

HOUSE BILL NO. 366

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE KREISS-TOMKINS

Introduced: 2/24/16

Referred: House Special Committee on Fisheries, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to commercial fishing entry permits; establishing regional community
2 permit banks and regions for certain commercial fishing permits; relating to
3 commercial fishing entry permits and regions leased and controlled by a regional
4 community permit bank; relating to the duties of the Commercial Fisheries Entry
5 Commission and the Department of Commerce, Community, and Economic
6 Development; and providing for an effective date."

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

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 LEGISLATIVE FINDINGS. The legislature finds that

11 (1) the state has an ownership and stewardship interest in the fish that
12 originate in Alaska waters and return to spawn;

13 (2) art. VIII, sec. 15, Constitution of the State of Alaska, authorizes the state to

1 limit entry into a fishery for the purpose of preventing economic distress among fishermen
 2 and those dependent on them for a livelihood;

3 (3) because many of Alaska's coastal communities are isolated, have limited
 4 infrastructure, and have a high cost of living and business, they are economically dependent
 5 on their regional fisheries;

6 (4) access to commercial fishing contributes to the traditional cultural values
 7 of Alaska communities because those communities with access to commercial fisheries are
 8 better able to participate in subsistence and sport fisheries;

9 (5) the number of Alaska limited entry commercial fishing permits held by
 10 residents local to a given fishery has declined substantially since the implementation of
 11 limited entry in 1975;

12 (6) the decline in the number of commercial fishing permits in Alaska's
 13 coastal communities has led to economic distress among fishermen, their families, and their
 14 communities; and

15 (7) the state has a compelling interest in promoting the economic self-
 16 sustainability of its communities and ensuring their continued economic health and vitality.

17 * **Sec. 2.** AS 16.05.253(b) is amended to read:

18 (b) In this section,

19 (1) "fishing site" means fishing site as defined by the Board of
 20 Fisheries and includes any structure used for providing shelter in support of the
 21 operation of the net gear or other stationary fishing gear;

22 (2) **"person who holds a limited entry permit" and "permit**
 23 **holder" include a lessee of a limited entry permit under AS 16.44.**

24 * **Sec. 3.** AS 16.05.480(a) is amended to read:

25 (a) A person engaged in commercial fishing shall obtain a commercial fishing
 26 license and shall retain the license in possession and readily available for inspection
 27 during fishing operations. An entry permit or interim-use permit entitles the holder, **or**
 28 **the lessee of the permit under AS 16.44,** to participate as a gear operator in the
 29 fishery for which the permit is issued and to participate as a crewmember in any
 30 fishery. A crewmember fishing license is not transferable and entitles the holder to
 31 participate as a crewmember in any fishery.

1 * **Sec. 4.** AS 16.05.480(g) is amended to read:

2 (g) A resident engaged in commercial fishing who is 11 years of age or older
 3 and who does not hold or lease an entry permit or an interim-use permit shall, except
 4 as provided in (i) of this section, pay a fee of \$60 for an annual crewmember fishing
 5 license. A resident engaged in commercial fishing who is less than 11 years of age and
 6 who does not hold or lease an entry permit or an interim-use permit shall pay an
 7 annual fee of \$5.

8 * **Sec. 5.** AS 16.05.480(i) is amended to read:

9 (i) Notwithstanding (g) and (h) of this section, a resident or nonresident
 10 engaged in commercial fishing who does not hold or lease an entry permit or an
 11 interim-use permit may obtain one seven-day crewmember fishing license under this
 12 subsection annually. A person who obtains a seven-day license is not eligible for
 13 another seven-day license in the same license year; however, if a person who obtains a
 14 seven-day license pays the full fee for an annual crewmember fishing license under (g)
 15 or (h) of this section during the same license year, the person is entitled to receive a
 16 refund of the fee for the seven-day license. The department shall adopt regulations
 17 establishing a refund procedure. During the period for which the seven-day license is
 18 valid, a person who holds a seven-day license may not engage in fishing with a rod
 19 and reel while present on a commercial fishing vessel. The fee for a seven-day license
 20 is \$30.

21 * **Sec. 6.** AS 16.05.480(j) is amended to read:

22 (j) In this section, "commercial fishing license" includes an entry permit and
 23 an interim-use permit issued under AS 16.43, an entry permit leased from a
 24 regional community permit bank under AS 16.44, and a crewmember fishing
 25 license.

