

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

**BIG GAME COMMERCIAL SERVICES BOARD
REVISED FEE AND BUDGET SUBCOMMITTEE**

**MINUTES OF MEETING
June 23, 2016**

By the authority of AS 08.01.070(2) and AS 08.86.030, and in compliance with the provisions of AS 44.62, Article 6, a teleconference of the Big Game Commercial Services Board Revised Fee and Budget subcommittee was held June 23, 2016.

The staff of the Division of Corporations, Business and Professional Licensing prepared these minutes; they have not been approved by the board.

AGENDA ITEM 1 CALL TO ORDER/ROLL CALL

The meeting was called to order at 9:05a.m by Kelly Vrem, BGCSB Chairman.

Subcommittee Members present:

Kelly Vrem,
Thor Stacey
Leif Wilson
Dick Rohrer
David Jones
Henry D. Tiffany IV

Subcommittee Members absent:

Rolan Ruoss

Board Staff Present:

Cindy Hansen, Licensing Examiner

AGENDA ITEM 2 PUBLIC COMMENT

There was none.

AGENDA ITEM 3 FEE CHANGE OPTIONS/PROPOSALS

Chairman Vrem stated the subcommittee will provide a recommendation to the board and draft a report to provide to the legislature. Mr. Stacey stated for the purpose of ethics disclosure he is representing the Alaska Professional Hunters Association (APHA). He is both a registered guide, currently contracts three personal sheep hunts per year and the APHA lobbyist for the legislature and board. He represents APHA at the Board of Game and with regulatory actions with federal agencies. Today he represents APHA with the goal of bringing back the reauthorization and the fee options and the deficit. The deficit is the only issue with the legislature. The audit showed three concerns: The Guide board has the largest deficit of the division. Our board is housed in the Department of Commerce and Economic Development, under the same umbrella as the board of Nursing and board of Real Estate. The board plays an important role in regulating the guiding and transporter programs. A second concern is the administration efficiency to be supportive and cost effective. The third concern is whether or not this board is capable of efficiently conducting its own business and running meetings. The legislature wants to see a report at the end of October to satisfy their three concerns.

Chairman Vrem asked if the legislature understands this deficit was handed to the board. Mr. Stacey stated there are a lot of questions about the professional licensing agency as a whole. There is an understanding about how this board got to where it is but the legislature ultimately believes the board needs to pay off the debt. They believe boards should pay for their own program costs. They do not want to enact new policies. Chairman Vrem stated some have said “so what if the board goes away, then the problem goes away” and that’s not true. This program is going to have to pay it back one way or another. It’s been his experience, since the mid 70’s, that it is better with a board in place then a state run program and he believes the legislature recognizes that. He wants to see about a six month or greater cushion after the debt is paid off, in case of operating capital costs. This would provide time to correct any problems. The board costs and legal costs will continue to keep going up.

Mr. Jones stated the transporters he has spoken with prefer the quickest payoff; Option 2 with a strong cushion. It would eliminate reporting fees, which has double reporting requirements for taking guides coming and going to camps. We have discrepancies with air taxis who are also transporters. The transporters want different contracting and reporting form requirements. Basically the strict

interpretations by the legal department of our regulations require double reporting. We need to change that in the future. The reporting fees were a contentious issue. Most of the transporters are in favor of eliminating this deficit. He likes the option to provide a cushion. He fears many guides and transporters will not renew their license for a few years in hopes the surcharge will be gone. We choose this because we have to get rid of the deficit. The board provides a valuable service to the people of the state of Alaska and the transporters he has spoken with want it to continue.

Mr. Wilson stated he is also in favor of Option 2. He is concerned that creating that large of a cushion will encourage spending by the department. His main concern is that this does not happen again. Having been on the board for several years and seeing how things work, he is at a loss and upset that this has happened. In a meeting with department heads he listened to Ms. Chambers explain that a new database has put the board in the deficit. Mr. Rohrer was also on the board at the same time. The licensees did not necessarily push for this database; it was the state and one federal agency. They all agreed to help pay for this. As a board member, he voted that they should have it put in writing. None of those funds were ever brought into the program account. He thinks if we agree to pay the deficit then we need to make sure this is reined in and doesn't happen again. He has a concern about how the \$50 fee was implemented. It was not vetted and was done during the busiest time of the year. In his board experience it took a long time to get a regulation changed but this occurred quickly.

