

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11316 SENATE RESOURCES

Thus, with respect to each of the three substantive, operative aspects of the COGCC permit-to-drill, there can be no actual controversy regarding a conflicting local permit or land use approval process. Local governments are precluded from (1) denying the right to drill a well; (2) regulating the location of a well; or (3) regulating the technical aspects of drilling a well, including applicable safety precautions and reclamation requirements. Rather than misstating applicable case law, the COGCC Rule 303 proviso encapsulates it.

V

CONCLUSION

Appellants and their *amici* mischaracterize the limited scope of COGCC Rule 303 and exaggerate the issues in this case. They make the proverbial “mountain out of a molehill” and assert that disaster will result for local governments if Judge Martinez’s dismissal below is not overturned. Similar dire warnings were sounded in the unsuccessful attempt to obtain Colorado Supreme Court review of this Court’s decision in *Town of Frederick*. Local governments may believe that this Court was mistaken in its *Town of Frederick* opinion, but this case does not present anything like the wide-ranging issues at-stake therein and is not an appropriate vehicle for reconsidering that decision. Appellants cannot point to any realistic scenario whereby the COGCC permit-to-drill would not be controlling with respect to any of its operative functions, and, accordingly, Judge Martinez should be affirmed.

RESPECTFULLY SUBMITTED THIS 17TH DAY OF MARCH, 2003

COLORADO OIL & GAS ASSOCIATION

Kenneth A. Wonstolen #11090
COGA General Counsel
1776 Lincoln Street, Suite 1008
Denver, CO 80203
303-861-0362

HB

90

SENATE COMMITTEE REPORT

DATE: 4/2/03

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 4-17-03

Resources Committee considered CS FOR HOUSE BILL NO. 90(FIN)

HB 90 TAX CREDIT: SALMON DEVELOPMENT/UTILIZATION

"An Act relating to a salmon product development tax credit and a salmon utilization tax credit under the Alaska fisheries business tax; 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
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
REV	3/25/03	✓		2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Joseph Neekin</i>	✓			
<i>Ben Steen</i>	✓			
<i>Thomas H. Wagoner</i>	✓			
<i>Paul ...</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>Scott Oger</i>			✓	

Joint Legislative Salmon Industry Task Force

Legislative Members

Senator Ben Stevens, Chair
Representative Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerman, Alternate
Representative Drew Scalzi, Alternate



Public Members

Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

MEMORANDUM

TO: Senator Scott Ogan, Chair
Senate Resources Committee

FROM: Senator Ben Stevens, Chair
Joint Legislative Salmon Industry Task Force

DATE: March 31, 2003

RE: Scheduling of House Bill 90

I respectfully request the scheduling of House Bill 90 - "An Act relating to a salmon product development tax credit and a salmon utilization tax credit under the Alaska fisheries business tax; and providing for an effective date." - for a hearing.

Department of Revenue
Tax Division

Fisheries Business Tax (\$ million)

	Actuals												Forecast	
	FY 1997 (CY 1996*)		FY 1998 (CY 1997*)		FY 1999 (CY 1998*)		FY 2000 (CY 1999*)		FY 2001 (CY 2000*)		FY 2002 (CY 2001*)		FY 2003 (CY 2002*)	
	Value	Tax	Value	Tax	Value	Tax	Value	Tax	Value	Tax	Value	Tax	Value	Tax
Halibut	\$73	\$2.1	\$100	\$3.1	\$63	\$1.9	\$107	\$3.2	\$128	\$3.9	\$112	\$3.4	\$112	\$3.4
Salmon	\$373	\$14.1	\$288	\$11.0	\$271	\$10.3	\$383	\$14.7	\$292	\$11.2	\$227	\$8.5	\$152	\$5.6
Herring	\$60	\$2.3	\$18	\$0.7	\$12	\$0.5	\$20	\$0.8	\$12	\$0.5	\$15	\$0.5	\$10	\$0.4
Shellfish	\$160	\$5.7	\$179	\$6.6	\$206	\$7.8	\$284	\$10.9	\$134	\$4.8	\$113	\$3.9	\$115	\$4.0
Groundfish	\$213	\$6.8	\$220	\$7.1	\$171	\$5.4	\$224	\$7.1	\$312	\$10.1	\$275	\$8.9	\$275	\$8.9
Totals	\$879	\$31.0	\$805	\$28.5	\$723	\$25.9	\$1,018	\$36.7	\$878	\$30.5	\$742	\$25.2	\$664	\$22.3

*Data is from fisheries business tax returns by fiscal year. In general, this corresponds to the previous calendar year fishing season. However, due to late or amended returns, this data may reflect more than one calendar year.

Note: Revenue amounts are before fifty percent of the fisheries business tax revenue is shared to qualifying communities.

FY 2003 estimate is from the Spring 2003 Revenue Sources Book

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 90(FISH)
 (1-1) Publish Date: 3/7/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Tax credit for salmon development BRU Revenue Operations
 Component Tax Division
 Sponsor Representatives Stevens and Wolf
 Requester House Fisheries Committee Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	22.0	22.0	22.0	22.0	22.0	22.0
Travel		4.0	4.0	4.0	4.0	4.0
Contractual	1.1	2.1	2.1	2.1	2.1	2.1
Supplies	1.0	1.5	1.5	1.5	1.5	1.5
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	29.1	29.6	29.6	29.6	29.6	29.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(500.0)	(750.0)	(1,200.0)	(1,200.0)	(1,200.0)	(50.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	29.1	29.6	29.6	29.6	29.6	29.6
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type -Do not abbreviate)						
TOTAL	29.1	29.6	29.6	29.6	29.6	29.6

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time	0.5	0.5	0.5	0.5	0.5	0.5
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would allow taxpayers to take a Salmon Product Development Tax Credit against their tax liability for 50% of a qualified investment in new property.

The projected state tax revenue loss is based on the assumption that taxpayers will claim investment credits totaling \$2 million in Fiscal 2004, increasing to \$3 million in Fiscal 2005 and increasing to \$4.8 million during 2005. The amount of credits generated are one half of qualified investments, totaling \$4.9 million in credits during the life of this provision. We have assumed that tax liability limitations will hold taxpayers to using half of the credit generated in each year, with the remainder carried forward until fully absorbed. Use of the tax credit would expire on January 1, 2009.

The projections assume that certain technical corrections are incorporated into the bill.

Prepared by: Chuck Harlamert Phone 465-4773
 Division: Tax Division Date/Time 3/4/03 4:54 PM
 Approved by: Larry Persily, Deputy Commissioner Date 3/4/2003
 Agency: Department of Revenue

Operating Expenditures

The Department of Revenue is requesting operating funds to cover the costs of one-half of a Tax Technician II position. The department anticipates that the 50% rate of credit for qualified investments totaling several million dollars will attract aggressive positions by taxpayers that, without enforcement activities, will inappropriately reduce revenue and crowd out targeted investment. The department will require additional Tax Technician resources to coordinate credits and limitations between returns of taxpayers with multiple facilities.

Technical Analysis

The most significant technical comment is in fact a question regarding the intent of the bill. The Fisheries Business Tax is focussed on the processing facility, whether it is a shore-based plant or a vessel. A taxpayer may own and operate several taxable facilities, each with its own licensing and tax filing requirements. Each requirement, limitation and allowance should be deliberately drafted to apply to the individual facility, or to the taxpayer and all its facilities, because the options will produce significantly different results.

As a case in point, the fundamental limitation for the credit is 50% of the *taxpayer's* Fisheries Business Tax on salmon. We interpret taxpayer to refer to the legal entity. Thus, a taxpayer that operates more than one processing facility has the flexibility to offset excess credits generated from its investment in one facility against tax from other processing facilities. The taxpayer-level limitation therefore offers more opportunity to fully utilize the credit and may generate investment that would not be economical under a facility-based limitation. The result, however, may conflict with other policy goals because the taxpayer-based limitation will favor large, established taxpayers.

Comments and Recommendations

Section 1

AS 43.75.035(b) limits the credit to 50% of the taxpayer's tax on salmon and includes a sunset provision of December 31, 2005.

Recommendation: The 50% limitation (based on taxes for salmon) can be applied at the facility level or at the taxpayer level. A facility-level limitation will restrict the amount of credit to 50% of the tax paid on salmon processed at *that facility* during the year of investment and the following three years. A taxpayer-level limitation will allow the credit to offset taxes on salmon processed or exported by the taxpayer anywhere in the state. We interpret subsection (b)(1) to be a taxpayer-level limitation. If a facility-based limitation is desired we recommend that subsection (b)(1) be amended to read:

(1) exceed 50 percent of the fisheries business tax reported on the return of the licensed facility or vessel with respect to salmon; or

Comment: The bill would allow credit to be claimed against taxes paid on salmon that is exported for processing outside of Alaska. This will maximize the potential use of the credit but appears contrary to the purpose of the credit. Adding “processed by the facility or vessel” after “salmon” in either version of (b)(1) would remove the tax on unprocessed exports from the pool of tax available for credit.

AS 43.75.035(c) provides a mechanism to provide partial credit for qualified property used on a vessel both inside and outside of Alaska.

Comment: This provision establishes the qualified portion of an investment on a vessel based on the *weight* of raw salmon processed on the vessel during the year that the property is first placed in service. An alternative would be to determine the ratio using the *value* of salmon processed within Alaska and everywhere. The weight ratio will be favorable to vessels whose in-state processing is focussed on salmon of a lower value relative to salmon processed outside of Alaska. A value ratio will favor vessels whose Alaska processing is focussed on salmon with a high value relative to salmon processed outside of Alaska.

AS 43.75.035(d) allows credits in excess of the current year limitation to be applied against taxes on salmon in the three subsequent tax years.

Recommendation: The bill should specify for clarity the order in which credits are taken. If the intent is to maximize the amount of credit actually used, the statute should specify that credits are applied on a first-generated, first-applied basis and before other credits.

AS 43.75.035(f) prohibits the use of the credit if the taxpayer is delinquent on its unemployment insurance contribution or taxes under AS 43.

Recommendation: This provision merely requires the taxpayer to pay delinquent taxes before filing a return on which the credit is claimed. A delinquent taxpayer can pay its tax the day before the next year's tax return is due and still claim a credit against that delinquent tax liability. This taxpayer therefore would be paid up for just a single day each year. To be effective, this provision should prohibit both the creation of credits and their use on a return if a delinquency occurred between the first day of the tax period and the later of the due date of the return or the date the return was actually filed and the tax paid. The provision can be further strengthened by reducing any credit carryover by the amount that would have been applied against taxes in the absence of the delinquency.

Comment: This is an area in which it is necessary to retain a taxpayer-level view. The rules have little meaning if a taxpayer merely pays its taxes for those facilities that are generating credits but is delinquent on taxes for other fisheries facilities.

AS 43.75.035(g) defines key terms that effectively spell out the requirements for the credit.

AS 43.75.035(g)(2) restricts the credit to investment in new property. This limitation will increase investment in new technology. Investment to re-use existing equipment is not covered by this credit. This restriction avoids tax motivated transfers of property that do not increase the level of value-added processing in the state. However, the restriction does not attract legitimate investment in used property that would increase the level of value-added salmon processing in Alaska.

Recommendation: Consider modifying this restriction in coordination with AS 43.75.035(a) to allow credit for new and used equipment that is placed into service *in Alaska* for the first time. This approach would provide more flexibility for processors seeking to initiate or expand value-added salmon processing, while preventing tax motivated transfers of equipment already in use in the state.

Recommendation: The bill should include anti-churning rules to prevent tax motivated transactions if the credit is made available for investment in used property that is already situated in the state.

