

# STATE OF ALASKA

## COMMERCIAL FISHERIES ENTRY COMMISSION

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February 24, 2010

Senator Donald Olson  
Alaska State Senate  
State Capitol, Room 508  
Juneau, AK 99801-1182

Re: SB 255, Fish Processor Fees, Licenses, and Records

Dear Senator Olson:

Thank you for the opportunity to respond to your inquiry regarding SB 255, Fish Processor Fees, Licenses, and Records.

SB 255 is a continuation of a program established by the Alaska State Legislature in 2002 allowing Salmon Fishery Associations (AS 16.40.250) formed by fishermen for the purpose of promoting fleet consolidation and capacity reduction. That legislation (HB 286-2002) encourages the Commissioner of the Alaska Department of Fish and Game to assist fishermen in the formation of these associations among the various Alaska salmon fisheries. In 2006, the Alaska State Legislature modified AS 16.43.330 through HB 484 to allow reimbursement to Salmon Fishery Associations in the unlikely event the State of Alaska, through the Commercial Fisheries Entry Commission, issued more limited entry permits into a salmon fishery that has an outstanding loan for fleet consolidation and capacity reduction.

SB 255 is simply an accounting procedure modification to make the program operate more efficiently and allow the lender to monitor the capacity reduction loan repayment. It does not change the program established in 2002 in any way.

The Southeast Revitalization Association (SRA), the fishermen's association formed by the SE Alaska Salmon Purse Seine fleet under the 2002 legislation, is close to receiving federal funding in the form of a loan through the National Marine Fisheries Service (NMFS) to carry out the purposes of the Salmon Fishery Association legislation. NMFS will provide a long term loan to SRA to be paid back by Southeast salmon seine fishermen from future salmon harvests. NMFS requires a mechanism to be able to monitor the loan payback. SB 255 provides that mechanism.

SB 255 will allow NMFS access to confidential state records and reports through an exception to AS 16.05.815 (a) (Confidential nature of certain reports and records). This is not an unusual request since a dozen other exceptions have been granted in statute, including NMFS but for purposes of fishery management and enforcement. This legislation is necessary since it is the State of Alaska that maintains the fish ticket harvest data and fish processor annual reports. This exception will provide

assurance to NMFS that they are receiving the proper repayment of their loan. Similarly a requirement is added to AS 43.75.020(a), the Alaska Fisheries Business License, that the applicant in addition to other conditions, agrees to pay the fee assessment collected from the Southeast seine fleet to NMFS.

The original legislation in 2002 was supported by the Alaska fishing community and had overwhelming legislative support in both the House and Senate, as did the 2006 modification. This support stemmed from the fact that the program was initiated by fishermen for fishermen, it is a voluntary program (no one will be forced to sell their limited entry permit), the program requires a majority vote of all the fishermen to implement the loan agreement, the fishery association will have access to federal funds through the Magnuson-Stevens Fishery Conservation and Management Act, there is little State expense or administration, the State maintains all its responsibility to manage its fisheries in the future should conservation or economic conditions change, and the program has had a history of legislative support.

We have been pleased to work with the SRA on the establishment of their association and the success of their pilot program in 2008 which resulted in the buyback of 35 limited entry permits in the SE Alaska salmon purse seine fishery.

With the passage of SB 255 we look forward to a continuous working relationship with SRA and the Alaska fishing community.

Thank you for the opportunity to provide these comments.

Sincerely,



Frank Homan, Chairman

Peter Froehlich, Commissioner

Bruce Twomley, Commissioner

2/2010

## **CAPACITY REDUCTION PROGRAM FOR THE SOUTHEAST ALASKA PURSE SEINE SALMON FISHERY**

**By Southeast Revitalization Association**

**SUMMARY:** State and federal legislation authorized this fishing capacity reduction program for the Southeast Alaska purse seine salmon fishery. The program will reduce fishing capacity by permanently relinquishing permits, promote economic efficiency, improve flexibility in the conservation and management of the fishery and obtain the maximum reduction in permits at the least cost.

The program is voluntary and only permit holders of the fishery are eligible to participate. Participating permit holders must abide by the terms and conditions of the program set forth in the Bid Agreement and, if their bid is accepted, a Relinquishment Contract ("Contract") with the Southeast Revitalization Association (SRA) and the Alaska Commercial Fisheries Entry Commission (CFEC). The aggregate of all Bid Agreements and Contracts signed by permit holders whose bids are accepted, will together with supporting rationale, constitute the Reduction Plan ("Plan") to be submitted to the Secretary of Commerce ("Secretary") for approval. Permit holders participating in the program will receive up to \$23.5 million in exchange for relinquishing permits.

To obtain the maximum capacity reduction at the least cost, SRA will use reverse auction procedures to rank and determine which bids to accept. If bids are accepted, the SRA will accept the bid with the lowest dollar amount and successively accept each additional bid with the next lowest dollar amount until it either elects not to accept a bid, there are no more bids to accept, or acceptance of the last bid with the next lowest dollar amount would cause the total cost to exceed \$23.5 million. The SRA may conduct one or more separate auctions before determining whether the number of bids it elects to accept is sufficient to submit a Plan.

Following SRA submission of the Plan and approval by the Secretary, National Marine Fisheries Service ("NMFS") will conduct a referendum to determine the willingness of the permit holders to repay a fishing capacity reduction loan ("loan") to finance the Plan. A majority vote of all permit holders in favor would bind all permit holders. NMFS will issue a \$23.5 million, 40-year loan to be repaid by those permit holders who continue operations in the fishery after implementation of the Plan.

