

# ALASKA MARICULTURE TASK FORCE

*Established by Governor Walker's Administrative Order #280*

*Directive: "to provide recommendations to develop a viable and sustainable mariculture industry producing shellfish and aquatic plants for the long-term benefit of Alaska's economy, environment and communities"*

## AGENDA - DRAFT

February 17, 2017, 8:00am – noon

DCCED Commissioner's Conference Room, 333 W Willoughby 9th Floor, Juneau, AK

Teleconference info: 1-800-315-6338 access code: 29660

- 1) Roll Call
- 2) Review and approve agenda
- 3) Review and approve minutes: January 11, 2017
- 4) Public introductions & comments
- 5) Special Presentations:
  - McDowell Group Team contracted for Economics Analysis – Phases 2 & 3 & briefing document
    - review meeting with AC Chairs
    - discuss integration with comprehensive plan
- 6) Old business
  - a. Updates from Advisory Committee (AC) Chairs
    - i. Mike Stekoll – Research, Development & Environmental Info AC
    - ii. Sam Rabung – Regulatory Issues AC
    - iii. Angel Drobnica & Jeff Hetrick – Investment & Infrastructure AC
    - iv. Paula Cullenberg – Workforce Development AC
    - v. Heather McCarty – Public Education & Marketing AC
  - b. Update on past presentations
    - i. Governor's State of the State Address – January, Blake
    - ii. Alaska Fish Culture Conference – January, Sam Rabung
    - iii. Chugach Regional Resources Commission – Feb. 3, Cullenberg
    - iv. JEDC's Innovation Summit – Feb. 15-16, Peoples & Decker
  - c. Update on ARPA-E
  - d. Updates on legislation
    - i. Shellfish enhancement bill
    - ii. Mariculture Revolving Loan Fund bill
- 7) New Business
  - a. Communications - Upcoming presentation opportunities:
    - i. Legislative presentation (H-FISH or Lunch & Learn), UFA, SE Conference, Kodiak ComFish, others?

- b. Updated outline of comprehensive planning process – discuss changes, identify info still needed, identify resources needed to completion, other
  - c. Form to document MTF member time for in-kind match to NOAA grant
  - d. Discussion regarding options for funding/resources to facilitate MTF
  - e. Discuss communication/work with Congressional Delegation
- 8) Next Steps & homework assignments
- 9) Set next 3 meetings - date/time/place (March 14, April 26, ?)
- 10) Closing Comments

Attachments:

- MTF Minutes, January 11, 2017 - DRAFT
- Agenda - Meeting between Advisory Committee Chairs and McDowell Group Team
- Advisory Committee Agendas/Minutes/Notes (see MTF website)
- MTF Handout - FINAL
- Press Release - Final
- Outline of Comprehensive Planning Process – updated (TBD)
- HB 76
- Letter of support for HB 76 – draft (TBD)
- DRAFT - Shellfish Enhancement Bill
- Letter of support for HB ??? (shellfish enhancement bill) – draft (TDB)

TBD = to be distributed



## Alaska Mariculture Task Force (MTF) Meeting Minutes January 11, 2017

### Attendees

Mariculture Task Force members attending in person: Julie Decker, Angel Drobnic, Sam Rabung, Eric Wyatt

MTF members attending via teleconference- Jeff Hetrick, Paula Cullenberg, Kate Sullivan, Mike Stekoll

MTF members not present- Heather McCarty, Chris Whitehead, Chris Hladick

Members of the Public: Tomi Marsh- Ocean's Alaska, Tamsen Peeples- Blue Evolution, Kirsten Shelton-Walker- McDowell Group,

Eva Bornstein- Juneau Economic Development Council,

Stephanie Holthaus- The Nature Conservancy, )Anthony Tyberg-Petersburg fisherman,

Abby Twyman- Shikat Bay Oysters, Tommy Sheridan- Silver Bay Seafoods,

Barbara Blake- Office of Lieutenant Governor Byron Mallott

Cynthia Pring-ham- Department of Fish and Game

Linda Mattson - Department of Commerce, Community, and Economic Development

Materials distributed to task force members included: Agenda for January 11 meeting, minutes from November 9 meeting; Phases 2&3 Scope of Work final, advisory committee minutes, MTF Handout, Press Release, Pacific Marine Expo Presentation, ASGA Meeting Presentation, ARPA-E Concept paper template, Aqua-Spark Investment Info.

### 9:04am Vice-Chair Julie Decker called the meeting to order

Agenda was reviewed

No edits made to the agenda. Sam Rabung motioned to approve, Eric Wyatt seconded.

November 9 meeting minutes were reviewed and changes were made

Sam Rabung motioned to approve the minutes; Angel Drobnic seconded the motion.

Discussion: Sam Rabung requested the following changes be reflected: Christy Collins is Christy Colles, materials distributed agenda for November 9 not September 30, and the definition of mariculture should include that it was defined in Governor Walker's AO 280.

No objections to the motion with the changes made. Minutes approved.

### Old Business:

Updates on Contractor for Economic Analysis to Inform the Comprehensive Plan

- McDowell Group and Northern Economics were given the scope of work to submit cost estimates.
- Julie Decker, Sam Rabung, Kate Sullivan, Heather McCarty, and Eric Wyatt will hold a teleconference on Friday at 9:00am to discuss the contractor in further detail.