AS 43.75.035(g)(3) provides the core definition for the credit – qualified investment. The definition contains an initial qualifier – depreciable tangible personal property. It goes on to add a compound qualitative attribute: that it be used *predominantly* to produce *value-added salmon products*. All three of these qualifications deserve their own definition within the statute. It will be necessary to carefully define them in order to retain any control and direction over the nature of investment for which the credit is awarded.

Recommendation: The useful life of an asset is a subjective determination that could produce unintended consequences. We recommend referring to “7-year property as that term is defined in 26 U.S.C 168(e)(1)”. This definition will more effectively isolate equipment and avoid potential claims for ancillary items such as computers, automobiles and filet knives.

Recommendation: Qualified investments must be used *predominantly* to produce value-added salmon products. We interpret the term predominant in this context to mean more than half, or if no one productive use is more than half, the most prevalent use. The bill does not provide a standard with which to determine the predominant use of the investment. We recommend that the bill specify the standard to be employed such as value or weight and whether the standard is for inputs or finished product.

Comment: Predominant use will be difficult and controversial in cases where value-added salmon products are less than half of the activity. In these instances, a finding of predominance will depend on how finely the non-qualifying activity can be cut up. This may be a costly and acrimonious exercise that is best avoided. Based on a 50% credit the committee should consider abandoning the concept of *predominantly* and going with a more than half standard based on weight or value.

Recommendation: The phrase *value-added salmon products* represents the core of the credit and must be defined clearly. The phrase is a combination of two qualifying terms: *value-added* and *salmon product*. The term *value-added* is subjective and requires a clarifying benchmark to be meaningful and provide context for other requirements. For example, the list of value-added processing equipment refers to specific value-added processes and functions such as skinning, mincing and smoking. These appear to be clear examples of value-adding activity compared to headed-and-gutted frozen product. However, the list goes on to reference various processes and functions that are common to the production of non-value-added salmon products and value-added products of other species as well as salmon. The processes of portioning, preserving, packaging and blast-freezing are common to many, if not all, fish products. As written, the processor who blast freezes individual headed-and-gutted salmon and throws them in a container has performed all of these functions. In the absence of a clarifying definition, the examples themselves define *value-added* such that the equipment used in this minimum value adding operation qualify for the credit.

We recommend that the definition of *value-added* be carefully drafted as a separate definition representing the type of investment being targeted. We suggest using a separate and coordinated definition of *salmon product* to generate an effective definition of *value-added salmon products*. For example, define salmon products negatively to exclude products that you believe should not qualify as a value-added salmon product. In this way, the definition of salmon product acts as a safety net for the more subjective definition of value-added. This definition method leaves room for unforeseen value-added salmon products without allowing non-targeted activity to sneak in through the cracks. In the alternative we recommend that the committee remove the phrase *value-added salmon product* altogether and instead credit only equipment performing specific processing activities.

Comment: The listing of functions and/or processes like freezing, that are common to traditional and value-added salmon processing or common to processing of non-salmon species, will invite abuse and increase enforcement expenditures.

Recommendation: Investment credits are normally complimented by recapture provisions. Recapture, or “claw back” rules, reclaim all or part of the credit if the taxpayer does not follow through. Recapture normally occurs when the investment is later sold or diverted from the targeted activity. The existing bill merely requires instantaneous use of the property, after which it can be moved out of state or used for another species or process. For example, a taxpayer offloads processing equipment at its Alaska plant and runs a single salmon through it. The equipment itself, or a subsequent process, represents value-added processing. The equipment is immediately reloaded and shipped to Asia for sale or permanent use. This equipment qualifies for the credit.

We recommend adding a requirement that the property be used within the state, and for the targeted purpose, for a minimum number of years and that the credit be recaptured (perhaps with interest) when the requirements are not met. A simplified approach would be to require the qualified investment to remain qualified and in the state for a designated number of years and proscribe the percentage of credit that must be repaid based on the year that the property fails to qualify. We recommend credit recapture when the investment is sold, even if it continues to be used in the state. The automatic recapture at sale is absolutely necessary if the credit is expanded to cover purchases of equipment already in use in Alaska. Failure to recapture at sale will result in repeated credits for the same property potentially exceeding the cost of the property.

The recapture rules for floating processors will need to be customized.

Comment: The committee should consider the potential implications of awarding credit for freezers under the preserving or blast-freezing categories. Freezers installed on vessels will qualify for the credit. Shore-based freezers, however, may or may not qualify depending on whether the freezer is treated as real or personal property.

Section 4 – Retroactivity

The credit is retroactive for investments and property placed in service after January 1, 2003.

Comment: The retroactive application will represent an after-the-fact subsidy for qualified investment that has already occurred. The state will have gained nothing from its 50% investment in the property. The state will achieve more for its investment if the credit is restricted to prospective investments.

Recommendation: We recommend changing the effective date to January 1, 2004 and extending the life of the credit from December 31, 2005 to the end of 2006. This will avoid credits for historical transactions and allow taxpayers more time to incorporate the credit into their financial and operational plans.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 90(FIN)
(H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Tax credit for salmon development BRU Revenue Operations
Component Tax Division
Sponsor Representatives Stevens and Wolf
Requester House Finance Committee Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	42.2	84.5	84.5	84.5	84.5	84.5
Travel		4.0	4.0	4.0	4.0	4.0
Contractual	1.1	2.1	2.1	2.1	2.1	2.1
Supplies	1.0	1.5	1.5	1.5	1.5	1.5
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	49.3	92.1	92.1	92.1	92.1	92.1

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	**	**	**	**	**	**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	49.3	92.1	92.1	92.1	92.1	92.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	49.3	92.1	92.1	92.1	92.1	92.1

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time	0.5	0.5	0.5	0.5	0.5	0.5
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would establish two new tax credit programs:
1) Allow taxpayers to take a tax credit against their Fisheries Business Tax liability for 50% of qualified investment in new value-added salmon processing equipment.
2) Allow taxpayers to take a tax credit against their Fisheries Business Tax liability for 50% of the cost of operations or investment in new equipment for the full utilization of salmon.
We believe these credits, combined with state and federal bonus depreciation allowances, will generate a high level of interest in this program.

**** See attached pages for further discussion.**

Prepared by: Chuck Harlamert, Chief of Operations Phone 465-4773
Division Tax Division Date/Time 3/25/03 9:38 AM
Approved by: Larry Persily, Deputy Commissioner Date 3/25/2003
Agency Department of Revenue

Operating Expenditures

For purposes of adequately monitoring these new tax credits, and enforcing the intent of the legislation, the Department of Revenue Tax Division is requesting operating funds to cover the costs of:

- One-half of a Tax Technician II position. The Division will require additional Tax Technician resources to coordinate credits and limitations between returns of taxpayers with multiple facilities.
- A Revenue Auditor III position to enforce the credits. The department anticipates some taxpayers may take overly aggressive positions, due to the attractiveness of the 50% tax credit and the flexible qualifying criteria for the credit for new equipment and operations for full utilization of salmon. Credits for expenditures outside the intent of this legislation, if left unchecked, could inappropriately reduce state revenue and unfairly compete with investment that truly fulfills the legislative intent. The Division therefore requests funding for a Revenue Auditor III position to cover the expenses associated with enforcement of the credits.

Effect on State Revenue

We cannot predict the revenue loss from the new credits. The actual revenue loss to the state would depend on the amount of qualified investment and the value of the salmon catch for the year.

The extent of the two credits, especially the full-utilization credit, could be sufficient to allow many large processors to generate enough credit to offset half their Fisheries Business Tax liability for salmon through Fiscal 2009. The legislation ends the tax credit provision on December 31, 2005, but allows taxpayers to carry forward any unused credits for three years, meaning the state may not see the last of the credits applied against tax liabilities until Fiscal 2009.

The state in Fiscal 2001 retained \$5.6 million in Fisheries Business Taxes on salmon (net of municipal shared revenue). In Fiscal 2002, the state retained \$4.25 million. The Fiscal 2003 estimate is \$2.8 million in state revenue, net of municipal sharing (half of the Fisheries Business Tax is shared with municipalities). This legislation requires that the tax credit come entirely from the state's share of the Fisheries Business Tax revenue. Therefore, a 50% credit, depending on how many taxpayers claim the credit and to what extent they use the credit, could eliminate anywhere from one dollar to all of the state revenues in a year of low catches or low salmon prices — or anywhere in between.

The legislation's intent is that the cost to the state of the credit would be repaid in future years with increased Fisheries Business Tax revenues on a higher value and full utilization of salmon.

Section 1

AS 43.75.035(b) limits the credit to 50% of the taxpayer's tax on salmon and includes a sunset provision of December 31, 2005.

AS 43.75.035(c) provides a mechanism to provide partial credit for qualified property used on a vessel both inside and outside of Alaska.

AS 43.75.035(d) allows credits in excess of the annual limitation to be applied against taxes in the three subsequent tax years.

AS 43.75.035(e) specifies that the limitation on credit application of 50% of salmon tax liability is on the combined application of the Salmon Product Development Tax Credit and the Salmon Utilization Tax Credit.

AS 43.75.035(f) prohibits the use of the credit if the taxpayer is delinquent on its unemployment insurance contribution or state taxes under AS 43.

AS 43.75.035(g) defines key terms that effectively spell out the requirements for the credit.

AS 43.75.035(g)(2) restricts the credit to investment in new property.

AS 43.75.035(g)(3) provides the core definition for the credit – qualified investment.

AS 43.75.036(a) provides a tax credit for 50% of qualified expenditure for full utilization of salmon.

AS 43.75.036(b) through AS 43.075.036(g)(2) mirror, for the salmon utilization credit, the provisions set out in AS 43.75.035(b) – (g)(2).

AS 43.75.036(g)(3) defines qualified expenditure for the salmon utilization credit as costs associated with the "development, manufacture, purchase or operation of new equipment or a manufacturing process to produce marketable products using the bones, skin, viscera and carcasses of salmon."

Section 2 – Municipalities Held Harmless

The credit does not affect revenue sharing to municipal governments. The tax credit, therefore, would come entirely from the state's share of Fisheries Business Tax revenues.

Section 4 – Retroactivity

The credit is retroactive for investments and property placed in service after January 1, 2003.

Joint Legislative Salmon Industry Task Force

Legislative Members
Senator Ben Stevens, Chair
Senator Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerman, Alternate
Representative Drew Scalzi, Alternate



Public Members
Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

For Immediate Release: March 31, 2003

**Contact: J.D. Wallace, House Majority Press Secretary
(907) 465-5369**

House Approves Tax Credit for Salmon Investments **New Equipment for Processing Can Cut Industry Taxes**

(JUNEAU) – The Alaska State House of Representatives approved House Bill 90 by a vote of 29 to six Monday. Sponsored by Sen. Gary Stevens (R-Kodiak) upon recommendation by the Joint Legislative Salmon Industry Task Force, HB 90 provides an Alaska fisheries business tax credit for up to 50 percent of the purchase price of equipment that can add value to salmon.

“The idea is to encourage the salmon industry to try new processing and packaging methods that will boost sales,” Stevens said. “Hopefully, with this new credit, they’ll explore some new options, such as pouch processing of pink salmon.”

The credit cannot cover more than 50 percent of the taxpayer’s fisheries business tax for that year; however, unused credit can be applied to the following year’s fisheries business tax. This credit system lasts until the end of 2005.

“We want to give this idea a chance with the salmon industry and see how processors take advantage of the opportunity,” Stevens said. “Hopefully we’ll see some meaningful results in the next three years.”

HB 90 moves to the Senate.

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UNITED FISHERMEN OF ALASKA

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April 11, 2003

Senator Scott Ogan
Chair
Senate Resources Committee
State Capitol (MS 3100)
Juneau, AK 99801

Dear Senator Ogan,

Re: HB 90 Tax Credit for Salmon Development

United Fishermen of Alaska strongly supports HB 90 and recommends swift passage of this bill so that Alaska processors can make plans to use this bill this salmon season.

