

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11321 SENATE RESOURCES

**HB**

**409**

# SENATE COMMITTEE REPORT

DATE: 3/31/04

FURTHER:

DATE TURNED  
IN TO OFFICE: 4-28-04

Resources Committee considered CS FOR HOUSE BILL NO. 409(FSH)

HB 409 SEINE VESSEL LENGTH

"An Act relating to the maximum length of salmon seine vessels; and providing for an effective date."

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS HB 409 (FSH)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- Same Title
- New Title

**House Bill:**

- Same Title
- Technical Title Change
- New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
F+G	2/5/04			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>			✓	

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 409(FSH)  
 (H) Publish Date: 2/18/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title Relating to the Maximum Length of RDU Commercial Fisheries  
Salmon Seine Vessels Component \_\_\_\_\_  
 Sponsor Representative Williams Component No. \_\_\_\_\_  
 Requester House Fisheries

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)  
 Passage of this legislation would have no fiscal impact.

Prepared by: Sarah Gilbertson Phone 465-6137  
 Division: Legislative Liaison Date/Time 2/5/04 1:26 PM  
 Approved by: Commissioner Kevin Duffy Date 2/5/2004  
 Agency: Alaska Department of Fish & Game

# Alaska State Legislature

Co-Chair  
House Finance Committee  
Subcommittee Chair  
Environmental Conservation  
Courts



*Representative William K. Williams*

During Session:  
State Capitol  
Juneau, AK 99801-1182  
(907) 465-3424  
Fax (907) 465-3793

In Ketchikan:  
50 Front Street, Suite 203  
Ketchikan, AK 99901  
(907) 247-4672  
Fax (907) 225-8546

## SPONSOR STATEMENT

### House Fisheries Committee Substitute for House Bill 409

**“An Act relating to the maximum length of salmon seine vessels; and providing for an effective date.”**

House Bill 409 removes the statutory prohibition for the length of salmon seine vessels and leaves the authority to the Alaska Board of Fisheries. The bill **does not** remove the 58-foot length limit; it simply gives the Board of Fisheries the authority to go through its normal public process to consider such a change.

This bill will put salmon seine vessels on the same footing as all other commercial fishing boats in the state. At present, the 58-foot limit on salmon seiners is the only length limit for salmon fisheries that is enshrined in statute. The length and size of all other fishing boats can be changed by the Board of Fisheries.

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**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**

February 17, 2004

**SUBJECT:** Sectional Summary of CSHB 409(FSH); An Act relating to the maximum length of salmon seine vessels (Work Order No. 23-LS1328\Q)

**TO:** Representative Bill Williams  
Attn: Tim Barry

**FROM:** George Utermohle *GU*  
Legislative Counsel

You have requested a sectional summary of CSHB 409(FSH); an Act relating to the maximum length of salmon seine vessels.

As a preliminary matter, note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends AS 16.05.835(a) to provide that the maximum length of a vessel that may be used in a salmon seine fishery in the state is 58 feet overall length (except for certain grandfathered vessels that fished in the state prior to January 1, 1962) unless the Board of Fisheries has authorized by regulation the use of a larger vessel in the fishery.

Section 2 of the bill provides that the bill takes effect January 1, 2005.

If I may be of further assistance, please advise.

GU:mdr  
04-050.mdr

**Subject: HB 409**

**Date: Thu, 5 Feb 2004 18:21:24 EST**

**From: Scooski@aol.com**

**To: Rep\_Paul\_Seaton@legis.state.ak.us**

**CC: Rep\_Bill\_Williams@legis.state.ak.us**

Dear Represe Seaton:

I support **HB, 409**. Meeting the challenges of today's markets requires modernizing our seine fleets. For the following reasons **HB, 409 the 58 foot limit bill** is good legislation at the right time.

**Abstract:**

Alaska's salmon net fisheries were tooled for a canned salmon industry that developed at the turn of the last century. Due to complex market conditions beyond the control of fishermen, old regulations such as the 58 foot seine boat limit, limits the potential of Alaska's seine fishermen to maximize the earning power of their operations. Providing for larger vessels will increase individual capacities for volume and improve quality.

**Specifically:**

**HB, 409** will provide fishermen enough deck space for primary processing -- sorting, grading and bleeding to improve quality for fresh and frozen salmon products. As seiners harvest the majority of Alaska's pink salmon, this bill will help move Alaska's pink salmon production out of cans and into other more modern product forms.

Thank you for your considerations in this matter.

Scott McAllister.

Alaskan purseiner.

316 Ave.

Juneau, Alaska, 99801



# UNITED FISHERMEN OF ALASKA

March 9, 2004

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

Senator Con Bunde, Chairman  
Senate Labor and Commerce Committee  
Alaska State Legislature  
State Capitol (Mail Stop 3100)  
Juneau, AK 99801-1182

Dear Senator Bunde,

United Fishermen of Alaska supports HB 409 relating to the statute removal of the 58' length of salmon seine vessels. We strongly believe the maximum vessel length limit should be rendered under the authority of the Board of Fisheries allowing each salmon seine fishery to decide whether to pursue retaining or removing the 58' limit. As the limit is currently included in regulation, HB 409 will not cause immediate change.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HB 409 and thank you for your consideration on this matter.

Sincerely,

Mark Vinscl  
Executive Director

CC: Representative Bill Williams

#### MEMBER ORGANIZATIONS

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

Scott McAllister  
Seine Fisherman  
316 Distan Ave.  
Juneau Alaska, 99801

Alaska Senate Resources  
Chairman, Scott Ogan

### HB 409 Testimony

Last Wednesday questions were raised about increased efficiencies for seiners if the 58 foot seine boat limit is lifted. The answer is yes, there will be efficiency gains with larger fishing boats capable of fishing in rougher weather and extended fishing trips. However, these traits also enhance the safety, fish quality and profitability of larger fishing boats.

As to the concern that bigger boats will allow seiners to fish longer and harder in interception fisheries as was expressed by committee members for Shelikof Straits when high incidents of Cook Inlet sockeye are present, these are issues that the Alaska Board of Fisheries is authorized and equipped to deal with. More to the point, the board has already adopted regulations that limit these interceptions of red salmon destined for Cook Inlet in Shelikof Strait.

5AAC18.363, the "North Shelikof Strait Sockeye Salmon Management Plan" requires limited fishing time in Shelikof Strait when Cook Inlet sockeye are present. A copy of this management plan is attached.

The board employs three tools to regulate such allocations, time, area and gear. All salmon allocation management plans employ one or more of these three factors and it would be difficult to foresee a situation where the board could not remedy an allocation imbalance with one of these three variables. If necessary, vessel size may be compensated for with any one or combination of these three.

Sincerely,

  
Scott McAllister



✚ **5 AAC 18.363. North Shelikof Strait Sockeye Salmon Management Plan**

✚ (a) The purpose of the North Shelikof Strait Sockeye Salmon Management Plan is to allow traditional fisheries in the area to be conducted on Kodiak Area salmon stocks, while minimizing the directed harvest of Cook Inlet sockeye salmon stocks. The board recognizes that some incidental harvest of other stocks has and will occur in this area while the seine fishery is managed for Kodiak Area salmon stocks. The board intends, however, to prevent a repetition of the non-traditional harvest pattern which occurred during 1988.

(b) From July 6 through July 25 in the Dakavak Bay, Outer Kukak Bay, Inner Kukak Bay, Hallo Bay, and Big River Sections of the Mainland District, and in the Shuyak Island and Northwest Afognak Sections of the Afognak District, the department shall manage the fishery as follows:

(1) management of the fishery must be based on local stocks;

(2) the fishery may remain open during normal fishing periods until the harvest exceeds 15,000 sockeye salmon;

(3) when the harvest exceeds 15,000 sockeye salmon, the department shall restrict the fishery by emergency order to waters of the

(A) Dakavak Bay, Outer Kukak Bay, Inner Kukak Bay, Hallo Bay, and Big River Sections west of a line from Cape Douglas at 58° 51.10' N. lat., 153° 15.10' W. long., to a point at 58° 42.90' N. lat., 153° 25.95' W. long., to a point east of Swikshak River at 58° 37.97' N. lat., 153° 35.55' W. long., to Cape Chiniak at 58° 30.96' N. lat., 153° 54.50' W. long., to Cape Nukshak at 58° 23.50' N. lat., 153° 58.90' W. long., to Cape Ugyak at 58° 16.55' N. lat., 154° 06.15' W. long., to Cape Gull at 58° 13.04' N. lat., 154° 08.60' W. long., to Cape Kuliak at 58° 08.10' N. lat., 154° 12.30' W. long., to Cape Atushagvik at 58° 05.00' N. lat., 154° 18.90' W. long., to Cape Ilktugitak at 58° 01.17' N. lat., 154° 35.00' W. long., to the southern entrance of Dakavak Bay at 58° 01.00' N. lat., 154° 43.60' W. long.;

(B) Shuyak Island and Northwest Afognak Sections south and east of a line from Point Banks at 58° 37.95' N. lat., 152° 18.90' W. long., to Dark Island at 58° 38.72' N. lat., 152° 33.15' W. long., to Gull Island at 58° 35.80' N. lat., 152° 38.70' W. long., to the northern entrance of Big Bay at 58° 33.85' N. lat., 152° 40.30' W. long., to the western entrance of Blue Fox Bay at 58° 27.68' N. lat., 152° 43.65' W. long., to Black Cape at 58° 24.50' N. lat., 152° 53.30' W. long., to Cape Paramanof at 58° 18.33' N. lat., 153° 02.65' W. long.

(c) From July 6 through July 25 in the Southwest Afognak Section of the Afognak District, the department shall manage the fishery as follows:

(1) management of the fishery must be based on local stocks consistent with 5 AAC 18.362(d) (3);

(2) the fishery may remain open during normal fishing periods until the harvest exceeds 50,000 sockeye salmon;

(3) when the harvest exceeds 50,000 sockeye salmon, the commissioner shall restrict, by emergency order, the fishery to waters of the Southwest Afognak Section east of a line from one-half nautical mile west of Cape Paramanof at 58° 18.33' N. lat., 153° 02.65' W. long., to one-half nautical mile west of Tanaak Cape at 58° 15.53' N. lat., 153° 06.25' W. long., to one-half nautical mile west of Steep Cape at 58° 12.05' N. lat., 153° 12.65' W. long., to one-half nautical mile west of a point at 58° 08.38' N. lat., 153° 19.00' W. long., to one-half nautical mile west of Raspberry Cape at 58° 03.58' N. lat., 153° 25.20' W. long.

✚ **History:** Eff. 4/19/90, Register 114; am 4/14/93, Register 126; am 6/15/96, Register 138

✚ **Authority:** AS 16.05.060

AS 16.05.251



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# **Testimony of Scott McAllister**

HB 409 Relating to the 58 foot seine boat limit.

Scott McAllister

Phone 907 586 3071

316 Distin Ave

Email [scooski@aol.com](mailto:scooski@aol.com)

Juneau, Alaska 99801

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## **Testimony of Scott McAllister**

HB 409 Relating to the 58 foot seine boat limit.

### **In Support of HB 409**

In support of HB 409, it is time to modernize Alaska's salmon harvest by providing for larger seine vessels so fishermen may increase the quality and value of their catch.

Better than half of all Alaska's commercial salmon harvest is caught by seiners. Most of these fish are processed into canned and crude frozen product forms that fetch low prices in today's market.

The development of seine fishing early in the last century centered around canned salmon and about the time of statehood, the sardine fleets of California were looking to Alaskan salmon fisheries as the sardine resources failed. To protect Alaskan fleets from an invasion of California sardine seiners, the 58 foot limit was instituted at this time.

Since then, over forty years ago, farm salmon has set new standards for quality in markets and canned salmon has a dwindling market share. Today the lack of space aboard Alaskan seine boats prevents proper handling of the majority of Alaska's harvest preventing the industry from moving beyond the can and into quality fresh and frozen markets. Providing more space for sorting and bleeding while fish are still alive and proper "rigor sensitive" stowing capacities is central to improving quality and returning seine fishermen higher ex-vessel prices. Lifting the 58 foot limit will provide for the necessary space to meet these needs.

The attached photos show the current layout and use of deck space and fish holding capacity on a typical Alaska limit seine boat. They are intended to demonstrate that the space aboard an Alaskan seiner is fully utilized and more space is needed for processing and holding so fishermen may improve quality and streamline the flow of salmon from the water into the processing plants.

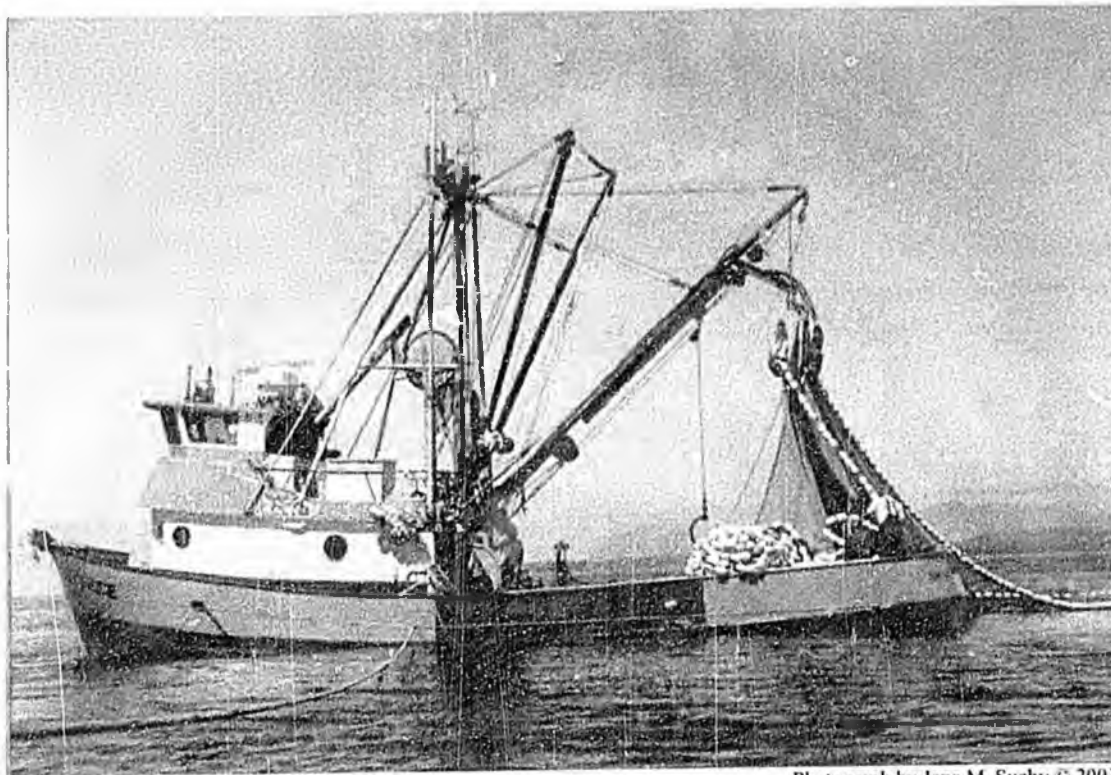
Thank you for your consideration in this matter.

