to issue, modify, amend, or renew any department authorization in the event of unpaid late fees. In other words, an operation with multiple permits from DEC risks the revocation of any or all of its authorizations if it has failed to pay a monetary charge associated with only one authorization. In this case, the potential punishment far outweighs the offense. Limiting the department's enforcement capability only to the authorization in question is more appropriate.

Thank you for considering our comments on this important issue. Please contact me if you have any questions.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL for Alaska, Inc.

Tadd Owens
Executive Director

Subject: CSPA's Testimony on SB 275
Date: Mon, 1 Mar 2004 16:28:00 -0500
From: "Andy Hackman" <ahackman@cspa.org>
To: "Linda Hay" <linda.hay@legis.state.ak.us>

Dear Ms. Hay:

Thank you for accommodating Consumer Specialty Products Association's (CSPA) testimony via email and teleconference. Attached is CSPA's brief testimony. This testimony requests that the pesticide registration fee be specified in this legislation

Please let me know if you or any of the members of the Senate Resources Committee have any questions regarding our position on this issue. Also please reply to this message and let me know if you received the testimony and were able to open the attachment.

Thank you very much,


Andy Hackman

Manager, State Affairs Programs

The Consumer Specialty Products Association

P: (202) 833-7328

F: (202) 872-8114

	CSPA's Testimony AK SB 275.pdf	Name: CSPA's Testimony AK SB 275.pdf Type: Acrobat (application/pdf) Encoding: base64 Download Status: Not downloaded with message
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The Consumer Specialty Products Association

Testimony on Senate Bill 275

Presented: March 1, 2004

**By: Andrew Hackman, Manager State Affairs Programs
To: Senate Resources Committee**

Senator Ogan, and distinguished members of the Senate Resources Committee, my name is Andrew Hackman and I am representing the Consumer Specialty Products Association (CSPA).

The Consumer Specialty Products Association (CSPA) is seeking clarification about provisions of Senate Bill 275 that would authorize the Department of Environmental Conservation (the department) to charge a pesticide registration fee. We believe that any pesticide registration fee should be limited to the costs directly related to the department's pesticide registration program. Per Fiscal Note #1 and discussions with the department we believe this cost would be no more than \$40 per product. We respectfully ask that this legislation specifically state that any registration fee should not exceed \$40 per product.

CSPA is a national nonprofit trade association that represents more than 235 companies engaged in the formulation, manufacture, distribution and sale of consumer and institutional products. CSPA members produce a wide variety of products including household and institutional disinfectants, disinfecting cleaners, and ready-to-use pesticides,

Consumer and institutional pesticide products and antimicrobials play a vital role in protecting consumers from dangerous pests and biological contaminants. These products include, among other things, any disinfectant, sanitizer, germicide, fungicide, herbicide, insecticide, insect repellent, and rodenticide. Institutional pesticide products are also used in settings such as hospitals, schools, day care centers, restaurants, and office buildings. Consumer and institutional antimicrobial products help eliminate biological contaminants such as mold and bacteria (including many pathogens) that cause a variety of human health problems; and consumer and institutional pesticide products also protect against disease carrying pests such as cockroaches and rodents.

All of these products must be registered as pesticides with the U.S. EPA and the State of Alaska. According to CSPA's recent national pesticide registration fee survey, our members represent nearly 90% of those companies who will be paying any registration fee in the State. Therefore, any fee **will** be a significant cost to our member companies since many of them register **hundreds** of products in the State.

The Consumer Specialty Products Association
Senate Resources Committee
March 1, 2004

Page 2 of 2

Over the past month, CSPA has had discussions with Kristin Ryan, Director of the Division of Environmental Health at the Department of Environmental Conservation and has appreciated the department's consideration of our position. In our discussions with Ms. Ryan, regarding this fee, we understand that the needs of the department would warrant a pesticide registration fee no larger than \$40. CSPA generally supports pesticide registration fees that fund the cost of administering the registration program and benefit all registrants equally. Thus, CSPA would not oppose a \$40 registration fee. However, we would like see this \$40 registration fee stated in this legislation.

