

## Representative Charisse Millett

### Session

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## **House Bill 365 – Fish Processor Fees, Licenses, and Records**

Version 26-LS1413/A, February 3, 2010

STAFF: Genevieve Wojtusik, 465-4937

### **SPONSOR STATEMENT**

HB 365 will enable fisheries that have elected to pursue a capacity reduction (permit buyback) program to have the legal mechanism in place to ensure proper accounting of the transactions involved. The steps taken by this bill are procedural in nature.

Policy regarding capacity reduction through self-imposed fee collections have already been made in both state and federal statute. While allowing the National Oceanic & Atmospheric Administration (NOAA) and the National Marine Fishery Service (NMFS) access to fish ticket data held by the state to monitor loan repayments, this bill puts the final pieces together so that fishermen can decide on their participation based on a complete program.

Fleet capacity reduction programs are mechanisms that allow for stabilization of effort within a fishery. They are intended to ensure the long-term economic sustainability of the fishery by addressing the problem of over-capitalization. Based on the pilot program, 80% of permits bought back were non-resident. Alaska's legal framework for these programs ensures that they are:

**FISHERY SPECIFIC** - by requiring an affirmative vote of the registered and licensed permit-holding fishermen in the fishery in question. This process is spelled out in AS 43.76.230-270, statutes that were generated by the Joint Legislative Salmon Industry Task Force in 2002. The concept behind that legislation was that each fishery in Alaska has its own specific set of economic

factors, and therefore the participants should have the right of group self-determination in legally meeting the challenges of their fishery. This legislation will not affect any fishery that does not meet the previously established guidelines for capacity reduction.

SELF-FUNDED - In the case of the Southeast Alaska Purse Seine fishery, for example, the fishermen will have to agree to a self-assessment of 3% on each sale of fish they catch to cover the costs of the program.

VOLUNTARY - only fishermen who choose to sell their permits may do so. There is no effort to force any fishermen out of the fishery.

HB 365 does not affect any of the previously enacted pieces of the program. It simply enables the federal NMFS and the state Commercial Fisheries Entry Commission (CFEC) to share required information from the fish tickets (receipts for fish delivery transactions) in order to monitor loan repayments. It also requires processors to remit the fees to NMFS, using the same method as is already in practice for remission of the Alaska Salmon Enhancement Tax.

This legislation takes care of the final procedural hurdles to enable permit capacity reduction programs to go forward in any fishery that chooses to pursue that option and passes the other strict statutory requirements.

House Bill 365 is supported by the Southeast Seiners' Association, the United Fishermen of Alaska, and the Alaska Commercial Fishery Entry Commission.

**HOUSE BILL NO. 365**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SIXTH LEGISLATURE - SECOND SESSION**

**BY REPRESENTATIVES MILLETT, Muñoz, Johansen, Kerttula**

**Introduced: 2/23/10**

**Referred: House Special Committee on Fisheries, Resources**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to sharing records regarding fish purchased by fish processors with**  
2   **certain federal agencies, to requirements to obtain and maintain a fisheries business**  
3   **license, and to payment of industry fees required of fish processors; and providing for**  
4   **an effective date."**

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

6    \* **Section 1.** AS 16.05.815(a) is amended to read:

7           (a) Except as provided in (b) and (c) of this section, records required by  
8           regulations of the department concerning the landings of fish, shellfish, or fishery  
9           products, and annual statistical reports of fishermen, buyers, and processors required  
10          by regulation of the department are confidential and may not be released by the  
11          department or by the Alaska Commercial Fisheries Entry Commission except as set  
12          out in this subsection. The department may release the records and reports set out in  
13          this subsection to the Alaska Commercial Fisheries Entry Commission. The  
14          department and the Alaska Commercial Fisheries Entry Commission may release the

1 records and reports set out in this subsection to the recipients identified in this  
2 subsection if the recipient, other than a recipient under (5) - (9) of this subsection,  
3 agrees to maintain the confidentiality of the records and reports. The department and  
4 the Alaska Commercial Fisheries Entry Commission may release

5 (1) any of the records and reports to the National Marine Fisheries  
6 Service and the professional staff of the North Pacific Fishery Management Council as  
7 required for preparation and implementation of the fishery management plans of the  
8 North Pacific Fishery Management Council within the exclusive economic zone;

9 (2) any of the records and reports to the professional staff of the  
10 Pacific States Marine Fisheries Commission who are employed in the Alaska Fisheries  
11 Information Network project for the purpose of exchanging information with users  
12 authorized by the department;

13 (3) any of the records and reports to the Department of Revenue to  
14 assist the department in carrying out its statutory responsibilities;

15 (4) records or reports of the total value purchased by each buyer to a  
16 municipality that levies and collects a tax on fish, shellfish, or fishery products if the  
17 municipality requires records of the landings of fish, shellfish, or fishery products to  
18 be submitted to it for purposes of verification of taxes payable;

19 (5) such records and reports as necessary to be in conformity with a  
20 court order;

21 (6) on request, the report of a person to the person whose fishing  
22 activity is the subject of the report, or to a designee of the person whose fishing  
23 activity is the subject of the report;

24 (7) on request, annual statistical reports of a fisherman, buyer, or  
25 processor to the fisherman, buyer, or processor whose activity is the subject of the  
26 report, or to a designee of the fisherman, buyer, or processor whose activity is the  
27 subject of the report;

28 (8) any of the records and reports to the Department of Public Safety  
29 for law enforcement purposes;

30 (9) fish tickets, fish ticket information, records required of sport  
31 fishing guides, and annual statistical reports of fishermen, buyers, and processors and

1 information in those reports to the law enforcement personnel of the National Marine  
 2 Fisheries Service and the National Oceanic and Atmospheric Administration for the  
 3 purpose of enforcing fishery laws in waters of this state and in waters of the exclusive  
 4 economic zone adjacent to this state;

5 (10) fish tickets, fish ticket information, and records required of sport  
 6 fishing guides regarding halibut to the International Pacific Halibut Commission;

7 (11) any of the records and reports to the child support services agency  
 8 created in AS 25.27.010, or the child support enforcement agency of another state, for  
 9 child support purposes authorized under law; [AND]

10 (12) any of the records and reports to the Department of Natural  
 11 Resources to assist the department in carrying out its statutory responsibilities in  
 12 regard to sport fishing operations and sport fishing guides within the Kenai River  
 13 Special Management Area under AS 41.21.500 - 41.21.514; and

14 (13) fish ticket information and records or reports of the total  
 15 value purchased by each fisherman, buyer, or processor to the National Marine  
 16 Fisheries Service for the purpose of enforcing the industry fee system of a fishing  
 17 capacity reduction program under 16 U.S.C. 1861a (Magnuson-Stevens Fishery  
 18 Conservation and Management Act).