Scott McAllister.

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# THE DECKS OF A TYPICAL SEINER

Illustrations I-II



Photograph by Jana M. Suchy © 2003

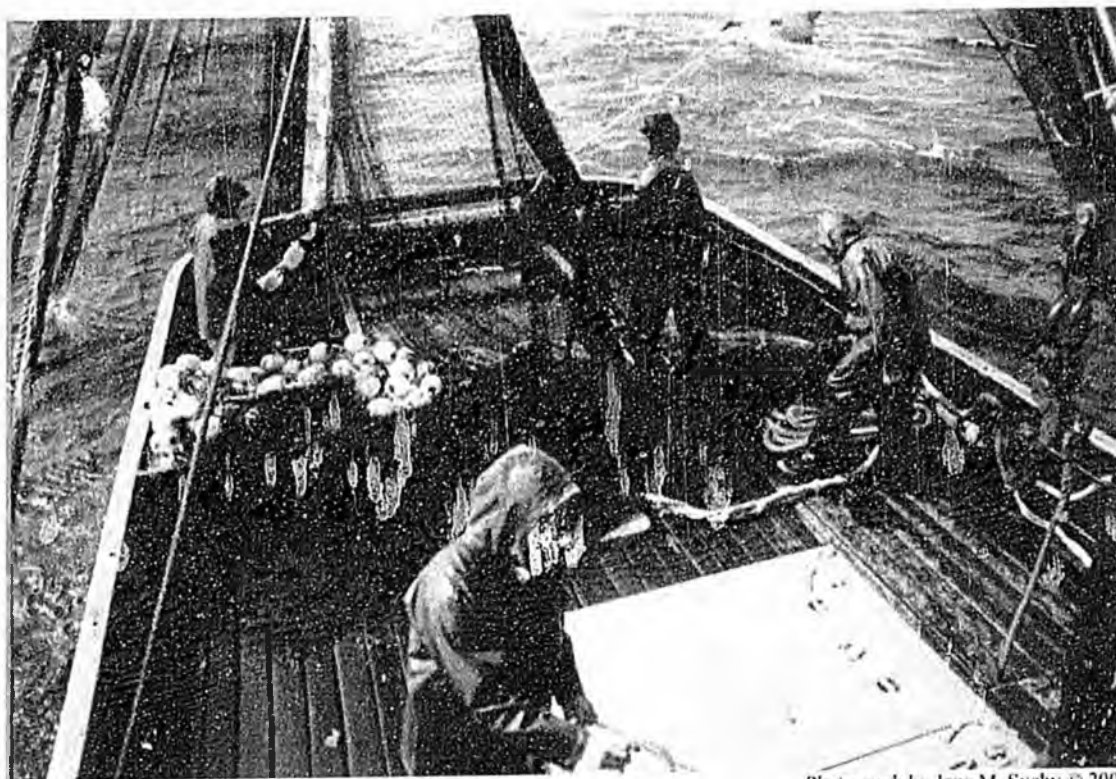
Cabin deck

|

Work deck

|

Gear deck



Photograph by Jana M. Suchy © 2003

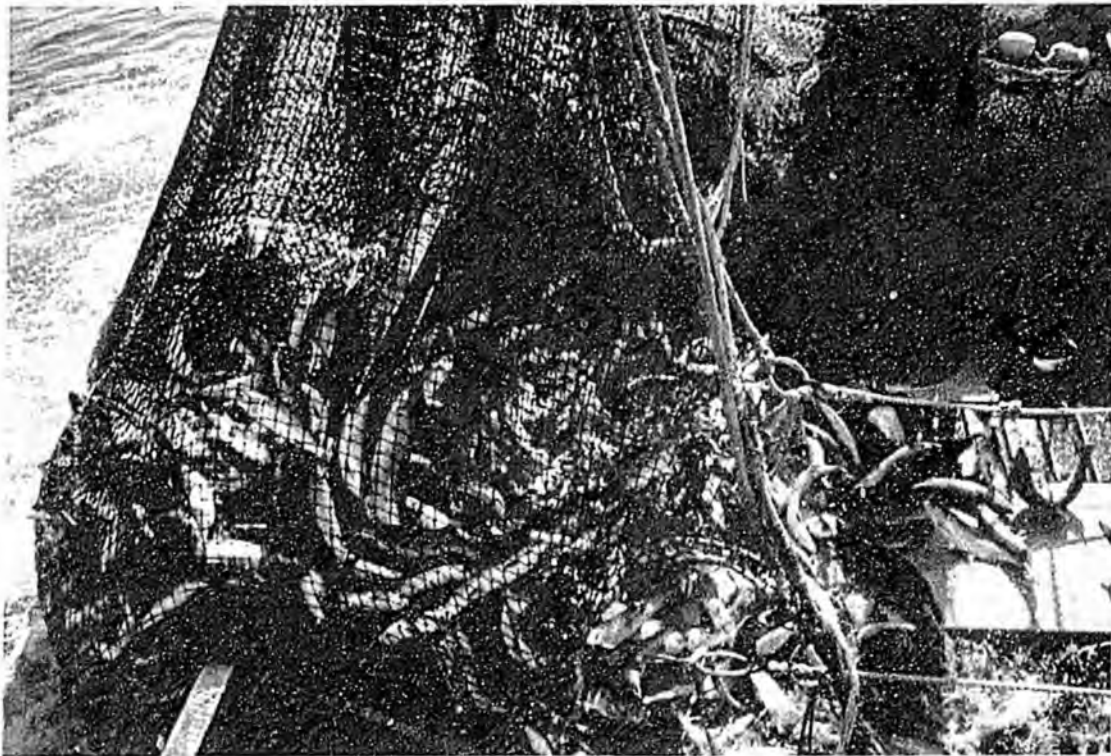
Gear deck

---

Work deck

# TYPICAL LOADING AND STOWING OF FISH ON A SEINER

Illustrations III-IV



Photograph by Jana M. Suchy © 2003

Rolling fish aboard and into the RSW fish hold.



Photograph by Jana M. Suchy © 2003

Bloody RSW

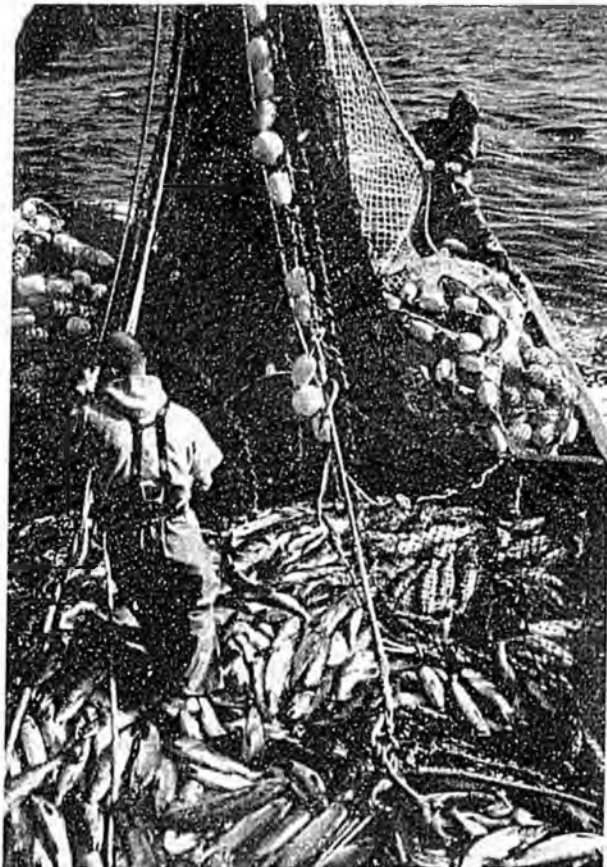
## THE WORK DECK OF A FULL SEINER

Illustrations V-VI



Photograph by Jana M. Suchy © 2003

Full RSW fish hold.

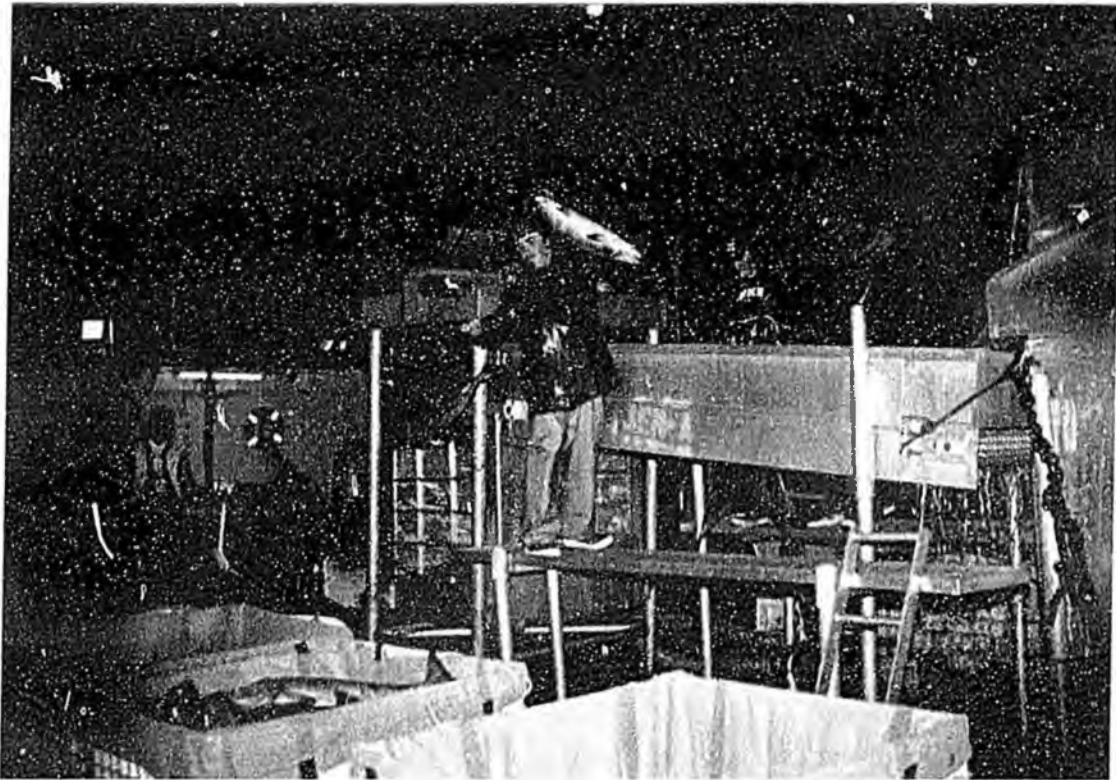


Photograph by Jana M. Suchy © 2003

Working over deck load.

## UNLOADING TO TENDER

Illustrations VII-VIII



Photograph by Jana M. Suchy © 2003

Sorting catch.

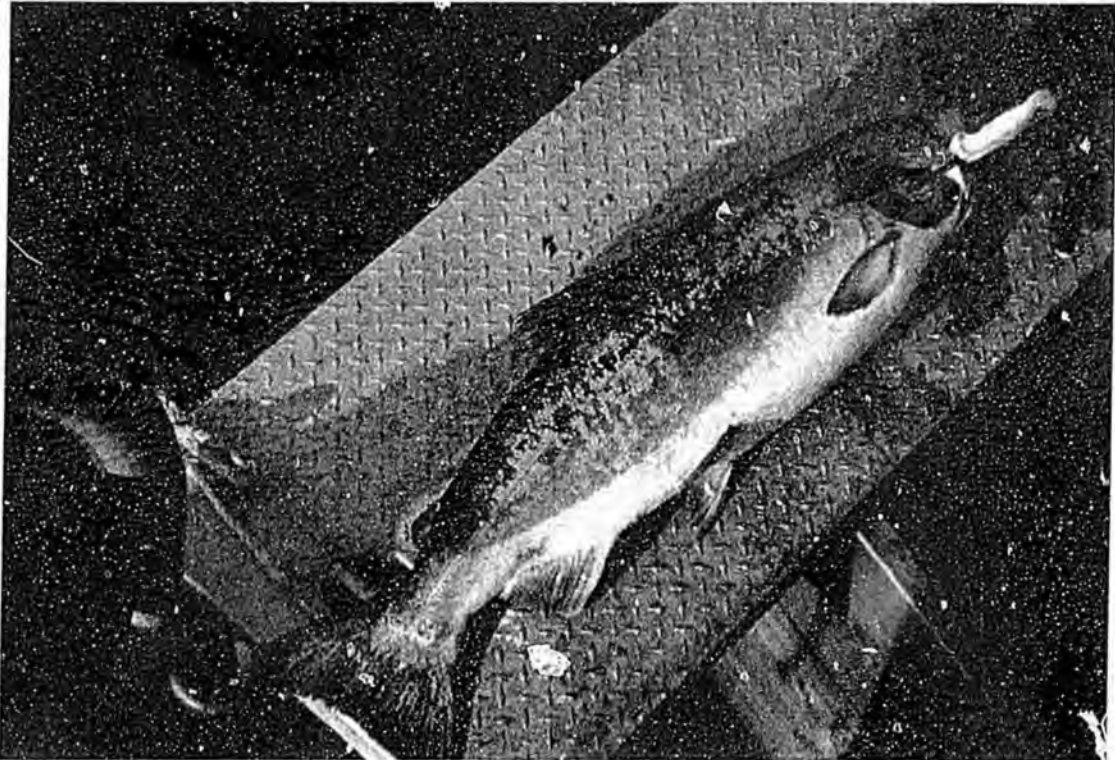


Photograph by Jana M. Suchy © 2003

Fish pump and sorting table.