26 * **Sec. 7.** AS 16.05.675(a) is amended to read:

27 (a) A person who does not hold or lease a limited entry permit or interim-use
 28 permit issued under AS 16.43 or a fish transporter permit issued under AS 16.05.671
 29 may not deliver or land fish in the state unless the person

30 (1) holds a valid federal permit to operate commercial fishing gear in
 31 the fishery conservation zone; and

(2) has been issued a landing permit by the Alaska Commercial Fisheries Entry Commission.

* **Sec. 8.** AS 16.05.680(a) is amended to read:

(a) It is unlawful for a person, or an agent or representative of the person,

(1) to employ, in the harvesting, transporting, or purchasing of fish, a fisherman who neither is licensed under AS 16.05.480 nor is the holder **or lessee** of a permit issued under AS 16.43;

(2) to purchase fish from a person who is not

(A) the holder or lessee of a limited entry, interim-use, or landing permit issued under AS 16.43;

(B) a fish transporter who is selling the fish as the agent of the holder or lessee of a limited entry, interim-use, or landing permit issued under AS 16.43; or

(C) exempt under AS 16.05.660; or

(3) to purchase fish from an association other than one to which a has been issued under AS 16.05.662.

* **Sec. 9.** AS 16.05.710 is amended by adding a new subsection to read:

(e) If proceedings to suspend commercial fishing privileges or licenses under this section are pending against a person, a regional community permit bank established under AS 16.44.010 may not lease the person a permit.

* **Sec. 10.** AS 16.10.265(f) is amended to read:

(f) In this section,

(1) "hold an entry permit" includes leasing an entry permit under

(2) "individual" means a natural person.

* **Sec. 11.** AS 16.10.455(g) is amended by adding a new paragraph to read:

(5) "entry permit holder" includes a lessee of an entry permit under

* **Sec. 12.** AS 16.10.560 is amended by adding a new paragraph to read:

(3) "persons who hold entry permits" and "persons holding entry de lessees of entry permits under AS 16.44.

1 * **Sec. 13.** AS 16.43.140(a) is amended to read:

2 (a) A person may not operate gear in the commercial taking of fishery
 3 resources without a valid entry permit or a valid interim-use permit issued by the
 4 commission. **For purposes of this section, a person leasing an entry permit under**
 5 **AS 16.44 is the holder of that permit.**

6 * **Sec. 14.** AS 16.43.150(a) is amended to read:

7 (a) Except as may be otherwise provided under AS 16.43.270(d), an entry
 8 permit authorizes the permittee, **or a person leasing the permit under AS 16.44,** to
 9 operate a unit of gear within a specified fishery.

10 * **Sec. 15.** AS 16.43.150(g) is amended to read:

11 (g) Except as provided in AS 16.10.333 - 16.10.338, **AS 16.44,** AS 44.81.215,
 12 44.81.225, and 44.81.231 - 44.81.250, an entry permit may not be

13 (1) pledged, mortgaged, leased, or encumbered in any way;

14 (2) transferred with any retained right of repossession or foreclosure,
 15 or on any condition requiring a subsequent transfer; or

16 (3) attached, distrained, or sold on execution of judgment or under any
 17 other process or order of any court, except as provided in AS 16.43.170(g) and (h).

18 * **Sec. 16.** AS 16.43.150(h) is amended to read:

19 (h) Unless an entry permit holder has expressed a contrary intent in a will that
 20 is probated, the commission shall, upon the death of the permit holder, transfer the
 21 permanent permit by right of survivorship directly to the surviving spouse or, if no
 22 spouse survives, to a natural person **or a regional community permit bank**
 23 **established under AS 16.44.010** designated by the permit holder on a form provided
 24 by the commission. If no spouse survives and if the person **or regional community**
 25 **permit bank** designated on the form, if any, does not survive **or continue to exist**, the
 26 permit passes as part of the permit holder's estate. A designation under this subsection
 27 must be acknowledged before a person authorized to administer an oath under
 28 AS 09.63.010 or must be witnessed by two persons who are qualified under
 29 AS 13.12.505 to witness the will of the permit holder. Except as provided in
 30 AS 16.10.333 - 16.10.337, AS 44.81.215, and 44.81.231 - 44.81.250, the permit is
 31 exempt from the claims of creditors of the estate.

