

### **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.

## **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.

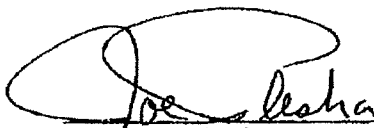
8. The SRA will maintain the position that limiting the number of permits to be purchased and relinquished under the amended plan to 260 is wholly consistent with the MSA, Section 312(b)(2) requirement to achieve the maximum sustained reduction in fishing capacity at the least cost.
9. The undersigned 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

  
Southeast Revitalization Assoc.  
Rob Zuanich, Manager

3-30-10  
Date

  
Ocean Beauty Seafoods  
Mark Palmer, President

3/31/10  
Date

  
Trident Seafoods  
Joe Plesha, Chief Legal Officer

3/29/10  
Date

Attachment: Legislative Letter of Intent for HB365 / SB255