In the event the aggregate amount of all accepted bids is less than \$23.5 million, the remaining loan funds would be available for reduction payments as part of a later SRA submitted Plan, subject to approval by the Secretary, and after a successful referendum by the permit holders.

1. **Statutory Background:** The authority for the SRA to conduct the program is Alaska Statute 16.40.250. The program was established under the Consolidated Appropriations Act of 2005 (Act) authorizing the (NMFS) to establish up to a \$50 million loan to finance the program and appropriated \$500,000 for the cost of the loan. That law was subsequently amended by Section 121 of the Magnuson-Stevens (MSA) Reauthorization Act of 2006 (Public Law 109-447) reducing the loan amount to no more than \$25 million and clarifying the respective roles of NMFS and SRA relative to development and implementation of the program. The sum of \$235,000 was later appropriated for the cost of guaranteeing the loan amount. The authority for making the loan is sections 1111 and 1112 of the Merchant Marine Act, 1936. NMFS will implement the industry fee system to repay the loan under section 312(d)(2) of the MSA.

2. **Purpose.** The program will reduce fishing capacity by permanently relinquishing permits, promote economic efficiencies, improve flexibility in the conservation and management off the fishery and obtain the maximum reduction in permits at the least cost by establishing reverse auction bidding procedures under the Plan.

3. **Definitions.** Unless otherwise defined, the following terms have the following meanings for the purpose of this program.

**Acceptance** means SRA acceptance of a bid.

**Act** means section 209 of Title II of Division B of Public Law 108-447 as amended by section 121 of Public Law 109-447.

**Bid** means a bidder's irrevocable offer under the Bid Agreement to relinquish a permit.

**Bid Agreement** means the form identifying the eligible bidder, procedures for the completion and submission of a bid; requirements upon acceptance of a bid and resulting relinquishment of the permit, and any other necessary implementation.

**Bid Amount** means the dollar amount of each bid by which SRA determines in what order to rank and potentially accept bids.

**Final Plan** means the aggregate of all Bid Agreements, Commercial Fisheries Entry Commission ("CFEC") documents, Relinquishment Contracts, and supporting documents and rationale; submitted to the Secretary for approval.

**Conditional Notice** means the CFEC form that any permit holder must sign and agree to abide upon submission of a Bid Agreement.

**Conditional Relinquishment** means the CFEC form that any permit holder agreeing to relinquish a permit must sign and agree to abide by upon SRA acceptance of the bid.

**Fishery** means the commercial taking of salmon with purse gear within the Southeast Alaska administrative area as defined under Title 5 Alaska Administrative Code Section 33.100.

**Permit** means a valid entry permit issued by CFEC to operate in the fishery.

**Permit Holder** means an individual at the time of bidding is the holder of record of a permit.

**Relinquishment Contract** means the contract that any permit holder agreeing to relinquish a permit pursuant to Alaska Statute (A.S. 16.43.150(i) must sign and agree to abide by upon acceptance of the bid, and before payment of the bid amount.

**Secretary** means the Secretary of Commerce or a designee.

**Southeast Revitalization Association (SRA)** is a qualified fishery association authorized to develop and implement this capacity reduction program under Alaska Statute 16.40.250 and federal law.

#### **4. Eligibility and Application of permit holders**

(a) *Notification.* A copy of the Bid Agreement, CFEC Conditional Notice and Conditional Relinquishment forms, and the Contract shall be mailed to each permit holder.

(b) *Application.* Any permit holder may apply to participate in the program, by submitting a fully completed and executed, Bid Agreement, including the necessary CFEC forms and the Contract.

**5. Withdrawal:** By submitting a completed and executed Bid Agreement, the person makes an irrevocable offer to relinquish a permit. No person, once having submitted the Bid Agreement, is entitled to withdraw or in any way amend the Bid Agreement.

**6. Bid—(i) Binding agreement.** A submitted Bid Agreement shall be an irrevocable offer to relinquish the permit for the bid amount, contingent on such offer being accepted by SRA. A bid that is submitted by the permit holder, but is not accepted by SRA, shall be deemed terminated and both the permit holder and SRA shall have no further obligation with respect to Bid Agreement.

(ii) **Bid Content.** The submitted Bid Agreement shall include the following information: name, address, telephone number and (if available) electronic mail address of the submitting permit holder; permit number and whether any authorized party holds a security interest in the permit.

- (iii) Bid submission.** Any permit holder may submit a Bid Agreement. If a permit holder holds a second permit, such permit holder may, but is not required to submit a Bid Agreement for such second permit. Each application must be submitted to the SRA, c/o Elgee, Rehfeld, Mertz, LLC, Professional Plaza Building B, 9309 Glacier Highway, Suite B-200, Juneau, AK 99801.
- (iv) Validity of Bid.** SRA in consultation with CFEC shall examine each Bid Agreement for consistency and the necessary elements. SRA shall notify the permit holder if the Bid Agreement is non-conforming. In such cases, the permit holder may submit a revised, conforming Bid Agreement if within the prescribed period.

**7. Warranty.** By submitting a Bid Agreement, the permit holder warrants and represents that the permit holder has read and understands the terms of the Bid Agreement, Contract, CFEC forms, and has had the opportunity to seek independent legal counsel regarding such documents and the consequences of submitting the Bid Agreement.

**8. Bids—(i) Ranking.** *The SRA shall rank bids by using a reverse auction in which the SRA ranks the bid with the lowest dollar amount and successively ranks each additional bid with the next lowest dollar amount until there are no more bids or the ranking of the next lowest bid would cause the total program cost to exceed \$23.5 million.*

**(ii) Acceptance and Post-acceptance transfers.** Upon expiration of the bid closing date the SRA will determine whether the number of ranked bids it is willing to accept is sufficient to achieve a substantive reduction in harvest capacity and increased economic efficiencies for those permit holders remaining in the fishery. If the SRA makes such a determination and thereafter accepts bids, SRA will send CFEC the Conditional Notice form restricting transfer of the permit to any person whose bid was accepted.