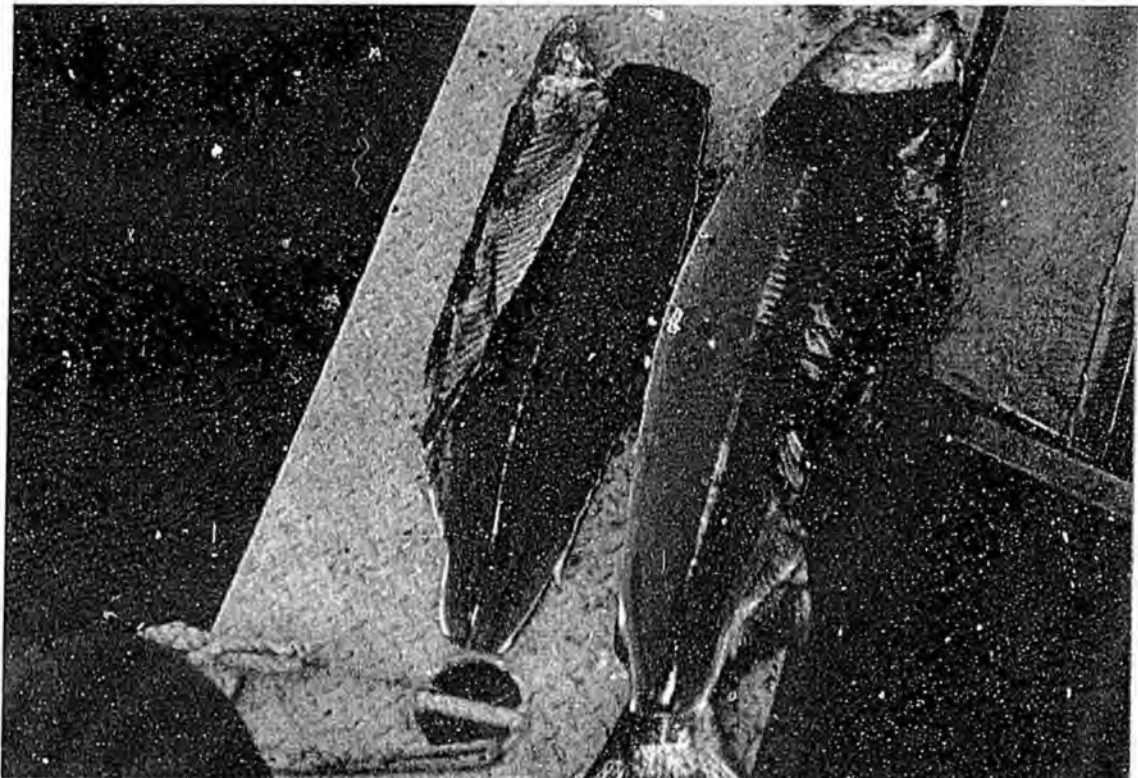
## QUALITY PROBLEMS

Illustrations IX-X



Photograph by Jana M. Suchy © 2003

20 lb. King after pumping and sorting.

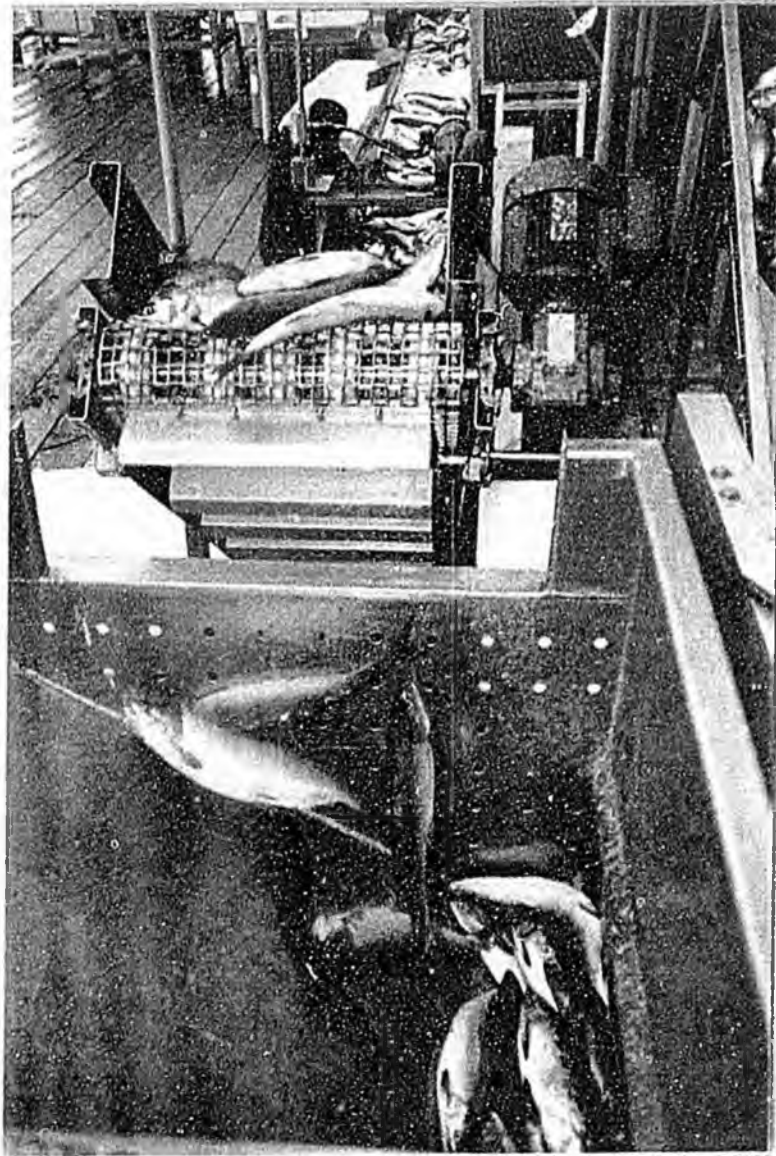


Photograph by Jana M. Suchy © 2003

Gaping and bruising.

## PROCESSOR DECK

Illustrations XI



Photograph by Jana M. Suchy © 2003

Rough handling on the dock.

**HB**

**417**

# SENATE COMMITTEE REPORT

DATE: 04/14/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4-28-04

Resources Committee considered HOUSE BILL NO. 417

## HB 417 AK NATURAL GAS DEV. AUTHORITY INITIATIVE

"An Act amending the definition of 'project' in the Act establishing the Alaska Natural Gas Development Authority; and providing for an effective date."

and recommends:

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

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
REV	2/15/04		✓		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>Scott Osan</i>				✓

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 417  
(H) Publish Date: 2/23/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Natural Gas Dev Auth Initiative RDU AK Natural Gas Dev Authority  
Component AK Natural Gas Dev Authority  
Sponsor Representative Chenault  
Requester House Oil & Gas Committee Component No. 2708

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	****	****	****	****	****	****
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

\*\*\*\* This legislation would change the responsibility of the Alaska Natural Gas Development Authority from reviewing the economic viability of a gas pipeline from Prudhoe Bay to Valdez and a spur from Glennallen to the Southcentral gas distribution grid to including the review of the economic viability of a gas line to tidewater at a point on Cook Inlet.

Since the Alaska Natural Gas Development Authority is already reviewing the economic viability of a spur to the Southcentral gas distribution grid, it is uncertain if additional funds will be necessary to expand that review to include to tidewater at a point on Cook Inlet.

Prepared by: Steve Porter, Deputy Commissioner  
Division: Department of Revenue  
Approved by: Steve Porter, Deputy Commissioner  
Agency: Department of Revenue

Phone (907) 465-2365  
Date/Time 2/15/04 8:18 PM  
Date 2/15/2004

# STATE OF ALASKA

REPRESENTATIVE  
MIKE CHENAULT

Official Business

Interim:  
145 Main St. Loop, Second Floor  
Kenai, Alaska 99611  
(907) 283-7223  
Fax: (907) 283-3075



HOUSE OF REPRESENTATIVES

Session:  
Capitol Building, Room 432  
Juneau, Alaska 99801-1182  
(907) 465-3779  
Toll Free: (800) 469-3779  
Fax: (907) 465-2833

## Sponsor Statement House Bill 417

(Revised 4-18-04)

The Alaska Natural Gas Development Authority (ANGDA) was enacted by a vote of the people in the 2002 General Election.

The initiative defined a narrow point of delivery limited to "tidewater on Prince William Sound".

House Bill 417 amends the definition of project to include the alternative delivery point of tidewater in Cook Inlet.

Cook Inlet has the infrastructure to receive, process and ship Alaska Natural Gas with minimum development and environmental impact at the terminus.

Having a second point of delivery expands the economic scope of the Pipeline project as well as two separate areas of the state in light of natural or manmade disaster, and weather conditions.



# CITY OF KENAI

*" Oil Capital of Alaska "*

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99611-7794  
TELEPHONE 907-283-7535  
FAX 907-283-3014



February 9, 2004

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

RE: **SENATE BILL 247 - RESOLUTION OF SUPPORT**  
*City of Kenai*

Dear Governor Murkowski:

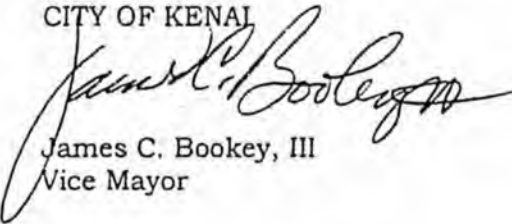
At their regular meeting of February 4, 2004, the Kenai City Council unanimously passed their Resolution No. 2004-08, supporting the passage of Senate Bill 247 to amend the Natural Gas Development Authority Act of 2002.

As expressed in the body of the resolution, which is enclosed for your information, the Alaska Natural Gas Development Authority (ANGDA) was established to evaluate and attempt to develop an "all-Alaska" LNG project to "maximize jobs for Alaskans, revenues for the Alaskan treasury, and access to gas for Alaskans." With this mission, the City of Kenai believes the best route for the ANGDA LNG project follows the disturbed rights-of-way of the Railbelt from Fairbanks to tidewater in the Cook Inlet.

Additionally, economics will decide the success or failure of this project and giving the LNG project its best chance for success, the ANGDA should base its decisions on sound project economics, which should include a detailed comparative analysis of the Railbelt route option from Fairbanks to tidewater in the Cook Inlet Basin versus the Valdez route.

Thanking you in advance for your consideration.

CITY OF KENAI

  
James C. Bookey, III  
Vice Mayor

clf

Enclosure

cc: Members of the Alaska Legislature  
Alaska Natural Gas Development Authority

Suggested by: City Council

**CITY OF KENAI**

**RESOLUTION NO. 2004-08**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, SUPPORTING THE PASSAGE OF SENATE BILL 247 TO AMEND THE NATURAL GAS DEVELOPMENT AUTHORITY ACT OF 2002.

WHEREAS, 70 percent of Alaska's population resides within the Railbelt region that extends from southern regions of the Kenai Peninsula Borough to Fairbanks North Star Borough; and,

WHEREAS, the economies and communities of the Kenai Peninsula Borough, the Cook Inlet basin, and the Railbelt region rely on plentiful supplies of natural gas to provide reasonably priced heat and electricity for home and business use; and,

WHEREAS, current proven reserves of natural gas are insufficient to address long-term supply requirements for the Railbelt region; and,

WHEREAS, Proposition 3 was passed in the 2002 general election and established the Alaska Natural Gas Development Authority (ANGDA) to evaluate and attempt to develop an "all-Alaska" LNG pipeline project from the North Slope to Valdez, with provisions to develop a spur pipeline from Glennallen to the Cook Inlet basin; and,

WHEREAS, the underlying premise of Proposition 3 that established ANGDA is an "all-Alaska" LNG project will "maximize jobs for Alaskans, revenues for the Alaskan treasury, and access to gas for Alaskans"; and,

WHEREAS, the City of Kenai believes, under this premise, the best route for the ANGDA LNG project follows the disturbed rights-of-way of the Railbelt from Fairbanks to tidewater in the Cook Inlet; and,

WHEREAS, a Railbelt route would help to preserve existing utility and industrial infrastructure and would promote new development in rural areas and communities along the Railbelt route by providing access to new supplies of low cost power, heat and raw materials necessary to new value-added industries; and,

WHEREAS, it is the position of the City of Kenai that economics will decide the success or failure of this project; and,

WHEREAS, to give the LNG project its best chance for success, ANGDA should base its decisions on sound project economics, which should include a detailed comparative analysis of the Railbelt route option from Fairbanks to tidewater in the Cook Inlet Basin versus the Valdez route; and,

WHEREAS, Senate Bill 247 has been introduced in the Alaska State Legislature and, upon passage, would require both the Valdez route and the Railbelt route to tidewater in the Cook Inlet undergo a full design and cost evaluation before a final route is chosen.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

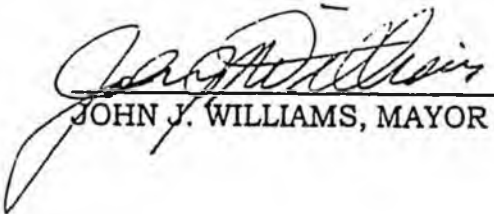
Section 1: The Kenai City Council supports and endorses the passage of Senate Bill 247; and,

Section 2: Copies of this resolution shall be forwarded to all members of the Alaska State Legislature, the Honorable Governor Frank Murkowski and the Alaska Natural Gas Development Authority.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this fourth day of February, 2004.