It is very clear from discussions during Salmon Task Force proceedings that providing salmon in forms that the consumer wants is critical to boosting the value of our salmon harvest. It is imperative that the Legislature and Administration provide incentives so that more value added work can be done in Alaska. Not only will this benefit harvesters but it will also help secure processor jobs in Alaska and mitigate against raw fish being shipped to foreign countries for value added processing.

We look forward to working with you on this important piece of legislation.

Sincerely,

Thomas M. Gemmell
Executive Director

Copy: Senator Ben Stevens
Senator Tom Wagoner
Senator Fred Dyson
Senator Ralph Seekins
Senator Kim Elton
Senator Georgianna Lincoln

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Draggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • At-Sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Koni Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purso Seine Vessel Owners Association • Sealood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters • Western Gulf of Alaska Fishermen

Cordova District Fishermen United

Celebrating 68 Years of Service to Commercial Fishermen in Cordova, Alaska
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April 14, 2003

Senate Resource Committee
c/o Senator Scott Ogan, Co-Chair
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

SENT BY FACSIMILE TO 907.465.3265

RE: SUPPORT FOR HB 90 - An Act relating to a tax credit for value-added/new product development and utilization

Cordova District Fishermen United (CDFU) represents the hardworking commercial fishing families of Area E—Prince William Sound and the Copper River. We are pleased to inform you of our support for HB 90.

The salmon industry needs financial incentives to stimulate investments into higher value processing technologies. The tax credit proposed in HB 90 provides that incentive. We acknowledge that in the short term the credit reduces General Fund receipts. However, the State should realize a return in investment via increased values—and hence, increased taxes—for the salmon harvested and value-added in Alaska in the future.

We support tight provisions that prevent abuses so that the intent of the legislation is realized for the benefit of harvesters, processors, communities, and the State, and encourage your support of the bill.

Thank you for your support HB 90. We believe that its passage will result in improved economics for the salmon industry and the State in the long term.

Sincerely,



Sue Aspelund
Executive Director

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

March 31, 2003

The Honorable Gene Therriault
President of the Senate
State Capitol Building, Room 111
Juneau, AK 99801

The Honorable Pete Kott
Speaker of the House
State Capitol Building, Room 208
Juneau, AK 99801

Dear President Therriault and Speaker Kott:

As Alaska's new Governor I'm committed to actions which will expand the growth of Alaska's economy. The seafood industry is an important area of the economy which has the potential for expanded growth.

I support the tax credit incentive bill that the Salmon Task Force introduced and I hope that this legislation will pass this year.

As we all know the salmon industry is experiencing some hard times. Over the last few months I have heard over and over of the need for the Legislature and this administration to work to turn the salmon industry around. I want to commend the Legislature for establishing the Legislative Salmon Task Force and thank it for the work that has been done so far. Please continue your efforts.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

cc: Members of the Alaska State Senate
Members of the Alaska House of Representatives

HB

98

SENATE COMMITTEE REPORT

DATE: 4/15/03

FURTHER:

DATE TURNED
IN TO OFFICE: 2-3-04

Resources Committee considered HOUSE BILL NO. 98

HB 98 SPORT FISHING SEASONS FOR YOUTH

"An Act relating to sport fishing seasons and areas for persons under 16 years of age."

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

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
FWC	4/30/04		✓	3
DPS	4/17/04		✓	4

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Seekins	<i>Ralph Seekins</i>			✓	
wagoner	<i>Thomas Wagoner</i>	✓			
Dyson	<i>Frank Dyson</i>	✓			
Elton	<i>Kevin Elton</i>			✓	
Ogan	CHAIR: <i>Scott Ogan</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB098-DPS-ABWE-1-12-04
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
Title Sport Fishing Seasons For Youth RDU Alaska State Troopers
Component Alaska Bureau of
Wildlife Enforcement
Sponsor Representative Samuels Component No. 2746
Requester Senate Resources

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 bill would allow the board of fisheries to establish open and closed seasons specifically for those people under the age of 16. In the past, there have been fisheries proposals requesting limited fisheries for youth, but the board has not had the authority to segregate or restrict other users. This bill would provide that authority.

Passage of this legislation is not anticipated to have a fiscal impact on the Department of Public Safety unless the fish board were to create unenforceable or overly burdensome regulations. However, the board has historically taken enforcement issues into account when developing or adopting regulations, so such an outcome is unlikely.

Prepared by: Lieutenant Al Storey Phone 269-4532
Division Alaska State Troopers Date/Time 1/12/04 2:41 PM
Approved by: Commissioner William Tandeske Date 1/12/2004
Agency Department of Public Safety

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 98
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
 Title Relating to sport fishing seasons and BRU Sport Fisheries
areas for persons under 16 years of age Component Sport Fisheries
 Sponsor Representative Samuels
 Requester House Fisheries Component No. 464

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
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 (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Kelly Hepler, Director Phone 465-4180
 Division Sport Fish Date/Time 3/25/03 2:12 PM
 Approved by: Kevin Duffy, Commissioner Date 3/25/2003
 Agency Alaska Department of Fish and Game



REPRESENTATIVE RALPH SAMUELS

HOUSE DISTRICT 29

HB 98

Sponsor Statement

“An act relating to sport fishing seasons and areas for persons under 16 years of age”

House Bill 98 will encourage healthy outdoor activity for Alaska's youth by expanding fishing access, especially in urban areas. Fishing gives children an opportunity to enjoy and appreciate nature while getting fresh air and exercise. House Bill 98 will help to create more opportunities for Alaska's children to enjoy the sport of fishing.

House Bill 98 provides the Board of Fish with the authority to implement special fisheries for children under the age of 16. It will allow the board to manage fisheries with more flexibility. In turn, small fisheries could be implemented in areas where a fully open fishery is not practicable. The details of these specific fisheries will be left to the board's expertise.

A similar provision exists in statute for the Board of Game. It allows the board to establish age-specific youth hunts. House Bill 98 will grant the same type of authority to the Board of Fish.

Email: Representative_Ralph_Samuels@legis.state.ak.us

Session: Alaska State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-2095 Fax: (907) 465-3810
Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0240 Fax: (907) 269-0242

Juneau Douglas Fish and Game Advisory Committee
Kathy Hansen, Chair
9369 North Douglas Hwy
Juneau, AK 99801
907-586-6652

February 2, 2004

Senate Resources
Senator Scott Ogan, Chair
State Capitol
Juneau, AK 99801

RE: Support HB 98

The Juneau Douglas Fish and Game Advisory Committee fully supports HB 98. This is legislation that is long overdue. We discussed this issue at our last meeting on February 28, 2003 and unanimously supported HB 98. This is an issue that we have discussed with sport fish many times over the years as we have dealt with Board of Fish proposals and opportunities for kids have been curtailed especially in urban areas.

Please support this very simple and straightforward legislation to allow the Board of Fish to make regulations for kids and pass this out of committee.

Thank you,

Kathy Hansen
Chair



Alaska Outdoor Council
Alaska Fish and Wildlife Conservation Fund



PO Box 73902
Fairbanks, AK 99707-3902
Tel: (907) 455-4AOC // Fax : (907) 455-4262
e-mail: aoc@alaska.net
www.alaskaoutdoorcouncil.org

Board of Directors

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Fairbanks

Trustee V-Chair

Byron Haley
Fairbanks

Executive

Director

Jennifer Yuhas
Fairbanks

January 29, 2004

Senator Scott Ogan, Chairman
Senate Resources Committee
Room 103
State Capitol Building
Juneau, Alaska 99801

Senator Ogan,

The Alaska Outdoor Council, on behalf of its 54 member clubs and a collective membership of nearly 12,000 Alaskans, supports HB 98 "An Act relating to sport fishing seasons and areas for persons under 16 years of age".

As hunters, fishermen, and conservationists, we applaud Representative Ralph Samuels' efforts to encourage our youth to participate in the wonderful outdoor opportunities Alaska has to offer.

Thank you.

Sincerely,

Jennifer Yuhas, Executive Director
Alaska Outdoor Council

Alaska State Legislature



Representative Ralph Samuels
District 29

FOR IMMEDIATE RELEASE: April 14, 2003

CONTACT: J.D. Wallace, House Majority Press Secretary (907) 465-5369

House Approves Fishing Exceptions for Minors **Board of Fish Can Make Sport Allowances for People 16 and Younger**

(JUNEAU) – The Alaska House of Representatives unanimously approved House Bill 98 by a vote of 36 to zero on Monday. Sponsored by Rep. Ralph Samuels (R-Anchorage), HB 98 allows the Board of Fish, when appropriate, to create special seasons and areas for sport fishing by people 16 years old and younger.

“We have a seniors-only fishery, and this would provide for a kids-only fishery,” Samuels said. “Such fisheries would most likely be in more urban areas.”

Rep. Samuels used Campbell Creek in Anchorage as an example. He said a small run of king salmon in that creek would not support an entire sport fishery; however, it could allow for a fishery restricted to the 16 and younger age limit. He said HB 98 has the support of the Board of Fish.

“We should continue to foster a love for nature in Alaska’s next generation,” Samuels said. “Showing our youth the enjoyment that fishing provides can help teach the importance of protecting this resource for the future.”

HB 98 moves to the Senate.

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STATE OF ALASKA

BOARD OF FISHERIES

FRANK MURKOWSKI, GOVERNOR

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 485-4110
FAX: (907) 465-6094

March 25, 2003

The Honorable Ralph Samuels
Alaska State Legislature
State Capitol Bldg. Room 412
Juneau AK 99801-11822

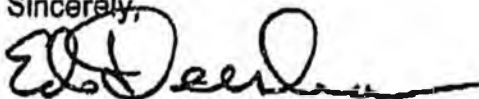
Dear Representative Samuels:

I am writing in regard to HB 98, which you introduced on February 14, 2003 entitled "An Act relating to sport fishing seasons and areas for persons under 16 years of age." The Board of Fisheries supports the intent of this bill that allows the board to establish seasons and areas for the exclusive use of young anglers.

The board frequently receives proposals from public groups and individuals, usually in urban areas, seeking sport fishing opportunities for youths where they can fish without being "overrun" by adult anglers. Unfortunately, the board does not currently have the legislative authority to establish regulations that would create such seasons and areas. Your bill would give the board that authority.

Once again, the board endorses HB 98 and we want to thank you for submitting it. I would be happy to provide additional support, if needed, during the legislative review of this bill.

Sincerely,



Ed Dersham, Chair
Alaska Board of Fisheries

Juneau Douglas Fish and Game Advisory Committee
Kathy Hansen, Chair
9369 North Douglas Hwy
Juneau, AK 99801
907-586-6652

March 27, 2003

House Special Committee on Fisheries
Representative Paul Seaton, Chair
State Capitol
Juneau, AK 99801

RE: Support HB 98

The Juneau Douglas Fish and Game Advisory Committee fully supports HB 98. This is legislation that is long overdue. We discussed this issue at our last meeting on February 28, 2003 and unanimously supported HB 98. This is an issue that we have discussed with sport fish many times over the years as we have dealt with Board of Fish proposals and opportunities for kids have been curtailed especially in urban areas.

Please support this very simple and straight forward legislation to allow the Board of Fish to make regulation for kids and pass this out of committee.

Thank you,

Kathy Hansen
Chair



REPRESENTATIVE RALPH SAMUELS

HOUSE DISTRICT 29

Memorandum

Date: April 15, 2003

To: Senator Scott Ogan, Chair, Senate Resources Committee

From: Representative Ralph Samuels

RE: Hearing for House Bill 98

Please schedule a hearing for House Bill 98 in Senate Resources Committee at your earliest convenience. The bill allows the Board of Fisheries to establish sport fisheries for children under the age of 16.

