



THE STATE
of **ALASKA**
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Commercial Fisheries Entry Commission

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MEMORANDUM

TO: Representative Nellie Unangiq Jimmie, Chair
House Finance Subcommittee on Fish and
Game

DATE: February 20, 2025

THRU:

PHONE: 907-790-6942

FROM: Glenn Haight, Commissioner/Chair 
Commercial Fisheries Entry Commission
Rick Green, Commissioner
Commercial Fisheries Entry Commission

SUBJECT: Additional Information
re: CFEC's Budget
Presentation, February
13, 2025

At the Commercial Fisheries Entry Commission (commission or CFEC) budget hearing, February 13, 2025, the House Finance Subcommittee on Fish and Game (committee) had questions that we either did not have answers for or have more to add upon reflection. We hope this information is helpful to the committee and of course stand ready to offer more information as needed.

To what extent are nonresidents claiming residency and what checks and balances does CFEC have in place to monitor potential abuse?

In 2023, the commission issued 17,526 permits to 12,219 individuals. Of those, 13,463 permits were issued to 8,947 Alaskans. This equates to approximately 23% of the permits and 26% of the individuals, respectively, listed as non-resident.

CFEC has a definition of resident in regulation under 20 AAC 05.290. In part it reads:

“...an individual is a resident of this state if, on the date of permit application, issuance, or renewal, and throughout the 12-month period before that date, that individual maintained their domicile in this state, did not claim residency in another state, territory, or country, and did not obtain benefits under a claim of residency in another state, territory, or country. For the purposes of this section, "domicile" means the true and permanent home of a person from which the person has no present intention of moving and to which the person intends to return whenever the person is away; domicile may be proved by presenting evidence acceptable to the commission.”

Likely the main motivation for an individual to provide false residency information to the commission is to avoid paying the non-resident fee which is currently \$160/person. The non-resident fee is calculated by the Office of Management and Budget on a three-year basis. The calculation process is the result of one of the commission's more grueling lawsuits, often referred to as the Carlson case. The Carlson case was a class action lawsuit whereby non-residents successfully sued the state over original Limited Entry Act statutes that set the non-resident fee at 3x the resident fee. The Supreme Court found there could be a higher fee charged non-residents, but there must be a reasoned basis. As it turned out, the lawsuit went to the Supreme Court five times, and when finally resolved in 2012 the state was ordered to pay out over \$33 million to non-residents and attorneys.

In the early 1980's, the commission employed a full-time investigator to look into issues of fraud, including residency claims. At the time, the commission was vetting new limited fisheries and place of residency, if shown to be in a more rural, less economically viable location, could merit more application points towards a new permit. Further, in this pre-Carlson era where non-resident permit fees were 3x those of resident fees, successfully claiming residency could save a non-resident permit holder a fairly large sum of money. The incentives were there for greater fraud.

By the late 80's, CFEC was no longer using residency to award points in its limitation efforts. At that time and into the early '90's, the Carlson litigation was in full swing and with great uncertainty over what the state would need to pay back, the commission held off on pursuing non-residency permit fee arrearage cases. For these reasons, CFEC no longer conducted investigations as a course of regular business. Today when the commission finds potential fraud or illegality that it deems important to pursue, it will turn to the Department of Public Safety who have dedicated investigators.

That said, as recently as 2018, CFEC conducted an internal audit of 1,780 potential cases of residency fraud. In a thorough review of each file, there were a small number of staff clerical errors, but otherwise discrepancies were mainly due to in-season transactions.

Currently, on permit application or renewal forms, CFEC requires individuals to check the resident box on the form, indicate a physical address, (not a post office box), and disclose their driver's license number. The applicant must also certify under penalty of perjury that the information on the form is correct. The regulation defining a resident for permit purposes is quoted on the form.

More information on the technical aspects of CFEC's Information Technology (IT) Modernization Project

The commission was asked about technical aspects of its IT modernization project. Our IT Lead reports "... we are programming the front-end of the application in Javascript React, and the RESTful application programming interfaces on the back end in Java using the Spring framework. Our database technology is postgresSQL."

The current plan for turning over the internal licensing system is aggressive and to be completed by June. This is dependent on the availability of outside consultants and working through the development process. It is quite possible this first phase will take additional time.

If members of the committee wish for more information, please be encouraged to contact Heather Crondahl, CFEC's IT Lead, 907-790-6950, heather.crondahl@alaska.gov.

CFEC Travel

There was concern among the committee that CFEC's travel budget is insufficient compared to the need for outreach. The commission is in agreement and since 2022 actively worked to increase its outreach and routinely spends beyond its travel budget.