ATTEST:

  
\_\_\_\_\_  
Carol L. Freas, City Clerk

  
\_\_\_\_\_  
JOHN J. WILLIAMS, MAYOR

clf

# 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

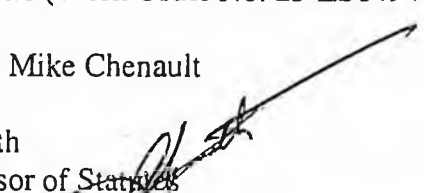
## MEMORANDUM

February 3, 2004

**SUBJECT:** House Bill 417, amending the definition of "project" in the Act establishing the Alaska Natural Gas Development Authority -- sectional analysis (Work Order No. 23-LS1494A)

**TO:** Representative Mike Chenault

**FROM:** Jack Chenoweth  
Assistant Revisor of Statutes



Chris Koski has asked for preparation of a sectional analysis for this bill.

The 2002 initiative that establishes the Alaska Natural Gas Development Authority and defines its powers and duties directs the Authority to evaluate and develop a North Slope natural gas pipeline project. The initiative supplies a definition of the term "project" to include delivery of the gas to a point on tidewater on Prince William Sound. **Bill section 1** amends that definition to add the alternative of delivery to tidewater at a point on Cook Inlet.

**Bill section 2** gives the measure an immediate effective date.

JBC:med  
04-129.med

# STATE OF ALASKA

REPRESENTATIVE  
MIKE CHENAULT

Official Business


Interim:  
145 Main St. Loop, Second Floor  
Kenai, Alaska 99611  
(907) 283-7223  
Fax: (907) 283-3075

Session:  
Capitol Building, Room 432  
Juneau, Alaska 99801-1182  
(907) 465-3779  
Toll Free: (800) 469-3779  
Fax: (907) 465-2833

HOUSE OF REPRESENTATIVES

April 20, 2004

To: Senator Scott Ogan Chair  
Senate Resources Committee

From: Representative Mike Chenault 

Re: Request for Hearing HB417

Please consider this a request to schedule HB 417 in Senate Resources Committee as soon as possible.

Any questions can be directed to Sue Wright at 3779. Thank you for your consideration.

**HB**

**452**

## SENATE COMMITTEE REPORT

DATE: 04/26/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 5-6-04

Resources Committee considered CS FOR HOUSE BILL NO. 452(FIN) am

### HB 452 GUIDED SPORT FISHING

"An Act relating to licensing and regulation of sport fishing operators and sport fishing guides; authorizing the Department of Fish and Game and the Alaska Commercial Fisheries Entry Commission to release records and reports to the Department of Natural Resources and the Department of Public Safety; and providing for an effective date."

and recommends:

- be replaced with S CS CSHB 452 (RES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

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

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
F&G	5/6/04	✓			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
PubSaf	4/1/04			✓	3
F&G	3/14/04	✓			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	✓		/	
	✓			
	X			
CHAIR:			/	

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SCSCSHB452 (RES)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
Title Guided Sport Fishing/Vessel Licensing/ RDU Comm. Fish Entry Commission  
ADFG & CFEC Records Component Commercial Fisheries Entry  
Sponsor Representative Heinze Commission \_\_\_\_\_  
Requester \_\_\_\_\_ Component No. 471

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>
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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						
1156 Receipt Supported Services						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)

See attached page.

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960  
Division Commercial Fisheries Entry Commission Date/Time 5/6/04 10:39 AM  
Approved by: Mary McDowell, Commissioner Date 5/6/2004  
Agency Commercial Fisheries Entry Commission

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. SCSCSHB452 (RES)

### ANALYSIS CONTINUATION

Elimination of the requirement that vessels used for guided sportfishing (sport charter) obtain a commercial vessel license is estimated to result in a loss of CFEC revenue of at least \$92.0 annually.

In 2003, 3083 vessel licenses were issued for vessels licensed ONLY for guided sport, generating \$92.0 in total fees. Additionally, in 2003, CFEC issued vessel licenses to 959 vessels that applied to participate in BOTH sport charter AND commercial fisheries (only one license per vessel is currently required, but both charter and commercial vessel license applications are submitted to obtain endorsements to participate in both fisheries). Those "dual-use" vessel licenses generated \$38.2. This fiscal note assumes that ALL of those vessels will continue to license for commercial fishing after passage of this bill. However, if that is not true, and some opt to no longer license for commercial fishing, the loss of revenue to CFEC could be higher than \$92.0.

CFEC is entirely funded by Receipt Supported Services(RSS) revenue. A number of factors in recent years, including reduced permit fees due to the Carlson class action and the downturn in salmon fisheries, have resulted in a significant decline in the amount of revenue generated by CFEC receipts. The agency is now very close to not generating enough revenue to fund its own budget. The additional loss of revenue due to the elimination of charter vessel license fees under this bill, could result in revenues being insufficient to cover CFEC's authorized budget. CFEC and the legislature will need to work together to address this problem in the near future, perhaps through a change in funding source, amendments to statutorily established fee structures, or both.

Although CFEC is concerned about the impact on its declining revenues, we support HB452 and the effort to consolidate all licensing of charter operators and vessels within ADF&G. Additionally, elimination of charter vessel licensing responsibilities will allow CFEC's very small licensing staff to more efficiently serve the licensing needs of commercial fishermen.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SCSCSHB452 (RES)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title Guided Sport Fishing/Vessel Licensing/ RDU Comm. Fish Entry Commission  
ADFG & CFEC Records Component Commercial Fisheries Entry  
 Sponsor Representatives Heinze and Lynn Commission  
 Requester \_\_\_\_\_ Component No. 471

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>	<b>(92.0)</b>
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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						
1156 Receipt Supported Services						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)

See attached page.

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960  
 Division: Commercial Fisheries Entry Commission Date/Time 5/5/04 1:46 PM  
 Approved by: Mary McDowell, Commissioner Date 5/5/2004  
 Agency: Commercial Fisheries Entry Commission

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 452(L&C)  
 (H) Publish Date: 3/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
 Title Act Relating to Licensing Sport Fishing Svcs RDU Alaska State Troopers  
 Component Bureau of Wildlife Enforcement  
 Sponsor Rep. Heinze  
 Requester (H) Labor & Commerce Component No. 2746

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)*  
 All of the provisions of this bill pertain to AS 16.05 and AS 16.40. They are directed towards governing the sports fishing services operators and fishing guide services.

Certain provisions of the bill will allow Wildlife Enforcement Troopers to check additional documents during the course of contacts with fishing guides, but such activity will occur in the normal course of business.

There is no anticipated fiscal impact to the Alaska State Troopers as a result of passage of this bill.

Prepared by: Lt. Al Storey Phone 269-4532  
 Division Alaska State Troopers Date/Time 3/16/04 9:21 AM  
 Approved by: Commissioner William Tandeske Date 3/16/2004  
 Agency Department of Public Safety

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 452(L&C)  
(H) Publish Date: 3/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish & Game  
Title Guided Sport Fishing RDU Sport Fisheries  
Component Sport Fisheries  
Sponsor Representative Heinze  
Requester House Labor and Commerce Component No. 464

## 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	246.8	246.8	246.8	246.8	246.8	246.8
Travel	10.0	10.0	10.0	10.0	10.0	10.0
Contractual	65.0	65.0	65.0	65.0	65.0	65.0
Supplies	6.5	6.5	6.5	6.5	6.5	6.5
Equipment	17.3	5.0	5.0	5.0	5.0	5.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>345.6</b>	<b>333.3</b>	<b>333.3</b>	<b>333.3</b>	<b>333.3</b>	<b>333.3</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (1024)</b>	<b>355.6</b>	<b>359.1</b>	<b>362.7</b>	<b>366.4</b>	<b>370.0</b>	<b>373.7</b>
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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 (Fish and Game Fund)	345.6	333.3	333.3	333.3	333.3	333.3
<b>TOTAL</b>	<b>345.6</b>	<b>333.3</b>	<b>333.3</b>	<b>333.3</b>	<b>333.3</b>	<b>333.3</b>

Estimate of any current year (FY2004) cost: 0.0

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

## POSITIONS

Full-time	4	4	4	4	4	4
Part-time	1	1	1	1	1	1
Temporary						

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

The operating expenditures reflect the hiring of four new full-time employees and one new part-time employee necessary to collect and process the data generated annually from licenses sold and reporting requirements. Other expenses associated with the issuing of licenses and collection of data include office supplies, computers, and postage. We assume higher costs in the first year of implementation due to the one-time purchase of equipment such as computers.

We have assumed that the revenues generated by passage of this legislation will increase roughly 1% each year as the number of guides and operators increases from year to year.

(Continued on Page 2)

Prepared by: Kelly Hepler, Director Phone 267-2195  
Division: Sport Fish Date/Time 3/16/04 2:31 PM  
Approved by: Commissioner Kevin Duffy Date 3/16/2004  
Agency: Alaska Department of Fish & Game

FISCAL NOTE #2

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSHB 452(L&C)

ANALYSIS CONTINUATION

Revenues generated by the sale of licenses will be deposited into the Fish and Game Fund and will be used to issue licenses and collect information per the reporting requirements stipulated by the proposed law.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSHB 452(JUD)  
 (H) Publish Date: 4/5/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
 Title Act relating to lic. and reg. of sport fishing operators RDU Alaska State Troopers  
 Component Alaska Bureau of Wildlife Enforcement  
 Sponsor Rep. Heinze  
 Requester (H) Judiciary Component No. 2746

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)

CSHB 452(JUD) relates to licensing and regulation of sport fishing services operators and fishing guides. Certain provisions of the bill will allow Wildlife Enforcement Troopers to check additional documents during the course of contact with fishing guides, but such activity will occur in the normal course of business.

Section 2 of this proposal would allow the Department of Public Safety access for law enforcement purposes to records maintained by the Alaska Department of Fish & Game to facilitate more timely and complete investigations.

No fiscal impact is anticipated to the Alaska State Troopers as a result of passage of this bill.

Prepared by: Lt. Al Storey Phone 907-269-4532  
 Division: Alaska State Troopers Date/Time 4/1/04 8:42 AM  
 Approved by: Commissioner William Tandeske Date 4/1/2004  
 Agency: Department of Public Safety

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. SCSCSHB452 (RES)

### ANALYSIS CONTINUATION

Elimination of the requirement that vessels used for guided sportfishing (sport charter) obtain a commercial vessel license is estimated to result in a loss of CFEC revenue of at least \$92.0 annually.

In 2003, 3083 vessel licenses were issued for vessels licensed ONLY for guided sport, generating \$92.0 in total fees. Additionally, in 2003, CFEC issued vessel licenses to 959 vessels that applied to participate in BOTH sport charter AND commercial fisheries (only one license per vessel is currently required, but both charter and commercial vessel license applications are submitted to obtain endorsements to participate in both fisheries). Those "dual-use" vessel licenses generated \$38.2. This fiscal note assumes that ALL of those vessels will continue to license for commercial fishing after passage of this bill. However, if that is not true, and some opt to no longer license for commercial fishing, the loss of revenue to CFEC could be higher than \$92.0.

CFEC is entirely funded by Receipt Supported Services revenue. Coming on top of revenue decreases due to the Carlson class action and other factors, the loss of charter vessel license revenue could result in CFEC's budget being short-funded.

Although CFEC is concerned about this additional impact on its declining revenues, the elimination of charter vessel licensing responsibilities will allow CFEC's very small licensing staff to more efficiently serve the licensing needs of commercial fishermen.



**SENATOR SCOTT OGAN**

23<sup>rd</sup> Alaska State Legislature

Senate District H Lazy Mountain \* Butte \* Chugiak \* Peters Creek \* Fairview Loop  
Knik-Goose Bay \* Big Lake \* Houston \* Willow \* Talkeetna \* Trapper Creek

State Capitol, Room 103, Juneau Alaska 99801 \* (907) 465-3878 \* 1 (800) 862-3878 \* Fax (907) 465-3265  
Senator\_Scott\_Ogan@legis.state.ak.us      Http://www.akrepublicans.org/ogan

**FACSIMILE TRANSMITTAL SHEET**

TO: <i>George Utermohle</i>	FROM: <i>Linda Hay - Sen Res.</i>
COMPANY: <i>Leg Legal</i>	DATE: <i>5-6-04</i>
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER: <i>2</i>
PHONE NUMBER:	RE: <i>new CS</i>

URGENT     FOR REVIEW     PLEASE COMMENT     PLEASE REPLY     PLEASE RECYCLE

**NOTES/COMMENTS:**

Please prepare a Senate Resources CS for HB 452. Work draft 23-LS1619 V was moved out of committee along with the attached conceptual amendment. They plan to get this bill to finance ASAP. Do we also need a SCR for the title change.

Thank You.

Senate CS for CS for House Bill No. H.B. 452

Page 2, Line 4

After "attached to" delete "or carried" and insert "and/or clearly visible"

is either  
attached

attached to <sup>and</sup> ~~or~~ clearly visible  
on the vessel

~~a clearly visible~~

Kelly  
~~242-1907~~  
attached to  
in a clearly visible  
manner on the vessel

23-LS1619\V  
Utermohle  
5/5/04

SENATE CS FOR CS FOR HOUSE BILL NO. 452( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES HEINZE, Lynn

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to licensing and regulation of sport fishing operators and sport fishing  
2 guides; relating to licensing and registration of sport fishing vessels; authorizing the  
3 Department of Fish and Game and the Alaska Commercial Fisheries Entry Commission  
4 to release records and reports to the Department of Natural Resources and the  
5 Department of Public Safety; and providing for an effective date."