* **Sec. 17.** AS 16.43.150 is amended by adding a new subsection to read:

(j) Subsections (h) and (i) of this section do not apply to a person leasing an entry permit from a regional community permit bank under AS 16.44.

* **Sec. 18.** AS 16.43.160(d) is amended to read:

(d) The holder of a permit whose household income, assets, and financial resources fall within the eligibility standards for the food stamp program under 7 U.S.C. 2011 - 2025, as amended, is subject to an annual base fee for the issuance or renewal of an entry permit or an interim-use permit that is equal to 50 percent of the annual base fee that the permit holder would otherwise pay under (c) of this section. In addition to the reduced annual base fee under this subsection, a nonresident who qualifies for a reduced fee under this subsection shall pay the annual nonresident surcharge established under (c) of this section. **This subsection does not apply to a person leasing an entry permit under AS 16.44.**

* **Sec. 19.** AS 16.43.170(a) is amended to read:

(a) Except as provided in AS 16.10.333 - 16.10.338, AS 16.44, and [IN] AS 44.81.231 - 44.81.250, entry permits and interim-use permits are transferable only through the commission as provided in this section and AS 16.43.180 and under regulations adopted by the commission. An involuntary transfer of an entry permit in a manner inconsistent with the statutes of this state and the regulations of the commission is void.

* **Sec. 20.** AS 16.43.330(a) is amended to read:

(a) When the number of outstanding entry permits for a fishery is less than the optimum number established under AS 16.43.290, the commission shall issue new entry permits to applicants who are presently able to engage actively in the fishery **or, subject to AS 16.44.060(a), to regional community permit banks established under AS 16.44.010** until the optimum number is reached.

* **Sec. 21.** AS 16.43.855 is amended by adding a new subsection to read:

(e) If points are assessed against a lessee of a permit under AS 16.44, a notice of the assessment of points under (a) of this section shall also be provided to the regional community permit bank that is the legal owner of the permit.

* **Sec. 22.** AS 16.43.860(b) is amended to read:

(b) A permit holder whose privilege of obtaining a commercial fishing permit for a salmon fishery is suspended under AS 16.43.850 - 16.43.895 may not

- (1) engage in the salmon fishery under a crewmember license; [OR]
- (2) **lease an entry permit for the salmon fishery under AS 16.44; or**
- (3) lease or rent the permit holder's interest in a boat to another person**

if the boat would be used in the salmon fishery for which the permit holder's fishing privileges are suspended.

* **Sec. 23.** AS 16.43.895(4) is amended to read:

(4) "permit holder" includes **a lessee of a commercial fishing permit under AS 16.44**, the holder of a commercial fishing permit as the result of an emergency transfer, an applicant for a commercial fishing permit if the applicant's commercial fishing permit was suspended under AS 16.43.850 - 16.43.895, and a person whose privilege of obtaining a commercial fishing permit for a fishery is suspended under AS 16.43.850 - 16.43.895.

* **Sec. 24.** AS 16.43.990(7) is amended to read:

(7) "person" means a natural person **or a regional community permit bank established under AS 16.44.010** [; "PERSON" DOES NOT INCLUDE A CORPORATION, COMPANY, PARTNERSHIP, FIRM, ASSOCIATION, ORGANIZATION, JOINT VENTURE, TRUST, SOCIETY, OR OTHER LEGAL ENTITY OTHER THAN A NATURAL PERSON];

* **Sec. 25.** AS 16 is amended by adding a new chapter to read:

Chapter 44. Regional Community Permit Banks.

Sec. 16.44.010. Establishment of regional community permit bank. (a) The

department shall establish a regional community permit bank for a region established under (b) of this section if

(1) at least two-thirds of the municipalities within the permit bank region, acting jointly, petition the department to establish a permit bank for the region; and

(2) the department finds that establishing a permit bank in that region would serve the purposes of

(A) preventing economic distress among fishermen and those

1 persons and communities dependent on fishermen;

2 (B) improving access to the state's fisheries for residents by
3 creating opportunities for those residents whose lack of alternative income
4 sources makes it difficult to acquire the assets and credit history necessary to
5 enter a state fishery;

6 (C) empowering communities to achieve economic self-
7 sufficiency and alleviate the economic and social ills, including high levels of
8 unemployment, loss of local businesses, and diminution of the communities'
9 tax base, that result from the loss of access to commercial, subsistence, and
10 recreational fisheries; and

11 (D) enabling entry into the state's commercial fisheries by
12 residents to mitigate the harm caused by the lack of economic opportunities in
13 some fishing communities that has resulted in a loss of economic and cultural
14 vitality.