Therefore, CSPA respectfully suggests that you to amend SB 275 to specifically limit the amount that the department would be allowed to charge for pesticide registrations to \$40.

CSPA appreciates your consideration of our industry's perspective on this important issue.



ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., #105, Anchorage, Alaska 99503 • (907) 563-9229 • FAX: (907) 563-9225 • www.alaskaminers.org

3/3

February 28, 2004

Honorable Scott Ogan
Alaska State Senate
Capitol Building
Juneau, AK 99801

RE: Senate Bill 275, DEC Fees and Failure to Pay

Dear Senator Ogan,

Thank you for the opportunity to comment on this bill. There are some aspects of this bill that we can support, but there are other aspects that we strongly oppose.

A general comment is appropriate. A couple years ago the mining industry worked with other industries and DEC and developed a framework for DEC to use when charging fees for services. The premise was that industry would cover the direct permit/project-specific costs and the general fund would cover the overhead and general costs to run the programs. A bill was passed by the Legislature and became law which defined how the fees would be developed. We believe the approach developed then is still appropriate and should not be changed.

During the discussions that led up to the existing DEC fees statute (which extended over a two year period), the issue of charging for travel became a major issue for small mine operators. Examples came to light of situations where up to three different agencies (not all DEC and not all state agencies) had each visited a single small mine during the same week, some by fixed wing aircraft, some by helicopter. Some of the visits appeared to be directly proportional to remoteness or uniqueness of the operation. The solution to help guard against an operator being charged for several such "visits" was to not allow travel charges as part of the fees.

Also, examples exist where persons opposing a legally permitted activity have called DEC repeatedly accusing a company of some environmental violation. When such a complaint is made, DEC is obliged to visit the project and investigate the situation. In one instance involving air quality, the state repeatedly charged the mine for the time spent investigating the complaint, even though no violation was found. Removing the prohibition on charging for travel would provide added incentive for spurious complaints and the miner would be hurt even more than now.

These examples are not hypothetical. The prohibition against DEC charging for travel should remain in place. The change proposed on page 1 lines 10-11 (44.46.025(a)) should be removed from the bill.

Regarding the proposed new section 44.46.027 on late fees - We do not object to the assessment of

late fees. We do however strongly object to the extremely punitive way this is being proposed. There is no opportunity or process to address an appeal where the person may disagree with the late fee being charged. Also, the prohibition of not receiving "any other department authorization until payment" is extremely onerous and must be removed. **The proposed subsection 44.46.027(c) should be removed in total.**

Thank you for the opportunity to comment on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Borell", written in a cursive style.

Steven C. Borell, P.E.
Executive Director

cc: Commissioner Ernesta Ballard

Subject: SB275 - testimony clarification

Date: Tue, 02 Mar 2004 17:58:07 -0900

From: "Ryan, Kristin J." <Kristin_Ryan@dec.state.ak.us>

To: "Senator_Ben_Stevens@legis.state.ak.us" <Senator_Ben_Stevens@legis.state.ak.us>,
"Senator_fred_dyson@legis.state.ak.us" <Senator_fred_dyson@legis.state.ak.us>,
"Senator_Georgianna_lincoln@legis.state.ak.us" <Senator_Georgianna_lincoln@legis.state.ak.us>,
"Senator_Kim_Elton@legis.state.ak.us" <Senator_Kim_Elton@legis.state.ak.us>,
"Senator_ralph_seekins@legis.state.ak.us" <Senator_ralph_seekins@legis.state.ak.us>,
"Senator_scott_ogan@legis.state.ak.us" <Senator_scott_ogan@legis.state.ak.us>,
"Senator_tom_wagoner@legis.state.ak.us" <Senator_tom_wagoner@legis.state.ak.us>

CC: "linda_hay@legis.state.ak.us" <linda_hay@legis.state.ak.us>

Honorable Senate Resource Committee Members:

I would like to clarify my testimony on SB275 yesterday, provide the PSP analysis cost breakdown, and respond to some of the statements made by Mr. Redfield.

The lab portion of the fee bill does not have any relationship with the amortization of the bond bill. That is an expense the Department of Revenue incurs and has no relationship to the operating budget of the laboratory. Department of Revenue is the only department with the expertise to answer further questions on amortization of bond debt.