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

7 \* Section 1. AS 16.05.340(a) is amended by adding a new paragraph to read:

- 8 (26) Fishing services licenses
- 9 (A) Sport fishing operator license .....\$100
- 10 (B) Sport fishing guide license .....50
- 11 (C) Sport fishing operator and sport fishing
- 12 guide combined license .....100

13 \* Sec. 2. AS 16.05 is amended by adding a new section to read:

Early Edley

1           **Sec. 16.05.395. Sport fishing vessel registration.** For calendar year 2005  
 2 and subsequent calendar years, a person may not use a vessel to provide sport fishing  
 3 services under AS 16.40.260 - 16.40.299 unless the vessel is registered with the  
 4 department and proof of registration is attached to or carried on the vessel while the  
 5 vessel is used to provide sport fishing services. The department shall register vessels  
 6 used to provide sport fishing services, and provide proof of registration, without  
 7 charge. The department may adopt regulations as the department finds necessary to  
 8 implement this section.

9 \* **Sec. 3.** AS 16.05.420 is amended to read:

10           **Sec. 16.05.420. License, tag, [AND] permit, and registration violations.**

11 (a) A false statement of a material fact in an application for a license, tag, [OR]  
 12 permit, and sport fishing vessel registration issued under AS 16.05.330 - 16.05.430  
 13 voids the license, tag, [OR] permit, or registration for which the application is made.

14 (b) A person may not make a false statement, or omit a material fact, in an  
 15 application for a license, tag, [OR] permit, or sport fishing vessel registration issued  
 16 under AS 16.05.330 - 16.05.430. A person who without any culpable mental state  
 17 makes a false statement as to the person's identity or residency in an application for a  
 18 license, tag, [OR] permit, or sport fishing vessel registration issued under  
 19 AS 16.05.330 - 16.05.430 is guilty of a violation and upon conviction is punishable by  
 20 a fine of not more than \$300. A person who knowingly violates this subsection is  
 21 guilty of a class A misdemeanor.

22 (c) A person to whom a license, [OR] tag, or sport fishing vessel registration  
 23 has been issued under this chapter may not alter, change, loan, or transfer the license,  
 24 [OR] tag, or sport fishing vessel registration. A person may not use a license, [OR]  
 25 tag, or sport fishing vessel registration that has been issued under this chapter to  
 26 another person.

27 \* **Sec. 4.** AS 16.05.490(a) is amended to read:

28 (a) As a condition to delivery or landing of fish or engaging in commercial  
 29 fishing in the state, a license is required for a commercial vessel [, INCLUDING A  
 30 VESSEL USED IN CHARTER SERVICE FOR THE RECREATIONAL TAKING  
 31 OF FISH AND SHELLFISH].

L

1 \* Sec. 5. AS 16.05.815(a) is amended to read:

2 (a) Except as provided in (b) and (c) of this section, records required by  
3 regulations of the department concerning the landings of fish, shellfish, or fishery  
4 products, and annual statistical reports of fishermen, buyers, and processors required  
5 by regulation of the department are confidential and may not be released by the  
6 department or by the Alaska Commercial Fisheries Entry Commission except as set  
7 out in this subsection. The department may release the records and reports set out in  
8 this subsection to the Alaska Commercial Fisheries Entry Commission. The  
9 department and the Alaska Commercial Fisheries Entry Commission may release the  
10 records and reports set out in this subsection to the recipients identified in this  
11 subsection if the recipient, other than a recipient under (5) - (9) of this subsection,  
12 agrees to maintain the confidentiality of the records and reports. The department and  
13 the Alaska Commercial Fisheries Entry Commission may release

14 (1) any of the records and reports to the National Marine Fisheries  
15 Service and the professional staff of the North Pacific Fishery Management Council as  
16 required for preparation and implementation of the fishery management plans of the  
17 North Pacific Fishery Management Council within the exclusive economic zone;

18 (2) any of the records and reports to the professional staff of the  
19 Pacific States Marine Fisheries Commission who are employed in the Alaska Fisheries  
20 Information Network project for the purpose of exchanging information with users  
21 authorized by the department;

22 (3) any of the records and reports to the Department of Revenue to  
23 assist the department [DEPARTMENT OF REVENUE] in carrying out its statutory  
24 responsibilities;

25 (4) records or reports of the total value purchased by each buyer to a  
26 municipality that levies and collects a tax on fish, shellfish, or fishery products if the  
27 municipality requires records of the landings of fish, shellfish, or fishery products to  
28 be submitted to it for purposes of verification of taxes payable;

29 (5) such records and reports as necessary to be in conformity with a  
30 court order;

31 (6) on request, the report of a person to the person whose fishing

1 activity is the subject of the report, or to a designee of the person whose fishing  
2 activity is the subject of the report;

3 (7) on request, annual statistical reports of a fisherman, buyer, or  
4 processor to the fisherman, buyer, or processor whose activity is the subject of the  
5 report, or to a designee of the fisherman, buyer, or processor whose activity is the  
6 subject of the report;

7 (8) any of the records and reports [FISH TICKETS, FISH TICKET  
8 INFORMATION, SALTWATER CHARTER LOGBOOKS, SALTWATER  
9 CHARTER LOGBOOK INFORMATION, AND ANNUAL STATISTICAL  
10 REPORTS OF FISHERMEN, BUYERS, AND PROCESSORS AND  
11 INFORMATION IN THOSE REPORTS] to the Department of Public Safety for law  
12 enforcement purposes;

13 (9) fish tickets, fish ticket information, and annual statistical reports of  
14 fishermen, buyers, and processors and information in those reports to the law  
15 enforcement personnel of the National Marine Fisheries Service and the National  
16 Oceanic and Atmospheric Administration for the purpose of enforcing fishery laws in  
17 waters of this state and in waters of the exclusive economic zone adjacent to this state;

18 (10) fish tickets and fish ticket information regarding halibut to the  
19 International Pacific Halibut Commission; [AND]

20 (11) any of the records and reports to the child support enforcement  
21 agency created in AS 25.27.010, or the child support enforcement agency of another  
22 state, for child support purposes authorized under law; and

23 (12) any of the records and reports to the Department of Natural  
24 Resources to assist the department in carrying out its statutory responsibilities in  
25 regard to sport fishing operations and sport fishing guides within the Kenai River  
26 Special Management Area under AS 41.21.500 - 41.21.514.

27 \* Sec. 6. AS 16.40 is amended by adding new sections to read:

28 Article 6. Sport Fishing Services.

29 Sec. 16.40.260. Sport fishing operator license. (a) The department shall  
30 issue an annual sport fishing operator license to a person who

31 (1) holds a current business license under AS 43.70 to provide services

1 to support fishermen;

2 (2) presents proof satisfactory to the department of a general liability  
3 insurance policy or marine protection and indemnity insurance policy, covering the  
4 services provided by the person and person's employees to sport fishermen, that  
5 provides coverage of at least \$100,000 for each incident, and \$300,000 for all  
6 incidents in a year;

7 (3) pays the license fee prescribed by AS 16.05.340(a); and

8 (4) satisfies all additional requirements adopted in regulation by the  
9 Board of Fisheries.

10 (b) A person may not provide sport fishing services unless the person holds a  
11 current sport fishing operator license and has current insurance coverage as required in  
12 (a)(2) of this section.

13 (c) A person who holds a current sport fishing operator license may contract to  
14 provide sport fishing guide services to a sport fisherman through an employee who  
15 holds a current sport fishing guide license under AS 16.40.270.

16 (d) A person who holds a current sport fishing operator license may not  
17 directly provide sport fishing guide services to a sport fisherman unless the person also  
18 holds a current sport fishing guide license under AS 16.40.270(b).

19 (e) A person who holds a sport fishing operator license may not aid in the  
20 commission of a violation of AS 16.05 - AS 16.40 or a regulation adopted under  
21 AS 16.05 - AS 16.40, including regulations relating to the proper method to release  
22 fish, by a sport fishing guide who is employed by the person or by a sport fisherman  
23 who is a client of the person.

24 **Sec. 16.40.270. Sport fishing guide license.** (a) A natural person may obtain  
25 an annual sport fishing guide license if the person

26 (1) is a citizen of the United States, Canada, or Mexico, or is a resident  
27 alien;

28 (2) is certified in first aid by the American Red Cross or a similar  
29 organization;

30 (3) holds a license to carry passengers for hire issued by the United  
31 States Coast Guard if the person operates a vessel in the provision of sport fishing

1 guide services and the license is required by the United States Coast Guard for the area  
2 in which the fishing guide provides fishing guide services;

3 (4) holds a current sport fishing license from this state;

4 (5) pays the license fee prescribed by AS 16.05.340(a); and

5 (6) satisfies all additional requirements adopted in regulation by the  
6 Board of Fisheries.

7 (b) A natural person may obtain an annual sport fishing operator and sport  
8 fishing guide combined license if the person satisfies the requirements for a sport  
9 fishing operator license under AS 16.40.260 and for a sport fishing guide license under  
10 this section and pays the license fee prescribed by AS 16.05.340(a).

11 (c) A person may not provide sport fishing guide services unless the person

12 (1) holds a current sport fishing guide license; and

13 (2) holds a current sport fishing operator license or is an employee of a  
14 person who holds a current sport fishing operator license.

15 (d) A sport fishing guide may provide sport fishing guide services only to  
16 persons who have engaged the services of the sport fishing operator by whom the  
17 sport fishing guide is employed. A sport fishing guide may not contract directly with  
18 a person to provide sport fishing guide services to a person unless the sport fishing  
19 guide also holds a current sport fishing operator license.

20 (e) While engaged in providing sport fishing guide services, a sport fishing  
21 guide shall have readily available for inspection

22 (1) a current sport fishing guide license;

23 (2) the current licenses, tags, and permits that are required to engage in  
24 the sport fishery for which the sport fishing guide services are being provided;

25 (3) a driver's license or similar identification card that is issued by a  
26 state or federal agency and that bears a photograph of the fishing guide; and

27 (4) proof of

28 (A) employment as a sport fishing guide by a person who holds  
29 a current sport fishing operator license; or

30 (B) current licensure as a sport fishing operator.

31 (f) A sport fishing guide may not

1 (1) aid in the commission of a violation of AS 16.05 - AS 16.40 or a  
2 regulation adopted under AS 16.05 - AS 16.40 by a client of the sport fishing guide; or

3 (2) permit the commission by a client of the sport fishing guide of a  
4 violation of AS 16.05 - AS 16.40 or a regulation adopted under AS 16.05 - AS 16.40  
5 that the sport fishing guide knows or reasonably believes is being or will be committed  
6 without

7 (A) attempting to prevent it, short of using force; and

8 (B) reporting the violation.

9 **Sec. 16.40.280. Reports.** (a) The department may collect information from  
10 sport fishing guides, including

11 (1) the name and license number of each vessel licensed under  
12 AS 16.05.490 that is used in providing sport fishing guide services;

13 (2) the amount of fishing effort, catch, and harvest by clients of a sport  
14 fishing guide;

15 (3) the locations fished during the provision of sport fishing guide  
16 services; and

17 (4) other information that the department or board requires by  
18 regulation.

19 (b) A person who holds a license issued under AS 16.40.260 or 16.40.270  
20 shall comply with the reporting requirements in this section and reporting  
21 requirements adopted in regulation by the department or board. The department and  
22 the board may adopt by regulation requirements for timely submission of reports  
23 required under this section or under regulations adopted by the department or board.

24 (c) A person who is required to complete reports under this section may not  
25 provide false information or omit material facts in a report.

26 (d) A person who is required to complete reports under this section may not be  
27 issued a new license under AS 16.40.260 or 16.40.270 unless the department has  
28 received all reports required under this section for the preceding year.

29 (e) Information collected under this section is confidential to the extent  
30 provided under AS 16.05.815.

31 (f) The department or board may adopt regulations under AS 44.62

1 (Administrative Procedure Act) that it considers necessary to implement this section.

2 **Sec. 16.40.290. Penalty.** (a) Except as provided in (b) and (c) of this section,  
3 a person who knowingly violates AS 16.40.260 - 16.40.299 or a regulation adopted  
4 under AS 16.40.260 - 16.40.299 is guilty of a class A misdemeanor.

5 (b) A person who, without any culpable mental state, violates AS 16.40.270(e)  
6 is guilty of a violation.

7 (c) A person who knowingly violates AS 16.40.270(e) or who knowingly fails  
8 to comply with a requirement for timely submission of reports required by a regulation  
9 adopted under AS 16.40.280(b) is, for a

10 (1) first offense in a three-year period, guilty of a violation; and

11 (2) second or subsequent offense in a three-year period, guilty of a  
12 class B misdemeanor.

13 (d) In addition to any other penalty provided by law, a court may revoke the  
14 sport fishing guide license of a person who is convicted under (a) or (c)(2) of this  
15 section.

16 (e) In this section, "knowingly" has the meaning given in AS 11.81.900.

17 **Sec. 16.40.299. Definitions.** In AS 16.40.260 - 16.40.299,

18 (1) "sport fishing guide" means a person who is licensed to provide  
19 sport fishing guide services to persons who are engaged in sport fishing;

20 (2) "sport fishing guide services" means assistance, for compensation  
21 or with the intent to receive compensation, to a sport fisherman to take or to attempt to  
22 take fish by accompanying or physically directing the sport fisherman in sport fishing  
23 activities during any part of a sport fishing trip; "sport fishing guide services" does not  
24 include

25 (A) sport fishing services; or

26 (B) services provided by an assistant, deckhand, or similar  
27 person who works directly under the supervision of and on the same vessel as a  
28 sport fishing guide;

29 (3) "sport fishing services" means the indirect provision of assistance,  
30 for compensation or with the intent to receive compensation, to a person engaged in  
31 sport fishing in taking or attempting to take fish or shellfish by a business that

1 employs a sport fishing guide to provide sport fishing guide services to the person  
2 during any portion of a sport fishing trip; "sport fishing services" does not include

3 (A) an activity for which a sport fishing guide license is  
4 required; or

5 (B) booking and other ancillary services provided by a tour  
6 broker or agent to a sport fishing services operator.