15 (b) The department, in consultation with the Department of Fish and Game,
16 shall establish permit bank regions. The department may modify or change the
17 boundaries, or merge or subdivide the regions, if, in the judgment of the department,
18 doing so will increase the social and economic cohesiveness of permit bank regions.

19 (c) Each permit bank is a public corporation and instrumentality of the state
20 within the Department of Commerce, Community, and Economic Development. The
21 exercise by a permit bank of the powers conferred under this chapter is considered to
22 be for a public purpose. For administrative purposes, the permit banks are in the
23 department, but each permit bank has a separate and independent legal existence from
24 the state and shall be governed by a board established under AS 16.44.020.

25 (d) The department may conduct an annual audit of a permit bank established
26 under this section. The department may also conduct supplementary audits as it
27 considers necessary. The results of an audit under this subsection is a public record
28 under AS 40.25.110.

29 (e) The department may dissolve a permit bank if the permit bank becomes
30 insolvent. However, nothing in this subsection precludes the department from
31 establishing another permit bank in that region under (a) of this section. The

1 department shall adopt regulations to implement this subsection.

2 **Sec. 16.44.020. Regional community permit bank board; meetings;**
3 **location.** (a) Each permit bank shall be governed by a board of directors, composed of
4 members appointed under (b) of this section.

5 (b) Each municipality wholly or partially located within the permit bank
6 region established by the department under AS 16.44.010(b) may appoint one person
7 to serve as a member of the permit bank board. Subject to AS 16.44.050(a)(2), a single
8 entity or village council in each unincorporated community wholly or partially within
9 a permit bank region selected by the board may also appoint one person to serve as a
10 member of the permit bank board. A person appointed under this section must be a
11 resident of the municipality or unincorporated community from which the person was
12 appointed.

13 (c) Except as provided under AS 16.44.050(a)(2), a member of the board of a
14 permit bank shall serve for a term of three years. A member shall hold office for the
15 term of the appointment and until a successor has been appointed and qualified. A
16 member is eligible for reappointment. A vacancy on a board occurring other than by
17 expiration of term shall be filled in the same manner as the original appointment but
18 for the unexpired term only. Terms must be staggered so that one-third, or as close to
19 one-third as practicable, of the terms expire each year.

20 (d) A majority of the members of a board constitutes a quorum for the
21 transaction of business and the exercise of the powers and duties of the board except
22 as provided under AS 16.44.050(a)(2) for

23 (1) certain board actions relating to the board's membership; and
24 (2) submitting a petition to the commissioner under AS 16.44.060(e).

25 (e) A member of a board may not lease an entry permit from the permit bank.

26 (f) The members of a board shall annually elect from among themselves a
27 chair and vice-chair and other board officers as may be provided in the bylaws of the
28 permit bank. The members of the board may elect to create an executive governance
29 committee and provide that committee some of the board's powers under this chapter.

30 (g) The board of each permit bank may hire a manager who is qualified to
31 assist the board in carrying out the provisions of this chapter. If a manager is hired, the

1 manager shall receive reasonable compensation. A manager may not lease an entry
 2 permit from the permit bank.

3 (h) A permit bank may share administrative resources, including
 4 administrative staff, with other permit banks established under this chapter if the
 5 sharing arrangement is approved by the board of each participating permit bank. A
 6 permit bank may also share administrative resources and administrative staff with a
 7 regional association qualified under AS 16.10.380(a), an Alaska Native village or
 8 village regional corporation established under 43 U.S.C. 1606 (Alaska Native Claims
 9 Settlement Act), a regional development organization as defined in AS 44.33.896, or
 10 another entity created for a purpose related to commercial fishing or service in the
 11 permit bank region.