- Contractor once determined will work with the advisory committees as well as the whole task force to come up with the draft comprehensive plan- September 1 deadline

Updates from Advisory Committee Chairs:

- Mike Stekoll- Environmental Information (December 2 last meeting)
- Sam Rabung- Regulatory Issues (December 8 last meeting)
- Jeff Hetrick & Angel Drobica- the Investment & Infrastructure
- Paula Cullenberg- Workforce Development (November 18 last meeting)
- Heather McCarty- Public Education and Marketing

Notes from AC's

- Research, Development and Environmental Information AC will have another meeting scheduled sometime in January
- Regulatory Issues AC discussion regarding ideas for streamlining regulatory forms online for ease of access and to have a central online location to locate those forms. Eric Wyatt also suggested that there be an example of a successful system and what it looks like with regards to the regulatory process.
- Investment and Infrastructure AC discussion regarding the perspective of Jim Gibbons from Seattle as he provided an outside picture of what it means to invest in Alaska. Takeaway- how to get the message out to change the perspective of an outside investor. Plan to have their next meeting scheduled within a week or two.
- Public Education and Marketing AC discussion no meeting but Heather did complete the handout. It did not print well and Julie Decker will get an updated copy to the task force for their review
- Press release discussion- Barbara Blake was tasked with getting the quotes from Governor Walker approved and DCCED was tasked with sending the final out by Friday, January 13<sup>th</sup>.
- Workforce Development AC discussion on apprenticeship programs and how to work with the Department of Natural Resources and the Department of Labor and Workforce Development to encourage new or young farmers to get into the mariculture industry. Training programs through the University of Alaska Southeast were also discussed.

Update on past presentations

- Alaska Shellfish Growers Association meeting for 2017 is scheduled to be held in Ketchikan. Suggestion was made by (whom) to hold Mariculture Task Force meeting there in conjunction.

Update on APRA-E

Concept papers are due February 14 for this project

Updates on potential legislation

Shellfish Enhancement legislation- no update, Sam will check with the Fish & Game legislative liaison to see if the bill was submitted

Micaela Fowler spoke with Darwin Peterson in Governor Walker's office who gave permission for a letter of support as long as the task force approves

Sam Rabung motioned for Julie Decker to draft a letter of support on behalf of the Mariculture Task Force for shellfish enhancement legislation, Eric Wyatt seconded. Motion passed. No objections.

Amendment to Mariculture Revolving Loan Fund- no update, will be on the lookout for the bill to drop.

Eric Wyatt motioned for Julie Decker to draft a letter of support for an amendment to the Mariculture Revolving Loan Fund, Angel Drobnica seconded. Motion passed. No objections.

The letters will not be submitted until there is a bill

### **New Business:**

Communications-Upcoming presentation opportunities

- Governor may mention mariculture in his State of the State Address. The Address will be given on January 18.
- NSRAA's Alaska Fish Culture conference. Paula Cullenberg motioned for Sam Rabung to submit a travel request to attend the NSRAA's Conference on behalf of the Mariculture Task Force, Kate Sullivan seconded. Motion passed. No objections.
- JEDC's Innovation Summit – Mike Stekoll will be giving tours of the seaweed hatchery at UAS. Tamsen will present about Blue Evolution and will mention the MTF.
- Presentation to the Legislature – we will pursue a possible presentation the week of Feb. 20<sup>th</sup>.
- UFA and SE Conference – Julie will pursue a presentation.
- SWAMC – Angel will pursue a presentation.
- Kodiak ComFish – Paula and Erik O'Brien (new seaweed farmer) will look into putting something together.

Updated outline of comprehensive planning process

- from now until April 1- Advisory Committees work with contractor chosen on format and content of report
- April 1- Advisory Committees complete their recommendations to the MTF
- September 1- Draft comprehensive plan completed by contractors for review by MTF
- Sept-December – MTF makes changes appropriate
- January 1, 2018- Public Draft Comprehensive Plan released for public review
- February – MTF incorporates input from the public into final version of comp plan
- March 1 – final version of comp plan transmitted to Governor

New investment interests expressed

- Aqua-Spark: A global equity investment fund focused on the aquaculture industry. Julie Decker has a call scheduled with them to see if they are interested in the Mariculture Task Force and Alaska. She will report back to the task force at the next meeting.

Discussion regarding options for funding to facilitate MTF

- Options included the NOAA grant, potential beneficiaries like large scale entities, foundations, The Nature Conservatory, the Moore Foundation, Mack Foundation, APICDA, ANCSA corporations

### **Homework:**

AC Chairs- send Sam Rabung any information that you have regarding meetings to post on the mariculture website

Investment & Infrastructure AC Homework: coordinate with DED regarding loan programs, have DED Director Britteny Cioni-Hawwood present to the AC

DCCED CO Homework: edit plan based on discussion and resend to task force

Julie Decker will send out the handout for the Mariculture Task Force- task force members have one week from the date of the email to provide edits

Micaela Fowler Homework- find out what needs to happen to schedule a Mariculture Task Force Legislative Lunch and Learn as well as a potential presentation to the House Fisheries Committee