7 \* Sec. 7. AS 25.27.244(s)(2)(A) is amended by adding new sub-subparagraphs to read:

8 (xviii) sport fishing operator license under  
9 AS 16.40.260;

10 (xix) sport fishing guide license under AS 16.40.270;

11 \* Sec. 8. AS 16.05.340(a)(26); AS 16.40.260, 16.40.270, 16.40.280, 16.40.290, 16.40.299;  
12 AS 25.27.244(s)(2)(A)(xviii), and 25.27.244(s)(2)(A)(xix) are repealed January 1, 2010.

13 \* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 TRANSITION; REGULATIONS. The Board of Fisheries and the Department of Fish  
16 and Game each may proceed to adopt regulations necessary to implement the changes made  
17 by secs. 1, 3, 4, 5, and 6 of this Act. The regulations take effect under AS 44.62  
18 (Administrative Procedure Act), but not before the effective date of the statutory changes.

19 \* Sec. 10. Sections 2 and 9 of this Act take effect immediately under AS 01.10.070(c).

20 \* Sec. 11. Except as provided in sec. 10 of this Act, this Act takes effect January 1, 2005.

# Fact Sheet on H.B. 452 – Guided Sport Fishing

## Bill Summary

**Licensing** - Currently, sport fish guides are only required to register (free of charge) with ADF&G.

- This bill allows ADF&G to license sport fish guides and operators by creating three new licenses:
  - Guide license for \$50
  - Operator license for \$100
  - Operator/guide license for \$100
- Criteria to obtain a sport fishing operator license:
  - Hold current business license
  - Proof of minimum insurance coverage
  - Pay license fee mentioned above
- Criteria to obtain a sport fishing guide license:
  - Citizen of U.S., Canada, or Mexico
  - Certified in first aid
  - Holds appropriate license from Coast Guard
  - Holds a current sport fishing license
  - Pay license fee mentioned above

**Reporting** – This bill allows ADF&G to collect information from sport fishing guides including catch and general locations fished. ADF&G does not currently have a method by which to collect this information for guides in freshwater. This information will assist us in effectively and efficiently managing Alaska's resources for sustained yield.

- The BOF will custom tailor reporting requirements by area so that reporting is not burdensome or onerous. For example, the BOF may ask for year-end reporting on the Kuskokwim River, but may ask for bi-weekly in-season reports on the Kenai River. We do not want (or intend) to ask for information on all species/locations in Alaska.
- Saltwater guides already have to submit logbooks containing similar information to ADF&G. If this legislation is signed into law, the saltwater regulations will be repealed and replaced by new reporting regulations, so that there is only one set of reporting requirements for saltwater.

**Confidentiality** - All sport fishing guide reports are considered confidential. They will be available to the owner of the guiding company upon request. All other requests for records of any individual guiding business will be denied. The department will only release reporting information when the data is combined for at least four or more guiding businesses, to protect the rights of individual owners. The fish ticket program has been very successful at protecting the confidentiality of information for commercial fishing businesses and has been successfully defended in court cases several times in the past.

**Penalties** – Penalties/fines in the bill are consistent with penalties/fines for other similarly licensed occupations. In fact, the bill has been amended to soften the penalty for failure to submit timely reports from a class A misdemeanor (carrying a penalty of up to 1 year in jail and a \$10,000 fine) to a violation (which carries a penalty of up to \$500 fine with no jail time or permanent record).

**Fiscal/Administrative** – Revenues generated by this bill will be deposited into the Fish & Game fund and will be used to administer these new licensing and reporting requirements. Although the fiscal note reflects the hiring of four new full-time employees and one new part-time employee, four of these employees are already employed with ADF&G and are working on the saltwater logbook program. These employees will be reassigned to work on both salt and freshwater reporting/licensing and will be paid out of the revenues generated by the sport fishing guide/operator license fees.

**Sunset** – This legislation will sunset on January 1, 2010.

# Fact Sheet on H.B. 452 – Guided Sport Fishing

## Executive Summary

Alaska is a world class destination for sport fishing. Alaska's sport fishing guide industry provides access to fishery resources for those who might not otherwise be able to access them. This industry provides significant economic benefits to Alaskans by creating jobs and bringing tourism dollars into Alaska's communities. It is our goal to enhance this industry and increase the benefits that it provides to Alaskans, tourists, and our economy.

## Reporting

ADF&G and the BOF have very little information regarding the operation of sport fish guides. Although freshwater and saltwater guides are required to register with ADF&G (free of charge), only saltwater guides are required to report information back to ADF&G. This legislation would, based upon need, establish flexible reporting requirements for all fresh and saltwater guides across Alaska. (Provisions in this bill assure that proprietary business information remains confidential.) With better information on where, when, and to what extent sport fish guides operate, ADF&G will be better able to effectively and efficiently manage Alaska's resources for sustained yield and ensure that the industry is regulated fairly.

## Licensing

Currently, anyone can become a sport fish guide in the State of Alaska. Although many guides already have insurance, know first aid, and have fishing licenses, none of these items are required by the State of Alaska. (These items are already required by the Coast Guard to obtain a six-pack license.) This bill levels the playing field within the industry by establishing minimum professional standards that both fresh and saltwater sport fish guides must meet before obtaining a license. By establishing these standards, this legislation protects consumers, while further professionalizing and legitimizing the sport fish guide industry, thereby assuring its continued viability.

## Benefits to the Industry

The sport fish guide industry will benefit from passage of this legislation. Since there are no existing reporting requirements, decisions regarding the regulation of this industry (and its clients) are often made in the absence of detailed information. Upon passage of this bill, the information gathered by the reporting requirements will be used to adopt regulations based on accurate information on guiding activities and to assure that stocks are managed for the continued benefit of sport fishermen. This information will also be useful in demonstrating the sport fish industry's economic value to the state.

## Administrative

This legislation is cost-neutral to the state. ADF&G will use the revenues generated by the license fees to administer the licensing and reporting program. The bill includes a sunset provision for January 1, 2010. This provision will give the Legislature an opportunity to review the benefits of the program to both the industry and the state.

# Alaska State Legislature



## Representative Cheryll Heinze Sponsor Statement HB 452

**“An Act relating to licensing and regulation of sport fishing operators and sport fishing guides; authorizing the Department of Fish and Game and the Alaska Commercial Fisheries Entry Commission to release records and reports to the Department of natural Resources; and providing for an effective date.”**

Currently Alaska lacks a unified set of standards for sport fish guiding. This makes it difficult to protect fish habitats and ensure the maximum utilization of Alaska's resources. HB 452 is intended to legitimize and protect the sport fishing industry by establishing professional standards and ensuring accurate reporting of guiding activity throughout the state. This legislation will enhance public confidence in the guided sport fishery and the data upon which management decisions are made. HB 452 will establish licensing and reporting requirements for businesses and guides providing sport fishing guide services in fresh and salt waters of Alaska.

The bill establishes two types of licenses: a sport fishing services operator license and a fishing guide license, and establishes minimum requirements and fees for obtaining each license. Under the provisions of the bill, sport fishing service operators must meet licensing, insurance, and other requirements established by the Board of Fisheries. It requires that fishing guides operate under the authority of a sport fishing service operator license, either by holding that license themselves or by being employed by, or under contract with, a holder of a fishing service operator license. The bill also requires that the licensed guide be certified in first aid, have applicable U.S. Coast Guard vessel licenses, and meet other requirements adopted by the Board of Fisheries.

HB 452 establishes reporting requirements, including where guided sport fishing activities are conducted and the quantity of fish harvested. The bill ensures that sensitive information will be kept confidential. I urge you to support this bill.

# LEGAL SERVICES

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

(907) 485-3867 or 485-2450  
FAX (907) 465-2029  
Mail Stop 3101

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

## MEMORANDUM

April 15, 2004

**SUBJECT:** CSHB 452(FIN), An Act relating to licensing and regulation of sport fishing operators (Work Order No. 23-LS1619\U)

**TO:** Representative Cheryll Heinze  
Attn: Jon Bittner

**FROM:** George Utermohle *GU*  
Legislative Counsel

This memorandum is in response to your inquiry as to the effect of the amendments made to HB 452 by the House Finance Committee on April 14, 2004.

The House Finance Committee adopted two changes to the bill. First, the committee added a new sentence to Sec. 16.40.280(b) [found in sec. 3 of the bill] that authorizes the Department of Fish and Game and the Board of Fisheries to adopt regulations requiring timely submission of reports required by the department or board. Second, the committee added language to Sec. 16.40.290(c) [found in sec. 3 of the bill] to provide that the penalty for failing to submit required reports in a timely manner is a violation for the first offense during a three year period and is a class B misdemeanor for a second or subsequent offense within a three year period. Before this change was made by the committee, the failure to file required reports in a timely manner was punishable as a class A misdemeanor under Sec. 16.40.290(a) [found in sec. 3 of the bill].

If I may be of further assistance, please advise.

GU:med  
04-410.med

**HB 452 TALKING POINTS**  
(as of 2-19-04)

This bill is intended to legitimize and protect the sport fishing industry by establishing professional standards and ensuring accurate reporting of guiding activity throughout the state.

This legislation will enhance public confidence in the guided sport fishery and the data upon which management decisions are made.

The bill establishes two types of licenses; a sport fishing services operator license and a fishing guide license; and establishes minimum requirements and fees for obtaining each license.

The number of guide businesses has remained nearly constant. The average number of registered guide businesses from 1998 through 2003 is 2,135 and has ranged from 2,065 to 2,242.

The number of fishing guides is increasing. The average number of registered guides from 1998 through 2003 is 4,559 and has ranged from 3,823 to 4,826.

The average percentage of guide businesses owned by Alaska residents from 1998 through 2003 is 90% and has ranged from 89% to 91%.

The percentage of nonresident fishing guides is increasing. The average percentage of guides who are Alaska residents from 1998 through 2003 is 72% and has ranged from 70% to 76%.

This bill establishes mandatory reporting requirements for all sport fishing businesses and sets license fees that cover the cost of the licensing program and reporting requirements.

## DEPARTMENT OF FISH AND GAME COMMENTS

### ON GUIDE LICENSING BILL HB 452

Representative Heinze introduced HB 452 on February 16. This bill would require sport fishing business owners and guides to be licensed with the State. The bill is based on an earlier bill developed by a Board of Fisheries Guide Licensing Task Force in the mid-1990s and introduced by Representative Austerman in 1997.

After discussing HB 452 with department staff, fellow legislators, and hearing comments from various sport fishing charter/guide groups and individuals from around the state the Representative made several changes to the original bill. These changes were incorporated into CS (Committee Substitute) HB 452 which is dated February 27, 2004.

The four major areas affected by the language changes in CSHB 452 are:

1. The reporting provisions that required fishing guides to record the names of their clients on a daily basis, along with their sport fishing license number, the number of fish they harvested, and associated confidentiality provisions have been removed.
2. Sport fishing outfitters and transporters have been removed from the provisions of this bill. The CS language only speaks to licensing sport fishing guide businesses (lodges, charter vessel companies, etc.) and sport fishing guides that provide direct assistance and personal direction to their clients.
3. Businesses and guides that only assist personal use or subsistence fishermen in their fishing activities have been removed from the provisions of this bill. The CS language only speaks to licensing those businesses and guides that provide services of direct assistance and personal direction to sport anglers.
4. The definitions have been modified to only include sport fishing guide businesses and guides. Definitions of outfitters, transporters, and fishing clubs have been removed. A definition of a sport fishing guide was added.

The department has received a number of comments from sport fish guide groups and individuals in Southeast and Southcentral Alaska pertaining to both the original bill language and the CS language. We would like to respond to some of these comments so everyone has the same understanding on various aspects of this licensing bill.

1. Some guides believe that if the guide licensing program is administered by the Division of Sport Fish it will clearly designate the guided sport fishery as a sport fishery, not a commercial fishery.

We agree with this concept. The Board of Fisheries has received numerous proposals and testimony over the years that the guided sport fishery is a commercial fishery and should be regulated as such. Having a sport guide licensing program administered by the Division of Sport Fish will designate that these fisheries are sport fisheries.

2. Some guides believe that if this bill passes the Board of Fisheries will have to make separate allocations for all species to this new user group.

We do not agree with this idea. First of all the Board already has the authority to regulate guided sport fisheries differently than unguided sport fisheries. Secondly, this bill would not change the makeup of the various guided sport fisheries, it would only require them to be licensed and to report on their guiding activities.

3. Some guides believe that if the Division of Sport Fish administers the guide licensing program, they will become "allocative advocates" for this user group at Board of Fisheries meetings.

This is not true. Both fisheries divisions are tasked with providing the board and the public the most accurate and complete information regarding fishing issues. However, both divisions are strictly prohibited from entering into allocation discussions or debates. The Division of Sport Fish will continue to operate in this manner regardless of whether we administer the guide licensing program or not.

4. Some guides believe that the funds generated from the license fees associated with this bill will go into the General Fund or will be viewed as just another source of revenue by the Division of Sport Fish.

This is not true. All funds generated by this bill's license fees will go into the dedicated Fish and Game Fund, just like funds from the sale of sport fishing licenses and king salmon tags. These funds will be used to administer the provisions of the licensing bill including the reporting requirements.

The Division of Sport Fish is currently spending \$80,000 per year to operate the existing business and guide registration and saltwater charter vessel logbook programs, which have no fees associated with them. We estimate that this bill would generate approximately \$356,000 and we would expend \$346,000 to administer the licensing and reporting programs.

5. Some guides are requesting higher license fees for nonresident sport fishing business owners and fishing guides.

Due to a recent court ruling, the department has been advised by the Department of Law that the State must be able to prove that it is more costly to administer the licensing program for nonresident owners or guides than it is for residents before we can increase costs for nonresidents. Based on an analysis of such costs, there does not appear to be significant differences between the two groups to merit a differential fee structure.