**9. Submission of Plan, including repayment.** The aggregate of all Bid Agreements, the CFEC forms and Contracts will, together with supporting documents and rationale, constitute the Plan to be submitted to NMFS for final approval on behalf of the Secretary. The Plan shall identify as the proposed capacity reduction, the permits identified in the Bid Agreements.

**10. Selection of fishing capacity to be removed by Plan.** The fishing capacity removed under the Plan will be the permits voluntarily offered by permit holders and accepted by SRA up to an aggregate amount of \$23.5 million.

**11. Approval of the Plan.** The criteria for NMFS, on behalf of the Secretary, to approve any Plan must include a finding by the Administrator of NMFS that the Plan is consistent with the Act and MSA, and that it will result in the maximum reduction in permits and fishing capacity at the least cost and in the minimum amount of time.

**12. Referendum.** NMFS will conduct a referendum to determine the permit holder's willingness to repay a fishing capacity reduction loan to purchase the permits identified in the Plan. A successful referendum by a majority of the permit holders will bind all parties and complete the reduction process.

**13. Reduction Payments.** Within 60 days of a successful referendum and CFEC receipt of the Contract, SRA through the Secretary will tender the accepted bid amount.

**14. Later Plan** The SRA may accept a total number of bids in an aggregate amount less than \$23.5 million. If this occurs, any remaining funds would be available for reduction payments as part of a later Plan.

**15. Reduction Loan —(i) Term.** As authorized by the Act, the capacity Reduction Loan ("Loan") shall be amortized over a forty (40) year term. The Loan's original principal amount may not exceed \$23.5 million, but may be less if the ultimate reduction cost is less. NMFS has promulgated framework regulations generally applicable to all fishing capacity reduction programs and the Loan shall be subject to the provisions of these regulations.

**16. Loan Repayment** Permit holders operating in the fishery shall be obligated to pay the fee in accordance with the regulations. Permit holders acknowledge that in the event payments made under the Plan are insufficient to pay the actual Loan, the term of the repayment shall be extended by NMFS until the Loan is paid in full.

**(i) Interest.** The Loan's interest rate will be the U.S. Treasury's cost of borrowing equivalent maturity funds plus 2 percent. NMFS will determine the Loan's initial interest rate when NMFS borrows from the U.S. Treasury the funds with which to disburse the reduction payments. The initial interest rate will change to a final interest rate at the end of the Federal fiscal year in which NMFS borrows the money from the U.S. Treasury. The final interest rate will be 2 percent plus a weighted average, throughout the fiscal year, of the U.S. Treasury's cost of borrowing equivalent maturity funds. The final interest rate will be fixed, and will not vary over the remainder of the reduction loan's 40-year term. The Loan will be subject to a level debt amortization. There is no prepayment penalty.

(ii) **Fees.** The Loan shall be repaid by fees collected from the remaining permit holders operating in the fishery.

(A) The fee will be expressed as a percentage of the ex-vessel price of all salmon harvested and landed in the fishery. For example, if the fee is 3% and the ex-vessel weighted average round price is \$0.50, then the fee per pound of salmon will equal to \$0.015 per pound.

(B) Fees must be assessed and collected on all salmon harvested in the fishery. Although the fee could be up to 3 percent of the ex-vessel price of all post-reduction landings, the fee will be less than 3 percent if NMFS projects that a lesser rate can amortize the Loan over the 40-year term.

(C) It is possible that the fishery may not open during some years. Consequently, the fishery will not produce fee revenue with which to service the Loan during these years. However, interest will continue to accrue on the principal balance. When this happens, if the fee is not already at the maximum 3 percent, NMFS will increase the fee to the maximum 3 percent, apply all subsequent fee revenue first to the payment of accrued interest, and continue the maximum fee rates until the principal and interest payments become current. Once all principal and interest payments are current, NMFS will make a determination about adjusting the fee rate.

(D) **Collection.** The permit holder or the person who purchases and processes the salmon landed in the fishery shall be responsible for collecting and submitting the fees to NMFS.

(E) **Record keeping and Reporting.** The permit holder or the person who purchases and processes the salmon landed in the fishery shall be responsible for compliance with the applicable record keeping and reporting requirements.

**17. Enforcement/Specific Performance.** The parties to the Contract have agreed that the opportunity to develop and submit a capacity reduction program for the fishery under the terms of the Act is both unique and finite. The failure of a permit holder whose bid was accepted to perform the obligations under the Contract will result in irreparable damage to the SRA and the permit holders upon submittal of the Plan to the Secretary for approval. Accordingly, the parties to the Contract expressly acknowledge that money damages are an inadequate means of redress and agree that upon failure of the permit holder to fulfill his obligations under the Contract that specific performance of those obligations may be obtained by suit in equity brought by the SRA in any court of competent jurisdiction without obligation to arbitrate such action.



8/2008

# RESULTS OF PILOT PROJECT

## SOUTHEAST REVITALIZATION ASSOCIATION

### FLEET CONSOLIDATION PROGRAM FOR THE SOUTHEAST ALASKA PURSE SEINE SALMON FISHERY

#### SUMMARY:

The Southeast Revitalization Association ("SRA") a qualified fishery association under Alaska state law, established and implemented a fleet consolidation program for the Southeast Alaska purse seine salmon fishery.<sup>1</sup> The program utilized a reverse auction system to achieve the greatest consolidation or permit reduction with the available \$2,872,746 in federal grant funding<sup>2</sup>. The program allowed for the purchase and relinquishment of 35 permits or 8.4% of all permits at an average cost of \$82,020.