**Next meeting dates:**

**February 17, 2017 from 8am to noon**

**March 14, 2017 from 8am to 12pm**

**April 26, 2017 from 9am to 1pm**

**12:56pm Meeting adjourned by Vice-Chair Decker**

# **ALASKA MARICULTURE TASK FORCE**

## ***Meeting of the Advisory Committee Chairs & McDowell Group Team***

### **AGENDA**

February 7, 2017 @ 2-4:00pm

DCCED Commissioner's Conference Room, 333 W Willoughby 9th Floor, Juneau, AK

Teleconference info: 1-800-315-6338 access code: 12500

- 1) Introductions (Julie can chair meeting, unless someone in Juneau would like to do so)
- 2) AC Chairs provide overview of work to date
  - a) Mike Stekoll – Research, Development & Environmental Info AC
  - b) Sam Rabung – Regulatory Issues AC
  - c) Angel Drobnica & Jeff Hetrick – Investment & Infrastructure AC
  - d) Paula Cullenberg – Workforce Development AC
  - e) Heather McCarty – Public Education & Marketing AC
- 3) McDowell Group Team provide thoughts at this point
- 4) Discuss AC Chair expectations for Phase 2 & 3 products
- 5) Discuss how and how often AC Chairs would like to interact with McDowell Group Team
- 6) Other discussion topics
- 7) Closing comments

# Alaska Mariculture Task Force

February, 2016 – March, 2018

**Governor’s Alaska Mariculture Task Force:** On Feb. 26, 2016, Governor Walker established the Alaska Mariculture Task Force with the directive to develop a viable and sustainable mariculture industry producing shellfish and aquatic plants for the long-term benefit of Alaska’s economy, environment, and communities. The Task Force members were appointed in May and the Task Force will present its recommendations on March 1, 2018.

***Vision: Provide direction for development of a viable and productive industry***  
***Alaska’s mariculture industry could grow to \$1 billion in thirty years with an industry-led, coordinated effort, utilizing public-private partnerships, and a statewide comprehensive plan designed to reach this goal.*** This vision is attainable given the existing significant scale and impact of Alaska’s seafood industry. In 2014, the total economic output of Alaska’s seafood industry was approximately \$6 billion, including 60,000 jobs. Alaska produces more seafood than the rest of the U.S., and if Alaska were a country, it would be in the top 10 for seafood production. Alaska maintains a global reputation for sustainably managed fishery resources, and has over 35,000 miles of coastline. Examples of other geographic regions with smaller shorelines yet significant annual mariculture production are British Columbia (\$33 M), Washington (\$110 M), New Zealand (\$400 M), and Norway (\$5 B).



MADE IN ALASKA  
**MARICULTURE**  
ALASKA DIVISION OF ECONOMIC DEVELOPMENT ALASKA COASTAL COMMUNITIES DEVELOPMENT

**Mariculture Defined:** In Alaska, mariculture is *wild fishery enhancement, farming, and restoration of shellfish and aquatic plants*. Finfish farming is not allowed under state law and will not be pursued as a part of this initiative.

**Benefits to Alaskans:** The development of the mariculture industry in the state will provide the following benefits to Alaskans: 1) economic - providing jobs and commerce in coastal communities; 2) environmental - improving the local ecosystem in various ways, such as habitat improvement, carbon removal, or countering ocean acidification; 3) cultural - compatible with traditions, cultures, and skills in rural communities; 4) industrial - complements and expands our existing renewable seafood industry, which is Alaska’s largest private sector employer; 5) food security - increasing access to local foods for Alaskans.

**Coordination with communities and industry:** The development of an *Alaska Mariculture Industry* will integrate with the following initiatives and policies:

- ***Alaska Mariculture Initiative undertaken by the Alaska Fisheries Development Foundation*** Since 1978, AFDF has been dedicated to identifying problems common to the Alaska seafood industry and developing efficient, sustainable solutions that provide benefits to the economy, environment and communities. Successes include research



# Alaska Mariculture Task Force

February, 2016 – March, 2018

and development preceding the whitefish industry in SW Alaska, fish oil research, and development of other value-added products. In 2014, AFDF began spearheading this initiative with the intention of expediting the development of the mariculture industry.

- **National Shellfish Initiative** launched by NOAA Fisheries' Office of Aquaculture in 2011 aimed at increasing the populations of bivalve shellfish through commercial production and restoration;
- **NOAA's Marine Aquaculture Strategic Plan 2016-2020** which specifically directs NOAA to **"coordinate with partners to support Alaska Shellfish Initiative"**;
- **USDA Investment Strategy in Support of Rural Communities in SE Alaska 2011-2013** which identifies mariculture development as worthy of further USDA investment;
- **National Strategic Plan for Federal Aquaculture Research** (2014-2019) is an interagency strategic plan to guide Federal research in aquaculture.

## Challenges

- Investment & Infrastructure – hatchery seed production, growth techniques, product development require initial investment
- Organizational capacity - new & emerging industry needs to develop capacity & coordination to address challenges
- Workforce - workforce requires recruitment, training, development
- Regulatory hurdles - perceived competing uses for sites & perceived environmental issues
- Remote areas - extremely remote sites which increase costs & logistics
- Environmental issues - sea otter predation & ocean acidification

## Target Partners





## Press Release

FOR IMMEDIATE RELEASE

COMMISSIONER'S OFFICE

No. 16-002

Contact: Linda Mattson

Commissioner's Office

Office (907) 465-2500

[linda.mattson@alaska.gov](mailto:linda.mattson@alaska.gov)

### **Alaska's Mariculture Task Force Moves Forward with Economic Analysis, Tribal Collaboration and Outreach**

#### **Recommendations for a comprehensive plan will be delivered March 2018**

(Juneau) The Alaska Mariculture Task Force is moving forward with several advisory committees (AC) focused on research, development and environmental information, regulatory issues, investment and infrastructure, workforce development, public education and marketing.