12 (i) Unless a permit bank is sharing administrative resources with one or more
 13 other permit banks under (h) of this section, a permit bank shall be administratively
 14 located in the municipality in its region with the greatest number of active entry
 15 permits per capita on January 1, 2016.

16 **Sec. 16.44.030. Administrative expenses, compensation, and fees due the**
17 department. (a) A member of a permit bank board may be provided reasonable
 18 compensation. However, the compensation may not exceed the median rate of
 19 compensation provided to the elected members of the municipal governments within
 20 the permit bank region.

21 (b) The administrative expenses of a permit bank must be reasonable and
 22 minimized in order to enhance the ability of the permit bank to acquire limited entry
 23 permits and to return maximum benefit to the persons and region served by the permit
 24 bank.

25 (c) The department may adopt regulations relating to the administrative
 26 expenses of, and compensation provided by, a permit bank.

27 (d) The commissioner shall assess permit bank fees for the department's actual
 28 expenses necessarily incurred by the department in connection with its duties under
 29 this chapter relating to the permit bank.

30 **Sec. 16.44.040. Exemption from taxation.** (a) Except for fees levied under
 31 AS 16.43.160, the real and personal property of a permit bank organized under this

1 chapter and its assets, income, and receipts are declared to be devoted to an essential
2 public and governmental function and purpose, and the property, assets, income,
3 receipts, and other interests of the permit bank are exempt from taxes and special
4 assessments of the state or a political subdivision of the state, including municipalities,
5 school districts, public utility districts, and other governmental units.

6 (b) Nothing in this section relieves a person leasing an entry permit from a
7 permit bank from applicable fees, taxes, or assessments.

8 **Sec. 16.44.050. Powers and duties of regional community permit banks.** (a)
9 In addition to all powers necessary to carry out the purposes of this chapter, a permit
10 bank may

11 (1) adopt, amend, and repeal bylaws for its organization, management
12 of its internal affairs, and the conduct of its business consistent with the provisions of
13 this chapter;

14 (2) if a two-thirds majority of the full membership of the board
15 appointed from the municipalities in the region affirmatively vote to approve the
16 action, expand or reduce the membership of the permit bank's board of directors by
17 allowing or prohibiting individuals from unincorporated communities in the region to
18 serve as directors under AS 16.44.020(b);

19 (3) borrow funds for the acquisition of entry permits;

20 (4) subject to the limitations of this chapter, acquire, lease, or sell entry
21 permits for fisheries within the permit bank region;

22 (5) accept gifts or grants from a federal agency or an agency or
23 instrumentality of the state, a municipality, a private organization, or another source,
24 including the transfer of an entry permit for a regional fishery or a gift or grant for the
25 acquisition of a specific entry permit or entry permit within a specific fishery located
26 in the permit bank region;

27 (6) subject to AS 16.44.070, lease entry permits to individuals
28 qualified under AS 16.44.080 on conditions that the board considers appropriate that
29 may include terms that allow a lessee to purchase a lease or permit and terminate a
30 lease upon default of a lessee; and

31 (7) after a permit bank acquires the maximum number of entry permits

1 allowed under AS 16.44.060(a), use revenue and other funds to support programs and
 2 projects that benefit commercial fishermen within the permit bank region.

3 (b) A permit bank shall

4 (1) lease entry permits by competitive bid under (c) of this section to
 5 individuals qualified under AS 16.44.080;

6 (2) establish criteria for leasing entry permits acquired by the permit
 7 bank that maintain the solvency and financial strength of the permit bank;

8 (3) subject to legislative appropriation, to the greatest extent
 9 practicable, invest revenue from the lease of limited entry permits in the purchase of
 10 further entry permits up to the limits provided under AS 16.44.060(a); and

11 (4) prepare and submit a comprehensive annual report to the
 12 department that includes

13 (A) a summary of the permit bank's revenue, assets,
 14 expenditures, operations, and actions under this section during the preceding
 15 year;

16 (B) the compensation of the manager, if any, and the directors
 17 of the permit bank; and

18 (C) the lease terms, including lease costs for entry permits held
 19 by the permit bank.