#### STATUTORY AND REGULATORY AUTHORITY:

The statutory authority for SRA to conduct the program is Alaska Statute ("AS") 16.40.250. The program was financed through Pacific Coast Salmon Recovery Fund (PCSRF) dollars designated to SRA under the Consolidated Appropriations Act of 2006 (P.L. 109-108) and related Commerce, Justice, State Conference Report. The authority for relinquishing limited entry fishing permits is AS 16.43.150(1).

#### RATIONALE:

The Alaska Legislature enacted legislation in 1973 establishing a system for limiting the number of individuals participating in commercial salmon fisheries. The Commercial Fisheries Entry Commission ("CFEC") was also created to implement and administer the "limited entry" system. CFEC determined that 415 was the optimal number of permits (and vessels) for the fishery. For the period 1992-2001 an average of 364 or almost 90% of the permits were fished each

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<sup>1</sup> A potential second and separate consolidation program has also been enacted for the fishery. Under this program permit holders would receive up to a \$23.5 million in exchange for relinquishing permits. Following submission of a consolidation plan by SRA and approval by the Secretary of Commerce, the National Marine Fisheries Service (NMFS) would conduct a referendum to determine the willingness of permit holders remaining in the fishery to repay the loan to effect the second program. A majority vote of all permit holders in favor would bind all remaining permit holders to repay the loan. NMFS would issue a 40-year loan and establish a fee system for repayment of the loan not to exceed three percent (3.0%) of the ex-vessel of all salmon harvested in the fishery.

<sup>2</sup> Initially the SRA was scheduled to receive an additional \$1 million in PCSRF grant funding. Unfortunately the State of Alaska and ADF&G reallocated the dollars to Southeast salmon processors to promote canned pink salmon sales.

year. By 2003 participation had fallen to only 210 and in 2007 active participation was no greater than 230.

The dramatic decline was not attributable to resource depletion or excessive vessel capacity, but rather to the dramatic reduction in ex-vessel salmon prices caused by competition from imported farm salmon<sup>3</sup>. Historically, 83% of the Southeast seine harvest is pink salmon. In 1988 the ex-vessel price of pink salmon reached \$.88 per pound and then dropped precipitously. For the period 1992-2001 the average price fell to only \$.19 per pound. The 2002 price plummeted to \$.10 and in 2003 to a mere \$.08. Ex-vessel prices rebounded slightly in 2007, but are still far below levels necessary to ensure an economically viable fishery.

The fall in salmon prices, higher operating costs and related consolidation in the processing sector, triggered a call for commensurate consolidation in the Southeast seine fleet. This was a difficult decision. However, it was almost universally recognized that if everyone stays in the fishery, no one will be profitable and the fishery will continue to teeter on economic collapse. Responding to this need, the Legislature under AS 16.40.250 authorized the formation of qualified salmon fishery associations for the purpose of reducing or consolidating a salmon fishery for which CFEC has issued limited entry permits.

#### **GOALS:**

The program sought to 1) reduce fishing capacity by permanently revoking a substantial number of permits, 2) promote economic efficiency, 3) improve flexibility in the conservation and management of the fishery and 4) obtain the maximum reduction in permits at the least cost.

#### **DESIGN:**

The program was voluntary and all permit holders of the fishery were eligible to participate. To maximize consolidation, the SRA designed a consolidation plan utilizing reverse auction bidding procedures. The SRA then consulted with CFEC to establish program requirements relating to notification, bidding procedures, method of payment and administration. The SRA mailed the consolidation plan to all permit holders on April 7, 2008 and published notice of the plan in various Southeast newspapers.

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<sup>3</sup> In 1992 imports of farmed salmon began to seriously impact the U.S. market and ex-vessel prices paid Alaska salmon fishermen. Encouraged by U.S. free trade policy, these imports ultimately flooded the U.S. and then Japanese markets. Today farmed salmon accounts for over 70% of the worldwide market while Alaska salmon accounts for less than 15% of the market.

## **ADMINISTRATION:**

The program was administered by the SRA Manager and Board of Directors. The SRA also utilized the services of the Southeast Alaska Seiners Association ("SEAS") and the Purse Seine Vessel Owners Association ("PSVOA"). Program administration was conducted consistent with the Statement of Work filed with the Alaska Department of Fish & Game ("ADF&G") as part of the PCSRF grant process. The SRA retained the CPA firm of Elgee, Rehfeld, Mertz, LLC, in Juneau, Alaska to receive and log bid applications. The SRA Manager processed the accepted bids and handled the logistics of permit purchasers and ultimate relinquishment of permits by CFEC. Decisions regarding the maximum purchase price and acceptance of a bid were made by the SRA Board. Legal consultation was provided by PSVOA and CFEC.

## **ADMINISTRATIVE COSTS:**

The ADF&G Statement of Work proposed that the SRA receive \$42,500 to administer the program.<sup>4</sup> However, upon the withdrawal of bids and subsequent acceptance of higher bids the SRA elected to forego all administrative fees and expenses to maximize the number of permits purchased.

## **IMPLEMENTATION:**

### **Licenses Available:**

The number of permits eligible for 2008 renewal was 415.

### **Number of Bids Submitted and Accepted:**

82 bids were submitted for the cumulative amount of \$9,642,994. Individual bid amounts ranged from \$44,000 to \$700,000. The SRA Board initially accepted 35 bids for a cumulative amount of \$2,798,115. Certain accepted bidders later withdrew their bid and upon withdrawal the SRA Board selected the next highest bid amount. The SRA ultimately purchased 35 permits, but for the increased cumulative amount of \$2,870,355<sup>5</sup>. The accepted bid amounts ranged from \$55,000 to \$94,950.