Formed by Governor Walker by Administrative Order 280, the Alaska Mariculture Task Force is focused on developing a viable and sustainable Alaska mariculture industry to contribute to the expansion of the State's economy. The task force just completed its fifth meeting this week.

The Task Force defines mariculture as aquatic farming of shellfish and aquatic plants in Alaska waters, as well as enhancement of wild fisheries. The farming of finfish is not legal in the State of Alaska. The mission of the Task Force is to provide recommendations to develop the mariculture industry in Alaska for the long-term benefit of the state's economy and environment.

"Mariculture represents a tremendous opportunity to grow and diversify our state's economy, strengthen our coastal communities, and provide healthy food to the world using sustainable methods that are an extension of Alaska's successful fishery management practices," said Governor Walker in creating the task force.

Recommendations for a comprehensive plan will be delivered to Governor Walker by March 2018. The recommendations are to address public and private investment, regulatory issues, and research and development needs. The members are also focusing on workforce development, public education and marketing, and environmental considerations.

"Each of the Task Force members brings unique experiences and knowledge to the challenge of growing this new industry. The Task Force represents interests of Alaskans from the Aleutian Islands to Southeast Alaska," said Governor Walker. "These Alaskans are committed to finding solutions to hurdles in the development of mariculture for the long-term benefit of Alaska's economy, environment and communities."

Chris Hladick, the Commissioner of the Alaska Department of Commerce, Community and Economic Development, is the Chairman of the Task Force. The members are Paula Cullenberg, Julie Decker (Vice-chair), Angel Drobnica, Jeff Hetrick, Heather McCarty, Sam Rabung, Mike Stekoll, Kate Sullivan, Chris Whitehead and Eric Wyatt. Additional information on the members is provided on the Mariculture Task Force webpage, at <http://www.adfg.alaska.gov/index.cfm?adfg=amtf.main>.

The mariculture of various shellfish species and seaweed has the potential to provide jobs and commerce in coastal communities compatible with their culture and skills, while also increasing access to local foods. Culture of shellfish and aquatic plants also carries environmental benefits, improving the local ecosystem by habitat improvement and carbon removal.

“We are working to develop a mariculture industry for shellfish and seaweed that is environmentally sound and respectful of traditional uses. We understand the importance of traditional hunting, fishing and gathering practices by the first people of these lands. This development opportunity will not deter, but enhance what resources are available for customary and traditional use,” said Gov. Walker.

The Chairs and members of each AC members are listed on the webpage. Those interested in receiving future public meeting notices and other information related to the Alaska Mariculture Task Force via email, please sign up for the ListServ on the webpage. The meetings of the Task Force are publicly noticed on the State of Alaska webpage, and open to the public in person and by telephone.

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For more information contact Linda Mattson at the Alaska Department of Commerce, Community and Economic Development at 907-465-2500 or [linda.mattson@alaska.gov](mailto:linda.mattson@alaska.gov).

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**HOUSE BILL NO. 76**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES ORTIZ, Kreiss-Tomkins

Introduced: 1/25/17

Referred: House Special Committee on Fisheries, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the mariculture revolving loan fund and loans from the fund; and  
2 providing for an effective date."

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

4 \* **Section 1.** AS 16.10.905 is amended to read:

5 **Sec. 16.10.905. Powers and duties of the department.** The department may

6 (1) make loans to eligible applicants under AS 16.10.900 - 16.10.945  
7 for the planning, construction, and operation of a

8 (A) mariculture business; or

9 (B) hatchery that artificially propagates aquatic plants and  
10 shellfish for sale to aquatic farms;

11 (2) receive, take, hold, and administer any appropriation, transfer, gift,  
12 grant, bequest, devise, or donation of money for the fund;

13 (3) establish amortization plans for repayment of loans, including  
14 extensions of the terms of loans;

- 1 (4) allow an assumption of a loan if
- 2 (A) the applicant meets the requirements established under this
- 3 section; and
- 4 (B) approval of the assumption would be consistent with the
- 5 purposes of AS 16.10.900 - 16.10.945;
- 6 (5) establish the rate of interest for loans consistent with law;
- 7 (6) charge and collect fees for services provided under AS 16.10.900 -
- 8 16.10.945;
- 9 (7) adopt regulations under AS 44.62 necessary to carry out the
- 10 provisions of AS 16.10.900 - 16.10.945, including regulations to establish reasonable
- 11 fees for services provided; and
- 12 (8) designate agents and delegate powers as necessary to the agents.

13 \* **Sec. 2.** AS 16.10.910(a) is amended to read:

14 (a) For an applicant to be eligible for a loan under AS 16.10.900 - 16.10.945,

15 the applicant shall **be**

16 (1) [BE] a resident of the state **who has**

17 **(A)** [, AS DETERMINED UNDER (c) OF THIS SECTION;

18 (2) HAVE] a permitted mariculture farm location in this state; and

19 **(B)** [(3) HAVE] experience or training in the mariculture

20 industry; **or**

21 **(2) a resident of the state or entity organized under the laws of this**

22 **state that holds a permit under AS 16.40.100 to operate a hatchery for the**

23 **purpose of supplying aquatic plants or shellfish to an aquatic farm.**

24 \* **Sec. 3.** AS 16.10.910(c) is amended to read:

25 (c) To meet the residency requirements of (a) of this section, **an individual**

26 [THE] applicant

27 (1) shall physically reside in this state and maintain a domicile in this

28 state during the 24 consecutive months preceding the date of application for the

29 program; and

30 (2) may not have

31 (A) declared or established residency in another state; or

1 (B) received residency or a benefit based on residency from  
2 another state.