DEC was asked last year to replace General Funds with fees when it became clear through hearings that the laboratory provided a lot of testing for free. Since the lab conducts 984 PSP tests a year it was an obvious target for fees. Of the 984 tests performed last year, DEC charged \$125.00 (our standard fee for this test) for 125 tests. SB275 proposes charging for all PSP related tests rather than just a small percentage.

SB275 just replaces GF with Receipt Supported Services for the current lab operating budget. It has no relationship with increased operating costs or amortization of the bond bill.

Determining the cost of running a sample is slightly complicated. Costs vary depending on the result. If the first test is positive, we have to run it again to confirm it. If PSP is not detected the first time then a second test is not required. The breakdown is as follows:

Non detect: \$57.82 wages, \$26.65 overhead, \$14.20 incidentals = \$98.67. If PSP detected the costs are: \$100.65 wages, \$47.67 overhead, \$28.20 incidental = \$176.52. Ave: \$137.60. The original \$125 fee was based on the cost to perform this work in 1992. While it is slightly out of date, \$125 is close enough to \$137.60 for the State to recoup most of its expenses.

In response to Mr. Redfield, DEC has worked closely with Jillet Biotech to develop the MIST PSP test kits and provided the company much support in the process. FDA has stated that while the MIST test is useful in the field, it must be confirmed by the Mouse Bioassay on product to be sold in commerce. DEC is bound by FDA and the National Shellfish Sanitation Program and must adhere to their requirements. Otherwise Alaska's shellfish program would not be approved and our growers and harvesters would not be able to sell their products outside of Alaska. We are considering ways the MIST test could be used as a screening tool though.

Mr. Redfield also suggested that the laboratory be located in Southeast Alaska and PSP testing become privatized. Shellfish harvesting and growing occur throughout the State and significant portion of PSP samples come from South-Central. When considering all the testing the lab does and where those samples come from, Anchorage was the most central location. To date, no

private laboratory has been willing to provide PSP testing due to the extensive liability insurance it would require. Ensuring food is safe to eat is a risky business. Lab staff have often provided technical assistance to private labs considering this service and we will continue to.

I hope this clarifies my testimony and answers questions you may still have.

Kristin Ryan
Director
Division of Environmental Health
Department of Environmental Conservation
555 Cordova Street
Anchorage, Alaska 99501
phone 907.269.7644
fax 907.269.7654
e-mail Kristin_Ryan@dec.state.ak.us

-----Original Message-----

From: Jim Redfield [<mailto:jaredfield@earthlink.net>]
Sent: Sunday, February 29, 2004 9:00 AM
To: senator.georgianna.lincoln@legislature.state.ak.us;
senator.ralph.seekins@legislature.state.ak.us;
senator.scott.ogan@legislature.state.ak.us;
senator.fred.dyson@legislature.state.ak.us;
senator.tom.wagoner@legislature.state.ak.us;
senator.ben.stevens@legislature.state.ak.us;
senator.kim.elton@legislature.state.ak.us
Cc: linda.hay@legislature.state.ak.us; governor@gov.state.ak.us;
Kristin_Ryan@dec.state.ak.us; Rodger Painter; commissioner@dec.state.ak.us
Subject: Re: SB275 hearing

Ladies and Gentlemen,

This is a short follow-up to my submission to your committee regarding the proposed bill SB275 as put forward by the DEC. I submit this supplemental proposal as a result of my discovery of additional published scientific information regarding the use of MIST tests and PSP testing.

I refer directly to a publication in the Journal of Shellfish Research (December 2002, Vol. 21, No. 2, p 455-460) by FH MacKintosh and EA Smith, both from the Fisheries Research Services, Marine Laboratory, in Aberdeen Scotland.

These scientists tested MIST kits against routine mouse bioassay procedures for the detection of PSP in mussels, scallops, oysters, cockles, and razor fish. Some of their conclusions are given here:

1. In the lab, all shellfish extracts with PSP toxins above the 80 microgram limit using the mouse bioassay WERE CONFIRMED POSITIVE BY THE MIST test.
2. In the field, shellfish farmers correctly identified ALL samples with PSP toxins above the 80 microgram limit.
3. MIST tests could be used as part of a routine PSP testing regime.