In FY22, CFEC spent \$2.1 in travel. The incoming Commissioner in May of 2022, reversed this posture and reinvigorate CFEC's presence with the Alaska seafood industry. Chief among the priorities were reestablishing our relationship with the Alaska Board of Fisheries, attending important trade shows in Kodiak and Seattle, attending economic development conferences, and engaging with stakeholders including the United Fishermen of Alaska and Bristol Bay organizations, tribal entities, and residents.

Despite annual travel budgets in FY23 and FY24 at \$17.3 for both years, CFEC spent \$37.9 and \$24.0, respectively. In FY25, we were grateful our travel budget was increased to \$28.7. As it is, the commission will spend perhaps up to \$50.0 in travel for FY25. Please see Attachment 1 for a complete list of travel locations and purposes from FY23-FY25.

Review of Changes to the Limited Entry Act

The committee asked for a matrix of the pros and cons to various Limited Entry Act proposed changes that were received through the Legislative Seafood Industry Task Force. The commission agrees this is an important project. Many of these changes revolve around making more flexible the transfer process, creating a new non-transferrable permit category specific to an area, and establishing non-state organizations (general regional in nature) to hold and distribute permits.

The commission received this request at an earlier meeting of the Task Force and put time towards the effort. However, it quickly became apparent the commission may not have a complete compendium of those ideas and recommendations, nor the technical proficiency in many of the areas to make this informed matrix.

For example, at the request of the House Fisheries Committee chair, CFEC offered a memo on pros and cons of the singular concept of allowing permit holders to sell their permit under a contract and be able to attach a lien on the permit if the buyer defaults – something that currently is not allowed in statute. While the memo touches on a great many things and is very thorough, it cannot anticipate all the nuances of how this one feature could work and points out a review by others proficient in maritime or contract law is highly advisable.

In short, this needs to be a group effort. There is a recommendation to the House Fisheries Committee to establish an interim working group to analyze potential changes. It is in a dedicated and stepwise forum where the Legislature can obtain a very clear picture of the pros and cons of changes to the Limited Entry Act. We would encourage this level of review given the complexities associated with this body of law.

Staff Work Locations

The commission has 21 full-time positions approved in the budget. Most positions are based in Juneau. Three positions are remote working in their duty stations: Commissioner Rick Green (Anchorage), Reid Johnson, Research Lead (Anchorage), and Sally Kohlhase, Fishery Economist (Palmer).

Records Reduction and the IT Modernization

During the committee there was a discussion concerning CFEC's current effort to reduce its physical footprint related to years and years of records storage both onsite and with a third-party storage company. Through that there was a question related to how the IT modernization would impact the records reduction effort. Our answer was inadequate.

Certainly, the modernization work will include digital infrastructure to better arrange commission records, but we do not want to leave the committee with the impression that this work is a big part of the modernization work. Storage and the design of records storage systems is not overly complicated and will be handled with relative ease over time. The IT modernization's main focus is to update and upgrade the internal licensing system and ancillary applications such as the online permit renewal system, more effectively utilizing the stores of economic data for research, and economic information on the website.

ATTACHMENT 1

FY23			
Employee	Travel Dates	Destination	Purpose
Commissioner	7/6-9/2022	Anchorage	Meet Cook Inlet ESSN Operators
Research Lead	7/6-9/2022	Anchorage	Meet Cook Inlet ESSN Operators
Commissioner	10/24-25/2022	Anchorage	Board of Fish update
Licensing staff	11/16-19/2022	Seattle, WA	Pacific Marine Expo
Licensing Lead	11/16-19/2022	Seattle, WA	Pacific Marine Expo
Commissioner	11/16-19/2022	Seattle, WA	Pacific Marine Expo
Research Lead	11/28-12/3/2022	Anchorage	BOF Bristol Bay Meeting
Research staff	2/19-28/2023	Anchorage	BOF Alaska Peninsula Meeting
Commissioner	3/2-3/2023	Anchorage	SWAMC Annual Conference
Executive Director	3/2-3/2023	Anchorage	SWAMC Annual Conference
Commissioner	3/15-19/2023	Kodiak	Kodiak Com Fish
Executive Director	3/15-19/2023	Kodiak	Kodiak Com Fish
Licensing Lead	3/15-19/2023	Kodiak	Kodiak Com Fish
Licensing staff	3/15-19/2023	Kodiak	Kodiak Com Fish
Research Lead	3/15-19/2023	Kodiak	Kodiak Com Fish
Executive Director	4/4-6/2023	Ketchikan	Review Southeast Pound Fishery
Research staff	4/4-6/2023	Ketchikan	Review Southeast Pound Fishery
Research staff	4/10-12/2023	Sitka	Review Sitka Sac Roe Fishery
Executive Director	4/10-12/2023	Sitka	Review Sitka Sac Roe Fishery
Commissioner	6/6-9/2023	King Salmon /Dilling	Bristol Bay Meetings
Executive Director	6/6-9/2023	King Salmon /Dilling	Bristol Bay Meetings
IT Lead	6/6-9/2023	King Salmon /Dilling	Bristol Bay Meetings
IT Staff	6/6-9/2023	King Salmon /Dilling	Bristol Bay Meetings