3 \* **Sec. 4.** AS 16.10.915(a) is amended to read:

4 (a) Except as provided in (b) and (c) of this section, a loan under  
5 AS 16.10.900 - 16.10.945

6 (1) may not exceed

7 (A) \$100,000 a year **for an applicant under**

8 **AS 16.10.910(a)(1); or**

9 **(B) \$1,000,000 a year for an applicant under**

10 **AS 16.10.910(a)(2);**

11 (2) may not exceed a term of 20 years, except for extensions under  
12 AS 16.10.905;

13 (3) may not bear interest at a rate greater than the prime rate, as  
14 defined in AS 44.88.599, plus one percentage point, but which may not be less than  
15 five percent a year or more than nine percent a year;

16 (4) must be secured by a first priority lien on collateral acceptable to  
17 the department; and

18 (5) may not be made to a person who has a past due child support  
19 obligation established by court order or by the child support services agency under  
20 AS 25.27.160 - 25.27.220 at the time of application.

21 \* **Sec. 5.** AS 16.10.915(b) is amended to read:

22 (b) Subsequent loans may be made to a [THE] borrower under

23 (1) AS 16.10.910(a)(1), [AS 16.10.910] if the total of the balances  
24 outstanding on the loans received by the borrower does not exceed \$300,000; **or**

25 (2) AS 16.10.910(a)(2), if the total of the balances outstanding on  
26 **the loans received by the borrower does not exceed \$1,000,000.**

27 \* **Sec. 6.** AS 16.10.915(c) is amended to read:

28 (c) A loan under AS 16.10.910 may be made for the purchase of boats or  
29 vessels determined to be integral to the operation of the farm **or hatchery.**

30 \* **Sec. 7.** AS 16.10.915 is amended by adding a new subsection to read:

31 (e) The total of balances outstanding on loans made to borrowers under

1 AS 16.10.910(a)(2) may not exceed 40 percent of the principal of the mariculture  
2 revolving loan fund.

3 \* **Sec. 8.** AS 16.10.945 is amended by adding a new paragraph to read:

4 (4) "hatchery" has the meaning given in AS 16.40.199.

5 \* **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).

HOUSE BILL NO.  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ORTIZ

Introduced:  
Referred:

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to management of enhanced stocks of shellfish; authorizing certain  
2 nonprofit organizations to engage in shellfish enhancement projects; relating to  
3 application fees for salmon hatchery permits; and providing for an effective date."

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

5 \* Section 1. AS 16.05.730(c) is amended to read:

6 (c) The board may

7 (1) consider the need of enhancement projects authorized under  
8 AS 16.10.400 and contractors who operate state-owned enhancement projects under  
9 AS 16.10.480 to harvest and sell fish produced by the enhancement project that are not  
10 needed for brood stock to obtain funds for the purposes allowed under AS 16.10.450  
11 or 16.10.480(d);

12 (2) consider the need of enhancement projects authorized under  
13 AS 16.12.010 to harvest and sell shellfish that are not needed for brood stock to  
14 obtain funds for the purposes allowed under AS 16.12.080;



1           **(3)** [. THE BOARD MAY] exercise its authority under this title as it  
 2 considers necessary to direct the department to provide a reasonable harvest of fish, in  
 3 addition to the fish needed for brood stock, to an enhancement project to obtain funds  
 4 for the enhancement project if the harvest is consistent with sustained yield of wild  
 5 fish stocks; and

6           **(4)** [. THE BOARD MAY] adopt a fishery management plan to  
 7 provide fish to an enhancement project to obtain funds for the purposes allowed under  
 8 AS 16.10.450, [OR] 16.10.480(d), or AS 16.12.080.

9 \* **Sec. 2.** AS 16.10.400(b) is amended to read:

10           (b) The application for a permit under this section shall be on a form  
 11 prescribed by the department and be accompanied by an application fee of \$1,000  
 12 [\$100]. The commissioner may waive the submission of an application for a permit to  
 13 operate a hatchery under AS 16.10.480.

14 \* **Sec. 3.** AS 16 is amended by adding a new chapter to read:

15                           **Chapter 12. Shellfish Enhancement Projects.**

16           **Sec. 16.12.010. Permits for shellfish enhancement projects.** (a) Subject to  
 17 the restrictions imposed by statute or regulation under this chapter, the commissioner  
 18 may issue a permit to a nonprofit corporation organized under AS 10.20 for a shellfish  
 19 enhancement project.

20           (b) Each applicant for a permit under this section shall apply in a format  
 21 prescribed by the department and pay an application fee of \$1,000.

22           (c) A permit issued under this section is nontransferable. If a permit holder  
 23 sells or leases a facility for which a permit has been issued under this section, the new  
 24 operator shall apply for a permit under this section.

25           (d) The commissioner shall consult with and solicit recommendations from  
 26 federal and state agencies and technical experts in the relevant area regarding permit  
 27 stipulations and issuance.