19 \* Sec. 2. AS 43.75.020(a) is amended to read:

20 (a) Application for a license shall be filed with the department and  
 21 accompanied by an annual fee of \$25. A separate annual fee is required for each plant  
 22 specified in the application covered by the license. The application must contain the  
 23 name of the applicant, the line of business to be licensed, place of business, and other  
 24 facts that the department prescribes. The applicant shall state that the applicant, as a  
 25 condition of obtaining and maintaining the license, agrees to pay

26 (1) the taxes levied under this title, and that the applicant will make a  
 27 return and pay the taxes at the time provided by law;

28 (2) any seafood marketing assessment levied under AS 16.51;

29 (3) contributions imposed under AS 23.20 (Alaska Employment  
 30 Security Act);

31 (4) any administrative penalties assessed under AS 18.60.093 for a

1 violation of a provision of AS 18.60.010 - 18.60.105; [AND]

2 (5) any applicable fishery sales, use, or severance taxes imposed by a  
3 municipality in the state; and

4 (6) any industry fee levied under a fishing capacity reduction  
5 program authorized under 16 U.S.C. 1861a (Magnuson-Stevens Fishery  
6 Conservation and Management Act).

7 \* Sec. 3. AS 43.75.020(b) is amended to read:

8 (b) Upon receipt of an application in proper form under (a) or (c) of this  
9 section, accompanied by the annual fee, the department shall issue the license if the

10 (1) applicant has paid in full, including interest and penalties, the  
11 following:

12 (A) taxes levied under this title; and

13 (B) any assessments under AS 16.51;

14 (2) department has not received notification from the Department of  
15 Labor and Workforce Development that the applicant has failed to pay in full

16 (A) an assessment of delinquent contributions that is final  
17 under AS 23.20.205(c) or 23.20.220(c); or

18 (B) an administrative penalty that is final under AS 18.60.093  
19 or 18.60.097; and

20 (3) department has not received a copy of

21 (A) a final judgment obtained against the applicant for unpaid  
22 fishery sales, use, or severance taxes imposed by a municipality in the state;  
23 [OR]

24 (B) a final administrative determination against the applicant  
25 from a municipality in the state for unpaid fishery sales, use, or severance taxes  
26 imposed by the municipality; the administrative determination must be  
27 accompanied by a certification by the municipality that the municipal  
28 administrative process is consistent with constitutional requirements of due  
29 process and that the applicant has exhausted all administrative remedies under  
30 the applicable municipal administrative process; or

31 (C) a final administrative determination against the

1           applicant from the National Marine Fisheries Service for unpaid industry  
2           fees levied under a fishing capacity reduction; the administrative  
3           determination must be accompanied by a certification by the National  
4           Marine Fisheries Service that the federal administrative process is  
5           consistent with constitutional requirements of due process and that the  
6           applicant has exhausted all applicable administrative remedies.

7           \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Excerpt from  
Magnuson-Stevens Act

16 U.S.C. 1861a  
MSA § 312

104-297

**SEC. 312. TRANSITION TO SUSTAINABLE FISHERIES**

16 U.S.C. 1861a

**(a) FISHERIES DISASTER RELIEF.—**

109-479

(1) At the discretion of the Secretary or at the request of the Governor of an affected State or a fishing community, the Secretary shall determine whether there is a commercial fishery failure due to a fishery resource disaster as a result of—

(A) natural causes;

(B) man-made causes beyond the control of fishery managers to mitigate through conservation and management measures, including regulatory restrictions (including those imposed as a result of judicial action) imposed to protect human health or the marine environment; or

(C) undetermined causes.

(2) Upon the determination under paragraph (1) that there is a commercial fishery failure, the Secretary is authorized to make sums available to be used by the affected State, fishing community, or by the Secretary in cooperation with the affected State or fishing community for assessing the economic and social effects of the commercial fishery failure, or any activity that the Secretary determines is appropriate to restore the fishery or prevent a similar failure in the future and to assist a fishing community affected by such failure. Before making funds available for an activity authorized under this section, the Secretary shall make a determination that such activity will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions.

(3) The Federal share of the cost of any activity carried out under the authority of this subsection shall not exceed 75 percent of the cost of that activity.

109-479

(4) There are authorized to be appropriated to the Secretary such sums as are necessary for each of the fiscal years 2007 through 2013.

**(b) FISHING CAPACITY REDUCTION PROGRAM.—**

109-479

(1) The Secretary, at the request of the appropriate Council for fisheries under the authority of such Council, the Governor of a State for fisheries under State authority, or a majority of permit holders in the fishery, may conduct a voluntary fishing capacity reduction program (referred to in this section as the 'program') in a fishery if the Secretary determines that the program—



(A) is necessary to prevent or end overfishing, rebuild stocks of fish, or achieve measurable and significant improvements in the conservation and management of the fishery;

(B) is consistent with the Federal or State fishery management plan or program in effect for such fishery, as appropriate, and that the fishery management plan—

(i) will prevent the replacement of fishing capacity removed by the program through a moratorium on new entrants, practicable restrictions on vessel upgrades, and other effort control measures, taking into account the full potential fishing capacity of the fleet; and

(ii) establishes a specified or target total allowable catch or other measures that trigger closure of the fishery or adjustments to reduce catch; and

(C) is cost-effective and, in the instance of a program involving an industry fee system, prospectively capable of repaying any debt obligation incurred under section 1111 of title XI of the Merchant Marine Act, 1936.

109-479

(2) The objective of the program shall be to obtain the maximum sustained reduction in fishing capacity at the least cost and in a minimum period of time. To achieve that objective, the Secretary is authorized to pay—

(A) the owner of a fishing vessel, if the permit authorizing the participation of the vessel in the fishery is surrendered for permanent revocation and the vessel owner and permit holder relinquish any claim associated with the vessel or permit that could qualify such owner or holder for any present or future limited access system permit in the fishery for which the program is established or in any other fishery and such vessel is (i) scrapped, or (ii) through the Secretary of the department in which the Coast Guard is operating, subjected to title restrictions (including loss of the vessel's fisheries endorsement) that permanently prohibit and effectively prevent its use in fishing in federal or state waters, or fishing on the high seas or in the waters of a foreign nation; or

(B) the holder of a permit authorizing participation in the fishery, if such permit is surrendered for permanent revocation, and such holder relinquishes any claim associated with the permit and vessel used to harvest fishery resources under the permit that could qualify such holder for any present or future limited access system permit in the fishery for which the program was established.