20 (c) In leasing permits by competitive bid under (b)(1) of this section, a permit
 21 bank shall award the leases after considering factors that include the

22 (1) purposes for which the department established the permit bank
 23 under AS 16.44.010(a);

24 (2) degree of economic hardship posed to the applicant and the
 25 applicant's community by not being able to gain entry into the fishery for which the
 26 leased permit is for;

27 (3) availability of alternative occupations and sources of income in the
 28 community of an applicant; and

29 (4) historical dependence of an applicant, the applicant's family, and
 30 the applicant's community on a particular fishery.

31 **Sec. 16.44.055. Permit ownership; leases; sales; proceeds.** An entry permit

1 acquired by a permit bank under this chapter is the property of the department;
2 however the permit bank may lease or sell a permit, subject to the approval of the
3 commissioner. Leasing fees and proceeds from the sale of permits, subject to
4 legislative appropriation, and less any fees due the department under AS 16.44.030(d),
5 shall be used to pay for a permit bank's operations and to finance the purchase of
6 additional permits. A permit bank may retain from the proceeds of its actions the funds
7 that the commissioner determines to be necessary and reasonable to the permit bank's
8 purposes under AS 16.44.010.

9 **Sec. 16.44.060. Acquisition and possession of entry permits by regional**
10 **community permit bank.** (a) A permit bank may not acquire an entry permit for a
11 fishery that is not in the permit bank's region. A permit bank may not hold more than
12 four percent of the entry permits issued for a fishery in the permit bank region,
13 rounded up to the nearest whole number. If there are 50 or fewer permits issued for a
14 fishery in the permit bank region, not more than two entry permits for that fishery may
15 be held by the permit bank.

16 (b) Except as provided in (d) of this section, after a permit bank has acquired
17 10 entry permits, the permit bank may not acquire further permits unless the additional
18 permits make the portfolio of entry permits held by the permit bank a better
19 representation of the permits issued for all fisheries in the permit bank region.
20 However, this subsection does not prohibit a permit bank from acquiring an additional
21 permit, if the acquisition of any single permit would make the portfolio of entry
22 permits held by the permit bank less representative of the permits issued for the
23 fisheries in the permit bank region.

24 (c) Subject to (d) of this section, the department shall ensure that a portfolio of
25 entry permits held by a permit bank complies with the requirements of this section.
26 The department may prevent a permit bank from acquiring further entry permits if the
27 department finds that a portfolio of entry permits does not meet the requirements of
28 this section.

29 (d) Notwithstanding (b) of this section, a permit bank that holds 10 entry
30 permits in its portfolio may acquire further permits that do not make the portfolio of
31 entry permits held by the permit bank a better representation of all the permits issued

1 in the permit bank region if

2 (1) a two-thirds majority of the full membership of the board approve,
 3 and the board submits, a petition to the commissioner requesting that the requirements
 4 of (b) of this section be waived for the purchase of an entry permit or permits by the
 5 permit bank; and

6 (2) the commissioner finds that issuing a waiver will assist the permit
 7 bank in achieving the purposes provided under AS 16.44.010(a).

8 **Sec. 16.44.070. Lease terms for entry permits held by a regional
 9 community permit bank.** (a) Subject to (b) of this section, a permit bank shall
 10 establish lease terms for entry permits held by the permit bank in a manner that is
 11 consistent with the purposes provided by AS 16.44.010(a).

12 (b) A lease term for an entry permit held by a permit bank may not exceed six
 13 years, and an individual may not lease an entry permit or permits for the same fishery
 14 for a cumulative period of more than six years, regardless of whether the lease years
 15 are consecutive.

16 (c) An entry permit held by a permit bank may not be subleased by the lessee.

17 (d) Subject to AS 16.43.170 and 16.43.180, the department shall adopt
 18 regulations providing for the temporary emergency transfer of a leased entry permit to
 19 another individual, if that individual is also qualified under AS 16.44.080, when
 20 illness, disability, death, required military or government service, or other unavoidable
 21 hardship prevents the lessee from participating in the fishery. Unless the department
 22 finds good cause for different standards, regulations adopted by the department under
 23 this subsection shall be consistent with the standards adopted by the commission under
 24 AS 16.43.180 for emergency transfers.

25 (e) Subject to (a) of this section, AS 16.43.170(a), and the approval of the
 26 commissioner, a permit bank may include terms in a lease that provide the lessee an
 27 option to purchase the leased permit.