28           (e) The commissioner may not issue a permit under this section unless the  
 29 commissioner determines that the action would result in substantial public benefits and  
 30 would not jeopardize natural stocks.

31           **Sec. 16.12.020. Hearings before permit issuance.** (a) At least 30 days before

1 the issuance of a permit under AS 16.12.010, the department shall hold a public  
2 hearing in a central location in the vicinity of the proposed release of shellfish.

3 (b) Notice of the hearing shall be published in a newspaper of general  
4 circulation once a week for three consecutive weeks, with completion of the notice at  
5 least five days before the hearing.

6 (c) The department shall conduct the hearing. The applicant shall present a  
7 plan for the proposed shellfish enhancement project describing relevant facts that may  
8 be of interest to the department or to the public and the capacity of the facility. The  
9 department shall give interested members of the public an opportunity to be heard.

10 (d) The department shall record and consider objections and recommendations  
11 offered by the public at the hearing conducted under this section. The department shall  
12 respond in writing, not later than 30 days after the hearing is held, to a specific  
13 objection offered by a member of the public at the hearing.

14 **Sec. 16.12.030. Conditions of a permit.** The department shall require, in a  
15 permit issued under this chapter, that the permit holder

16 (1) procure shellfish from the department or a source approved by the  
17 department;

18 (2) place shellfish only in water of the state specifically designated in  
19 the permit;

20 (3) not procure or place genetically modified shellfish into the water of  
21 the state;

22 (4) not resell or transfer shellfish sold to a permit holder by the state or  
23 by another party approved by the department;

24 (5) not release shellfish before approval of the department, and, for  
25 purposes of pathological examination and approval, that the permit holder notify the  
26 department at least 15 days before the date of the proposed release of shellfish;

27 (6) destroy diseased shellfish in a specific manner and place designated  
28 by the department;

29 (7) harvest shellfish only at specific locations and under specific  
30 conditions as designated by the department;

31 (8) make surplus shellfish available for sale first to the department and

1 then, after inspection and approval by the department, to other permit holders  
2 operating under this chapter;

3 (9) provide a copy of the sales transaction to the department if surplus  
4 shellfish are sold by a permit holder to another permit holder;

5 (10) release shellfish in an area where the shellfish will be available to  
6 traditional fisheries, subject to the provisions of this chapter and regulations adopted  
7 under this chapter.

8 **Sec. 16.12.040. Alteration, suspension, or revocation of permit.** (a) If a  
9 permit holder fails to comply with the conditions and terms of the permit issued under  
10 AS 16.12.010 within a reasonable period after notification by the department of  
11 noncompliance, the permit may be suspended or revoked, in the discretion of the  
12 commissioner.

13 (b) If the commissioner finds that the operation of the permitted activity is not  
14 in the best interests of the public, the commissioner may alter the conditions of the  
15 permit to mitigate the adverse effects of the operation or, if the adverse effects are  
16 irreversible and cannot be mitigated sufficiently, initiate a termination of the operation  
17 under the permit over a reasonable period under the circumstances, not to exceed four  
18 years. During the period that the operation is being terminated, the permit holder may  
19 harvest shellfish under the terms of the permit but may not release additional shellfish.

20 **Sec. 16.12.050. Regulations relating to released shellfish.** (a) Shellfish  
21 released into the natural water of the state by a permit holder under this chapter are  
22 available to the people for common use and are subject to regulation under applicable  
23 law in the same way as shellfish occurring in their natural state except when they are  
24 in a special location designated by the department for harvest by a permit holder.

25 (b) The Board of Fisheries may, after the issuance of a permit by the  
26 commissioner, amend by regulation adopted in accordance with AS 44.62  
27 (Administrative Procedure Act), the terms of the permit relating to the source of brood  
28 stock, the harvest of shellfish by permit holders, and the specific locations designated  
29 by the department for harvest. The Board of Fisheries may not adopt a regulation or  
30 take an action regarding the issuance or denial of a permit required in this chapter.

31 **Sec. 16.12.060. Department assistance and cooperation.** (a) Before and after

1 permit issuance under AS 16.12.010, the department shall make reasonable efforts,  
2 within the limits of time and resources, to advise and assist applicants or permit  
3 holders, as appropriate, as to shellfish enhancement projects, including the planning,  
4 construction, and operation of facilities.

5 (b) Nothing in this section exempts an applicant or permit holder from  
6 compliance with this chapter or from compliance with the regulations or restrictions  
7 adopted under this chapter.

8 **Sec. 16.12.070. Brood stock sources.** (a) The department shall approve the  
9 source and number of shellfish taken for use as brood stock under AS 16.12.010 -  
10 16.12.199.

11 (b) Where feasible, a permit holder shall first take shellfish from stocks native  
12 to the area in which the shellfish will be released.

13 **Sec. 16.12.080. Sale of shellfish; use of proceeds; quality and price.** (a) A  
14 permit holder that sells shellfish harvested from the natural water of the state, or sells  
15 shellfish to another permit holder under this chapter, shall use the funds only for  
16 reasonable operating costs, including debt retirement, expanding its facilities, shellfish  
17 enhancement projects, shellfish research, or to assist in meeting the department's costs  
18 of managing the affected fisheries for the area in which the shellfish release is located.