(3) Participation in the program shall be voluntary, but the Secretary shall ensure compliance by all who do participate.

109-479

(4) The harvester proponents of each program and the Secretary shall consult, as appropriate and practicable, with Councils, Federal agencies, State and regional authorities, affected fishing communities, participants in the fishery, conservation organizations, and other interested parties throughout the development and implementation of any program under this section.

109-479

(5) **PAYMENT CONDITION.**—The Secretary may not make a payment under paragraph (2) with respect to a vessel that will not be scrapped unless the Secretary certifies that the vessel will not be used for fishing in the waters of a foreign nation or fishing on the high seas.

109-479

(6) **REPORT.**—

(A) **IN GENERAL.**—Subject to the availability of funds, the Secretary shall, within 12 months after the date of the enactment of the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006 submit to the Congress a report—

(i) identifying and describing the 20 fisheries in United States waters with the most severe examples of excess harvesting capacity in the fisheries, based on value of each fishery and the amount of excess harvesting capacity as determined by the Secretary;

(ii) recommending measures for reducing such excess harvesting capacity, including the retirement of any latent fishing permits that could contribute to further excess harvesting capacity in those fisheries; and

(iii) potential sources of funding for such measures.

(B) **BASIS FOR RECOMMENDATIONS.**—The Secretary shall base the recommendations made with respect to a fishery on—

(i) the most cost effective means of achieving voluntary reduction in capacity for the fishery using the potential for industry financing; and

(ii) including measures to prevent the capacity that is being removed from the fishery from moving to other fisheries in the United States, in the waters of a foreign nation, or on the high seas.

(c) **PROGRAM FUNDING.**—

(1) The program may be funded by any combination of amounts—

(A) available under clause (iv) of section 2(b)(1)(A) of the Act of August 11, 1939 (15 U.S.C. 713c-3(b)(1)(A); the Saltonstall-Kennedy Act);

(B) appropriated for the purposes of this section;

(C) provided by an industry fee system established under subsection (d) and in accordance with section 1111 of title XI of the Merchant Marine Act, 1936; or

(D) provided from any State or other public sources or private or non-profit organizations.

(2) All funds for the program, including any fees established under subsection (d), shall be paid into the fishing capacity reduction fund established under section 1111 of title XI of the Merchant Marine Act, 1936.

Specific Provisions for  
SE Salmon Seine Buyback

120 STAT. 3608

PUBLIC LAW 109-479—JAN. 12, 2007

(2) the biomass rebuilding target previously applicable to such stock will be met or exceeded within the new time for rebuilding;

(3) the extension period is based on the status and biology of the stock and the rate of rebuilding;

(4) monitoring will ensure rebuilding continues;

(5) the extension meets the requirements of section 301(a)(1) of that Act (16 U.S.C. 1851(a)(1)); and

(6) the best scientific information available shows that the extension will allow continued rebuilding.

(b) **AUTHORITY.**—Nothing in this section shall be construed to amend the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1851 et seq.) or to limit or otherwise alter the authority of the Secretary under that Act concerning other species

**SEC. 121. SOUTHEAST ALASKA FISHERIES COMMUNITIES CAPACITY REDUCTION.**

Section 209 of the Department of Commerce and Related Agencies Appropriations Act, 2005 (Public Law 108-447; 118 Stat. 2884) is amended—

(1) by inserting “(a) **IN GENERAL.**—” after “SEC. 209.”;

(2) by striking “is authorized to” in the first sentence and inserting “shall”;

(3) by striking “\$50,000,000” and all that follows in the first sentence and inserting “up to \$25,000,000 pursuant to section 57735 of title 46, United States Code.”;

(4) by striking the third sentence and inserting: “The loan shall have a term of 40 years.”; and

(5) by adding at the end the following:

“(b) **SOUTHEAST ALASKA FISHERIES PROGRAM.**—

“(1) **CONDUCT OF PROGRAM BY RSA.**—The program described in subsection (a) shall be conducted under Alaska law by the Southeast Revitalization Association.

“(2) **TREATMENT UNDER CHAPTER 577 OF TITLE 46.**—For purposes of section 57735 of title 46, United States Code, the program shall be considered to be a program established under section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a).

“(3) **APPLICATION OF MAGNUSON-STEVENS ACT.**—Notwithstanding paragraph (2), the program shall not be subject to section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a), except for subsections (b)(1)(C) and (d) of that section.

“(c) **SOUTHEAST ALASKA FISHERIES PROGRAM APPROVAL AND REFERENDUM.**—

“(1) **IN GENERAL.**—The Secretary of Commerce may approve a capacity reduction plan submitted by the Southeast Revitalization Association under subsection (b).

“(2) **REFERENDUM.**—The Secretary shall conduct an industry fee system referendum for the buyback under the program in accordance with section 312(d)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a), except that—

“(A) no Council request and no consultation shall be required; and

“(B) the fee shall not exceed 3 percent of the annual ex-vessel value of all salmon harvested in the southeast Alaska purse seine fishery.

“(d) DISBURSAL OF LOAN PROCEEDS.—If the industry fee system is approved as provided in section 312(d)(1)(B) of that Act (16 U.S.C. 1861a(d)(1)(B)), the Secretary shall disburse the loan in the form of reduction payments to participants in such amounts as the Southeast Revitalization Association certifies to have been accepted under Alaska law for reduction payments. The Secretary shall thereafter administer the fee system in accordance with section 312(d)(2) of that Act (16 U.S.C. 1861a(d)(2)), and any person paying or collecting the fee shall make such payments or collection such fees in accordance with the requirements of that Act (16 U.S.C. 1801 et seq.)”.

Certification.

Fees.

#### SEC. 122. CONVERSION TO CATCHER/PROCESSOR SHARES.

##### “(a) IN GENERAL.—

“(1) AMENDMENT OF PLAN.—Not later than 90 days after the date of enactment of this Act, the Secretary of Commerce shall amend the fishery management plan for the Bering Sea/Aleutian Islands King and Tanner Crabs for the Northern Region (as that term is used in the plan) to authorize—

Deadline.  
Alaska.