Mr. Rohrer stated he has a couple of questions about Option 2: when would they be due and when would they be collected. Chairman Vrem stated between Jan 1-Dec 31 of the next renewal year. The second question is for guides, would it be all licensees or contracting guides? Chairman Vrem stated it would be all registered and master guides and transporters. He was told it would be problematic to just charge guides who contract with clients. Mr. Rohrer thinks there would be some guides and transporters who would hold off renewing their license until the surcharge went away. Every time he testified before the legislative committees he pointed out how the money disappeared but he does not think the legislature cared. It was frustrating when a prior license examiner finally told the board there was no way to transfer money from other agencies into their account. In looking at Option 2, the projected surplus is \$660,000 and he has the same concern as Leif, if we carried it out to the next renewal period it would be \$1 to 1.2 million. In the past there were three state employees at the board meetings and if the program shows a surplus the department expenditures. He is uncomfortable with a surplus that high.

He thinks staff and investigations have been helpful in lowering costs. Charging the non-contracting guides is a concern. He takes four hunters a year, which is a substantial fee per hunter compared to when he took twenty hunters a year.

Mr. Tiffany stated he supports Option 2. He is not opposed to a filing fee going forward but is not adamant. He has run some numbers and if the transporters disappear and choose not to renew, then the guides will have to pay between \$1600-\$2000 per person to renew. They will need to get close to an estimate since there will be some guides who opt to not renew their license or upgrade their license and transporters to not renew. He like the idea of an invoice to either pay the surcharge once or pay it twice over a two year period before the license is renewed or issued.

Mr. Stacey stated APHA had a limited amount of time to discuss this and he was unable to contact the APHA board and guides for a consensus. Last week's legal advice during the board meeting was a surprise and it is important for the APHA board to digest. A lot more transporter activity reports will need to be filed, if the transporter has hunters on board then he will need to file a report. This is very relevant, since there is some double reporting issues and a group of air carriers that don't realize they are transporters. There is a compliance issue with the activity report and APHA would be comfortable backing away from the activity report fee. It is in nobody's best interest to have a fee and fight with compliance at the same time. It would be much better to deal with the transporter compliance issue when there is not a fee attached to the forms at this time. The transporter industry needs to understand they need to be compliant and encourage compliancy.

APHA would be concerned about registered guides who do not contract hunts and operate in the capacity as Class-A Assistant Guides because of a new sur-charge formula. Another concern is that there are guides with different volumes. Given the information last week, APHA would rule out Option 1. Option 2 has some guides who want this to get it over with but smaller guides do not. More activity would pay more and less activity would pay less so perhaps provide a blend of option 2 and 3 where everyone is assigned a number with two payment options? There would be sensitivity to the operators with low volume and fewer hunts.

Chairman Vrem stated he is disappointed that they have to back away from the \$50 filing fee and go to a levy. The more volume the more a guide can absorb the cost. He wants to get this over with and the guides he has spoken with agree. Just because Director Hovenden doesn't want to separate contracting and non-contracting guides doesn't mean we can't do it that way. He considered a smaller

filing fee of \$10-15 per form but this is not cost effective because of the number of people who process the forms and fees. The investigations office has bent over backwards streamlining and reducing the costs. Investigator Strout and Chief Birt have plowed through the cases and costs should drop quite a bit. In the past, for a guide in trouble, it was first the court system, then our board. Now, at the same time the court deals with a guide, we offer a consent agreement. Guides are more apt to sign a consent agreement and avoid rehiring a lawyer. We are still working with investigations on this. We are also working on sending out warning letters for first time offenders. There were 137 transporters who filed 1012 transporter activity reports-7.3 on average. There were 2961 hunt record reports, 5.5 on average. About twelve clients per guide is the industry average. The smaller guides will be hurt more unless we leave it to contracting guides. We need a non-guide transporter board member to work on this during our busy summer season.