19 (b) A permit holder shall ensure that shellfish harvested and sold for human  
20 consumption are of comparable quality to shellfish harvested by commercial fisheries  
21 in the area and are sold at prices commensurate with the current market.

22 **Sec. 16.12.090. Cost recovery fisheries.** (a) A permit holder may harvest  
23 shellfish for a shellfish enhancement project in

24 (1) a special harvest area through agents or employees of or persons  
25 under contract with the permit holder as provided under a permit from the department  
26 or regulations of the Board of Fisheries; or

27 (2) a special harvest area through the common property fishery under  
28 this section.

29 (b) A permit holder may, by a majority vote of the membership of the permit  
30 holder's board, elect to harvest shellfish in a special harvest area established for an  
31 enhancement project through the common property fishery. At the request of the

1 permit holder and if the commissioner determines that there are no allocative issues  
2 involved, and after reasonable consultation with affected commercial fishermen, the  
3 commissioner may adopt regulations governing the harvest of shellfish in a special  
4 harvest area through a common property fishery. The regulations must specify the  
5 terms, conditions, and rules under which the common property fishery in the special  
6 harvest area shall be conducted, including requirements for holding inspections and  
7 reporting of harvests and sales of shellfish taken in the special harvest area. Following  
8 adoption of regulations by the department, before January 15 of each year, the permit  
9 holder's board of directors, by a majority vote of the board's membership, may  
10 determine whether the permit holder will operate under the regulations adopted under  
11 this subsection during the current calendar year and shall notify the department if the  
12 permit holder intends to operate under the regulations adopted under this subsection.  
13 The Board of Fisheries may adopt regulations under AS 16.05.251 regarding a  
14 fisheries management plan governing operations under this subsection in a special  
15 harvest area, including allocation plans. Participation in the fishery must be open to all  
16 interim-use permit and entry permit holders who hold permits to operate a type of gear  
17 that may be used in the fishing district in which the special harvest area is located if  
18 that type of gear is authorized by regulation to be used in the special harvest area. An  
19 interim-use permit holder or an entry permit holder who takes shellfish in a common  
20 property fishery in a special harvest area may sell the shellfish to a fish buyer or  
21 processor who is licensed to do business in the state.

22 (c) As a condition of participation in a common property shellfish fishery in a  
23 special harvest area under this section, a fisherman who participates in the fishery is  
24 subject to the payment of the assessment levied under (d) of this section on the  
25 projected value of the shellfish or on the pounds of shellfish harvested. The  
26 assessment is levied on the shellfish that the fisherman takes in the special harvest area  
27 and sells to a licensed buyer. The buyer of the shellfish must be licensed under  
28 AS 43.75, and the buyer shall collect the assessment on shellfish taken in a special  
29 harvest area at the time of purchase and remit the assessment to the Department of  
30 Revenue in accordance with regulations adopted by the Department of Revenue.

31 (d) The Department of Revenue may, by regulation, annually, by March 1 of

1 each year, set the assessment levied on shellfish taken in a special harvest area in  
2 consultation with the Department of Commerce, Community, and Economic  
3 Development, the permit holder, and representatives of affected commercial  
4 fishermen. The assessment shall provide sufficient revenue to cover debt service,  
5 reasonable operating expenses, reasonable maintenance expenses, and development or  
6 maintenance of a reserve fund up to 100 percent of annual operating costs of the  
7 permit holder's shellfish enhancement project. In setting the assessment, the  
8 department shall consider the estimated harvest of shellfish in the special harvest area,  
9 the projected price to be paid for shellfish in the region, the amount of the existing  
10 reserve held by the permit holder, and the amount by which the assessment collected  
11 in previous years exceeded or fell short of the amount anticipated to be collected. The  
12 assessment may not exceed 50 percent of the value of the shellfish. The department  
13 may levy the assessment as a percentage of the projected value of the shellfish  
14 harvested in the special harvest area or as a flat rate on each pound of shellfish  
15 harvested in the area, to the nearest whole cent.

16 (e) The Department of Revenue shall deposit the assessments collected under  
17 this section in the general fund. The legislature may appropriate the funds collected  
18 under this section to the permit holder who is carrying out an enhancement project,  
19 including the operation of a facility, in the special harvest area in which the  
20 assessment was levied. A permit holder shall use funds appropriated under this  
21 subsection for the purposes set out under AS 16.12.080(a). The legislature may also  
22 appropriate funds collected under this section to the Department of Revenue for costs  
23 incurred by the department under this section.

24 (f) A person who violates a regulation adopted under (b) of this section is  
25 guilty of a violation under AS 16.05.722 or a misdemeanor under AS 16.05.723. A  
26 person who violates a regulation adopted by the Department of Revenue under (c) of  
27 this section is guilty of a class A misdemeanor.

28 (g) In this section,

29 (1) "special harvest area" means an area designated by the  
30 commissioner or the Board of Fisheries where shellfish may be harvested by permit  
31 holders under this chapter and by the common property fishery;

1 (2) "value" has the meaning given in AS 43.75.290.

2 **Sec. 16.12.100. Inspection by the department.** (a) A permit holder shall  
3 allow the department to inspect the permit holder's enhancement project facility at any  
4 time the enhancement project facility is in operation. The department shall conduct the  
5 inspection in a reasonable manner.

6 (b) The department shall bear the cost of an inspection performed under this  
7 section.