“(A) an eligible entity holding processor quota shares to elect on an annual basis to work together with other entities holding processor quota shares and affiliated with such eligible entity through common ownership to combine any catcher vessel quota shares for the Northern Region with their processor quota shares and to exchange them for newly created catcher/processor owner quota shares for the Northern Region; and

“(B) an eligible entity holding catcher vessel quota shares to elect on an annual basis to work together with other entities holding catcher vessel quota shares and affiliated with such eligible entity through common ownership to combine any processor quota shares for the Northern Region with their catcher vessel quota shares and to exchange them for newly created catcher/processor owner quota shares for the Northern Region.

##### “(2) ELIGIBILITY AND LIMITATIONS.—

“(A) The authority provided in paragraph (1)(A) shall—

Applicability.

“(i)(I) apply only to an entity which was initially awarded both catcher/processor owner quota shares, and processor quota shares under the plan (in combination with the processor quota shares of its commonly owned affiliates) of less than 7 percent of the Bering Sea/Aleutian Island processor quota shares; or

“(II) apply only to an entity which was initially awarded both catcher/processor owner quota shares under the plan and processor quota shares under section 417(a) of the Coast Guard and Maritime Transportation Act of 2006 (Public Law 109-241; 120 Stat. 546);

“(ii) be limited to processor quota shares initially awarded to such entities and their commonly owned affiliates under the plan or section 417(a) of that Act; and

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 365  
 (H) Publish Date: 3/17/10

Identifier (file name): HB365-DFG-CFEC-03-05-10

Dept. Affected: Fish and Game

Title An Act relating to sharing records regarding fish purchased by

RDU Comm Fisheries Entry Commission

Sponsor Representative(s) MILLETT, P. Wilson, Munoz

Component Comm Fisheries Entry Commission

Requester House Fisheries Committee

Component Number 471

## Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>							
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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## FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost:

0.0

## POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary)

There are no significant fiscal impacts for CFEC associated with this bill.

Prepared by: Shirley Penrose, Administrative Officer  
 Division Commercial Fisheries Entry Commission  
 Approved by: Frank M. Homan, Chairman  
Commercial Fisheries Entry Commission

Phone 907-790-6960  
 Date/Time 3/5/10 7:17 AM  
 Date 3/5/2010

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 365  
 (H) Publish Date: 3/17/10

Identifier (file name): HB365-REV-TAX-03-08-10  
 Title Fish Processor Fees, Licenses, Records  
 Sponsor Representative Millett  
 Requester (H) Fish Special Committee  
 Dept. Affected: Revenue  
 RDU Taxation and Treasury  
 Component Tax Division  
 Component Number 2476

## Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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## FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

## POSITIONS

Full-time							
Part-time							
Temporary							

**ANALYSIS:** *(Attach a separate page if necessary)*

See Attached.

Prepared by: Tim Cottongim, Revenue Audit Supervisor  
 Division Tax Division  
 Approved by: Ginger Blaisdell, Director  
Administrative Services Division

Phone (907) 465-3695  
 Date/Time 03-08-10; 3:24pm  
 Date 03-08-10; 4:41pm

**FISCAL NOTE #2**

**STATE OF ALASKA  
2010 LEGISLATIVE SESSION**

**BILL NO. HB 365**

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**ANALYSIS CONTINUATION**

**Bill Language:**

This bill authorizes the department to withhold issuing a fisheries business license to applicants that fail to pay industry fees levied by NMFS under a fishing capacity reduction program.

**Revenues:**

The provisions of this bill will have no impact on tax collections.

**Expenditures:**

The provisions of this bill could be implemented with existing state resources. No additional personnel or resources would be needed.

# **The Long Road to Implementing a Consolidation Program for the Southeast Purse Seine Salmon Fishery**

2002: Alaska State Legislature enacts AS 16.40.250 to allow permit holders to form non-profit associations for purpose of promoting consolidation of permits

2004: Creation of Southeast Revitalization Association (SRA) by permit holders

2005: Congress amends Magnuson-Stevens, SRA eligibility under Commerce Department & National Marine Fisheries Service

2006: Congressional appropriation;

Alaska State Legislature modifies AS 16.40.250

2008: Alaska State Legislature appropriates \$3 million in federal grant monies, resulting in purchase and relinquishment of 35 permits (8.5% of total permits)

2009: NMFS advises it will proceed, but will require access to fish tickets and other records.



## How the Program Will Work

1. SRA will establish proper reverse auction procedures
2. Permit holder volunteers to relinquish permit to CFEC
3. Independent audit
4. SRA incorporates bids for submission to NMFS
5. NMFS conducts referendum amongst all permit holders
6. If approved, remaining permit holders pay 3% assessment on ex-vessel of salmon harvested; assessment collected by first buyer and sent to NMFS
7. Minimum of 260 permits remaining in S01A fishery