FY24			
Employee	Travel Dates	Destination	Purpose
Executive Director	9/18-21/2023	Sitka	Southeast Conference
Executive Director	11/7-10/2023	Seattle, WA	Pacific Marine Expo
Commissioner	11/7-10/2023	Seattle, WA	Pacific Marine Expo
Licensing staff	11/7-10/2023	Seattle, WA	Pacific Marine Expo
Licensing Lead	11/7-10/2023	Seattle, WA	Pacific Marine Expo
Commissioner	10/11-14/2023	Anchorage	Board of Fish and PWS Shrimp Public Hearings
Research Lead	1/8-13/2024	Kodiak	Board of Fish
Research staff	1/8-13/2024	Kodiak	Board of Fish

Licensing Lead	4/10-14/2024	Kodiak	Kodiak Com Fish
Research Lead	4/10-14/2024	Kodiak	Kodiak Com Fish
Commissioner	4/10-14/2024	Kodiak	Kodiak Com Fish
Commissioner	3/4-5/2024	Anchorage	Board of Fish
Executive Director	3/12-14/2024	Juneau	CFEC Meetings with leadership
Commissioner	3/26-27/2024	Anchorage	PWS Shrimp Limitation Public Hearing

FY25

Employee	Travel Dates	Destination	Purpose
Commissioner	7/8-11/2024	Juneau	CFEC Staff Introductions. Public hearing on 7/11/24
Research Lead	8/12-16/8/2024	Juneau	Juneau staff visit
Commissioner	7/11-13/2024	Anchorage/Kenai	Cook Inlet Set Gillnet Fleet Meeting
Commissioner	9/17-19/2024	Anchorage	Attend legislative seafood industry task force
Commissioner	11/19-22/2024	Seattle, WA	Pacific Marine Expo
Executive Director	11/19-22/2024	Seattle, WA	Pacific Marine Expo
Licensing staff	11/19-22/2024	Seattle, WA	Pacific Marine Expo
Research Lead	11/20-23/2024	Seattle, WA	Pacific Marine Expo
Commissioner	10/28-30/2024	Anchorage	Board of Fish work session
Commissioner	11/2-3/2024	Anchorage/Kenai	Public Meeting
Commissioner	11/2/2024	Kenai	Public Meeting
Research Lead	11/2/2024	Kenai	Public Meeting
Commissioner	11/5-6/2024	Anchorage	Rural Permit Out Migration
Commissioner	12/9-11/2024	Anchorage	Attend legislative seafood industry task force
Research Lead	12/9-16/2024	Cordova	Board of Fish Meeting
Research staff	1/27-2/14/2025	Ketchikan/Juneau	Board of Fish Meeting/CFEC Meetings
Commissioner	2/2-7/2025	Ketchikan/Juneau	Board of Fish Meeting/CFEC Meetings
Research Lead	1/27-2/14/2025	Ketchikan/Juneau	Board of Fish Meeting KTN and JNU CFEC Meetings
Upcoming Travel			
Commissioner	3/6-7/2025	Anchorage	Attend & Serve on a SWAMC Conference Panel
Executive Director	3/6-7/2025	Anchorage	Attend SWAMC Conference
Commissioner	4/14-18/2025	Kodiak	Kodiak Com Fish
Executive Director	4/14-18/2025	Kodiak	Kodiak Com Fish

Research Lead	4/14-18/2025	Kodiak	Kodiak Com Fish
Commissioner	4/14-18/2025	Kodiak	Kodiak Com Fish
Research Lead	TBD	Cordova	Initiate PWS Drift optimum numbers study
Licensing Lead	TBD	Dillingham	CFEC Temporary Clerk Training
Select staff	TBD	Naknek/Dillingham	Bristol Bay site visit