28 **Sec. 16.44.080. Qualified lessees.** (a) A permit bank may lease an entry permit
 29 only to an individual who is a resident of the state. An applicant for the lease of an
 30 entry permit from a permit bank under this chapter shall maintain a domicile in the
 31 state and may not have received residency or a benefit based on residency from

1 another state.

2 (b) A permit bank may not lease a permit to an individual who already holds a
3 limited entry or interim-use permit for the same fishery as the leased permit.

4 (c) When a person no longer maintains a domicile in the state, the person is no
5 longer eligible to lease an entry permit, and a permit bank may terminate a lease held
6 by the person.

7 (d) If proceedings are pending to suspend an individual's commercial fishing
8 privileges, the individual is not eligible to lease an entry permit under this chapter.

9 (e) In this section, "domicile" means the true and permanent home of an
10 individual from which the individual has no present intention of moving and to which
11 the individual intends to return whenever the individual is away.

12 **Sec. 16.44.099. Definitions.** In this chapter,

13 (1) "board" means the board of a regional community permit bank;

14 (2) "commission" means the Alaska Commercial Fisheries Entry
15 Commission;

16 (3) "commissioner" means the commissioner of commerce community,
17 and economic development;

18 (4) "department" means the Department of Commerce, Community,
19 and Economic Development unless specifically provided otherwise;

20 (5) "entry permit" means a commercial fishing entry permit issued
21 under AS 16.43;

22 (6) "fishery" has the meaning given in AS 16.05.940;

23 (7) "permit bank" means a regional community permit bank
24 established under AS 16.44.010.

25 * **Sec. 26.** AS 39.25.110(11) is amended to read:

26 (11) the officers and employees of the following boards, commissions,
27 and authorities:

28 (A) [REPEALED]

29 (B) Alaska Permanent Fund Corporation;

30 (C) Alaska Industrial Development and Export Authority;

31 (D) Alaska Commercial Fisheries Entry Commission;

- (E) Alaska Commission on Postsecondary Education;
- (F) Alaska Aerospace Corporation;
- (G) [REPEALED]
- (H) Alaska Gasline Development Corporation and subsidiaries

(I) a regional community permit bank established under

* **Sec. 27.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(65) the board of directors of a regional community permit bank
)).

* **Sec. 28.** AS 43.76.015(f) is amended to read:

(f) In this section, "eligible interim-use permit and entry permit holder" means an individual who, 90 days before the date ballots must be postmarked to be counted in an election under this section, is listed in the records of the Alaska Commercial Fisheries Entry Commission as the legal owner or, under AS 16.44, the lessee of an interim-use permit or an entry permit that [WHICH] authorizes the individual to fish commercially in an administrative area established by the Alaska Commercial Fisheries Entry Commission under AS 16.43.200, which is included, in whole or in part, in the region in which the election is held.

* **Sec. 29.** AS 43.76.020 is amended by adding a new subsection to read:

(c) In this section, "eligible interim-use permit and entry permit holder" has the meaning given in AS 43.76.015.

* **Sec. 30.** AS 43.76.040 is amended to read:

Sec. 43.76.040. Definitions [DEFINITION]. In AS 43.76.001 - 43.76.040, unless the context otherwise requires,

(1) "buyer" means a person who acquires possession of salmon from the person who caught the salmon regardless of whether there is an actual sale of the salmon but excluding a transfer to a person engaged solely in interstate transportation of goods for hire;

(2) "person holding a limited entry permit" means an individual who is the legal owner or, under AS 16.44, the lessee of a commercial fishing

1 **entry permit issued by the Alaska Commercial Fisheries Entry Commission**
 2 **under AS 16.43.**

3 * **Sec. 31.** AS 43.76.230(g) is amended to read:

4 (g) In this section, "eligible interim-use permit and entry permit holder" means
 5 an individual who, 90 days before the date ballots must be postmarked to be counted
 6 in an election under this section, is listed in the records of the Alaska Commercial
 7 Fisheries Entry Commission as the legal holder **or, under AS 16.44, the lessee** of an
 8 interim-use permit for salmon fishing gear or an entry permit for salmon fishing gear
 9 that authorizes the individual to fish commercially in the salmon fishery for which the
 10 salmon fishery assessment is to be approved, amended, or terminated.