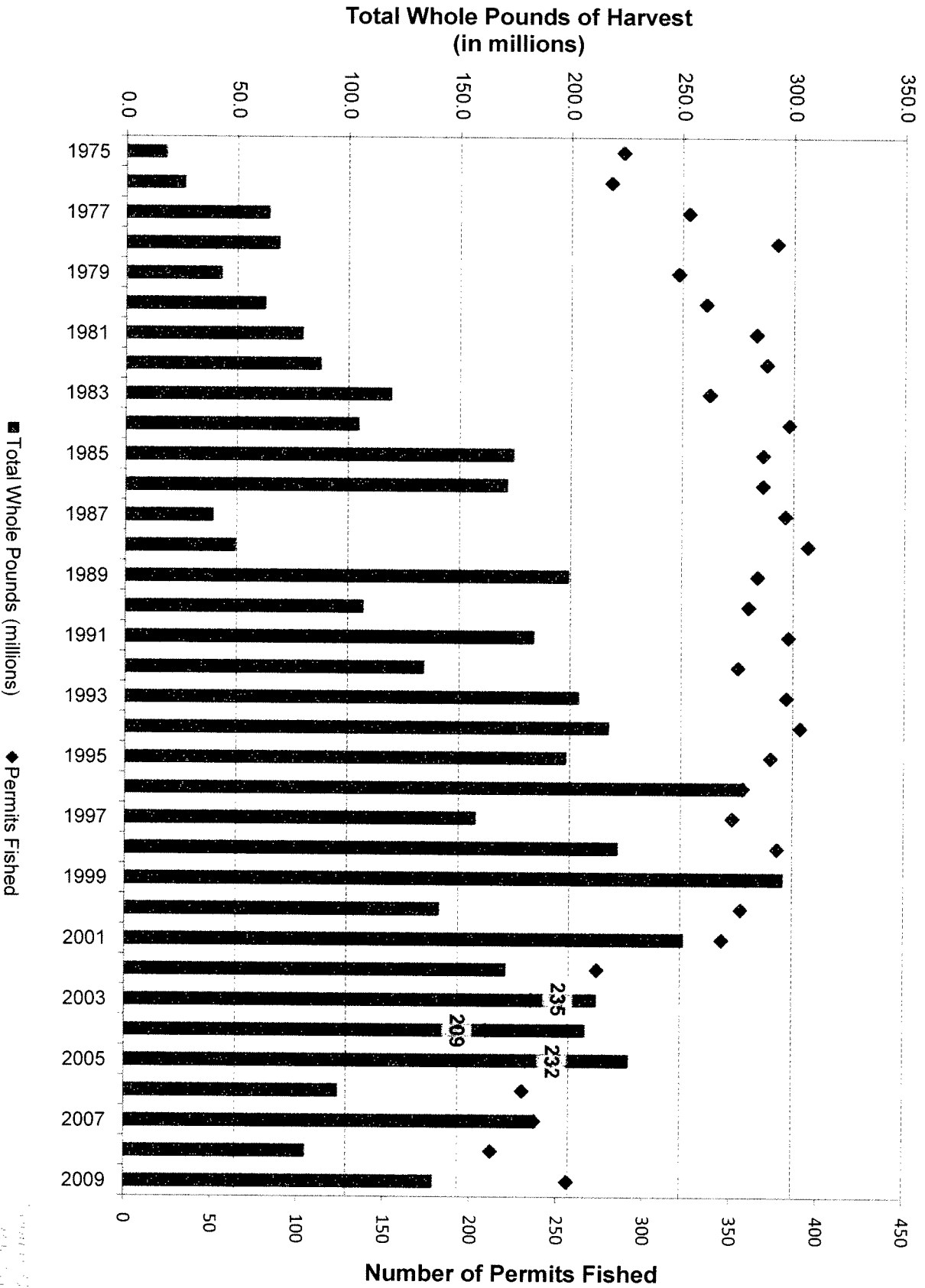
# WHY 260 PERMITS SATISFIES ANY LEGITIMATE OBJECTION VOICED BY SEAFOOD PROCESSING COMPANIES

Southeast Alaska Salmon Purse Seine Fishery

Pounds Harvested (Descending Order) and Permits Fished\*

Year	Total Lbs. (millions)	# of Permits Fished	Avg. lbs/permit
1999	296	359	824,000
1996	279	357	780,000
2001	251	345	728,000
2005	227	232	977,000
1998	222	377	588,000
1994	217	390	557,000
2003	212	235	903,000
2004	207	209	991,000
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2008	81	212	384,000
2009	139	256	542,000

# Total Harvest and Permits Fished in the Southeast Salmon Purse Seine Fishery



## WHAT THE BILL DOES

1. Amending AS 16.05.815(a) allowing NMFS access to confidential fish ticket and annual records to ensure that first buyers of the salmon are collecting the assessment.

There are already 12 other exceptions in this statute allowing release of this information.

2. Amending AS 43.75.020(a) to provide that when buyers of salmon apply for a fisheries business license – necessary to buy salmon – they must agree to collect and remit the assessment.

There are already five similar conditions in this statute requiring the applicant to pay state or municipal taxes to obtain or maintain a business license.

## MEMORANDUM OF UNDERSTANDING

The Southeast Revitalization Association ("SRA") has entered into the following understanding with the undersigned seafood companies:

1. AS 16.40.250 allows permit holders in a salmon fishery to form non-profit associations for the purpose of promoting consolidation or reductions in the number of limited entry permits in a fishery for which the Commercial Fisheries Entry Commission ("CFEC") has issued limited entry permits.
2. The SRA is a duly qualified salmon fishery association under AS 16.40.250 and was organized for the express purpose of developing and implementing a consolidation plan for the Southeast purse seine salmon fishery.
3. Congress under Public Law 108-447, section 209 of the Consolidated Appropriations Act of 2005 amended the Magnuson-Stevens Act ("MSA") making the SRA eligible under a federal buyback loan program established under the U.S. Department of Commerce and administered through the National Marine Fisheries Service ("NMFS").
4. The SRA has developed a draft consolidation or fishing capacity reduction plan ("plan") for the fishery and has submitted that draft plan for approval by the Secretary of Commerce and then NMFS publication of rules to implement the plan.
5. The undersigned seafood companies have expressed concerns that the plan may unnecessarily result in the purchase and relinquishment of too many permits. This occurrence could result in too few fishermen and vessels operating and the potential to reduce the amount of salmon that could be purchased from fishermen by these companies.
6. To address these concerns, the SRA will revise the plan now under NMFS review to provide the following:

The SRA will amend the plan to provide that under no circumstances will the SRA accept a bid that upon final implementation of the plan could result in fewer than 260 permits remaining in the fishery.
7. The NMFS has indicated it will consent to the proposed plan amendment to limit the number of permits that can be purchased and ultimately relinquished. However, it voiced a cautionary note that the plan is subject

to further review by legal counsel, the Office of Financial Management and Budget and others, which could cause further changes to the plan, including deletion of the proposed limit on the minimum number of permits that would remain in the fishery.

8. The SRA will maintain the position that limiting the number of permits to be purchased and relinquished under the amended plan to 260 is wholly consistent with the MSA, Section 312(b)(2) requirement to achieve the maximum sustained reduction in fishing capacity at the least cost.
9. The undersigned seafood companies agree to support passage of SB 255 and HB 365, as introduced, under the condition that the attached Letter of Intent, or a mutually acceptable revised version of it, is adopted and passed with the legislation by the Alaska Legislature

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SRA  
Rob Zuanich, Manager

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Ocean Beauty Seafoods  
Mark Palmer, President

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Trident Seafoods  
Joe Plesha, General Counsel

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Attachment: Legislative Letter of Intent for HB365 / SB255

### **Legislative Letter of Intent for HB365/ SB255**

The Alaska Legislature recognizes that passage of HB365/ SB255 is a necessary step to enable a planned permit buyback program in the Southeast Alaska Salmon Seine fishery to move forward. Further, while the Legislature recognizes the value of reducing the number of permits in the Southeast Salmon Seine fishery, it is also concerned that the permit buyback program not remove more permits than necessary for the health and viability of the fishery, nor result in negative economic impacts to the region or state, including diminishment of the economic benefits of the investments that have been made in Alaska communities.