### **Number of Permits Relinquished:**

The program purchased a total of 35 permits or 8.4 % of all permits. These permits were then relinquished and revoked by CFEC pursuant to the terms and conditions of a "Relinquishment Contract" executed by the accepted bidders.

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<sup>4</sup> ADF&G received \$86,183 to administer its portion of the program.

<sup>5</sup> The PCSRF is a reimbursement only grant program. That is, SRA was first required to expend funds before seeking reimbursement. To initiate the program, the SRA borrowed \$1.4 million from the Seine Vessels' Reserve, a for profit affiliate of PSVOA. This loan was made without interest and was subsequently repaid.

**Identification of Accepted Bidders:**

An alphabetical list of the 35 bidders, including the permit number and state of residency follows:

Last	First	Residency <sup>6</sup>	Permit #
Ancich, Jr.	Peter	CA	S01A57650E
Anderson	Norman	WA	S01A55309W
Babich	Randall	WA	S01A57232I
Bozanich	Tony	WA	S01A58439
Burdett-Gross	Jared	AK	S01A56465W
Buttle	Teddy	WA	S01A61889
Cresswell	Bruce	WA	S01A55420U
Dontos	Larry	WA	S01A56486K
Engblom	Larry	WA	S01A56841Q
Gilbert	Daniel	WA	S01A58994O
Hanson	Audrey	WA	S01A58949M
Hisaw	Edmond	WA	S01A60531E
Hooper	George	WA	S01A57908F
Jacobs	Mary	AK	S01A60278P
Janovich	Doris	WA	S01A61603C
Kjarstad	Arnie	WA	587693
Krigbaum	Gilbert L.	WA	S01A56694P
Kyle	James	WA	S01A5922OX
Lovrovich	Pauline	WA	S01A57227W
Lovrovich	Tom	WA	S01A58181U
Manos	William	CA	S01A61626A
Maricich	Roy	WA	S01A55069I
McVicker	Lee Ann	AK	S01A59504X
Meiners Jr.	Herman M.	AK	S01A639855
Menten	Erik	WA	S01A57486J
Quarterman	Robert	WA	S01A58864M
Ranniger	Royce	AK	S01A58341V
Riggs	Darrell	AK	S01A58413V
Schonberg	Paul	WA	S01A61461M
Stager	Frederick	AK	S01A56039N
Stroup	Rex	WA	S01A65976L
Vitalich	Janet	WA	S01A61538Z
Wartman	Sharon	WA	S01A55040
Wells	Douglas	WA	S01A55235M
Weynands	Mark	WA	S01A57229H

<sup>6</sup> Eighty percent (80%) of the accepted bidders (and permits relinquished) were held by non-Alaskan residents.

## REVENUE & EXPENDITURES

The following is a summary of SRA program revenue and expenditures as of August 1, 2008:

### SRA BALANCE SHEET

#### REVENUE

PCSRF GRANT FUNDS	\$	2,872,746
PSVOS/SEAS LOAN <sup>7</sup>		<u>11,714</u>
<b>TOTAL</b>		<b>2,884,460</b>

#### EXPENDITURES

PERMIT PURCHASES	\$	2,870,355
ELGEE REHFELD MERTZ		3,447
PUBLICATIONS <sup>8</sup>		1,789
SMS, INC <sup>9</sup>		3,423
EXPRESS MAIL		630
TRAVEL		3,966
PHONE		485
BANK FEES		<u>365</u>
<b>TOTAL</b>		<b>2,884,460</b>

<sup>7</sup> PSVOA and SEAS jointly loaned the SRA this amount to allow the entire grant to be applied toward the purchase of permits.

<sup>8</sup> The SRA published notice of the program in the Juneau Empire, Sitka Sentinel, Petersburg Pilot, Wrangell Sentinel and Ketchikan Daily.

<sup>9</sup> SRA contracted with SMS, Inc. a for profit affiliate of PSVOA. to coordinate mailings to permit holders and payments to accepted bidders.

(3) rearing and sale of ornamental finfish for aquariums or ornamental ponds provided that the fish are not reared in or released into water of the state.

(c) In this section "ornamental finfish" means fish commonly known as "tropical fish," "aquarium fish," or "goldfish," that are imported, cultured, or sold in the state customarily for viewing in aquaria or for raising in artificial systems, and not customarily used for sport fishing or human consumption purposes. (§ 2 ch 91 SLA 1990)

**Cross references.** — For legislative findings in connection with the enactment of this section, see § 1, ch. 91, SLA 1990 in the Temporary and Special Acts.

### Article 4. Fishery Associations.

**Section**

- 240. Regional dive fishery development associations
- 250. Salmon fishery associations

**Sec. 16.40.240. Regional dive fishery development associations.** (a) The commissioner shall assist in and encourage the formation of qualified regional dive fishery development associations for the purpose of developing dive fisheries in administrative areas of the state in which dive fisheries exist. A regional dive fishery development association is qualified if the commissioner determines that the regional association

- (1) is incorporated as a nonprofit corporation under AS 10.20;
  - (2) represents commercial fishermen who participate in each dive fishery in the region; and
  - (3) possesses a board of directors that
    - (A) is representative of commercial dive fishermen who fish in each of the significant commercial dive fishing areas in the administrative area;
    - (B) has a member who is representative of fish processors who process dive fishery resources in the administrative area; and
    - (C) has a member who is representative of municipalities in the administrative area.
- (b) In this section, "administrative area" has the meaning given in AS 43.76.210. (§ 1 ch 90 SLA 1997)