Attached you will find:

1. HB 98
2. Fiscal notes:
 - (a). Department of Fish & Game
 - (b). Department of Public Safety
3. Sponsor statement
4. Letter of support from the Alaska Board of Fisheries
5. Letter of support from Juneau Douglas Fish and Game Advisory Committee
6. Press release for passage from House

Email: Representative_Ralph_Samuels@legis.state.ak.us

Session: Alaska State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-2095 Fax: (907) 465-3810
Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0240 Fax: (907) 269-0242

HB

104

SENATE COMMITTEE REPORT

DATE: 4/4/03

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5-9-03

Resources Committee considered CS FOR HOUSE BILL NO. 104(FSH)

HB 104 PAYMENT OF FISHERY BUSINESS TAX

"An Act relating to payment of the fisheries business tax and to security for collection of the fisheries business tax."

and recommends:

Senate Bill:

be replaced with _____ CS _____ (_____)

same title

adopt previous _____ CS _____ (_____)

new title

House Bill:

attached amendment(s)

same title

technical title

new: SCR # _____

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
REV	3/20/03	✓		2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Kelley Nelson</i>	✓			
<i>Ben Stevens</i>	✓			
<i>Mike Johnson</i>	✓			
<i>Franklyn</i>				
<i>Demetrius</i>				
<i>R. S. S.</i>	✓			
CHAIR:				

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 104(FISH)
 (H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): March 20, 2003 Dept. Affected: Revenue
 Title: Payment of Fisheries Business Tax BRU: Revenue Operations
 Component: Tax Division
 Sponsor: Representative Stevens
 Requester: House Finance Committee Component No.: 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	11.0	22.0	22.0	22.0	22.0	22.0
Travel						
Contractual	0.4	0.7	0.7	0.7	0.7	0.7
Supplies	0.3	0.5	0.5	0.5	0.5	0.5
Equipment	2.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	14.2	23.2	23.2	23.2	23.2	23.2

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	14.2	23.2	23.2	23.2	23.2	23.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	14.2	23.2	23.2	23.2	23.2	23.2

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time	0.5	0.5	0.5	0.5	0.5	0.5
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** The Department of Revenue is unable to predict with any degree of certainty if this change in security provisions for payment of the Fisheries Business Tax will result in any tax revenue loss to the state.

See attached page for further discussion.

Prepared by: Chuck Harlamert, Revenue Audit Supervisor
 Division: Tax Division
 Approved by: Larry Persily, Deputy Commissioner
 Agency: Department of Revenue

Phone 465-4773
 Date/Time 3/20/03 4:04 PM
 Date 3/20/2003

Bill Analysis

Current Fisheries Business Tax rules allow processors to pay the tax on or before March 31 of the year following the tax year. Complimenting this deferral is a requirement that the processor provide the department with security to ensure ultimate payment of the tax.

Taxpayers have several security options available to them. A taxpayer can demonstrate equity in real property equal to three times its estimated tax, provide a bond for twice the estimated tax, prepay the estimated tax, establish a line of credit, or purchase a certificate of deposit in the amount of the estimated tax. All except the real property provide the state with a high degree of certainty the tax will be collected. With the possible exception of real property, the other existing options require a capital outlay or significant unrecoverable cost and therefore may represent a barrier to entry to new processors.

This legislation would reduce the up-front capital required to obtain a fisheries business license by providing processors the option of paying tax monthly, with a nominal bonding requirement.

Sectional Analysis

Section 1 provides for monthly payment of the Fisheries Business Tax, which is otherwise due March 31 of the following year.

Section 2 makes the monthly payment option available to all fisheries businesses. The option is currently available only to fish brokers. AS 43.75.055(c)(1) is modified to require electing taxpayers to file a report and pay fish taxes on or before the 15th day of the month following the month in which the tax is incurred. The requirement to file on a report prescribed by the department does not replace existing reporting requirements.

Section 3 modifies AS 43.75.055(d) to conform with the broadened application of the alternative security option.

Revenue and Cost Estimates

While the new monthly security option created by the bill can significantly reduce the amount of capital required to enter the industry, it remains the most expensive option under most circumstances for fulfilling the statutory requirement of ensuring payment of taxes. We therefore expect that only thinly capitalized processors will choose the new option. Acting as a counterbalance to low usage is our expectation that these processors will, as a group, could be high risk. The department will need to carefully monitor payments from this group in order to immediately identify, and close down, processors that fail to make the monthly payments. For this purpose, and for incremental collection, licensing, and processing activity we request one-half position at the Tax Technician II level (Range 12) with total ongoing personnel and associated costs of \$23,200 annually.

Joint Legislative Salmon Industry Task Force

Legislative Members

Senator Ben Stevens, Chair
Representative Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerman, Alternate
Representative Drew Scalzi, Alternate



Public Members

Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

MEMORANDUM

TO: Senator Scott Ogan
Senate Resources Committee

FROM: Senator Gary Stevens

DATE: April 7, 2003

RE: House Bill 104

I respectfully request the scheduling of House Bill 104 - "An Act relating to payment of the fisheries business tax and to security for collection of the fisheries business tax." - for a hearing.

Joint Legislative Salmon Industry Task Force

Legislative Members

Senator Ben Stevens, Chair
Representative Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerman, Alternate
Representative Drew Scalzi, Alternate



Public Members

Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

SECTIONAL ANALYSIS

Committee Substitute for House Bill 104(FSH)

“An Act relating to payment of the fisheries business tax and to security for collection of the fisheries business tax.”

Section 1.

- Amends AS 43.75.030(d) to add a monthly tax provision included in section 2 of this measure.
- Reiterates that **all** taxes under AS 43.75 **must** be paid before April 1 after the close of the calendar year.

Section 2.

- Amends AS 43.75.055(c) to add the following options:
 1. A processor may elect to file a bond for \$50,000; **or** provide the Department of Revenue with proof of lienable property in the state with a value of at least \$100,000.
 2. A processor utilizing this option must pay the taxes due under AS 43 on or before the 15th day of the month following the month in which the liability for the payment of taxes was incurred.
- Reiterates the requirement already in statute that all the tax requirements of AS 43.76; 43.77; and, AS 16.51 are included in a processor's tax liability and paid to the Department of Revenue.
- Reiterates the requirement already in statute that taxes and assessments must be paid to the Department of Revenue on or before the 15th day of the month following the month in which the tax liability was incurred and collected.

Section 3.

- Amends AS 43.75.055(d) to require that a bond issued under (c)(1) of this section is conditioned upon the payment of taxes on or before the 15th day of the month following the month in which the tax liability was incurred and collected.

Joint Legislative Salmon Industry Task Force

Legislative Members

Senator Ben Stevens, Chair
Representative Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerlitz, Alternate
Representative Drew Sealzi, Alternate



Public Members

Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

Sponsor Statement

Committee Substitute for House Bill 104(FSH)

"An Act relating to payment of the fisheries business tax and to security for collection of the fisheries business tax."

Under current law, absent a lienable value of property equal to three times the amount of the estimated tax, a surety bond must be paid equal to twice the estimated amount of the tax. The cost of the bond can be a burden to a company operating on a small margin.

Committee Substitute for House Bill 104(FSH) amends AS 43 by providing an option for fish processing applicants who are not able to meet the requirements currently in statute. Processors may avoid posting a bond for twice the amount of the estimated taxes if the business:

- Remits all tax obligations on a monthly basis by paying the taxes due on or before the 15th day of the month following the month in which the tax liability is incurred; and
- Files a bond in the amount of \$50,000; *or*
- Provides the Department of Revenue with proof that the applicant is the owner of lienable real property in the state of a value of at least \$100,000.

Committee Substitute for House Bill 104(FSH) will assist processors who do not have large property assets in developing their business plans and in managing their tax payment schedule. The measure would also encourage new processing investment in a time when the seafood industry needs to expand and diversify in the processing sector.

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652 Fax 907-586-5648 E-mail: seafa@gci.net

May 9, 2003

Senate Resources Committee
Scott Ogan, Chair
Alaska State Legislature
State Capitol
Juneau, AK 99801

Support for HB 104

The Southeast Alaska Fishermen's Alliance supports HB 90, which would provide an alternative method for a small fish processing companies to pay their fishery business tax on a monthly basis and not have to purchase a large bond or have very valuable property in the state to put a lien on.

We hope that you will support this legislation discussed and supported by the Salmon Industry Task Force as a way to provide flexibility to the salmon industry as we move forward.

The Southeast Alaska Fishermen's Alliance is a non-profit membership based fishing organization representing our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. Please feel free to call us regarding commercial fishing issues if we may be of any help to you or your staff.

Sincerely,

Kathy Hansen
Executive Director

Cordova District Fishermen United

Celebrating 68 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@ptialaska.net

May 8, 2003

Senate Resources Committee
c/o Senator Scott Ogan
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

SENT BY FACSIMILE TO 907.465.3265

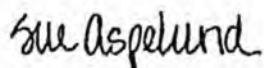
RE: SUPPORT FOR HB 104 - An Act relating to payment of fisheries business tax

Cordova District Fishermen United (CDFU) represents the hardworking commercial fishing families of Area E—Prince William Sound and the Copper River. We are supportive of HB 104 and urge your positive consideration of it.

CDFU supports the increased flexibility that HB 104 provides those in the processing sector of the seafood industry. This bill enables that by providing a more accommodating tax payment schedule and structure, and less burdensome security requirements.

We hope that passage of HB 104 creates a more diverse, expanded, and competitive processing sector that stimulates increased economic activity for all involved in the seafood industry, and for the communities dependent upon it.

Respectfully,



Sue Aspelund
Executive Director

HB

118

SENATE COMMITTEE REPORT

DATE: 4/16/03

FURTHER:

DATE TURNED
IN TO OFFICE: 5-8-03

Resources Committee considered CS FOR HOUSE BILL NO. 118(RES) am

HB 118 TRANSPORTATION OF COMMERCIAL FISH

"An Act relating to the transportation and sale of certain commercially caught fish by an agent of a commercial fishing permit holder and to the sale of fish; and providing for an effective date."

and recommends:

Senate Bill:

be replaced with _____ CS _____ (_____)

same title

new title

adopt previous S CS CS HR 118 (L+C)

House Bill:

same title

technical title

new: SCR # _____

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
F+C	4/8/03		✓	5
DPS	3/10/03		✓	4
DOL	3/7/03		✓	3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Joseph Verbin</i>	✓			
<i>Ben Glavin</i>	✓			
<i>Thomas H. Wagner</i>	✓			
<i>Debra J. Kincaid</i>	✓			
CHAIR: <i>Scott J. ...</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 118(FSH)
(H) Publish Date: 3/3/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
Title Relating to the transportation and BRU Commercial Fisheries
sale of commercially caught fish Component Headquarters - Fisheries Management
Sponsor Representative Seaton
Requester House Fisheries Component No. 2171

Expenditures/Revenues (Thousands of Dollars)

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

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

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Robert D. Mecum, Director Phone 465-4210
Division Commercial Fisheries Division Date/Time 2/26/03 5:52 PM
Approved by: Kevin C. Duffy, Acting Commissioner Date 2/26/2003
Agency Department of Fish and Game

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 118 (RES)
(H) Publish Date: 3/12/03

Revision Date/Time: _____ Dept. Affected: Law
Title: "An Act relating to the transportation and sale
of certain commercially caught fish by an agent of a . . ." BRU: Criminal Division
Sponsor: Representative Seaton by Request Component: Criminal Appeals/Special Litigation
Requester: House Resources Committee Component No.: 2203

Expenditures/Revenues (Thousands of Dollars)

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

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

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill establishes a fish transporter permit system that authorizes a permittee to transport and sell commercially taken fish as the agent of the commercial fisherman who caught the fish. Permits would be issued by the Department of Fish and Game. Purchasing fish from a person who does not hold the permits specified in AS 16.05.680 or a fish transporter permit is an unlawful act. Under AS 16.05.723, unlawful acts can be misdemeanors.