Specifically, the Legislature is passing this legislation with the understanding, and the assurance of the Southeast Revitalization Association, that the permit reduction program the association seeks to undertake for the Southeast Alaska Salmon Seine fishery and to implement through the provisions of this bill will not reduce the number of permits in that fishery to less than 260.

**Southeast Alaska Salmon Purse Seine Fishery 1975-2009**  
**Pounds Harvested (Descending Order) and Permits Fished**

Year	Total Whole Pounds (millions)	Number of Permits Fished	Average Lbs per Permit
1999	295.8	359	824,003
1996	278.6	357	780,408
2001	251.1	345	727,967
2005	226.7	232	977,126
1998	221.5	377	587,540
1994	217.3	390	557,213
2003	212.1	235	902,732
2004	207.1	209	990,864
1993	203.7	382	533,206
1989	198.8	365	544,654
1995	198.0	373	530,785
2007	185.3	237	781,727
1991	183.3	383	478,594
1985	173.9	368	472,571
2002	171.3	273	627,616
1986	171.0	368	464,802
1997	157.6	351	448,895
2000	141.3	356	396,944
2009	138.8	256	542,310
1992	134.1	354	378,719
1983	119.0	337	353,035
1990	106.7	360	296,463
1984	104.3	383	272,402
2006	96.1	230	417,723
1982	87.2	370	235,610
2008	81.4	212	383,859
1981	79.1	364	217,271
1978	68.4	376	181,926
1977	63.9	325	196,467
1980	62.2	335	185,678
1988	48.9	394	124,117
1979	42.5	319	133,367
1987	39.1	381	102,583
1976	25.9	280	92,441
1975	17.5	287	61,007

Source: CFEC  
3/26/2010



State of Alaska  
Commercial Fisheries Entry Commission  
Statistics on Fishing Activity for Permits in the Southeast Salmon Purse Seine Fishery (S 01A)  
1999-2008 by Resident Type

February 11, 2010

Fishery Description	Year	Permit Residency	Permits Issued		Permits Fished - Not Fished			
			Number Issued	% by Residency	Number Fished	% Fished	Number Not Fished	% Not Fished
S 01A Salmon, Purse Seine, Southeast	2008	Resident	188	49.5	113	53.3	75	44.6
		Nonresident	192	50.5	99	46.7	93	55.4
		<b>Year Totals</b>	<b>380</b>	<b>100.0</b>	<b>212</b>	<b>100.0</b>	<b>168</b>	<b>100.0</b>
	2007	Resident	198	47.7	121	51.1	77	43.3
		Nonresident	217	52.3	116	48.9	101	56.7
		<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>237</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>
	2006	Resident	198	47.8	125	54.3	73	39.7
		Nonresident	216	52.2	105	45.7	111	60.3
		<b>Year Totals</b>	<b>414</b>	<b>100.0</b>	<b>230</b>	<b>100.0</b>	<b>184</b>	<b>100.0</b>
	2005	Resident	193	46.5	119	51.3	74	40.4
		Nonresident	222	53.5	113	48.7	109	59.6
		<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>232</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>
	2004	Resident	185	44.7	109	52.2	76	37.1
		Nonresident	229	55.3	100	47.8	129	62.9
		<b>Year Totals</b>	<b>414</b>	<b>100.0</b>	<b>209</b>	<b>100.0</b>	<b>205</b>	<b>100.0</b>
	2003	Resident	184	44.2	115	48.9	69	38.1
		Nonresident	232	55.8	120	51.1	112	61.9
		<b>Year Totals</b>	<b>416</b>	<b>100.0</b>	<b>235</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
	2002	Resident	187	45.1	128	46.9	59	41.5
		Nonresident	228	54.9	145	53.1	83	58.5
		<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
	2001	Resident	188	45.3	148	42.9	40	57.1
		Nonresident	227	54.7	197	57.1	30	42.9
		<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>345</b>	<b>100.0</b>	<b>70</b>	<b>100.0</b>
	2000	Resident	189	45.4	161	45.2	28	46.7
		Nonresident	227	54.6	195	54.8	32	53.3
		<b>Year Totals</b>	<b>416</b>	<b>100.0</b>	<b>356</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>
	1999	Resident	191	45.9	165	46.0	26	45.6
		Nonresident	225	54.1	194	54.0	31	54.4
		<b>Year Totals</b>	<b>416</b>	<b>100.0</b>	<b>359</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>

# Petersburg Vessel Owners Association

PO Box 232

Petersburg, AK 99833

Phone & Fax: 907.772.9323

pvoa@gci.net • www.pvoaonline.org

March 10, 2010

The Honorable Lesil McGuire & Bill Wielechowski  
Co-Chairs, Senate Resources Committee  
Alaska State Capitol  
Juneau, AK 99801-1182  
Via email: [Senator Lesil McGuire@legis.state.ak.us](mailto:Senator_Lesil_McGuire@legis.state.ak.us)  
[Senator Bill Wielechowski@legis.state.ak.us](mailto:Senator_Bill_Wielechowski@legis.state.ak.us)

## **RE: SUPPORT SB 255, FINALIZE SOUTHEAST ALASKA SEINE BUYBACK**

Dear Senators McGuire and Wielechowski,

The Petersburg Vessel Owners Association (PVOA) is a diverse group of 100 commercial fishermen and businesses operating primarily in Southeast Alaska. Our members provide millions of meals to the public annually by participating in a variety of fisheries statewide. Most PVOA members are salmon harvesters, and are also active sport, personal use, and subsistence fishermen who depend on sustainable and conservative management of Alaska's fishing resources to ensure healthy fisheries for the future.

PVOA supports the work of Southeast Alaska Seiners (SEAS) and both HB 365 and SB 255 which will provide the necessary vehicle to specify the route and parameters of the National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment. Passage of HB 365 will allow a vote to support that commitment to the assessment as well as support of the program.

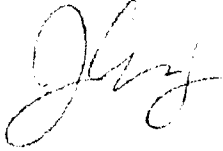
Petersburg is one of the top ports in Alaska and the Nation for both pounds landed (#6 in Alaska, #26 in the Nation) and dollar value of landings (#7 in Alaska, #26 in the Nation) due in large part to salmon landings. The Southeast Alaska Seine fleet is a vital component of Petersburg's socio-economic well being.

In 2009, there were approximately 70 southeast seine permits actively fished out of Petersburg (Petersburg listed as the mailing address). Each permit and vessel employs four crewmembers who contribute to the local economy and rely on income provided by salmon fishing. Fishing vessels, support businesses, and fishing families are sustained by salmon revenues that are essential to coastal economies. While Petersburg is the most

active commercial fishing port in Southeast Alaska, not one of active permits will be extinguished in a mandatory manner as a result of SB 255.