Therefore, I would like to modify my recommendations regarding testing for PSP:

1. Allow the shell fishermen to conduct their own PSP testing using the

proven and reliable MIST test kit. Occasionally during the harvest, have these results checked against DEC results using the mouse bioassay.

2. Establish a training program to ensure that each and every person using the MIST tests in the field for commercial harvest are properly trained on how to apply the test.

3. Have the State buy in bulk from the Canadian manufacturer (to achieve economies of scale) and resale kits to the harvesters at much reduced prices.

4. Implement any and all quality control procedures that will reduce the cost of harvesting without sacrificing health and safety.

5. Move the water quality testing and PSP testing facility to SE Alaska, near the shellfish industry in that region.

6. Develop 'indicator' species testing for geoduck harvesters.

7. Change DEC participation from reactive enforcement to proactive monitoring to achieve a more accurate picture of when and where potential PSP problems may occur. Proactive monitoring is done elsewhere in the USA, why not Alaska?

Like I said before: Don't kill a new industry before we know if it can lay any golden eggs. Kill the tax, not the industry.

Jim Redfield, Ph.D.
Geoduck farmer

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Public Opinion Message

Cordova Legislative Information Office (LIO)
 702 Second Street · Cordova, Alaska 99574 · Phone: 424-5481 Fax: 424-5462

This form must be completely filled out. You may phone, fax, or deliver your POM to any LIO.

From: Please PRINT the information below. This form must be signed by the sender.

Mr. / Ms. / Mrs.	First name	M.I.	Last name	Jr. / Sr. / III
Mr.	Mary Jo		Lord-Wild	
Group affiliation (if applicable)				Daytime telephone number
Elfin Cove Oysters				907-239-2222
Mailing address				Zip code
P.O. Box 109, Elfin Cove, Alaska				99825
Residence (street) address if different from mailing address				Zip code
1st St S2				
Email address			Signature	Date
none			MJ Lord-Wild	3/4/04

To: Put a ✓ in the appropriate box(es).

Committees		House members		Senate members			
<input type="checkbox"/>	H or S	<input type="checkbox"/>	Berkowitz (ber)	<input type="checkbox"/>	Kertula (kor)	<input type="checkbox"/>	Austaman (aus)
<input type="checkbox"/>	Community & Regional Affairs (ora)	<input type="checkbox"/>	Bunde (bun)	<input type="checkbox"/>	Kohring (koh)	<input type="checkbox"/>	Cowdery (cow)
<input type="checkbox"/>	Finance (fin)	<input type="checkbox"/>	Chenault (che)	<input type="checkbox"/>	Kookesh (kos)	<input type="checkbox"/>	Davis (dab)
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<input type="checkbox"/>		<input type="checkbox"/>	Kapsner (kap)	<input type="checkbox"/>	Wilson (wis)	<input type="checkbox"/>	Wilken (wfk)

Subject: Fill out the boxes below OR enter a Subject.

HB or SB	Bill number	and check one:	<input type="checkbox"/> Support	<input checked="" type="checkbox"/> Oppose	<input type="checkbox"/> Amend	OR enter a general Subject (LIO staff may modify):
SB	275					

Message: Your PRINTED message cannot exceed 50 words or contain any vulgar language.

Senate	Bill	275	would	place	5
under	burden	on	Alaska's	oystermen.	10
The	State	has	fostered	this	15
industry	with	one	hand.	Does	20
it	really	want	to	destroy	25
it	with	The	other?	The	30
proposed	fees	would	put	small	35
oyster	farmers	out	of	business.	40
and	further	erode	economic	development	45
of	this	rural	area.		50