**Sec. 16.40.250. Salmon fishery associations.** The commissioner may assist in and encourage the formation of qualified salmon fishery associations for the purpose of promoting the consolidation of the fishing fleet in a salmon fishery for which the Alaska Commercial Fisheries Entry Commission has issued commercial fishing entry permits under AS 16.43. A salmon fishery association is qualified if the commissioner determines that the regional association

- (1) is incorporated as a nonprofit corporation under AS 10.20;
- (2) is comprised of interim-use permit and entry permit holders in the salmon fishery for which the association is established; and
- (3) has a board of directors that is comprised of interim-use permit and entry permit holders in the salmon fishery. (§ 1 ch 134 SLA 2002)

**Cross references.** — For reimbursement of expenses of fleet reduction programs, see AS 16.43.330(c).

### Article 5. Sport Fishing Services.

**Section**

- 260. Sport fishing operator license
- 270. Sport fishing guide license
- 280. Reports

**Section**

- 290. Penalty
- 299. Definitions

**Effective dates.** — Section 16.40.260 becomes effective July 1, 2004.

#### Sec. 16.40.260. Sport fishing operator license.

- (1) holds a current sport fishing operator license;
- (2) presents proof satisfactory to the commissioner for marine protection and the person and the person's spouse pay at least \$100,000 for each year of the license;
- (3) pays the license fee;
- (4) satisfies all additional requirements of the Alaska Commercial Fisheries Act.

(b) A person may not hold a sport fishing operator license if the person is not qualified under this section.

(c) A person who holds a sport fishing guide service combined license and a current sport fishing guide service license is not eligible to hold a sport fishing operator license.

(d) A person who holds a sport fishing guide service license and a sport fishing operator license is not eligible to hold a sport fishing guide service license.

(e) A person who holds a sport fishing operator license is not eligible to hold a sport fishing guide service license if the person is the subject of a violation of AS 16.05 - 16.09, including regulations relating to the sport fishing guide who is employed by the person. (§ 6 ch 70 SLA 2004)

**Delayed repeal.** — Under § 16.40.260, this section is repealed January 1, 2004.

#### Sec. 16.40.270. Sport fishing guide license.

- (1) is a citizen of the United States;
- (2) is certified in first aid;
- (3) holds a license to carry a firearm issued by the Alaska State Guard if the person operates a sport fishing guide license if the license is required by the commissioner and the sport fishing guide provides fishing guide services;
- (4) holds a current sport fishing operator license;
- (5) pays the license fee;
- (6) satisfies all additional requirements of the Alaska Commercial Fisheries Act.

(b) A natural person may not hold a sport fishing guide license if the person is not qualified under AS 16.40.270 and pays the license fee under this section and pays the license fee under this section.

(c) A person may not hold a sport fishing guide license if the person is not qualified under this section and pays the license fee under this section.

- (1) holds a current sport fishing operator license;
- (2) holds a current sport fishing guide license;
- (3) holds a current sport fishing operator license;

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		Resident	188	49.5	113	53.3	75	44.6
		Nonresident	192	50.5	99	46.7	93	55.4
	2008	<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>
		Resident	198	47.7	121	51.1	77	43.3
		Nonresident	217	52.3	116	48.9	101	56.7
	2007	<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>
		Resident	198	47.8	125	54.3	73	39.7
		Nonresident	216	52.2	105	45.7	111	60.3
	2006	<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>
		Resident	193	46.5	119	51.3	74	40.4
		Nonresident	222	53.5	113	48.7	109	59.6
	2005	<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>
		Resident	185	44.7	109	52.2	76	37.1
		Nonresident	229	55.3	100	47.8	129	62.9
	2004	<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>
		Resident	184	44.2	115	48.9	69	38.1
		Nonresident	232	55.8	120	51.1	112	61.9
	2003	<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>
		Resident	187	45.1	128	46.9	59	41.5
		Nonresident	228	54.9	145	53.1	83	58.5
	2002	<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>
		Resident	188	45.3	148	42.9	40	57.1
		Nonresident	227	54.7	197	57.1	30	42.9
	2001	<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>
	Resident	189	45.4	161	45.2	28	46.7	
	Nonresident	227	54.6	195	54.8	32	53.3	
2000	<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>	
	Resident	191	45.9	165	46.0	26	45.6	
	Nonresident	225	54.1	194	54.0	31	54.4	
1999	<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>	

**WWBITP-A State of Alaska 2010-01-14**  
**Commercial Fisheries Entry Commission**  
**Basic Information Table**  
**S 01A SALMON, PURSE SEINE, SOUTHEAST**