Thank you for your time and attention to this important matter. If we can provide further information or answer any questions as you finalize the Southeast Alaska seine buyback, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Julianne Curry'.

Julianne Curry  
Director



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 588-2820  
(907) 483-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

March 4, 2010

Senator Lesil McGuire, Co-Chair  
Senator Bill Wielechowski, Co-Chair  
Senate Resources Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

**Re: Support for SB255**

Dear Senators,

The United Fishermen of Alaska (UFA) supports passage of SB255/HB365.

The bill, while extremely timely and important to certain of our members, is nothing but a "housekeeping" bill that is needed as the last piece of work to finish off the SE fleet consolidation program for SEAS but will also set up a precedence and framework for any similar effort in the state of Alaska conducted at a later date. This legislation allows NMFS to confirm fish ticket/processor data to confirm that the assessment collected to pay back the federal government for the loan is correctly determined and allow for enforcement of those that don't pay the assessment. NMFS only has access to data for a specific fishery that has a federal loan program and not access to all salmon harvest data.

When UFA embraced the Legislative Salmon Task Force in 2001, we recognized that different regions require different solutions. Some groups wanted status quo. Other groups wanted market-oriented solutions. Others wanted to restructure their fishery, or basically re-limit limited entry. We want to acknowledge that many, probably most, of our state waters groups do not support a fleet consolidation program for their own region.

But when the Legislature embarked upon the Legislative Salmon Task Force, this was one of the major solutions that came out for each region to choose from. HB286, authored in 2002 by Drew Scalzi, was one of the resulting pieces of legislation. One of our groups, the Southeast Alaska Seiners Association (SEAS) chose to follow up on this and has already "permanently retired" around 20% of their consolidation target in 2008 with \$3 million in NMFS grants that were authorized by the Alaska State Legislature.


Another piece of the pie here is HB484, passed in 2006 by the Alaska State Legislature that mandates a solution in the event of an "optimum number determination" in a court of law that causes retired permits to become reissued. HB484 allows that the Legislature "may" send the resulting funds back to the fleet consolidators, hence relieving fishermen of the uncertainty resulting from the "optimum number" issue.

In the case of SE seine fishery, the active fleet size has not exceeded the buydown goal of the buyback program since 2002. So this fleet consolidation is very unlikely to cost a single job or boat. The 3% assessment that these guys are paying is just an insurance policy for the fishermen (and processors) that there won't be a new "group" or company that will bring in some of the currently unused and dormant 140 permits. In fact there will be at least several dozen permits remaining on poor years and likely a dozen or so remaining even on good years.

UFA supports swift passage of this legislation, which is the wrap-up of the Legislative task force bill HB286 from 2002. It is now 2010 and it seems fitting that the Alaska State Legislature would be willing and able to support a "housekeeping" bill that brings to fruition a bill (nearly unanimous in passage in both the House and Senate) that was brought forth as a result of the Alaska State Legislative Task Force.

Thank you for your consideration of this legislation for one of our group members.

Sincerely



Mark Vinsel  
Executive Director

Cc:  
Senator Donald Olson  
Senator Dennis Egan

**From:** Tom Manos <[manostom@gmail.com](mailto:manostom@gmail.com)>  
**Date:** March 11, 2010 9:59:08 AM AKST  
**To:** Representative Mike Hawker@legis.state.ak.us  
**Subject:** HB 365

Dear Representative Hawker

Myself and my family are longtime residents of Girdwood. I am writing to urge your support for HB365. I have purse seined in Southeast Alaska since 1976 and an still seining in Alaska. Fishing is and has been my primary income source, In 2009, my oldest son, Andrew ,who is graduating from UAA this year, purchased and restored a 58 foot seiner with my help and a loan from the Alaska Division of Investments . He had a successful season last year in his first year operating his own vessel. We both currently hold Southeast Alaska Seine Permits and Area M seine permits . My youngest son Julian is currently enrolled at University of San Diego after graduating from South High . In addition to an academic scholarship from USD, Julian pays for the majority of his education from his income as a crew member on my vessel. With my wife Jody that makes four voters in your district that rely on Alaska salmon seining . This bill is important to my family for our livelihood and it comes at zero cost to the State of Alaska.

I have been involved in this buyback program since 2003. I was elected to the the Seine Vessel Revitalization Board whose purpose has been to design this program. If you have any concerns or question regarding supporting this Bill I welcome the opportunity to discuss it further.

Thank You  
Tom Manos

Contact: Thomas Manos  
PO Box 749  
Girdwood Alaska 99587

email: [manostom@gmail.com](mailto:manostom@gmail.com)  
Phone 907 830 5150



Cordova District Fishermen United  
1000 1st Avenue North  
Cordova, Alaska 99574  
Phone: 907-556-1234  
Fax: 907-556-1235  
www.cdfu.org

March 17, 2010

The Honorable Lesil McGuire & Bill Wielechowski  
Co-Chairs, Senate Resources Committee  
Alaska State Capitol  
Juneau, AK 99801-1182

**RE: SUPPORT SB 255, FINALIZE SOUTHEAST ALASKA SEINE BUYBACK**

Dear Representatives McGuire and Wielechowski,

I am writing on behalf of Cordova District Fishermen United (CDFU), a member organization representing over 300 commercial fishermen in Prince William Sound, including 60 seine fishermen, to request your support of SB255.

CDFU is in alliance with the Southeast Alaska Seiners (SEAS) on this bill, and believes the passage of both HB 365 and SB 255 will provide a relatively simple solution in specifying the route and parameters of the National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment.

While not directly related to present seine activity in Prince William Sound, the adoption of SB255 will provide a solid framework for any group within the State looking into practical solutions to stabilize their fishery.

We trust that you will see the merits in supporting this bill.