The Department of Law does not anticipate many new cases will result from passage of this bill, and does not expect a fiscal impact.

Prepared by: Joan M. Kasson Phone (907) 465-5370
Division: Attorney General's Office Date/Time 3/7/03 5:18 PM
Approved by: Joan M. Kasson for Gregg D. Renkes, Attorney General Date 3/7/2003
Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: HB 118
 (S) Publish Date: 4/16/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
 Title "An Act relating to the transportation a BRU Fish and Wildlife Protection
sale of commercially caught fish . . ." Component Enforcement
 Sponsor Representative Seaton
 Requester House Resources Component No. 490

Expenditures/Revenues (Thousands of Dollars)

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

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

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

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

No fiscal impact.

Prepared by: Captain Howard Starbard Phone 269-5589
 Division Fish and Wildlife Protection Date/Time 4/10/03 8:24 AM
 Approved by: Commissioner William Tandeske Date 4/10/2003
 Agency Department of Public Safety

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: CSHB 118(RES) am
 (S) Publish Date: 4/16/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
 Title Relating to the transportation and BRU Commercial Fisheries
sale of commercially caught fish Component Headquarters - Fisheries Management
 Sponsor Representative Seaton
 Requester Senate Labor and Commerce Component No. 2171

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
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 (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

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

Prepared by: Robert D. Mecum, Director Phone 465-4210
 Division: Commercial Fisheries Division Date/Time 4/8/2003 9:30 a.m.
 Approved by: Kevin C. Duffy, Acting Commissioner Date 4/8/2003
 Agency: Department of Fish and Game

ALASKA STATE LEGISLATURE

Chair
FISHERIES

Vice-Chair
EDUCATION

Member
HEALTH, EDUCATION AND SOCIAL SERVICES

Member
STATE AFFAIRS



REPRESENTATIVE PAUL SEATON
House District 35

Session:
State Capitol Building
Juneau, Alaska 99801
Phone 907-465-2689
Fax 907-465-3472
1-800-665-2689
Rep.Paul.Seaton@legis.state.ak.us

Interim:
345 W. Sterling Highway
Suite 102B
Homer, Alaska 99603
Phone 907-235-2921
Fax 907-235-4008

MEMORANDUM

Scott
TO: Senator Scott Ogan, Chair
Senate Resources Committee

FM: Representative Paul Seaton *PS*

DATE: March/3, 2003

RE: Request a committee hearing for HB 118

At your earliest convenience, could you please schedule House Bill 118 for a committee hearing. Attached you will find a copy of the bill and a sponsor statement. If you have any questions please feel free to call me anytime or speak with my lead staff, Chris Knight at ext. 6867

Alaska State Legislature

State Capitol, Room 428
Juneau, AK 99802
Phone: 465-2689
Fax: 465-3472
Toll Free (800) 665-2689
Representative_Paul_Seaton@legis.state.ak.us



345 W. Sterling Highway
Suite 102B
Homer, AK 99603
Phone: 235-2921
Fax: 235-4008

REPRESENTATIVE Paul Seaton

District 35

Recommended by the Joint Legislative
Salmon Industry Task Force

Sponsor Statement

HB 118

“An Act relating to the transportation and sale of certain commercially caught fish by an agent of a commercial fishing permit holder and to the sale of fish; and providing for an effective date.”

In 1988, the value of Alaska's salmon was worth \$800 million. This year salmon fisherman took home significantly less money, totaling \$150 million. Municipal revenues have dwindled, jobs have been lost, and fishermen are going broke. The economic effects of a failing salmon industry on the rest of the state could be detrimental. The Joint Legislative Salmon Industry Task Force has recognized the plight of Alaska's Salmon fisherman by forwarding to the legislature fourteen different bills and resolutions; House Bill 118 is one of those bills. HB 118 is a tool to help the industry by adding an alternative to cut costs for fisherman. It also creates new possibilities for accessing fresh markets.

HB 118 allows commercial fisherman to transport fish caught by associates to market. Under current law, transporting another person's fish is illegal unless you are a licensed processor or act as a contractor for a licensed processor. HB 118 creates an opportunity for fisherman to work together and consolidate their product for shipment. This simple option may cut down on additional fuel costs and give fisherman the ability to get their fish to market when processors no longer provide tender services.

As aforementioned, current laws limit fishermen's marketing flexibility. Currently, processors buy fish at the dock or send tenders out to the fishing fleet in order to bring fish to market. These special arrangements between fisherman and processors can be costly. HB 118 changes the statute by allowing fisherman to hire their own tender or pool their resources on one boat and transport the fish to market. Under the bill, a person transporting fish would need to have a transporter permit in addition to the currently required fish ticket. Only the fish ticket is used for the final sale of the fish. This arrangement would allow for the fisherman to retain ownership of the fish, while authorizing his/her associate or another vessel to transport and sell his or her fish. In some areas of the state, processors are non-existent. In that case, the transporter flexibility created in this bill may be the only avenue to get fish to market.

HB 118 simply provides an additional tool for fishermen to cut costs and increase quality while creating efficient and productive businesses.

E-Mail: Representative_Paul_Seaton@legis.state.ak.us



UNITED FISHERMEN OF ALASKA

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

April 15, 2003

Senator Scott Ogan
Chair
Senate Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Senator Ogan,

Re: HB 118 Transportation of Commercial Fish

United Fishermen of Alaska supports HB 118.

When this bill is enacted it will help reduce harvesters' operating costs and improve the economic viability of some of our fisheries.

Your consideration of our position is appreciated.

Sincerely,

Thomas M. Gemmell
Executive Director

Copy: Senator Tom Wagoner
Senator Fred Dyson
Senator Ralph Seekins
Senator Ben Stevens
Senator Kim Elton
Senator Georgianna Lincoln
Representative Paul Seaton

MEMBER ORGANIZATIONS

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

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska

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

e-mail cdfu@ptialaska.net

May 7, 2003

Senate Resources Committee
c/o Senator Scott Ogan, Chair
State Capitol, MS 3100
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3265

Dear Members,

Cordova District Fishermen United (CDFU) represents the hardworking fishing families of Area E—Prince William Sound and the Copper River.

CDFU supports the increased flexibility to respond to the changing circumstances in our fisheries that HB 118 provides. The seafood industry is rapidly evolving in response to a changing global marketplace; this legislation provides another tool in the box that can be utilized to accomplish that.

Full accountability of resource harvests to ADF&G is very important to CDFU and we understand the imperative of assuring accurate and timely reporting to responsive management of the fisheries. We therefore appreciate that as per subsection (f), ADF&G may not always be able to allow utilization of transporter permits because of existing regulations that have evolved out of special circumstances within specific fisheries. Subsection (f) is very appropriate and we acknowledge its necessity.

We urge your positive consideration of this bill.

Sincerely,



Sue Aspelund
Executive Director

re: HB 118

Subject: re: HB 118

Date: Tue, 6 May 2003 21:28:53 -0800

From: Durtschi <hmdurt@alaska.net>

To: senator.scott.ogan@legis.state.ak.us

To Whom it may concern,

HB 118 would be a very welcome tool in aiding Alaskan fishermen to put value back into salmon fisheries.

By allowing fishers and groups of fishers the ability to combine their catch and transport it to a dockside point of sale the options increase dramatically for marketing, custom processing, and value adding of the resource.

Myself, and two partners have a plan in place for the coming season that would rely heavily on this ability.

We all live in the state, are raising families in the state, and want to stay in the state.

I urge you to pass this legislation.

Sincerely, Mike Durtschi

HB 118-Changes to the Bill

CS HB 118(**FISH**) -House Fisheries Committee recommended a committee substitute that made a technical amendment removing language about "paperwork required." This language was accidentally left in the bill and during simplification of the bill additional paperwork requirements were removed.

CS HB 118(**RES**) - House Resources Committee recommended a committee substitute that incorporated Child Support Enforcement Division's concerns that a fish transporter could transport fish for money. Therefore, the CS includes a fish transporter permit in their list of licenses and permits, which are accessed for child support enforcement reasons.

CS HB 118(**RES**) **Amended**- Fish & Game put forth a technical amendment carried on the floor by the sponsor. The amendment clarified the definition of fish as it relates to fish caught in the participating fisheries.

Senate CS(**L&C**) The blank CS before the committee reflects another amendment by CSED, which allows for the collection of social security numbers. This information was accidentally omitted in CSED's first amendment in House Resources.

ALASKA STATE LEGISLATURE

Chair
FISHERIES

Vice-Chair
EDUCATION

Member
HEALTH, EDUCATION AND SOCIAL SERVICES

Member
STATE AFFAIRS



REPRESENTATIVE PAUL SEATON
House District 35

Recommended by the Joint Legislative
Salmon Industry Task Force

Session:
State Capitol Building
Juneau, Alaska 99801
Phone 907-465-2689
Fax 907-465-3472
1-800-665-2689
Rep.Paul.Seaton@legis.state.ak.us

Interim:
345 W. Sterling Highway
Suite 102B
Homer, Alaska 99603
Phone 907-235-2921
Fax 907-235-4008

Sectional Analysis

Senate CS HB 118 (L&C)

“An Act relating to the transportation and sale of certain commercially caught fish by an agent of a commercial fishing permit holder and to the sale of fish; and providing for an effective date.”

***Section 1.**

- (a) Amends Alaska Statute (AS) 16.05 by adding a new section, AS 16.05.671, which allows for the transportation and sale of a fish as an agent of a commercial fisherman. Under this new section, the agent/transporter must be permitted to be a transporter by the commissioner of ADF&G.
- (b) Authorizes the commissioner to officially permit a person to conduct the activity of transporting another fisherman's fish.
- (c) Allows ADF&G to collect social security numbers from a fish transporter when they apply for a fish transporter license and authorizes ADF&G to supply social security information to CSED.
- (d) Describes the process in which a transporter must acquire and maintain proper documentation to act as a transporter.
- (e) Describes the process in which a commercial fisherman shall provide a fish ticket to the transporter.
- (f) Allows a commercial fisherman to act as a fish transporter with proper documentation and continue to operate, selling his/her own fish as a commercial fisherman.
- (g) Allows the commissioner to adopt regulations relating to the permitting of transporters and to the act of transporters.



(h) Defines ownership of the fish being transferred to the transporter, which are still the property of the fisherman who caught the fish until sold to a buyer.

(i) Defines the term "fish" as it relates to this bill.

***Section 2.**

Amends AS 16.675(a) by allowing a permitted transporter to deliver fish in the state.

***Section 3.**

Amends AS 16.05.680 by adding a fish transporter to one of the exemptions for unlawful practices with regards to purchasing of fish.

***Section 4.**

Adds the definition of a "fish transporter" by amending AS 16.05.940, fish & game code.

***Section 5.**

Amends AS 16.10.265(a) by including a fish transporter as a person from whom fish can be purchased.

***Section 6.**

Includes a fish transporter under AS 16.10.267(b) as a person required to show identification if asked to do so by a peace officer.

***Section 7.**

As it relates to examples of identification, a fish transporter is included under AS 16.10.267(c) as referenced in Section 6.

***Section 8.**

Amends AS 16.10.267 by adding a new subsection (e), which requires the fish transporter to carry a transporter permit, a completed fish ticket for the fish being transported, and a personal piece of identification.

***Section 9.**

Amends AS 25.27.244(s)(2)(A) under the Child Support Enforcement Statutes by listing a fish transporter permit as a permit that could be denied if person is in arrears with CSED.

***Section 10.**

(The Effective Date) This act takes effect immediately under AS 01.10.070(c).