Year	Residency	Permanent Permits Renewed	Interim Permits Issued	Total Permits Issued/ Renewed	Total Permits Fished	Total Pounds	Average Pounds	Total Gross Earnings	Average Gross Earnings	Average Permit Price
2008	Resident	187	0	187	113	41,115,902	363,858	\$21,058,568	\$186,359	
	Nonresident	193	0	193	99	40,262,245	406,689	\$19,927,471	\$201,288	
	Year Totals	380	0	380	212	81,378,147	383,859	\$40,986,039	\$193,330	\$67,800
2007	Resident	198	0	198	121	95,024,646	785,328	\$24,632,323	\$203,573	
	Nonresident	217	0	217	116	90,244,723	777,972	\$25,013,727	\$215,636	
	Year Totals	415	0	415	237	185,269,369	781,727	\$49,646,050	\$209,477	\$59,700
2006	Resident	198	0	198	125	53,037,973	424,304	\$14,582,833	\$116,663	
	Nonresident	216	0	216	105	43,038,415	409,890	\$12,953,195	\$123,364	
	Year Totals	414	0	414	230	96,076,388	417,723	\$27,536,028	\$119,722	\$52,900
2005	Resident	193	0	193	119	121,367,012	1019891	\$18,534,431	\$155,752	
	Nonresident	222	0	222	113	105,326,313	932,091	\$17,539,218	\$155,214	
	Year Totals	415	0	415	232	226,693,325	977,126	\$36,073,649	\$155,490	\$41,800
2004	Resident	185	0	185	109	109,121,597	1001116	\$16,277,145	\$149,332	
	Nonresident	229	0	229	100	97,968,963	979,690	\$15,395,307	\$153,953	
	Year Totals	414	0	414	209	207,090,560	990,864	\$31,672,452	\$151,543	\$32,100
2003	Resident	184	0	184	115	107,652,418	936,108	\$13,197,585	\$114,762	
	Nonresident	231	1	232	120	104,489,485	870,746	\$13,508,155	\$112,568	
	Year Totals	415	1	416	235	212,141,903	902,732	\$26,705,739	\$113,641	\$32,800
2002	Resident	187	0	187	128	78,142,583	610,489	\$9,276,587	\$72,473	
	Nonresident	227	1	228	145	93,196,668	642,736	\$10,967,583	\$75,639	
	Year Totals	414	1	415	273	171,339,251	627,616	\$20,244,170	\$74,154	\$22,800
2001	Resident	188	0	188	148	111,933,441	756,307	\$21,623,106	\$146,102	
	Nonresident	226	1	227	197	139,215,120	706,676	\$27,119,695	\$137,663	
	Year Totals	414	1	415	345	251,148,561	727,967	\$48,742,800	\$141,283	\$34,700
2000	Resident	189	0	189	161	64,590,834	401,185	\$17,173,538	\$106,668	
	Nonresident	226	1	227	195	76,721,153	393,442	\$20,887,226	\$107,114	
	Year Totals	415	1	416	356	141,311,987	396,944	\$38,060,764	\$106,912	\$39,300
1999	Resident	191	0	191	165	132,746,677	804,525	\$25,130,026	\$152,303	
	Nonresident	224	1	225	194	163,070,469	840,569	\$31,272,063	\$161,196	
	Year Totals	415	1	416	359	295,817,146	824,003	\$56,402,089	\$157,109	\$40,400
1998	Resident	189	0	189	163	97,935,311	600,830	\$19,213,605	\$117,875	
	Nonresident	226	1	227	214	123,567,242	577,417	\$26,296,141	\$122,879	
	Year Totals	415	1	416	377	221,502,553	587,540	\$45,509,746	\$120,716	\$49,500
1997	Resident	188	0	188	160	78,644,528	491,528	\$18,773,766	\$117,336	
	Nonresident	227	1	228	191	78,917,546	413,181	\$22,040,231	\$115,394	
	Year Totals	415	1	416	351	157,562,074	448,895	\$40,813,997	\$116,279	\$50,000
1996	Resident	183	0	183	154	115,404,055	749,377	\$16,994,911	\$110,357	
	Nonresident	233	1	234	203	163,201,719	803,949	\$25,818,543	\$127,185	
	Year Totals	416	1	417	357	278,605,774	780,408	\$42,813,455	\$119,926	\$61,200
1995	Resident	182	0	182	169	79,102,923	468,065	\$22,438,129	\$132,770	
	Nonresident	235	1	236	204	118,879,852	582,744	\$33,368,683	\$163,572	
	Year Totals	417	1	418	373	197,982,775	530,785	\$55,806,812	\$149,616	\$75,900
1994	Resident	180	0	180	168	94,774,661	564,135	\$25,321,902	\$150,726	
	Nonresident	237	1	238	222	122,538,557	551,975	\$35,842,665	\$161,453	



**WWBITP-A State of Alaska 2010-01-14**  
**Commercial Fisheries Entry Commission**  
**Basic Information Table**  
**S 01A SALMON, PURSE SEINE, SOUTHEAST**