Sincerely,

Rochelle van den Broek  
Executive Director



Cordova District Fishermen United  
1015 E. 3rd St., Suite 100, Cordova, AK 99574  
Phone: 907-546-4444 Fax: 907-546-4444  
http://www.cdfu.org email: cdfu@cdfu.org

March 17, 2010

The Honorable Craig Johnson & Mark Neuman  
Co-Chairs, House Resources Committee  
Alaska State Capitol  
Juneau, AK 99801-1182

**RE: SUPPORT HB365, FINALIZE SOUTHEAST ALASKA SEINE BUYBACK**

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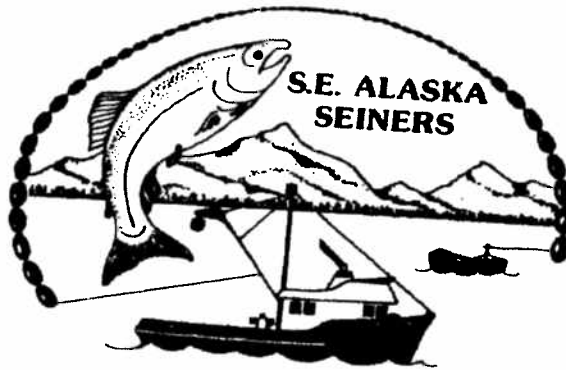
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We trust that you will see the merits in supporting this bill.

Sincerely,

Rochelle van den Broek  
Executive Director





The Honorable Lesil McGuire and Bill Wielechowski  
Co-Chairs, Senate Resources Committee  
Butrovich 205  
Alaska State Capitol  
Juneau, AK 99801-1182

2 March 2010

Dear Senators McGuire and Wielechowski:

**The Southeast Alaska Seiners Association (SEAS) fully supports SB 255 and would appreciate the opportunity to express such support before your Committee.**

SEAS is a trade association of 127 member skippers (of 5 crew), who purse seine for salmon in Southeast Alaska, predominantly with 58 foot vessels. SEAS also has nearly 60 business members who support the fleet, consisting primarily of processors, fuel docks, grocery stores and marine suppliers, contractors, electronic suppliers, mechanics, shipyards and outfitters.

#### **SB 255 Background**

**SEAS worked with the Congressional delegation to secure a \$3 million grant that was spent in 2008, after being authorized to do so by the Alaska State Legislature, to retire 35 permits, or approximately 22% of our target permit reduction.** The first part of our fleet consolidation was done under the supervision of the Commercial Fisheries Entry Commission (CFEC), the program was run by Elgee, Rehfeld, CPAs and we advertised throughout Southeast Alaska for a reverse auction. **These are the first ever Alaska state limited entry salmon permits retired under such a program.**

After the further repurchase of around 120-125 permits we expect to get to the 255-260 range of permits remaining available to fish. This time the fishermen are paying and the financing source is a National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment. A couple weeks into the 2010 legislative session the main NMFS Financial Services Division personnel came to Juneau to meet with the CFEC leadership as well as the state of Alaska in

order to prepare a bill that would work as the basic "closing document" on our loan.

**SB 255 is exactly phrased and intently written with at least a dozen basic drafts prior to introduction. There is no fiscal note** and should there be any concern to processors about extra paperwork, the processor can apply for compensation from the assessment. We do not believe at this time that the financial burden of adding a box to the fish ticket will cause any undue financial concern as this is already done in many Boroughs (such as Bristol Bay) and by enhancement taxation as well in the same section of the fish ticket.

**This bill is the vehicle that specifies the route and parameters of this assessment and is necessary because this is not only Alaska's first, but it is likely that this is the first state water's fishery that has ever received a NMFS restructuring loan for fleet consolidation. According to NMFS, this bill cannot be changed in any fashion whatsoever - or our \$20 million loan for Alaskan fishermen will fail.**

When Southeast Alaska was rolled into the state's limited entry program in 1974, there was a **larger than average number of non-resident licenses due to the close proximity to Puget Sound and the Boldt Decision**, while not made until that very year, as well as the first shot at limited entry in 1969, made for a larger fleet than existed in the decade(s) prior to limited entry.

One other compelling reason seiners have sought out fleet consolidation is due to the amount of historical and traditional fishing area currently not available to access by the seine fleet. The Icy Strait corridor of about 100 miles of fishing shoreline was closed nearly simultaneously to the initiation of limited entry. Then in 1985, the 75 mile shoreline of Noyes Island and Dall Island outside of Prince of Wales Island was closed for most of the July fishery and has remained mostly closed by Treaty since then during the month of July. The fleet was bottled up in long line-ups (boats idling their engines while waiting for hours for the opportunity to set the net and catch fish) for much of the season save for the peak of some of our better runs. Certainly fuel savings and energy implications were there, but this was not our impetus.

Consequent to the major price crash in 1991 (12 cents per pound for pinks) after the introduction of Russian pink salmon into the Western world, another major price crash in 1996 (7-8 cents) and then again in 2002 (7-8 cents), SEAS decided to get rolling on a major fleet consolidation program. By 2003 and 2004 the fleet had been cut to around 225 boats from 360-375 during the prior decade. Most of these boats and crews no longer fishing were non-residents. **The fleet is a stable 225 average now with as little as 205 permits operated on poorer seasons while 240 is our high in recent years.**

**With over 80% of the permits bought back in the first round having been owned by non-residents, the fleet has become even more 'Alaskan'. This trend is expected to continue in the next round, thereby resulting in strong and financially viable fishing families within Alaska.**

**SB 255 is an important bill because it is the final hurdle to clear in order to facilitate the NMFS Federal loan program so that it will work with Alaskan limited entry fisheries. While it is not a big bill, it is a huge bill for our members and is a necessary step towards stabilizing, modernizing, and maintaining our fishery here in Southeast Alaska.**

Sincerely

Dan Castle  
SEAS President

## Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

Juneau, AK 99801

Phone 907-586-6652

Fax 907-523-1168

Website: <http://www.seafa.org>



E-mail: [seafa@gci.net](mailto:seafa@gci.net)

March 8, 2010

Senate Resources

Senator Lesil McGuire, Chair

Alaska State Legislature; State Capitol, Room 205  
Juneau, AK 99801

Senator McGuire, Chair and Committee Members

RE: Support SB 255

Southeast Alaska Fishermen's Alliance (SEafa) supports HB 365/SB 255. This is legislation that simply allows NMFS to confirm that all the assessment collected from the fishermen by the Processors for a buyback program using federal loan programs has been collected and paid to the federal government and allows for enforcement against those who have not paid.

This legislation would not allow NMFS to collect information for programs that don't have a federal buy-back assessment. This legislation would allow this tool to be used in the future if another buyback with federal funds occurs. The other thing we would point out is that any buyback program has been created occurred by a vote of the fleet.

We support the legislation as a housekeeping measure to correct an oversight to the legislation previously passed to set up associations to conduct buy-back programs.

Southeast Alaska Fishermen's Alliance is a multi-gear/multi-species non-profit membership organization representing our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. We represent salmon gillnet, seine and troll fishermen.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathy Hansen', followed by a long horizontal line.

Kathy Hansen, Executive Director