SB

281

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/28/04

FURTHER: Finance

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 3-4-03

Resources Committee considered SENATE BILL NO. 281

SB 281 GENETICALLY MODIFIED FISH

"An Act relating to labeling and identification of genetically modified fish and fish products."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DEC	3/1/04			✓	
LAW	3/3/04			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>Paul Ryan</i>	✓			
<i>Demetrius Williams</i>	✓			
<i>Ben Steen</i>	✓			
<i>Kaeph O'Brien</i>	✓			
CHAIR: <i>Thomas W. Wagoner</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: SB281-LAW-NR-3-2-04
 Bill Version: SB281
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act relating to labeling and identification of RDU CIVIL
genetically modified fish and fish products." Component Natural Resources
 Sponsor Senator Elton
 Requester Senate Resources Committee 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 ()						
-------------------------------	--	--	--	--	--	--

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 amends the Alaska Food, Drug, and Cosmetic Act, AS 17.20.040 by adding genetically modified fish or fish product to the list of misbranded food, unless conspicuously labeled or identified as such. Legislation at the federal level already prohibits the sale of any genetically modified foods.

Passage of this legislation will have no fiscal impact on the Department of Law.

Prepared by: Kathryn A. Daughhete, Director Phone 465-3673
 Division Administrative Services Date/Time 3/3/04 8:15 AM
 Approved by: Kathryn Daughhete for Gregg D. Renkes, Attorney General Date 3/3/2004
 Agency Department of Law

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB281-EC-EH-3-1-04
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
Title: Labeling and identification of genetically modified fish RDU: Environmental Health
Component: Food Safety and Sanitation
Sponsor: Senator Elton
Requester: (S) Resources 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						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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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)

Under current federal rules, genetically modified fish and fish products cannot be used or sold in the United States. Under the current FDA rules, this bill will have no fiscal impact on the department. Should the FDA allow the sale and use of genetically modified fish and fish products in the future, increased inspection and compliance resources will be required to comply with the provision of this bill.

Prepared by: Kristin Ryan, Director Phone (907) 269-7645
Division: Environmental Health Date/Time 3/1/04 11:14 AM
Approved by: Kurt Fredriksson, Deputy Commissioner Date 3/1/2004
Agency: Environmental Conservation



SENATOR KIM ELTON

SB 281
Sponsor Statement

“ An Act relating to labeling and identification of genetically modified fish and fish products.”

Transgenic foods are those in which the genetic structure has been altered at the molecular level by means that are not possible under natural conditions or processes. There has been widespread concern throughout the world over the largely unknown effects of transgenic, or genetically modified (GM) products on human and environmental health.

In an effort to address concerns raised by consumer, environmental, health, and Alaskan fish marketing groups, SB 281 requires Alaskan retailers to identify and label foods containing fish and shellfish, or fish and shellfish products that have been genetically modified.

The message that Alaskan seafood is more natural than seafood that has been engineered or bred is a highly important marketing tool. This bill, by requiring a differentiation between GM and wild seafood helps highlight Alaska seafood as distinct from GM seafood, thereby doing away with any vagueness that may exist to the consumer when purchasing seafood without labeling, and reinforcing the natural message.

Many GM agricultural products are currently allowed on the U.S. market, and an application submitted by an aquaculture company for the use of a GM, growth-enhanced salmon is pending before the Food and Drug Administration's Center For Veterinary Medicine.

Currently, legislation in the European Union, Japan, New Zealand, and Australia requires labeling on foods made from, or containing GM products. SB 281 is similar to legislation introduced in other states, such as Oregon and California, and it comes with the unanimous support of the Joint Legislative Salmon Industry Task Force, a committee comprised of legislators, seafood harvesters and seafood processors.

ALASKA SENATE

STATE CAPITOL • JUNEAU, ALASKA 99801-1182 • (907) 465-4947 • FAX (907) 465-2108
SENATOR_KIM_ELTON@LEGIS.STATE.AK.US



SENATOR KIM ELTON

MEMORANDUM

DATE: January 28, 2004

TO: Senator Scott Ogan, Chair
Senate Resources Committee

FROM: Senator Kim Elton

SUBJ: Hearing Request for SB 281, an Act relating to labeling and identification of genetically modified fish and fish products.