February 27, 2003

House Fisheries Sub- Committee,

Dear Representative Seaton,

The North Pacific Fisheries Association in Homer met earlier this week to discuss House Bill No. 118. Our group supports this bill. We feel that it will solve a number of problems fishers face in remote locations. This bill will allow fishermen to save costs by consolidating fish to be transported to primary processors. We feel that, if enacted, this bill would have an immediate positive effect for fishermen this summer. We feel that this is a well thought out and well researched bill that has no downside.

Allow me to give you an example of two scenarios where this bill would work. Often times I am fall fishing for coho salmon on the Alaska Peninsula when the local processor will stop sending a tender after a certain date even though the fish are still available. The cost of the tender is too high for the volume of fish being caught or the processor is busy doing pollock. That means that every night 3-8 boats must run to King Cove to deliver if they wish to sell their catch. With current coho prices of \$.15/lb., losing the tender usually means the fishing boats leave the grounds and the resource goes unharvested. Under current regulations each boat must run in to deliver. Sometimes boats that aren't catching much try to hold over their fish for a second day which is detrimental to quality. Under this act I would be allowed to consolidate say three or four of my fishing friends' catch onto my refrigerated seawater boat on the grounds and run them in to the market. Perhaps the next night another boat would provide that service and I could get a night's sleep. The savings in fuel and effort would potentially make the difference between ending the season, versus fishermen and processors continuing to utilize the salmon resources.

Another situation I have faced where this act may help is during the state-water cod fishery on the Alaska Peninsula. Last year the cannery had a three day back-up after the season closed. That means that we had to wait for three days from the closure time to get our fish delivered. A better quality fish could be delivered for a higher price if three 58 foot cod pot boats could consolidate their catch (say 100,000 pounds) and send one boat to Kodiak where the price last year was over 35% higher per pound than the King Cove market.

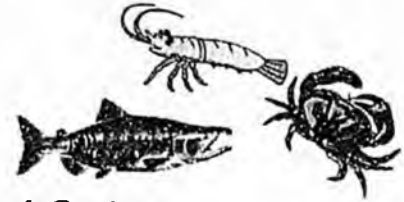
We hope that this bill will move through the legislative process so that we can utilize these advantages in the upcoming season.

Sincerely,

Buck Laukitis
President, NPFA
Homer, Alaska

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652 Fax 907-586-5648 E-mail: seafa@gci.net

March 25, 2003

Dear Southeast Legislators,

Support for HB 118

It is our understanding that HB 118 will come up for a house floor vote sometime this week. The Southeast Alaska Fishermen's Alliance supports the transporter bill HB 118.

This legislation provides the fishing industry another tool and additional flexibility in getting fish to the market by working together. This can reduce the cost of getting fish to the market in a more efficient manner.

We hope that you will support this legislation discussed and supported by the Salmon Industry Task Force as one of the fourteen pieces of legislation moved forward for consideration this session. This legislation allows the fishermen an additional tool to use or not as appropriate.

The Southeast Alaska Fishermen's Alliance is a non-profit membership based fishing organization representing our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. Please feel free to call us regarding commercial fishing issues if we may be of any help to you or your staff.

Sincerely,

Kathy Hansen
Executive Director



Kenai Peninsula Fishermen's Association

Working To Ensure The Future Of Our Fishery

43961 Kalifornsky Beach Road • Suite E • Soldotna, Alaska • 99669
(907) 262-2492 • Fax: (907) 262-2898 • E Mail: kpfa@alaska.net

Testimony given to the House Special Fisheries Committee on HB 118 (2-28-03)

February 28, 2003

My name is Paul Shadura, I reside on the Kenai Peninsula and represent the Kenai Peninsula Fishermen's Association.

We support the adoption of *hb 118* although we feel that it stops short of addressing the regulatory impediments on the Cook Inlet set-net fishery. We believe that if this bill is to truly allow efficiency and higher productivity, this bill should address other changes in the delivery and reporting requirements.

Currently, commercial set-net fishermen in CI are fined several thousand dollars for doing what they have practiced for several years. We have operated a form of *co-operatives* in Cook Inlet for many years. They are comprised of family and extended family or groups of small businessmen who have pooled their resources to reduce costs and accommodate individual situations.

Currently, a set-net fishermen cannot have his wife or other crewmember of his or her operation deliver their salmon to market. They must stop fishing, stop picking their nets and drive to wherever their market is. Considering that many times that openings for set-net fleet are 24 hrs. or are near 24 hrs, there leaves little time to repair or prepare for the next opening or sleep.

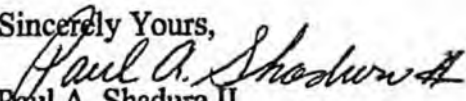
This is counter productive for the quality efforts that we are attempting with our branding program within Cook Inlet.

We strongly object to the CFEC position on the need for individual fish ticket reporting. It is apparent that the operations of set-net fishing in Cook Inlet is not fully understood.

And with this last statement, I will stop here.

Thank You Chairman Seaton and other members of the fisheries committee,

Sincerely Yours,


Paul A. Shadura II

President and Acting Ex. Director
Kenai Peninsula Fishermen's Association

HB

139

SENATE COMMITTEE REPORT

DATE: 3/20/03

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Resources Committee considered CS FOR HOUSE BILL NO. 139(RES)

HB 139 CLOSING CERTAIN LAND TO MINERAL ENTRY

"An Act approving an interim classification by the commissioner of natural resources closing certain land within the Glacier Creek and Winner Creek drainages to new mineral entry; 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

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DNR	3/18/03		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Keely Jackson</i>	X			
<i>Ben Stump</i>	✓			
<i>John Ryan</i>	✓			
<i>[Signature]</i>				
<i>[Signature]</i>				
<i>[Signature]</i>				
<i>[Signature]</i>				
CHAIR: <i>Salvatore</i>				

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 139(RES)
(H) Publish Date: 3/19/03

Revision Date/Time (Note if correction): 3/18/2003 Dept. Affected: Natural Resources
Title: Closing Certain Land to Mineral Entry BRU: Minerals, Land & Water Development
Component: Claims, Permits & Leases
Sponsor: Rep. Hawker
Requester: (H) RES Component No.: 2460

Expenditures/Revenues (Thousands of Dollars)

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

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

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Prepared by: Bob Loeffler, Director Phone 269-8625
Division: Mining, Land & Water Date/Time 3/18/2003
Approved by: Tom Irwin, Commissioner Date 3/18/2003
Agency: Natural Resources

Representative Mike Hawker

Alaska State Legislature



Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

Committee Substitute for House Bill 139 (RES) Sponsor Statement

Committee Substitute for House Bill 139 (RES) would approve the interim classification in Mineral Closing Order No. 593, Amendment 3. This closing order was reaffirmed by the Commissioner of the Department of Natural Resources last year to close state land in the upper Glacier Creek and Winner Creek drainages near Girdwood to new mineral entry for another ten years. The proposed closure area is 5,740 acres.

For the closure order to remain effective, the legislature must approve its extension by the ninetieth day of session or April 20, 2003. If it is not approved by the ninetieth day, the order will expire.

The purpose of the closure is to allow development plans to move toward development of additional ski facilities. Previous studies have documented the area's terrain as having some of the finest alpine skiing conditions in North America. During the ten-year closure period, the Heritage Land Bank will be looking for solutions that begin this commercial development.

If development does not begin within the ten-year timeframe, the area will reopen to mineral entry on April 3, 2012. If development does begin before April 3, 2012, the land shall remain closed to mineral entry.

The Department of Natural Resources Geologists have concluded that the area has a low potential for economic development in regards to locatable minerals. The area has been primarily identified for recreational mining activities, which are not prohibited under the mineral closing order.

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

March 6, 2003

SUBJECT: House Bill 139 (Work Order No. 23-0644H)

TO: Representative Mike Hawker
Attn: Sara Wright

FROM: Kathryn L. Kurtz *KK*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. States that the purpose of the act is to approve the interim classification contained in Mineral Closing Order No. 593, Amendment No. 3, issued by the Commissioner of Natural Resources. Finds that the Glacier Creek and Winner Creek Drainages hold significant potential for development of a new four seasons resort in Girdwood, and that closure of those areas to new mineral entry for a ten year period will reserve the land and provide a timeframe for resort development.

Section 2. Closes approximately 5,740 acres in the Glacier Creek and Winner Creek drainages to new mineral entry.

Section 3. Repeals section two of the Act, effectively reopening the 5,740 acres in the Glacier Creek and Winner Creek drainages to new mineral entry.

Section 4. Provides that the repeal in section three of the closure in section two will take effect unless the commissioner of natural resources certifies on or before April 2, 2012 that development of a resort has begun in the closed area.

Section 5. Gives an effective date of April 3, 2012 for the repeal of the closure, if that repeal takes effect under the condition in section four.

Section 6. Gives an immediate effective date for the rest of the Act.

KLK:med
03-257.med

Sec. 38.05.300. Classification of land.

(a) The commissioner shall classify for surface use land in areas considered necessary and proper. This section does not prevent reclassification of land where the public interest warrants reclassification, nor does it preclude multiple purpose use of land whenever different uses are compatible. If the area involved contains more than 640 contiguous acres, state land, water, or land and water area may not, except by act of the state legislature, (1) be closed to multiple purpose use, or (2) be otherwise classified by the commissioner so that mining, mineral entry or location, mineral prospecting, or mineral leasing is precluded or is designated an incompatible use, except when the classification is necessary for a land disposal or exchange or is for the development of utility or transportation corridors or projects or similar projects or infrastructure, or except as allowed under (c) of this section.

(b) [Repealed, Sec. 35 ch 126 SLA 1994].

(c) Notwithstanding (a)(2) of this section, if the commissioner considers it necessary and proper, the commissioner may provide by order for an interim classification that precludes, or designates as an incompatible use, mining, mineral entry or location, mineral prospecting, or mineral leasing. Within 10 days after the convening of each regular legislative session, the commissioner shall transmit to the legislature for consideration all the interim classification orders issued under this subsection during the preceding calendar year. Unless the legislature approves by law an interim classification contained in an order transmitted under this subsection, that order expires on the 90th day of that legislative session or upon adjournment of that session, whichever occurs first. Approval by the legislature of an interim classification satisfies the requirement of (a) of this section for an act of the state legislature.

Representative Mike Hawker

Alaska State Legislature



Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
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Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

Memorandum

To: Senator Scott Ogan, Chair
Senate Resources Committee

From: Representative Mike Hawker *MH*

Date: 3/19/2003

Re: Committee Substitute for House Bill 139 (RES)-Closing Certain Land to Mineral Entry

*Senator,
Thank you for hearing
this bill so quickly. This bill
is supported by everyone from
the AK Minors Arm to the
Governor! Zero opposition
in the House.
MH*

I request Committee Substitute for House Bill 139(RES)-"An Act approving an interim classification by the commissioner of natural resources closing certain land within the Glacier Creek and Winner Creek drainages to new mineral entry; and providing for an effective date." be scheduled for a hearing at the earliest possible convenience in the Senate Resources Committee.

Attached to this memo are a copy of the bill, the sponsor statement, sectional analysis and pertinent background information.

If you have any questions, please contact Sara Wright of my staff at 465-6899.

Thank you for your time and consideration.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

FRANK H. MURKOWSKI, GOVERNOR

550 W. 7th Ave., Suite 1070
Anchorage, Alaska 99501-3579

PHONE (907) 269-8600
FAX (907) 269-8904

March 10, 2003

The Honorable Mike Hawker
House of Representatives
State Capitol,
Juneau, Alaska 99801-1182

Dear Representative Hawker:

You asked us to describe the potential economic loss of the mineral value due to the mineral closure proposed for Glacier/Winner Creek area in Girdwood as part of HB 139.