Mr. Tiffany stated in light of the timelines and issues, he would offer that life is not fair. Five years from now a new registered or master guide won't have to pay but we have to pay now. We can drag this out forever if we try to make this fair for everyone. Some won't like it and we have to respect that but it's time to bite the bullet.

Mr. Rohrer stated Option 2 has a \$660,000 surplus. If the contracting guides were the only ones to pay the surcharge then the revenue would be cut in half, by \$220,000 for FY18-19. He could live with Option 2 but he'd like to consider that option.

Mr. Wilson stated he agrees that life is not fair but a fee that covers the cost of filing the form is not a problem, not if we are going to use it as a revenue generating device. We need to look at activity vs. income. We need to be fair. He has a question about who is a transporter and who is not and would like more information on that.

Mr. Jones stated the Transporter subcommittee has drafted a letter to the industry to address questions like this and forwarded it to the board, who agreed to have it vetted by the legal dept. While he believes there is a difference between a transporter and registered guide and doesn't think the assessment is fair, he thinks Option 2 is the best choice. It puts the bill on the business man. There isn't a perfect answer but Option 2 is as good as its going to get. He believes there will be quite a few guides and transporters on the fence who will not renew and that's why he supports going with a higher fee. Realistically he does not think they will end up with a higher surplus.

Chairman Vrem wondered if a guide who books a hunt for the first time will then owe a fee. Mr. Rohrer stated he will also vote in favor of Option 2. Chairman Vrem wants to have a surplus of \$250,000 minimum, since it costs around \$500,000 to operate the program per year. We could look at dropping the license fees.

Mr. Jones moved to adopt Option 2 and Mr. Tiffany seconded it. Mr. Wilson moved to amend the motion to include numbers to the board which exclude non-contracting guides and non-active transporters. Mr. Jones seconded.

Discussion: Mr. Stacey stated if this proposal is adopted with a new fee structure, there needs to be an explanation from the board from the transporter and the guide perspective. It would be the second fee structure in two years. Chairman Vrem agrees.

Mr. Wilson asked if they could add to include in the calculation transporters who have not filed transporter reports in the last year or two. Chairman Vrem agreed to provide Option 2a with all transporters and registered and master guides and Option 2b with active transporters and registered and master guides.

Chairman Vrem stated if the board kicks it back then the subcommittee needs to look at it again and provide another option to the board.

Mr. Jones moved to adopt Option 2 and Mr. Tiffany seconded it. Motion carries by a vote of 5 with 1 abstain.

Roll Call Vote:

	APPROVE	DENY	ABSTAIN	ABSENT
Kelly Vrem	X			
Thor Stacey			X	
Leif Wilson	X			
Dick Rohrer	X			
David Jones	X			
Henry D. Tiffany IV	X			

Mr. Wilson moved to amend the motion to include the numbers to the board to exclude non-contracting guides and non-active transporters. Mr. Jones seconded. Motion carries by a vote of 6-0.

Roll Call Vote:

	APPROVE	DENY	ABSTAIN	ABSENT
Kelly Vrem	X			
Thor Stacey	X			
Leif Wilson	X			
Dick Rohrer	X			
David Jones	X			
Henry D. Tiffany IV	X			

AGENDA ITEM 4 SB254 LEGISLATIVE REPORT REQUIREMENT

Chairman Vrem stated the Senate Bill 54 legislative report requirement is a detailed plan to present to the legislature in October. The division will help with the final format. The plan will encompass whatever the board comes up with to reduce the debt by fees and include strategies to reduce costs such as streamlined investigations and free meeting rooms. Mr. Jones stated the plan will be a summary based on what we do today and investigations streamlining their consent agreement process. Mr. Stacey stated if it is the will of the board to change the fee structure by the October 31st then board will need to keep the tempo going as fast as possible to meet the public notice requirements and not be in a gray area for the legislature.

AGENDA ITEM 5 ADJOURNMENT

Chairman Vrem adjourned the meeting of the Alaska Big Game Commercial Services Transporter Subcommittee meeting at 10:35a.m.

Respectfully submitted:
Cindy Hansen, Licensing Examiner
Date: _____

Kelly Vrem, Chairperson
Revised Fee & Budget Subcommittee
Big Game Commercial Services Board
Date: _____