I respectfully request a hearing for SB 281, amending section 17.20.040 of the Alaska Food, Drug, and Cosmetic Act to require Alaskan retailers to label genetically modified fish and shellfish, or food products containing genetically modified fish and shellfish when sold in retail.

This bill gives Alaska seafood consumers the ability to choose between genetically modified and non-genetically modified products. Additionally, SB 281 helps bolster the "purity" message that Alaskan seafood marketers have worked to convey, serving to further differentiate wild Alaskan seafood from seafood that has been either bred, or engineered by humans.

SB 281 is similar to legislation introduced in Oregon and California, and comes with the unanimous support of the Joint Legislative Salmon Industry Task Force.

I ask that you hear SB 281 at your earliest convenience.

ALASKA SENATE

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Living

'Frankenfish' spawn controversy Debate over genetically altered salmon

Jane Kay, Chronicle Environment Writer



It looks like a North Atlantic salmon. But it grows seven times faster, and it's much more attractive to the opposite sex than a normal salmon.

It's a transgenic fish, the first genetically engineered animal under review for the U.S. food supply. Embedded in every cell of its body are genes from the Chinook salmon and the ocean pout fish that make it grow more quickly.

The altered salmon is likely to become the next focus in the battle over bioengineered food, after controversies over the desirability of genetically altered bovine growth hormones in cows and modified corn, soybeans and canola in cereals and tortilla chips.

In the next year, the U.S. Food and Drug Administration will consider a petition by Aqua Bounty Farms of Waltham, Mass., to farm and market the altered salmon.

Already, the prospect of mutant fish escaping and disrupting already threatened wild populations has prompted lawmakers in several states to take pre-emptive steps. California could become the first state to ban transgenic fish outright.

Last week, the Senate Natural Resources Committee approved a bill by Sen. Byron Sher, D-Palo Alto, that would make it illegal to import, transport, possess or release transgenic fish. They would be considered an "aquatic nuisance," a category that includes piranhas, slugs and giant toads that threaten wildlife.

Another bill by Assemblywoman Virginia Strom-Martin, D-Duncan Mills, would require labeling of transgenic fish sold in markets. And a joint legislative resolution introduced by Assemblyman Joe Nation, D-San Rafael, urges the FDA to deny

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Aqua Bounty's petition and put in place a moratorium on transgenic fish.

'FRANKENFISH' CONDEMNED

The bills -- and Sher's in particular -- have strong support from consumer, environmental and commercial fishing groups, which dub the altered salmon a "Frankenfish" that would eat or outcompete smaller wild species and cause their extinction. What's more, critics say, federal regulatory oversight of bio-engineered foods is not sufficient to guarantee the fish are safe to eat.

Proponents of biotechnology, on the other hand, view transgenic fish as the answer to supplying consumers with healthful fish without depleting the ocean's declining populations. To fish farmers, it means being able to grow salmon in half the time and at lower feed costs.

Sher's bill could abruptly end these hopes. Biotechnology trade groups, the National Food Processors Association, the state Chamber of Commerce, California Farm Bureau and the California Grocers Association oppose the legislation.

Passing a strict anti-transgenic fish state law would create "a precedent, and could poison the well. Once the door is shut, we may never be able to find the key to open it up again," said George Gough, a Sacramento lobbyist for Monsanto Co.

He urges legislators to leave it up to the FDA, which must consult with federal wildlife and fisheries agencies, to decide whether the bio-engineered salmon is safe.

"This is really the first biotech animal that is going through the review process. The FDA is going to be taking a microscope to this, and it should. When you you say 'fish' or 'beef,' it hits you more than when you say 'soybean,' " he said.

While Monsanto doesn't work with fish, it's one of the largest producers of transgenic crops, holding dozens of patents on new biotech products, among them soybeans, potatoes, canola and corn. The company believes a California ban would have a chilling effect on the industry and investors.

Opponents of biotechnology say a pre-emptive strike is crucial. About two dozen varieties of genetically engineered fish or shellfish are under development, most aimed at increasing growth and resistance to disease in such species as abalone, oysters, striped bass, rainbow trout, catfish and

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THREAT TO NATURAL RESOURCES

"These genetically engineered fish will pose a threat to our natural resources," said Natasha Benjamin, program officer with the Institute for Fisheries Resources, a research arm of the Pacific Coast Federation of Fishermen's Associations.