8 **Sec. 16.12.110. Annual report.** A person who holds a permit under this  
9 chapter shall submit an annual report not later than December 15 to the department.  
10 The report must be made on a form prescribed by the department and contain  
11 information pertaining to

- 12 (1) species;  
13 (2) the brood stock source;  
14 (3) the number, age, gender, and size of spawners;  
15 (4) the number of eggs collected and juveniles produced; and  
16 (5) the number, age, gender, and size of harvested shellfish attributable  
17 to releases by the permit holder.

18 **Sec. 16.12.199. Definitions.** In this chapter,

- 19 (1) "enhancement project" means a project to  
20 (A) augment the yield and harvest of shellfish above naturally  
21 occurring levels by natural, artificial, or semi-artificial production systems;  
22 (B) rehabilitate a shellfish stock by restoring it to its natural  
23 levels of productivity; or  
24 (C) increase the area of productive natural shellfish habitat;  
25 (2) "facility" means a hatchery or other facility for a shellfish  
26 enhancement project;  
27 (3) "genetically modified shellfish" means shellfish whose genetic  
28 structure has been altered at the molecular level by recombinant DNA and RNA  
29 techniques, cell fusion, gene deletion or doubling, introduction of exogenous genetic  
30 material, alteration of the position of a gene, or other similar procedure using artificial  
31 processes;

1 (4) "hatchery" means a facility for the artificial propagation of stock,  
2 including rearing of shellfish and release of shellfish into the natural water of the state;

3 (5) "shellfish" means a species of crustacean, mollusk, or other  
4 invertebrate, in any stage of its life cycle, that is indigenous to state water.

5 \* **Sec. 4.** AS 16.43.400(a) is amended to read:

6 (a) In addition to entry permits, interim-use permits, and educational permits,  
7 the commission may issue special harvest area entry permits to

8 (1) holders of private, nonprofit hatchery permits issued by the  
9 Department of Fish and Game under AS 16.10.400 - 16.10.475 for salmon; or

10 (2) nonprofit organizations holding a permit under AS 16.12 for a  
11 shellfish enhancement project.

12 \* **Sec. 5.** AS 16.43.430 is amended to read:

13 **Sec. 16.43.430. Authorized gear.** For the purposes of harvesting salmon or  
14 shellfish, a special harvest area entry permit holder may employ any fishing gear  
15 designated as legal gear in the applicable special harvest area by the Board of  
16 Fisheries.

17 \* **Sec. 6.** AS 17.20.049(b)(1) is amended to read:

18 (1) "farmed fish" means fish that is propagated, farmed, or cultivated  
19 in a facility that grows, farms, or cultivates the fish in captivity or under positive  
20 control but that is not a salmon hatchery that is owned by the state or that holds a  
21 salmon hatchery permit under AS 16.10.400 or a shellfish facility that is permitted  
22 under AS 16.12.010; in this paragraph, "positive control" has the meaning given in  
23 AS 16.40.199;

24 \* **Sec. 7.** AS 43.20.012(a) is amended to read:

25 (a) The tax imposed by this chapter does not

26 (1) apply to an individual;

27 (2) apply to a fiduciary;

28 (3) for a tax year beginning after December 31, 2012, apply to an  
29 Alaska corporation that is a qualified small business and that meets the active business  
30 requirement in 26 U.S.C. 1202(e) as that subsection read on January 1, 2012; [OR]

31 (4) for a tax year beginning after June 30, 2007, apply to the income



1 received by a regional association qualified under AS 16.10.380 or nonprofit  
 2 corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or  
 3 salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455;  
 4 or

5 (5) apply to income received by a nonprofit corporation holding a  
 6 permit under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from  
 7 a cost recovery fishery under AS 16.12.090.

8 \* **Sec. 8.** AS 43.20.012(a), as repealed and reenacted by sec. 2, ch. 55, SLA 2013, is  
 9 amended to read

10 (a) The tax imposed by this chapter does not apply to

11 (1) an individual;

12 (2) a fiduciary; [OR]

13 (3) the income received by a regional association qualified under  
 14 AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400  
 15 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery  
 16 fishery under AS 16.10.455; or

17 (4) the income received by a nonprofit corporation holding a  
 18 permit under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from  
 19 a cost recovery fishery under AS 16.12.090.

20 \* **Sec. 9.** AS 43.76.390 is amended to read:

21 **Sec. 43.76.390. Exemption.** AS 43.76.350 - 43.76.399 do not apply to salmon  
 22 or shellfish harvested under a special harvest area entry permit issued under  
 23 AS 16.43.400.

24 \* **Sec. 10.** The uncoded law of the State of Alaska is amended by adding a new section to  
 25 read:

26 **APPLICABILITY.** AS 16.10.400(b), as amended by sec. 2 of this Act, applies to  
 27 salmon hatchery permits applied for on or after the effective date of sec. 2 of this Act.

28 \* **Sec. 11.** The uncoded law of the State of Alaska is amended by adding a new section to  
 29 read:

30 **TRANSITION: REGULATIONS.** The Department of Fish and Game may adopt  
 31 regulations necessary to implement this Act. The regulations take effect under AS 44.62

1 (Administrative Procedure Act), but not before the effective date of the law implemented by  
2 the regulation.

3 \* **Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

4 \* **Sec. 13.** Section 8 of this Act takes effect on the effective date of sec. 2, ch. 55, SLA  
5 2013.