Year	Residency	Permanent Permits Renewed	Interim Permits Issued	Total Permits Issued/Renewed	Total Permits Fished	Total Pounds	Average Pounds	Total Gross Earnings	Average Gross Earnings	Average Permit Price
	Year Totals	417	1	418	390	217,313,218	557,213	\$61,164,567	\$156,832	\$73,600
1993	Resident	178	0	178	167	85,239,895	510,419	\$21,806,922	\$130,580	
	Nonresident	239	2	241	215	118,444,777	550,906	\$31,087,396	\$144,593	
	Year Totals	417	2	419	382	203,684,672	533,206	\$52,894,318	\$138,467	\$79,600
1992	Resident	181	1	182	158	59,626,323	377,382	\$21,785,271	\$137,881	
	Nonresident	236	2	238	196	74,440,329	379,798	\$29,269,611	\$149,335	
	Year Totals	417	3	420	354	134,066,652	378,719	\$51,054,882	\$144,223	\$65,000
1991	Resident	181	1	182	169	78,326,334	463,469	\$15,171,332	\$89,771	
	Nonresident	236	2	238	214	104,975,063	490,538	\$20,899,772	\$97,662	
	Year Totals	417	3	420	383	183,301,397	478,594	\$36,071,105	\$94,180	\$92,700
1990	Resident	183	1	184	164	45,178,677	275,480	\$18,582,464	\$113,308	
	Nonresident	234	2	236	196	61,548,061	314,021	\$26,239,039	\$133,873	
	Year Totals	417	3	420	360	106,726,738	296,463	\$44,821,503	\$124,504	\$110,563
1989	Resident	182	1	183	168	83,438,346	496,657	\$37,818,947	\$225,113	
	Nonresident	234	3	237	197	115,360,380	585,586	\$53,422,114	\$271,178	
	Year Totals	416	4	420	365	198,798,726	544,654	\$91,241,060	\$249,976	\$79,267
1988	Resident	184	1	185	173	22,379,852	129,363	\$23,603,598	\$136,437	
	Nonresident	232	3	235	221	26,522,341	120,011	\$29,710,776	\$134,438	
	Year Totals	416	4	420	394	48,902,193	124,117	\$53,314,374	\$135,316	\$65,833
1987	Resident	182	1	183	165	18,158,827	110,053	\$10,621,316	\$64,372	
	Nonresident	234	3	237	216	20,925,297	96,876	\$12,118,213	\$56,103	
	Year Totals	416	4	420	381	39,084,124	102,583	\$22,739,529	\$59,684	\$40,832
1986	Resident	184	1	185	158	68,638,440	434,421	\$21,548,318	\$136,382	
	Nonresident	232	3	235	210	102,408,682	487,660	\$32,345,497	\$154,026	
	Year Totals	416	4	420	368	171,047,122	464,802	\$53,893,815	\$146,451	\$36,059
1985	Resident	184	1	185	165	80,530,322	488,063	\$23,322,047	\$141,346	
	Nonresident	232	3	235	203	93,375,832	459,979	\$28,696,887	\$141,364	
	Year Totals	416	4	420	368	173,906,154	472,571	\$52,018,934	\$141,356	\$37,907
1984	Resident	188	2	190	168	44,554,659	265,206	\$15,051,777	\$89,594	
	Nonresident	229	4	233	215	59,775,376	278,025	\$19,948,289	\$92,783	
	Year Totals	417	6	423	383	104,330,035	272,402	\$35,000,066	\$91,384	\$40,884
1983	Resident	187	1	188	157	49,761,844	316,954	\$13,684,595	\$87,163	
	Nonresident	229	4	233	181	69,210,905	382,381	\$19,607,699	\$108,330	
	Year Totals	416	5	421	338	118,972,749	351,990	\$33,292,294	\$98,498	\$38,531
1982	Resident	186	2	188	159	41,063,358	258,260	\$12,591,892	\$79,194	
	Nonresident	228	5	233	211	46,112,250	218,541	\$15,555,878	\$73,725	
	Year Totals	414	7	421	370	87,175,608	235,610	\$28,147,770	\$76,075	\$40,636
1981	Resident	194	1	195	175	38,819,364	221,825	\$18,017,116	\$102,955	
	Nonresident	220	3	223	189	40,267,166	213,054	\$18,769,228	\$99,308	
	Year Totals	414	4	418	364	79,086,530	217,271	\$36,786,344	\$101,061	\$43,333
1980	Resident	193	1	194	163	29,593,745	181,557	\$14,228,239	\$87,290	
	Nonresident	221	3	224	172	32,608,378	189,584	\$15,259,747	\$88,719	
	Year Totals	414	4	418	335	62,202,123	185,678	\$29,487,986	\$88,024	\$45,000
1979	Resident	189	2	191	160	23,417,245	146,358	\$10,440,835	\$65,255	

**WWWBTP-A State of Alaska 2010-01-14**  
**Commercial Fisheries Entry Commission**  
**Basic Information Table**  
**S 01A SALMON, PURSE SEINE, SOUTHEAST**

Year	Residency	Permanent Permits Renewed	Interim Permits Issued	Total Permits Issued/Renewed	Total Permits Fished	Total Pounds	Average Pounds	Total Gross Earnings	Average Gross Earnings	Average Permit Price
	Nonresident	224	3	227	159	19,126,818	120,294	\$9,191,935	\$57,811	
	Year Totals	413	5	418	319	42,544,063	133,367	\$19,632,769	\$61,545	\$49,500
1978	Resident	193	2	195	170	30,840,986	181,418	\$12,516,752	\$73,628	
	Nonresident	220	5	225	206	37,563,079	182,345	\$15,147,894	\$73,533	
	Year Totals	413	7	420	376	68,404,065	181,926	\$27,664,646	\$73,576	\$40,000
1977	Resident	196	2	198	159	34,095,906	214,440	\$13,231,509	\$83,217	
	Nonresident	215	1	216	166	29,755,899	179,252	\$11,297,251	\$68,056	
	Year Totals	411	3	414	325	63,851,805	196,467	\$24,528,760	\$75,473	
1976	Resident	202	2	204	144	12,646,703	87,824	\$5,463,056	\$37,938	
	Nonresident	207	7	214	136	13,236,853	97,330	\$5,601,198	\$41,185	
	Year Totals	409	9	418	280	25,883,556	92,441	\$11,064,253	\$39,515	
1975	Resident	198	34	232	159	10,281,573	64,664	\$3,484,050	\$21,912	
	Nonresident	200	45	245	128	7,227,447	56,464	\$2,563,854	\$20,030	
	Year Totals	398	79	477	287	17,509,020	61,007	\$6,047,904	\$21,073	

Notes:

A "\*" following the year field indicates data are preliminary.  
 Selected data fields are represented by "." when fewer than four people participated in a fishery.  
 Selected data fields are represented by "0" when no activity has occurred in a fishery (i.e., closure).  
 Gross earnings are estimated using an average annual ex-vessel price per area, species, and gear type.  
 These data are aggregated by type of permit fished, and thus contain both targeted and incidentally landed species.  
 Data includes only commercial catch landed on valid permits.  
 Data associated with test fishing, illegal landings, derbies, educational permits, or unmatchable permits are excluded.

Average Permit Price Notes:

--- indicates that there were no monetary transfers for this fishery.  
 ... indicates confidential information because fewer than four surveys exist.