The department welcomes any comments you may have on CSIB 452 and its provisions. Please contact:

Rob Bentz  
Deputy Director  
Division of Sport Fish  
at: rob\_bentz@fishgame.state.ak.us

**DEPARTMENT RESPONSES TO ISSUES RAISED DURING LABOR AND  
COMMERCE COMMITTEE HEARING FOR HB 452 ON MARCH 17**

- 1. During public testimony several individuals stated that the proposed license fees are either too high or not necessary at all.*

The license fees proposed in HB 452 are:

- a sport fishing guide services operator license for the owner of the guiding business for \$100;
- a sport fishing guide license for the person providing direct assistance to the clients for \$50; and
- a combined operator/guide license for a person who is both the owner of the business and the guide who accompanies the clients for \$100.

Right now owners of sport fishing businesses and sport fishing guides do not pay the Department of Fish and Game anything. The current registration requirements for businesses and guides are free. The saltwater charter vessel logbook is free. The proposed license fees will cover the cost of the licensing program and reporting requirements. The department is not proposing this legislation as a revenue generating mechanism.

The proposed reporting requirements will provide the department and the Board of Fisheries with comprehensive information on the impacts of guided sport fishing activities in both saltwater and freshwater. Better information will lead to better regulations that will protect and improve the state's sport fishing resources.

We believe that these fees are a small price to pay for individuals that are making money by aiding in the harvest of public property resources owned by everyone.

- 2. Several people testifying stated that the paperwork that would be necessary according to the reporting requirements in HB 452 would be duplicative and unreasonably burdensome.*

We are assuming that the "duplicative" comments coming from saltwater charter vessel operators indicates they believe they will have to continue filling out the existing charter logbook, along with whatever reporting requirements are required within HB 452. This is not the case.

We envision that the reporting requirements within HB 452 for saltwater charter operations will be very similar to the current logbook forms. However, there will only be ONE reporting document, not two.

Freshwater guide operators, that currently have no reporting requirements other than on the Kenai River, will also have only ONE type of reporting document to complete.

We do not believe that requiring sport fishing guides to record their catch, harvest, and effort information in an accurate, timely, and enforceable manner is burdensome. We view it as an obligation for anyone involved in the harvest of public property resources.

- 3. One individual asked about how the provisions of HB 452 would be enforced?*

We envision that enforcement of the license and reporting requirements would be very similar to the existing enforcement of the sport fishing business and guide registration programs and the charter vessel logbook program. Business owners and guides would have to present their licenses to enforcement agents when contacted on the water and would have to have their reporting form filled out while the fish and clients are still on site.

- 4. Several people testified that they felt a \$500 fine for the first violation for a sport fishing guide not having all of the required documents on their physical person while guiding was too high.*

The wording in HB 452 states: "... is guilty of a violation and upon conviction is punishable by a fine of not more than \$500."

The MAXIMUM fine is \$500. A judge will decide the amount of the fine, on a case by case basis, depending on the circumstances of the case.

- 5. One person testified that they did not believe transporters of personal use fishermen should be included within the provisions of HB 452.*

The original language of HB 452 did include transporters and outfitters as well as guides who provided services to individuals engaged in subsistence, personal use, and sport fisheries.

The language of CSHB 452 (the current version before the Labor and Commerce Committee) has all references to transporters and outfitters removed. It also has no mention of subsistence or personal use fisheries. Only businesses and guides working with sport fishing clients are impacted by the provisions of CSHB 452.

THE  
FOLLOWING  
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COPIES



# Deep Creek Charterboat Association

P.O. Box 423—Ninilchik, AK 99639

**Board of Directors**

**President**  
Tim Evers  
567-3631  
tnevers@alaska.com

**Vice President**  
(Vacant)

**Secretary/Treasurer**  
Perry Flotre  
Phone/Fax 262-7631  
arcticern@alaska.com

**Member-at-Large**  
Mel Erickson  
262-2980  
gamefish@alaska.net

**Member-at-Large**  
Marc Smith  
567-4368  
aomn@gci.net

**Member-at-Large**  
John Baker  
567-3393  
info@afishhmt.com

March 29, 2004

Representative Cheryl Heinze  
State Capital, Room 108  
Juneau, AK 99801-1182  
907-465-4930  
800-331-4930  
fax: 907-3834

Dear Representative Heinze,

The Deep Creek Charterboat Association is a trade association of 50 paid member Companies that represent over 70 charter boats that operate in Ninilchik, AK. The DCCA supports CSHB452 as it is now written. This legislation is long over due and will now legitimize the Professional Sport Fish Guiding Industry in Alaska. Our organization is familiar with many of the measures in the bill as we have participated in these measures for the last few years. Applying these industry standards statewide is essential. This bill will provide the Department of Fish & Game, the Board of Fish and many other organizations much needed data to better manage our resources and some extra funding to do so.

Thank you for your time & support of CSHB452. If we can be of assistance in any manner please feel free to contact us.

Sincerely,

Tim Evers  
President, Deep Creek Charterboat Association

Cc: Senator Gere Therriault  
Representative Pete Kott  
Senator Tom Wagoner  
Representative Mike Chenault



Kenai River Sportfishing Association, inc.

PO Box 1228 • 224 Kenai Avenue, Suite 102

Soldotna, Alaska 99669

907.262.8588 phone 907.262.8582 fax

www.kenairiversportfishing.org kenairiv@ptialaska.net

*Dedicated to preserving the greatest sportfishing river in the world, the Kenai.*

March 31, 2004

Kenai River Sportfishing Association  
PO Box 1228  
Soldotna, AK 99669

The Honorable Cheryl Heinze  
Alaska State Legislature  
State Capitol, Room 108  
Juneau, AK 99801-182

Dear Representative Heinze:

The Kenai River Sportfishing Association promotes responsible sportfishing in the state of Alaska. We strongly support HB 452, which would license and regulate sportfishing service operators and fishing guides in the state of Alaska.

We support this bill for the following reasons:

1. Since 1985, the sportfishing service operators and fishing guides on the Kenai River have had such regulation, which provides minimum requirements for the industry, provides assurance to clients of minimum standards and has not proved to be an undo burden on businesses.
2. The bill will provide statewide regulation for the sportfishing industry, bringing the rest of the state up to standards followed by the Kenai River Special Management Area, the state's most popular sportfishing region.
3. The bill is the right step in having legitimate statewide standards for the sportfishing industry, on par with the big game guide industry, where clients have recourse when minimum standards are not met.

We urge you to pass HB 452 and bring the rest of the state up to the professional standards set by the Kenai River Special Management Area. The bill assures minimum standards for the sportfishing industry, and will be beneficial for both businesses and clients.

Thank you for your consideration on this important bill.

Sincerely,

Ron Rainey, Board Chair  
Kenai River Sportfishing Association

Ricky Gease, Executive Director  
Kenai River Sportfishing Association



# Alaska State Legislature

Please enter into the record my testimony to the Senate Resources  
committee name

Committee on HB 452, dated 5-5-04  
bill # / subject public hearing date

As a 30-year Kenai River fishing guide and a past president of the Kenai River Professional Guide Association, I am in favor of HB 452. Guiding is an occupation of significant value for the future of Alaska's economy.

This bill is a means of validating a unique and exciting profession that has a history dating back a couple hundred years.

Requiring all guides to meet specific minimum standards as a condition of their working simply makes sense. Such requirements contribute to a better product for the client. Additionally, reporting requirements will provide more accurate data valuable in future decision making situations.

Signed: Joe Connors  
Testifier

Self & Kenai River Professional Guide Association  
Representing (optional)

PO Box 1085 Sterling, AK 99672  
Address

262-9496  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_ Senate Resources  
committee name

Committee on \_\_\_\_\_ HB 452 \_\_\_\_\_, dated \_\_\_\_\_ 5-5-04 \_\_\_\_\_  
bill # / subject public hearing date

KRSA promotes responsible sportfishing in the state of Alaska. We strongly support HB 452, which would license & regulate sportfishing service operators & fishing guides in Alaska. The guided sportfishing industry provides access to fishery opportunities for those who might not otherwise be able to access them. The bill is a step in the right direction to have statewide standards & regulations of the sportfishing industry on par with the big game guide industry in which clients have recourse when minimum standards are not met. The bill will provide statewide regulation for Alaska's sportfishing industry, bringing the rest of the state up to the standards required to guide on the Kenai River, the state's most popular sportfishery. Such regulations on the Kenai River, in effect since 1985, have not proven to be a burden to business, but have instead provided a legitimate standard by which both clients & businesses abide, and have gone to make a better product with quality assurances.

Signed: \_\_\_\_\_ Ricky Gease \_\_\_\_\_  
Testifier:  
\_\_\_\_\_ Kenai River Sportfishing Association, Inc. \_\_\_\_\_  
Representing (optional)  
\_\_\_\_\_ PO Box 1228 Soldotna, AK 99669 \_\_\_\_\_  
Address  
\_\_\_\_\_ 262-8588 \_\_\_\_\_  
Phone number

**Subject: HB 452**

**Date:** Mon, 3 May 2004 18:20:05 -0800

**From:** "Barb & Cliff Young" <young@ptialaska.net>

**To:** <Senator\_Kim\_Elton@legis.state.ak.us>, <Senator\_Lyda\_Green@legis.state.ak.us>, <Senator\_Lyman\_Hoffman@legis.state.ak.us>, <Senator\_Ralph\_Seekins@legis.state.ak.us>, <Senator\_Scott\_Ogan@legis.state.ak.us>, <Senator\_Thomas\_Wagoner@legisl.state.ak.us>

We would like to ask you not support HB 452 if this bill comes to the Senate Floor.

The purpose of this bill explained to me by Rep. Heinze is to eliminate the non-licensed guide operations. This bill will do not such thing. If they are currently operating an illegal operation when there are no fees or reports required what makes Rep. Heinze think they will pay the license fee and file weekly or bi-weekly reports. The only way to eliminate the non-licensed operators is for Fish and Game to police the areas and check for the appropriate paperwork.

In addition, the amount of paperwork required in this bill will create additional stress on the one-man operations. Currently we operate a guide service out of Seward, and have been for over 11 years. We are now required to complete weekly fish & game reports, monthly sales tax reports, and monthly port tax reports. If HB 452 passes, this will add another burden to the layer we are already struggling with.

If you would like additional information about our operation and the current weekly reports we must file with fish and game, please call us at 907-694-5074.

Thank you for your support!

Sincerely,

Barb & Cliff Young

Glacier's Edge Sportfishing Charters

PO Box 772442

Eagle River, AK 99577

**Subject:** HB-452

**Date:** Wed, 05 May 2004 11:18:56 -0800

**From:** Charles Swanton <charles\_swanton@fishgame.state.ak.us>

**Organization:** Alaska Dept. of Fish and Game

**To:** Robert W Bentz JR <rob\_bentz@fishgame.state.ak.us>

**CC:** Kelly R Hepler <kelly\_hepler@fishgame.state.ak.us>,  
Scott Ogan <senator\_scott\_ogan@legis.state.ak.us>,  
Cheryll Heinze <representative\_cheryll\_heinze@legis.state.ak.us>

*Dist. 10*

Rob:

Over the last two days I have had the opportunity to speak with two sport fishing guides from the interior (Mr. James O'neill and Mr. Richard Mousseau) who fish both the Chena and Gulkana Rivers among others; both are in support of HB-452. I instructed them to contact Rep. Heinze and Sen. Ogan's offices to register their support for this bill. When asked, both stated that they thought it was a long time coming, would decrease the "fly-by-nite guides and would begin the process of adding legitimacy to professional sport fish guiding in the state". I also asked them about the fee of \$100 and both responded that it is only so long that one can expect to get something for free and that this fee was more than reasonable. One stated that even at \$250 it would still be a small price to pay for the opportunity to do what they do and provide a service to folks. They also stated that they thought that recording catch and harvest information would be a small time commitment with potential for better information provided to fishery managers...

There you have it... if you have questions, just shout

Charlie

**Subject: Opposition to HB 452 Sport Fish Guide Licensing. Currently referred to Senate Resources**

**Date:** Tue, 4 May 2004 11:21:24 -0800

**From:** "Mike Kramer" <mikek@alaskalaw.com>

**To:** <Senator\_Scott\_Ogan@legis.state.ak.us>, <Senator\_Thomas\_Wagoner@legis.state.ak.us>, <Senator\_Fred\_Dyson@legis.state.ak.us>, <Senator\_Ralph\_Seekins@legis.state.ak.us>, <Senator\_Ben\_Stevens@legis.state.ak.us>, <Senator\_Kim\_Elton@legis.state.ak.us>, <Senator\_Georgianna\_Lincoln@legis.state.ak.us>

>Honorable Members of the Senate Resources Committee:

My name is Mike Kramer, I am a sport fish guide, AOC life member and Former Board Member, and serve on the Fairbanks Fish and Game Advisory Committee. I urge the Senate Resources committee to either take no action or oppose HB 452, a bill to tax Sport Fish Guides \$100. a year.

> This tax, if passed, would simply make guiding more burdensome and expensive

> without any appreciable benefit to the resource or the science used to

> manage that resource.

> When I started guiding in 1990, all one needed was a \$50. business license. Now

> there are so many barriers to entry erected by the CFEC, Coast Guard,

ADFG, DNR, DMV,

> and BLM that new guides cannot start a business and established guides

> cannot feasibly guide anglers part time because it takes so much effort and money to get fully

> licensed and permitted.

>The department claims it is facing a budget crunch and argues this tax is necessary to offset expenditures made on a similar saltwater licensing scheme that was implemented several years ago with no fee charged. Starting up and administering a

> costly new program certainly may attractive to the department, but

though

> this program may create some employment opportunities and a little extra

> money possibly to fund other programs, there will be little or not

increase

> in the scientific knowledge used to manage our fisheries. My understanding is that the Sport Fish Budget has grown from approximately 20 million a few years ago to 40 million this year, largely a result of Federal DJ funds. Sport Fish does not need this additional tax revenue. Their administrative bureaucracy has already grown exponentially with the addition of several full time "fish planners" and the absorption of approximately 20 former employees from the Habitat division who were not offered jobs at DNR when that agency took over habitat permitting from ADFG last year. These people were simply reassigned within the division that had the funds to absorb their salaries, Sport Fish. I beleive the Sport Fish division needs more biologists managing fish and less

people managing paper.