11 * **Sec. 32.** AS 43.76.280 is amended by adding a new paragraph to read:

12 (8) "eligible permit holders" means individuals who are listed in the
 13 records of the Alaska Commercial Fisheries Entry Commission as the legal owners or,
 14 under AS 16.44, the lessees of entry permits for salmon fishing gear.

15 * **Sec. 33.** AS 43.76.300 is amended to read:

16 **Sec. 43.76.300. Permit buy-back assessment.** A person holding **or, under**
 17 **AS 16.44, leasing** a limited entry permit or interim-use permit under AS 16.43 for a
 18 fishery subject to a permit buy-back assessment established by the Alaska Commercial
 19 Fisheries Entry Commission under AS 16.43.310 shall pay the permit buy-back
 20 assessment at the rate established by the commission on the value, as defined in
 21 AS 43.75.290, of fish that the person removes from the state or transfers to a buyer in
 22 the state under the authority conferred by the limited entry permit or interim-use
 23 permit. The buyer shall collect the permit buy-back assessment at the time the fish is
 24 acquired by the buyer.

25 * **Sec. 34.** AS 43.76.370(i) is amended to read:

26 (i) In this section, "eligible interim-use permit and entry permit holder" means
 27 an individual who, 90 days before the date ballots must be postmarked to be counted
 28 in an election under this section, is listed in the records of the Alaska Commercial
 29 Fisheries Entry Commission as the legal owner **or, under AS 16.44, the lessee** of an
 30 interim-use permit or an entry permit that authorizes the individual to operate
 31 commercial fishing gear in the fishery that is or will be subject to the seafood

1 development tax that is the subject of the election.

2 * **Sec. 35.** AS 43.76.375 is amended by adding a new subsection to read:

3 (c) In this section, "eligible interim-use permit and entry permit holders" means individuals who are listed in the records of the Alaska Commercial Fisheries Entry Commission as the legal owners or, under AS 16.44, the lessees of interim-use permits or entry permits that authorize the individuals to operate commercial fishing gear in a fishery that is or will be subject to the seafood development tax that is the subject of an election under this section.

9 * **Sec. 36.** AS 43.76.399 is amended by adding a new paragraph to read:

10 (5) "person holding a limited entry permit" means an individual who is the legal owner or, under AS 16.44, the lessee of a commercial fishing entry permit issued by the Alaska Commercial Fisheries Entry Commission under AS 16.43.

13 * **Sec. 37.** AS 44.33.020 is amended by adding a new paragraph to read:

14 (46) carry out its functions and duties under AS 16.44;

15 * **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to read:

16 INITIAL DIRECTORS OF REGIONAL COMMUNITY PERMIT BANKS. (a) Subject to AS 16.44.020(c), added by sec. 25 of this Act, the term of office of each initial director of a regional community permit bank shall be determined by lot.

17 (b) Notwithstanding AS 16.44.050(a)(2), added by sec. 25 of this Act, the initial directors of a regional community permit bank may include persons appointed by the entities or village councils in each unincorporated community in the community permit bank region established by the Department of Commerce, Community, and Economic Development under AS 16.44.010(b), added by sec. 25 of this Act, if the municipalities in that region request in a petition submitted under AS 16.44.010(a), added by sec. 25 of this Act, that the membership of the board of directors for the regional community permit bank in that region include persons appointed by the entities and village councils selected by the region's municipalities to represent the unincorporated communities in the region.

18 * **Sec. 39.** The uncodified law of the State of Alaska is amended by adding a new section to read:

19 ESTABLISHMENT AND NAMING OF PERMIT BANK REGIONS. When initially

1 establishing the boundaries of community permit bank regions under AS 16.44.010(b), added
2 by sec. 25 of this Act, the Department of Commerce, Community, and Economic
3 Development shall, in consultation with the Department of Fish and Game, divide the land
4 area of the state into separate permit bank regions using, to the extent practical, the boundaries
5 of the commercial fishing administrative areas established by the Alaska Commercial
6 Fisheries Entry Commission under AS 16.43.200, as those boundaries are described in
7 regulation on the effective date of this Act. In establishing the boundaries, the Department of
8 Commerce, Community, and Economic Development shall, to the extent practicable,

9 (1) clearly delineate which communities are in each region; and
10 (2) ensure that a community is not split between regions.

11 * **Sec. 40.** This Act takes effect January 1, 2017.