"California is known to set a precedent when it comes to environmental standards. We hope to see the state take the lead in this issue, and hopefully other states will follow," she said.

At the crux of the debate is whether the superfish would escape into the wild and harm native salmon populations. Damaged by dams, pollution, invasive species and loss of fresh water, salmon are already struggling for sustainability on the Pacific Coast.

A 1999 study by Purdue University scientists predicted ecological risks from the release of transgenic fish into the wild.

The researchers found the larger transgenic fish were more attractive mates for native fish, thus allowing a trait to spread quickly through the wild population. But because the offspring don't live long, eventually the native population would be wiped out.

The study caused widespread concern because in aquaculture, the escape of farmed fish is inevitable.

TRANSGENIC FISH LAWS

Last year, Maryland passed a law prohibiting transgenic fish any place that might connect with waterways. In Oregon, the law prohibits the release of transgenic fish into locations where they can mingle with wild populations. There are discussions in Alaska over an outright ban.

Representatives of Aqua Bounty Farms say its modified Atlantic salmon won't threaten wild stocks. The company will use only sterile females in netted pens, so, if they escape, they won't spawn and pass along the genetic traits.

Joseph McGonigle, vice president of Aqua Bounty, said the technique that his company uses to sterilize eggs "is 100 percent effective. We will be doing . . . screening on every batch of eggs that is done."

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But fish scientists, including some from the aquaculture industry, say there is still a chance that a small percentage of fish will be fertile. And they predict another problem: Wild male salmon will try to mate with the larger but sterile female salmon, depressing reproduction rates.

Aquaculture is the fastest growing segment of agriculture, according to the U.S. Department of Agriculture. In California, sales of farmed fish and shellfish have jumped from \$33 million a year in 1991 to \$71 million in 1999 from more than 100 producers.

"The majority of our producers are not involved in transgenics. What we're grappling with is that there may be some transgenic techniques that are proven safe that would be excluded by this bill," said Justin Malan, executive director of the California Aquaculture Association.

The trade group is negotiating with the bill's author to change the language. One of the aquaculture industry's problems is that the bill shuts out all commercial ventures.

"It's a question of whether the importation of transgenic fish should be banned or adequately regulated," Malan said. "We don't have a problem with stipulations that will safeguard the environment or public health, but a ban is forever."

E-mail Jane Kay at jkay@sfgate.com.

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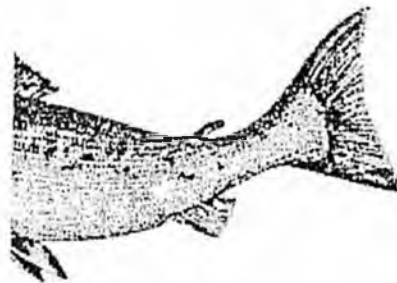
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Archives: July/August 2003

GMO Salmon: Now Swimming Upstream to a Table Near You

By Hannah Lewis

Americans eat more than 15 pounds of fish each year, compared to about 70 pounds of beef. That trend is expected to shift over the next couple decades with people eating less red meat and as much as 30 percent more fish, predicts the U.S. Department of Agriculture. Fish is rich in healthy Omega-3 fatty acids, and eating it is believed to decrease risk of heart disease, cancer and other ailments.

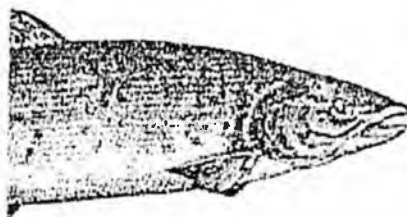


The USDA expects Americans to eat more fish as part of a growing health trend. Also, a rapidly growing global aquaculture (fish farming) industry is putting much more fish on the market, supplementing the yield from increasingly depleted fisheries. Soon global supply may increase further if farmers from North and South America to Asia begin raising transgenic (genetically modified) fish.