> Many of the departments own biologists ( if asked off the record) would agree that in many areas of the state

> they have all the harvest and use information they could possibly use.

> Increasing the databank of harvest and effort data cannot be a priority of

> many area biologists, . Once this tax is instituted, the

> department will become dependent on the income, the employees charged with

> administering the program will become entrenched and the program will

> persist, with fees inevitably rising over the years to meet budget

> shortfalls elsewhere. I understand the fees collected from this tax would be general fund revenues. Please ask the Sport Fish division for its budget information. I beleive you will see they are flush with federal funds and have grown quite substantially in personnel in all areas other than field biologists.

>

> When the department first started licensing guides and charter businesses

it

> promised no fees would be charged. That program has existed for several years and adequately informs the department of who is operating where. More detailed information can be gathered by simply asking questions or sending our creel surveys. These tools have always been available but are rarely utilized. >

> This bill enjoys the departments support and the support of

> several established guides who want to make it more difficult for new guides

to

> enter the profession. I

>If this bill does pass through your committee I would encourage you to sunset the tax making the department

come

> back in two years and show how all this new reporting has helped them

> manage the resource.

>

> At the very least, passage of this tax should result in the elimination of

> the \$20. per vessel tax currently leveled against sport fish guides by the

> Commercial Fisheries Entry Commission, an organization which is generally

at

> odds with sport fish guides and whose funding is not used in any manner to

> benefit the guides. but instead used to benefit a competing user group,

> commercial fishers.

- > This \$20. tax going to the CFEC has long been a sore spot with guides and
- > cannot be justified any further, particularly if the department itself is
- > going to tax the guides separately.
- >
- > It is not accurate for the department (in its position paper below) to discuss the administrative costs of administering their
- > saltwater logbook program when trying to justify this new fee imposed on
- > freshwater guides. If the department was funding a data collection program
- > at no expense to saltwater guides, freshwater guides should not be asked to
- > make up for the costs.
- >
- > The department does not need more data of the type that could be supplied by
- > freshwater guides. If it did, it would have tried less onerous or expensive
- > methods to get me and others to provide such information in the past. Now
- > it wants a daily report and wants to spend \$345,000 on a new bureaucracy created to collect these
- > reports. (see the departments position paper attached below)

Some believe the profession might become more "professional" under this licensing scheme. I

- > disagree. It will only serve as a barrier to entry, will cause part time
- > operators to quit or be outlaws, and will raise the cost of guided trips for
- > the thousands of people who use guides. Most of whom are non-residents who
- > already drop considerable money in AFDG's coffers. Ones ability to fill out forms, pay for insurance, and write checks for a multitude of permits, licenses, stickers and fees does not equate to ones ability to provide a quality fishing trip.
- >
- > I urge the department to focus on using the scientific information it has
- > already collected, and spend its efforts managing the resource, not

managing

> and taxing the resource users.

> Thank You for the opportunity to comment.


>

> Mike Kramer

216 Sacia Avenue

Fairbanks Alaska, 99712

907 452-1855

 <u>GUIDE LIC. FAQs CSHB 452.doc</u>	<p><b>Name:</b> GUIDE LIC. FAQs CSHB 452.doc <b>Type:</b> WINWORD File (application/msword) <b>Encoding:</b> base64 <b>Download Status:</b> Not downloaded with message</p>
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# Alaska State Legislature

Interim:  
716 W. 4<sup>th</sup> Ave., #650  
Anchorage, AK 99501-2133

Phone: (907) 269-0160  
Fax: (907) 269-0177



Session:  
Alaska State Capitol, Rm 1081  
Juneau, AK 99801-1182

Phone: (907) 465-4930  
Fax: (907) 465-3834  
Toll Free: (800) 331-4930  
Rep.Cheryll.Heinze@legis.state.ak.us

## Representative Cheryll Heinze

District 24 - Anchorage

TO: Senator Scott Ogan, Chairman Senate Resources  
Committee

DATE: April 27<sup>th</sup>, 2004

I would request that you schedule HB 452 for a hearing before your  
committee.

Enclosed are:

1. Sponsor Statement
2. Legal opinion on the changes made in the House Judiciary  
committee
3. HB 452 (FIN) am
4. Fiscal Note from the Dept. of Fish & Game Sport Fish Div.
5. Fiscal Note from the Dept. of Public Safety (3/22/04)
6. Fiscal Note from the Dept. of Public Safety (4/5/04)
7. HB 452 Taking Points
8. Dept. of Fish and Game Fact Sheet on HB 452
9. Dept. of Fish and Game Comments on Guide Licensing Bill  
452
8. Letter of support from the Deep Creek Charterboat Association
9. Letter of support from the Kenai River Sportfishing Association

Sincerely,

Representative Cheryll Heinze

HB

486

# SENATE COMMITTEE REPORT

DATE: 3/26/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4-5-04

Resources Committee considered CS FOR HOUSE BILL NO. 486(FIN)

## HB 486 MINING RECLAMATION ASSURANCES/FUND

"An Act relating to reclamation bonding and financial assurance for certain mines; relating to financial assurance limits for lode mines; establishing the mine reclamation trust fund; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS HB 486 (FIN)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

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

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
REV	1/20/04	✓			2
DWR	1/21/04			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bili Version: HB 486  
(H) Publish Date: 2/16/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
Title Mining Reclamation Bonding RDU Resource Development  
Component Claims, Permits and Leases  
Sponsor Rules  
Requester Governor Component No. 2460

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-----------------------------	------------	------------	------------	------------	------------	------------

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

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

**POSITIONS**

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

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

This bill makes various changes to AS 27.19, and establishes a Mining Reclamation Trust Fund under AS 37.14.

The bill would require no additional staff at the Department of Natural Resources. The Mining Reclamation Trust Fund would allow the state to take in funds from a particular mine for use for reclamation at that mine. There would be no net change to funds available to the state for general government purposes.

The last financial change established by the bill is that income and other earnings on the reclamation bond pool, used for placer mines, would be returned to the pool (AS 27.19.040(b)). This amount is expected to be approximately \$50,000 in FY 04. The new language changes the location for holding for the funds but does not change the amount available to the state.

Prepared by: Bob Loeffler, Director Phone 269-8600  
Division Mining, Land & Water Date/Time 1/21/04  
Approved by: Thomas Irwin, Commissioner Date 1/21/04  
Agency Natural Resources

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: HB 486  
(H) Publish Date: 2/16/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Reclamation bonding for certain mines RDU Revenue Programs & Services  
Component Treasury Division  
Sponsor Rules Committee  
Requester Request of the Governor Component No. 121

**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	6.0	12.0	18.0	24.0	30.0	36.0
Travel						
Contractual	15.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>21.0</b>	<b>12.0</b>	<b>18.0</b>	<b>24.0</b>	<b>30.0</b>	<b>36.0</b>

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	21.0	12.0	18.0	24.0	30.0	36.0
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>21.0</b>	<b>12.0</b>	<b>18.0</b>	<b>24.0</b>	<b>30.0</b>	<b>36.0</b>

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 fiscal note is predicated upon a trust fund build-up of \$10 million per year plus fund earnings. The cost of managing a fixed income trust fund internally is about 6 basis points. Additionally, this fund would require individual project fund tracking, something that is slightly different from anything now done at Treasury. A contractual cost of \$15.0 is included to originate that tracking with GeFONSI.

Prepared by: Tomas Boutin, Deputy Commissioner Phone 465-3669  
Division Treasury Date/Time 1/20/04 1:41 PM  
Approved by: Bill Corbus, Commissioner Date 1/20/2004  
Agency Revenue



## **Briefing Paper**

HB 486

Thank you for the opportunity to speak to this bill.

My name is Rich Heig. I am president of the Council of Alaska Producers, and also General Manager of Greens Creek Mining Company.

The Council of Alaska Producers is an organization that educates and promotes responsible development of natural resources in the State of Alaska. We are made up of the larger mining operations and potential operations of Alaska, all of which are also members of the Alaska Mining Association.

The Producers Council supports HB 486.

This bill will make several important changes to the requirements for bonding and financial assurance for mining operations.

This bill allows the state to recognize the higher reclamation requirements associated with hard rock mining operations as compared to placer operations. These mines recognize their responsibility for reclamation and closure. This bill supports what DNR and DEC have also been requiring for several years.

This bill also recognizes the need for companies to have several methods available to them for providing financial assurances for reclamation and closure requirements. The cost and availability of bonds or letters of credit are becoming more difficult. This bill allows for other means of financial assurance, including CD's, treasury accounts, corporate guarantees, or other methods.

The third part of the bill establishes a trust fund held by the state that can assist in long term closure and monitoring. This account, funded by mining companies, is another alternative to ensure long term closure and reclamation are accounted for.

The Producers Council supports passage of HB 486 and ask that it be passed out of Committee.

Rich Heig

HB486



FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US

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

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 13, 2004

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to mine reclamation bonding and financial assurance.

This bill would make three changes to existing law. First, it would remove "lode mines," sometimes referred to as "hard-rock mines," from the current bonding "cap" of \$750 per acre for mine reclamation responsibilities; the cap would remain in effect for placer mines. Second, it would replace the term "performance bond" with the term "financial assurance," and would list various ways to provide that assurance, in order to give mining companies and the state the flexibility to employ a variety of financial assurance vehicles. Third, it would create a mine reclamation trust fund, which would allow the build-up of an adequate reclamation fund through payments made over time and through the earnings on that fund.

These three changes all reflect the fact that satisfactory reclamation of a hard-rock mine is a site-specific issue. A generic dollar-per-acre bond "cap" simply does not work for reclamation responsibilities for hard-rock mines. Each mine is unique, and the optimal vehicle to use to ensure final reclamation depends on many factors including, by way of example: the projected mine life; the need for long-term site management measures (such as to address potential acid mine drainage); and the availability and cost of different bonding tools in the current financial market. Given these and other factors, the state and the mining industry need flexibility in selecting and constructing financial assurances for mine reclamation.

The third element of the bill, the mine reclamation trust fund, is an attempt to accommodate some fiscal realities faced by the industry. It provides the opportunity for the state to set up site-specific funding agreements to accommodate long-term or in-perpetuity reclamation tasks. Examples include the possible need for in-perpetuity water treatment at the Red Dog

The Honorable Pete Kott  
February 13, 2004  
Page 2

Mine, long-term monitoring at the Illinois Creek Mine, and in-perpetuity maintenance of the dam for the freshwater recreation lake that Fort Knox Mine is leaving to Alaskans at the request of the Department of Natural Resources. The trust fund concept provides for a method of accommodating long-term or in-perpetuity reclamation needs of this type.

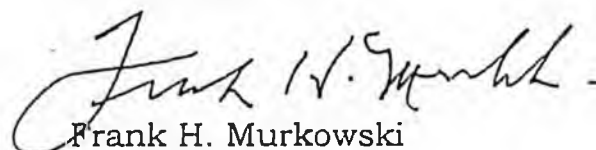
Making deposits into a state-controlled trust fund will have significant benefits for industry and the state. In addition to providing potential benefits under the federal tax code for companies, the state would have access to a fund for mine reclamation work that will retain earnings and increase over time.

The bill would provide that the Department of Revenue would manage investment of the fund, as it does already for a number of other similar state funds. But the Department of Natural Resources would be the agency authorized to make expenditures from the fund for mine reclamation and post-closure site management.

The state's resource agencies, under the leadership of the Department of Natural Resources, have crafted this bill with an understanding of the needs of the industry and the needs of Alaskans who rely on reclamation of the land. This bill is broadly supported by the mining industry.

I urge your prompt and favorable action on this measure

Sincerely yours,



Frank H. Murkowski  
Governor

Enclosure

HB

522

# SENATE COMMITTEE REPORT

DATE: 04/7/04

FURTHER:

DATE TURNED  
IN TO OFFICE: 4-30-04

Resources Committee considered HOUSE BILL NO. 522 am

## HB 522 SMALL CRUISE SHIP DISCHARGES

"An Act relating to discharges from small commercial passenger vessels; and providing for an effective date."

and recommends:

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

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

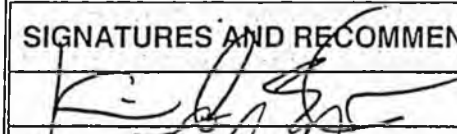
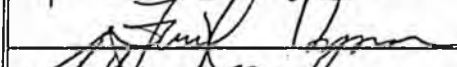
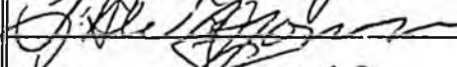
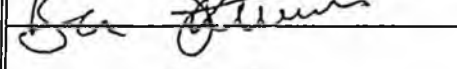
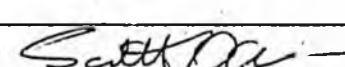
**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

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

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
	✓			
	✓			
	✓			
	✓			
CHAIR: 	✓			

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB361-EC-AWQ-03-31-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affecte: Environmental Conservation  
Title Small Cruise Ship Discharges RDU Air and Water Quality  
Component Water Quality  
Sponsor Senate Resources  
Requester Senate C&RA Committee Component No. 2062

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( 0 )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Commercial Passenger Environment)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

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

**POSITIONS**

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

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

This bill will not have a financial impact on the Commercial Passenger Vessel Environmental Compliance Program. The cost to administer the program remains unchanged.

Prepared by: Lynn J. Tomich Kent, Water Programs Manager  
Division: Air and Water Quality  
Approved by: Kurt Fredriksson, Deputy Commissioner  
Agency: Environmental Conservation

Phone 907-465-5312  
Date/Time 3/31/04 11:11 AM  
Date 3/31/2004