Summary

Though the Mineral Closing Order (MCO) addresses all locatable minerals, the only economic mineral known to be present within the subject area is gold. The gold is located in placer deposits within and along the local creek drainages including Crow, Winner and Glacier Creeks. These placer deposits, however, are currently classified as low potential for economic development due to the low amounts of gold present in assay samples, the extensive historical mining that occurred over the last century, and the limited accessibility of most of the area.

History of Mining Activities in the Glacier Valley

Placer gold was discovered in Crow and Winner Creek in 1896, and mining began in about 1898. Though a minor production of placer gold was realized from activities in Winner Creek, the focus of mining activity was centered on the Crow Creek drainage (outside of the current MCO). Historically, a modest 42,500 ounces of placer gold were produced from Crow Creek (using both placer and lode mining methods), while only 400 ounces were recovered from Winner Creek. There was no documented production from Glacier Creek during that time. The original mining claims in Winner and Glacier Creeks were abandoned sometime during the middle of the last century.

The land remained abandoned until most recent mining claims were staked on federal land in 1985 and 1986. Approximately 135 federal claims were staked within the MCO area, though a portion of these claims overlapped each other. In total about 1,800 acres were staked within the area covered by the MCO. Between 1985 and 1991 these claims remained underdeveloped. The federal claims were used as recreational placer sites. There is no documented production, no royalty, and only annual labor assessments were completed and annual recording fees paid. There were no valid state mining claims filed on these lands as the original MCO was issued before the land was acquired by the state.

In the early 1990's, DNR selected the land within the MCO area from the United States Forest Service for the Municipality of Anchorage. The municipality wanted to expand alpine ski facilities

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

and opportunities in this area. In 1991, the Municipality of Anchorage purchased these federal mining claims within the subject area, including all 135 contained within the MCO. The Municipality purchased the claims so that BLM could convey the land to DNR which, and in turn, reconveyed much of it to the Municipality.

At the time of acquisition in 1992, DNR instituted a 10-year mineral closure for the area in question. Of that amount, approximately 1,000 acres now belongs to the Municipality (primarily the base area), and the remainder to the state (the upper slopes). There are a few remaining federal mining claims located adjacent to the MCO area along Crow Creek. These remaining mining claims have little economic production and continue to complete only minimal annual assessment work and pay annual rentals. DNR's Turnagain Arm Area Plan and the MOA's Girdwood Area Plan currently identify this area as having potential for recreational gold mining.

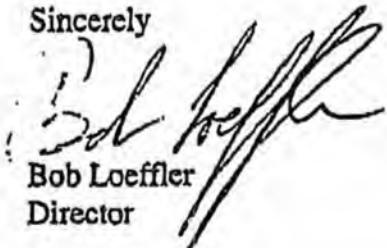
DNR Geologists have determined that the Glacier and Winner Creek area's mineral potential is limited to placer deposits and further have characterized these deposits as low potential or value for mineral development. This is supported by a study completed by United State Bureau of Mines in 1982 citing samples ranging from only 0.0283 oz. of gold per cubic yard at the mouth of Winner Creek to just trace amounts in the creek's upper reaches. In part because of this data, the area was identified as having potential only for recreational mining activities. Recreational mining is not prohibited by the MCO and is in fact has been the principle use of mining claims in this area for decades.

The area encompassed by the MCO includes a total of 5,740 acres. However, any placer gold deposits will be limited to those locations within and along the creeks and rivers beds where the hydrologic forces have concentrated the material. We estimate that valid mining claims could be located on approximately 1,800 acres, similar to the acreage covered by the original claims. State mining claims are typically 40 acre in size and assuming that all the drainages were to be efficiently and completely staked the MCO area would yield approximately 45 potential claims.

Given the limited mineral potential of these creeks, the major effect of closing the area to mineral location is to deprive the state of the annual revenues generated by claim rental. (We do not anticipate that any claim within this area could generate sufficient net profit to yield royalty or tax revenues.) Rent would be \$40 per claim. Thus, the state could potentially loose out on \$400 per claim or \$18,000 over the life of the 10 year term of the MCO.

Please let me know if you need any additional information.

Sincerely

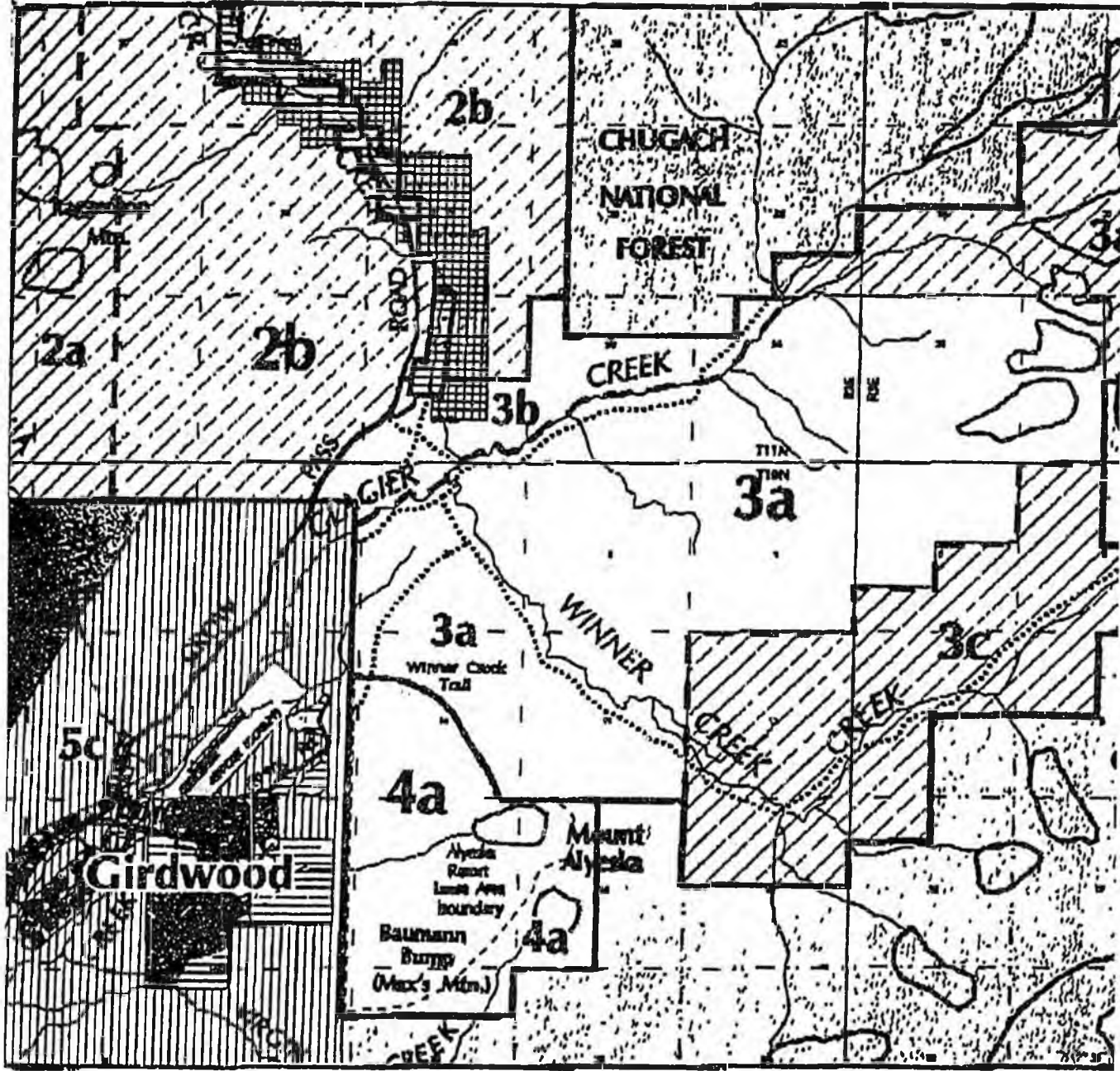


Bob Loeffler
Director

cc: Art Eash, Heritage Land Bank
Janet Burleson-Baxter, DNR Legislative Liaison



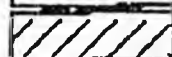




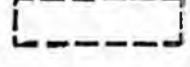
Management Unit 3.




Glacier/Winner Cree



Plan boundaries  Management Unit boundary  Subunit boundary

Land Ownership & Uses

	State owned		Private
	State selected		Chugach State Park
	State selected and Federal mining claims		Chugach National Fore
	Municipal owned		Alyeska Resort Lease /

Map features  Road  Trail  Glacier/Ice

SCALE IN MILES 

1 **LAND USE SUMMARY CHART**

2

3 **Land-Use Designation Summary**

4 **Management Unit 3: Glacier/Winner Creek**

5

Subunit	Surface Land Use Designation	Subsurface	Prohibited Surface Use	Comments
6 7 8 9 3a Glacier/ Winner Creek 5,750 acres	Commercial recreation	Closed*	Land disposals	Part of this subunit may be conveyed to the Municipality of Anchorage
10 11 12 13 3b North side of Glacier Creek 650 acres	Public recreation	Closed*	Commercial recreation leasing Land disposals	Part of this subunit may be conveyed to the Municipality of Anchorage
14 15 16 17 3c Upper Winner Creek 2,300 acres	Public recreation, Wildlife habitat	**	Land disposals	State-selected

18 *Closed to mineral entry for 10 years from date of conveyance of land to state.

19

20 **Management decisions to be made when DNR is ready to take conveyance

21

22



ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd. #202 Anchorage, Alaska 99503 • (907) 563-9229 • FAX: (907) 563-9225 • www.alaskaminers.org

March 11, 2003

Honorable Hugh Fata
Chairman
House Resources Committee
Capitol Building
Juneau, AK 99801

RE: HB-139, Closing Areas of Glacier Creek and Winner Creek near Girdwood

Dear Representative Fata,

I am writing in support of a proposed Committee Substitute to House Bill 139. This Bill will approve a mineral closure on certain lands within the Glacier Creek and Winner Creek drainages near Girdwood. This closure is reasonable and appropriate to support development of an expanded ski area.

The proposed Committee Substitute conforms the bill with the mineral closure that was previously published by the Department of Natural Resources. The mineral closure properly requires that, if the recreational development does not occur within 10 years, the mineral closure goes away automatically. Our concern is that lands not be permanently closed to mineral entry in the case that the ski area is not developed.

We support passage of HB-139 as amended by the Committee Substitute.

Sincerely,

Steven C. Borell, P.E.
Executive Director

cc: Honorable Mike Hawker

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

- 400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FAX: (907) 465-3886
- 550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

March 3, 2003

The Honorable Mike Hawker
House of Representatives
State Capitol
Juneau, Alaska 99801-1182

RE: Glacier/Winner Creek

Dear Representative Hawker:

I wanted to take this opportunity to express the Department of Natural Resources' (DNR) full support for HB139 which would temporarily close the Glacier-Winner Creek area in Girdwood to mineral entry. This area has long been recognized as prime for the development of a new alpine ski area: a complement or addition to the existing Alyeska Resort. The closure is key to preserving the marketability of the property as a future ski facility.

In the early 1990's, DNR selected the land for this purpose from the United States Forest Service. The Municipality of Anchorage expended \$395,000 purchasing federal mining claims so that the land could be conveyed to DNR which, in turn, reconveyed much of it to the Municipality. In 1992, DNR instituted a 10-year mineral closure for 5,740 acres in question. Of that amount, approximately 1,000 acres belongs to the Municipality (primarily the base area), and the remainder to the state (the upper slopes). The 10-year term was to give the resort a chance to develop but to ensure that if the resort never developed, the mineral values would not be lost. The mineral closing order was to sunset in April 2002.