Scientists have discovered a way to make Atlantic salmon grow twice as fast by inserting genes of other fish species into them. Farmers could cut the time in half for getting their product to market and cut fish-feed costs, too, as these salmon convert food to energy more efficiently than their unmodified counterparts. It could mean better profitability for farmers and/or cheaper prices for consumers. Proponents hail the new technology as a way to feed the growing world population.

The U.S. Food and Drug Administration is now reviewing transgenic Atlantic salmon for commercialization. If approved, the fish could become the first transgenic animal product on the market for human consumption.

But public acceptance will depend on whether consumers can live with yet unknown ecological and human health effects of the new technology.



Environmentalists are concerned because fish raised in netted pens in the ocean inevitably escape into the wild. University of Minnesota researcher Kelly Paulson is trying to predict through lab experiments what might happen if a few transgenic fish escaped from a pen and mixed with the native population.

Of three possible outcomes, two are potentially benign. The third would be

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catastrophic Paulson said. "Trojan gene effect" happens when transgenic fish have a mating advantage over wild fish and pass on their genes. The trans-gene then causes unintended, unforeseen genetic problems for subsequent generations, ultimately diminishing the wild population's ability to survive. This is of particular concern as wild Atlantic salmon is already an endangered species.

But Aqua Bounty, the company that developed the fish, says it would breed only sterile females, so if any escaped they wouldn't pass on their genes. Environmentalists warn that remedy may have its own bad effects as males mating with sterile females would result in fewer offspring and decreased population. Furthermore, Paulson doubts 100 percent sterility could be guaranteed or that farms would just spot check for sterility since the cost of screening each individual fish would be costly and labor intensive.

"As scientists...we have some responsibility toward the ecological risk, but as an American, and someone who eats, too, I want to know what I'm eating," said Paulson. Human health concerns are unknown but could include an enhanced genetic ability of transgenic fish to absorb environmental toxins such as mercury, which causes nerve damage in humans.

These considerations are in the hands of the FDA, which is reviewing this product using the same criteria it does to evaluate any new animal drug. Federal regulators made the decision in 1986 that existing laws were adequate to deal with genetically modified animals. But a study released this year by the Pew Initiative on Food and Biotechnology suggests that the FDA is ill-equipped to evaluate these new products, especially on environmental risk assessment.

Another concern about the FDA's evaluation process is that because drug laws require secrecy to protect the applicant from competition, the public is excluded from the debate. The FDA does not even reveal what products are being considered for approval. The public knows about Atlantic salmon only because Aqua Bounty announced it was seeking approval to sell it.

"They could be within days or months or years of commercialization, and [the FDA is] just going to pop this on us one day and expect everyone to understand it?" questioned Paulson.

Judging by scant information in the media about transgenic fish and a lack of knowledge on it even among people in the seafood business, when the product pops onto store shelves, it will be about as poorly understood as any other genetically modified product on the market. And if the FDA doesn't mandate labeling of transgenic salmon, consumers may not even know they're buying it, unless they ask.

Brent Bunn, seafood coordinator at Wedge Co-op, said his customers ask questions about seafood, forcing him to ask his suppliers about what fish were fed and whether they were given hormones, antibiotics or dye. "They expect, if not demand...that we have ingredient lists of what the farmed fish is eating that we're selling them." So Wedge does just that for all types of farmed fish they sell.

Bunn said he would ask suppliers to guarantee their products are not genetically modified organisms (GMOs). "I don't think that they could say, 'Yeah, we don't have GMO salmon' and then we find out that they do. I

mean, that's a lawsuit for them."

Wedge and other natural food co-ops' commitment to organic means those stores are likely to favor GMO-free fish (since GMOs do not meet USDA's National Organic Standards). But even outside the co-ops, most buyers are like Bunn—they respond to customer demands.

"That means badgering your fish monger—what am I eating? And if they can't answer it, don't buy the product because the only true form of protest you have left is your economic protest," Bunn urged.

Consumers opposed to GMOs could also contact their state representatives, urging them to mandate labeling and to reverse a U.S. decision to push the World Trade Organization against the European Union for EU's moratorium on genetically modified foods.

Hannah Lewis is a Twin Cities freelance writer and former co-op produce manager.

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