



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Commercial Fisheries Entry Commission

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## MEMORANDUM

To: Bruce Twomley, Chairman, CFEC  
Ben Brown, Commissioner, CFEC  
Frank Homan, Commissioner, CFEC

Date: January 13, 2015

Subject: Permit Fee Ceiling Increase

From: Marcus Gho, Economist, CFEC *Maras Eho*

This memorandum was created to describe what would happen if the \$3,000 maximum fee for CFEC permits was removed. Using the 2015 permit fees and estimates of permit renewals there would be an estimated increase of approximately \$2.2 million. This would raise the current 2015 projection of permit revenue from \$7.2 million to \$9.4 million.

Fees are established to reasonably reflect the different rates of economic return for the fisheries. All of the fisheries in the \$3,000 fee class use interim-use permits. Interim-use permit fees are based on a percentage of average earnings.<sup>1</sup> The result puts a permit fee into one of 40 fee categories in increments of \$75. Current statutes and regulations set a fee ceiling of \$3,000.<sup>2</sup>

For permit year 2015, we estimated that 510 permits will be renewed in the highest fee category (fee class 40; \$3,000).<sup>3</sup> If the \$3,000 fee ceiling was removed, additional revenue would be collected. Table 1 indicates the estimated number of permits by fee class and additional revenue for a fee structure without a maximum fee. Only included in this table are fee classes that would have permits.

The current estimated 2015 permit revenue is \$7,218,471. In the absence of a maximum fee, estimated permit revenue would increase by \$2,179,775 to \$9,398,246. The majority (59.4%) of this revenue increase would come from the highest fee class.

Table 1. Difference in Permit Fee Revenue Without a Maximum Fee.

New Fee Class	New Fee	Estimated Permits	New Revenue	Difference in Revenue
174	\$13,050	129	\$1,681,275	\$1,294,775
140	\$10,500	8	\$82,250	\$58,750
119	\$8,925	1	\$8,925	\$5,925
91	\$6,825	85	\$581,263	\$325,762
87	\$6,525	95	\$619,875	\$334,875
73	\$5,475	3	\$16,425	\$7,425
64	\$4,800	12	\$55,200	\$20,700
62	\$4,650	4	\$19,375	\$6,875
59	\$4,425	4	\$15,488	\$4,988
55	\$4,125	5	\$22,000	\$6,000
52	\$3,900	1	\$3,900	\$900
51	\$3,825	66	\$251,175	\$54,175
50	\$3,750	63	\$235,000	\$47,000
46	\$3,450	4	\$13,225	\$1,725
45	\$3,375	6	\$20,250	\$2,250
44	\$3,300	26	\$84,150	\$7,650
<b>Total</b>		<b>510</b>	<b>\$3,709,775</b>	<b>\$2,179,775</b>
Estimated 2015 Permit Revenue				<b>\$7,218,471</b>
Estimated 2015 Permit Revenue Without a Maximum Fee				<b>\$9,398,246</b>

<sup>1</sup> See 20 AAC 05.245 (a) (2)

<sup>2</sup> See AS 16.43.160 (c) and 20 AAC 05.245 (a) (4).

<sup>3</sup> Number of estimated permits is based on a three-year weighted average number of permit renewals. These numbers are rounded for display in Tables 1 and 2.

Table 2 describes the changes in fees and revenues for each fishery that would be affected by the removal of the maximum fee. Again, these are the fisheries that are currently in the \$3,000 fee class.

**Table 2. Fee Changes Without a Maximum Fee**

Fishery Code	Permit Fishery	Estimated Permits	New Fee Class	New Fee	Difference in Fee	New Revenue	Difference in Revenue
K91O	KING POT GE 60 DUTCH HARBOR	8	140	\$10,500	\$7,500	\$82,250	\$58,750
K91OE	KING POT GE 60 ALEUT IS NSEDC	1	52	\$3,900	\$900	\$3,900	\$900
K91OG	KING POT GE 60 ALEUT ACDC	2	59	\$4,425	\$1,425	\$6,638	\$2,138
K91T	KING POT GE 60 BB	66	51	\$3,825	\$825	\$251,175	\$54,175
K91TD	KING POT GE 60 BB CVRF	2	59	\$4,425	\$1,425	\$8,850	\$2,850
K91TE	KING POT GE 60 BB NSEDC	0	53	\$3,975	\$975	\$0	\$0
M6AB	MISC FIN LL GE 90 STW	63	50	\$3,750	\$750	\$235,000	\$47,000
M7GB	MISC FIN OTTER 60 - LT 90 STW	26	44	\$3,300	\$300	\$84,150	\$7,650
M7GG	MISC FIN OTTER 60 - LT 90 GOA	8	64	\$4,800	\$1,800	\$39,200	\$14,700
M7HB	MISC FIN OTTER 90 - 125 STW	95	87	\$6,525	\$3,525	\$619,875	\$334,875
M7HG	MISC FIN OTTER 90 - 125 GOA	6	45	\$3,375	\$375	\$20,250	\$2,250
M7IB	MISC FIN OTTER GT 125 STW	129	174	\$13,050	\$10,050	\$1,681,275	\$1,294,775
M7IG	MISC FIN OTTER GT 125 GOA	1	119	\$8,925	\$5,925	\$8,925	\$5,925
T91Q	TANNER POT GE 60 BER SEA	85	91	\$6,825	\$3,825	\$581,263	\$325,762
T91QB	TANNR POT GE 60 BER SEA BBEDC	4	46	\$3,450	\$450	\$13,225	\$1,725
T91QC	TANNR POT GE 60 BER SEA CBSFA	4	62	\$4,650	\$1,650	\$19,375	\$6,875
T91QD	TANNR POT GE 60 BER SEA CVRF	3	64	\$4,800	\$1,800	\$16,000	\$6,000
T91QE	TANNR POT GE 60 BER SEA NSEDC	2	55	\$4,125	\$1,125	\$9,625	\$2,625
T91QF	TANNR POT GE 60 BER SEA YDFDA	3	55	\$4,125	\$1,125	\$12,375	\$3,375
W2AB	SCALLOPS DREDGE GT 80 STW	3	73	\$5,475	\$2,475	\$16,425	\$7,425

Without a maximum fee, every fishery in the \$3,000 fee class would have had an increase in permit fees. The largest increase in permit fees would have been for the Statewide Miscellaneous Finfish Otter trawl permits, where permit fees would have been raised from \$3,000 to \$13,050.

In conclusion: if the statutory maximum fee amount were to be removed, then there could be an increase of up to \$2,179,775 in annual permit revenue.