Though it is true that no proposals or development has occurred within the proposed area since 1992, recently there has been a resurgence of interest in expanding the ski facilities. The Municipality of Anchorage is preparing to re-market the property and has approached DNR to work with it to update the feasibility study, and a Request for Proposals for the ski area itself. The proposed ten year term of the mineral closure is appropriate due to the complex nature of this multi-year development project, the need for certainty by developers and financial institutions in seeking financing, and the time is needed by the Municipality and developers to market and develop a final proposal.

Rep. Hawker
March 3, 2003

In 1994, the legislature amended AS 38.05.300. The revised statute provides that a mineral closing order greater than 640 acres expires unless approved by the legislature before the 90th day of the session. DNR extended the MCO for another 10 years, until April 2012, pending legislative approval. Passage of your bill would provide that needed approval.

The proposal is also supported by the Municipality of Anchorage, the Girdwood Board of Supervisors, and Alyeska Ski Resort's parent company.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas E. Irwin', with a horizontal line extending to the right.

Thomas E. Irwin
Commissioner



Municipality of Anchorage

Office of the Mayor

George P. Wuerch, Mayor



March 14, 2003

The Honorable Mike Hawker
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB 139 (Mineral closing order for upper Girdwood Valley)

Dear Representative Hawker:

Thank you very much for sponsoring HB 139, which would approve the interim classification in Mineral Closing Order No. 593, Amendment 3. This order was affirmed by the Commissioner of the Department Natural Resources last year to close state land in the upper Glacier Creek and Winner Creek drainages near Girdwood to new mineral entry for another ten years.

We are very pleased this legislation is supported by the Governor, the Girdwood Board of Supervisors and the Alaska Miners Association. The purpose of the closure is to allow the Municipality of Anchorage and the State of Alaska to pursue development concepts and plans for the Glacier-Winner Creek area as an alpine ski resort complex. Previous studies have documented the area's terrain as having some of the finest alpine skiing conditions in North America. During the ten-year period, the Heritage Land Bank will be looking for solutions that allow for early development of some of this area.

Fortunately, DNR geologists have concluded that the area has a low potential for economic development of minerals. The area has been primarily identified for recreational mining activities, which are not prohibited under the mineral closing order.

We believe the proposed ten-year closure is a reasonable period of time to determine the area's marketability and to get development well underway. During 2003, we intend to update the earlier development concepts and issue a request for proposals for a prime developer.

We know you are aware of the requirement to pass this legislation by April 20, 2003 (the 90th day of the session), or the interim order will expire. We thank you for your support, and offer our assistance in your efforts.

Sincerely,

George J. Canelos

Executive Director, Heritage Land Bank



Municipality of Anchorage

Office of the Mayor

George P. Wuerch, Mayor



December 30, 2002

The Honorable Frank Murkowski
Governor, State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

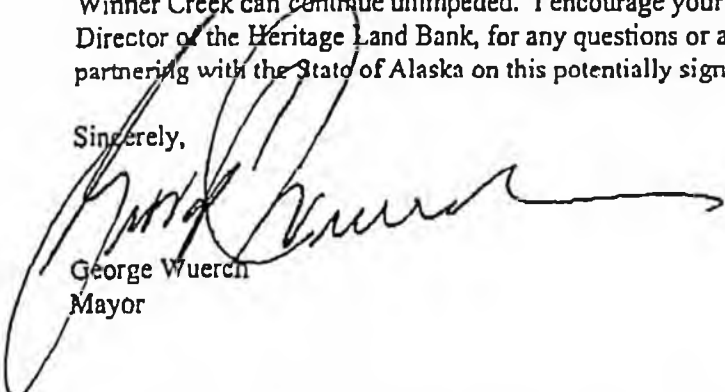
Dear Governor Murkowski,

The Municipality of Anchorage and the State of Alaska have long recognized the enormous potential of the Glacier-Winner Creek area in Girdwood as the next major alpine ski development in the Girdwood Valley. Previous studies have documented the area's terrain as having some of the finest alpine skiing conditions in North America. During 2003, the Heritage Land Bank will be updating market and feasibility studies, looking for win-win solutions that allow for early development of some of this area.

A key step in allowing development plans to move forward is the continuation of the State's Mineral Closing Order for the area, that was administratively reaffirmed last year by the Department of Natural Resources (letter attached). For this order to remain effective, however, the State must obtain the Legislature's approval to extend the order for another ten year period. AS 38.05.300 calls for the Commissioner of DNR, through the Division of Mining, Land and Water to introduce legislation to extend the order within the first ten (10) days of the new session. Unless the Legislature approves continued closure within the first ninety (90) days of the session, the order will expire.

I am requesting your help to ensure this important opportunity for continued planning for Glacier-Winner Creek can continue unimpeded. I encourage your staff to contact George Canelos, Director of the Heritage Land Bank, for any questions or assistance. We look forward to partnering with the State of Alaska on this potentially significant development opportunity.

Sincerely,



George Wuerch
Mayor

cc: Marty Rutherford, Acting Commissioner, Department of Natural Resources

attachments: copy of Statute
letter from DNR announcing the mineral closing

January 31, 2003

Governor Frank Murkowski
State of Alaska
C/o Mr. Mike Tibbles
Legislative Director

VIA FACSIMILE 907-465-3147

Dear Governor Murkowski:

On behalf of Alyeska Resort, Girdwood 2020, the Municipality of Anchorage, we appreciate your strong support and legislation of the mineral closing order for the Glacier-Winner Creek area.

The area is managed by the state (DNR) and has over 4,000 acres of potential ski terrain (4 times the size of Alyeska) and 5,000 vertical feet (2 times the size of Alyeska).

There is a lot of history on this area and Mike Sullivan from the DNR office in Anchorage at 907-269-8566 is the expert on this land.

We understand there is no opposition from the mining community.

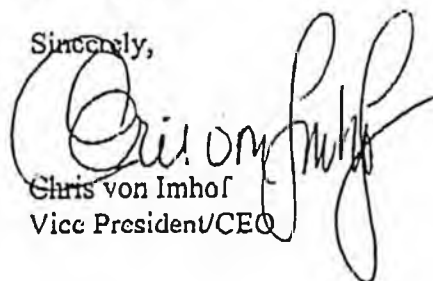
Attached are letters from Mayor George Wuerch to Governor Frank Murkowski, and from former Governor Tony Knowles to Mayor Wuerch. I am also including additional background information, a letter from the Girdwood 2020 and a news article.

The area could eventually be the largest ski area in the USA.

Thank you for your support and please let me know if you need more information.

Thank you.

Sincerely,



Chris von Imhof
Vice President/CEO



P.O. Box 249
GIRDWOOD, ALASKA 99567
TELEPHONE (907) 754-1111
FAX (907) 754-3300



CC: Mr. Mike Sullivan, Natural Resource Manager, State of Alaska, DNR
Mr. Per Bjorn-Roli, Chair, Girdwood 2020



Municipality of Anchorage

George P. Wuerch, Mayor



Girdwood Board of Supervisors

P.O. Box 390 • Girdwood, Alaska 99587

March 17, 2003

Representative Mike Hawker
Alaska State Legislature
Juneau, Alaska
VIA FACSIMILE 907465-4979

RE: Girdwood Board of Supervisors Support for HB 139

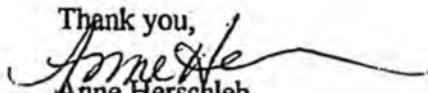
Dear Representative Hawker,

The Girdwood Board of Supervisors (GBOS) is in full support of HB 139.

In February of 2002, the GBOS, in our comment on the Municipality of Anchorage's Heritage Land Bank Annual Work Plan, raised concern about the mining moratorium on the lands of the Glacier/Winner Creek valley. Our concern was to have the moratorium continue for a long enough period of time that a study of the economic development potential of the area can be conducted. HB 139 permits the study process to go forward.

We appreciate the time you and your staff have put forth on our behalf with this bill.

Thank you,



Anne Herschleb
Chair

MEMORANDUM**State of Alaska****DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING LAND & WATER
SOUTHCENTRAL REGION, LAND SECTION**

TO: Pat Pourchot
Commissioner

DATE: September 10, 2001

THRU: Bob Loeffler *BL*
Director, DMLW

TELEPHONE NO.: x8566

THRU: Rick Thompson *RT*
Regional Manager

FROM: Mike Sullivan *MS*
Natural Resource Manager

SUBJECT: Girdwood Area Mineral
Closing Order Extensions

Attached for your signature is a decision extending an existing mineral closure for certain state lands in the upper Girdwood valley. These properties were originally closed to mineral entry when the Turnagain Arm Management Plan was being prepared in 1992. As detailed in the attached decision this closure was intended to facilitate development of the area as four season resort.

For the reasons detailed in the attached decision, the enclosed mineral orders have been prepared to extend this closure for another ten (10) year period.

Please sign the decision and the attached mineral orders where indicated. Please call me if you have any questions.

Pat,
Good to go!
All the coordination
was done. I sat on it
in error.
- Bob



**DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND & WATER
SOUTHCENTRAL REGION**

MINERAL CLOSING ORDER 593 Amend. #3

Closing Lands to Mineral Entry Opening Lands to Mineral Entry

- I. **Name: Glacier/Winner Creek Drainage**
- II. **This mineral closing order is based upon the attached Finding for Mineral Closing Order No. 593 Amendment # 3 and the written documentation contained in:**

Mineral Closing Order No. 593 Amendment # 3 casefile.

- III. **Legal Description:**

Seward Meridian

Township 10 North 2 East

Sections 1-3: All

Section 4: N1/2NE1/4 east of Crow Creek Road, and those portions of SE1/4NE1/4 and E1/2SE1/4 within Chugach National Forest

Section 9: E1/2NE1/4NE1/4 within Chugach National Forest

Section 10: N1/2N1/2, N1/2NE1/4SE1/4NW1/4, N1/2SW1/4NE1/4, SE1/4SW1/4NE1/4, SE1/4NE1/4, N1/2NE1/4SE1/4,

E1/2SW1/4NE1/4SE1/4, SE1/4NE1/4SE1/4, NE1/4SE1/4SE1/4

Section 11: All

Township 10 North Range 3 East

Section 6: N1/2, N1/2SW1/4

Township 11 North Range 2 East

Section 33: SE1/4SE1/4 All land lying SE of Crow Creek Road

Section 34: SW1/4 All land lying East of Crow Creek Road, SE1/4 excluding mining claim recordations AA 56282 and AA 56283 and FS Special Use Permit granted to Crow Creek Inc.

Section 35: All, excluding the N1/2NE1/4, NE1/4NW1/4

Section 36: All, excluding the NW1/4NW1/4

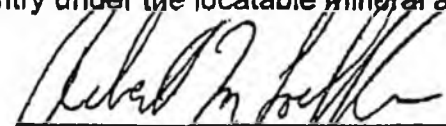
February 4, 2002
MCO 593 Amend. #3
Page 2 of 2

Township 11 North Range 3 East
Section 31: All
Section 32: W1/2

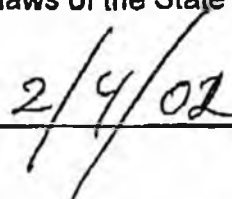
Totaling approximately 5,740 acres

IV. This order is subject to valid existing rights, easements and reservations and is issued under the authority granted by AS 38.05.185-38.05.275 to the Department of Natural Resources. The above described lands are hereby closed to entry under the locatable mineral and mining laws of the State of Alaska.

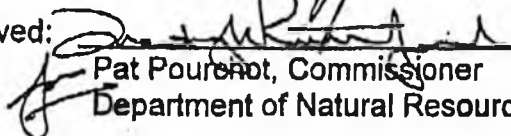
Concur:


Robert M. Loeffler, Director
Division of Mining, Land and Water

Date:



Approved:


Pat Pourbaire, Commissioner
Department of Natural Resources

Date:

