

UNITED SOUTHEAST ALASKA GILLNETTERS

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April 15, 2017

Representative Louise Stutes
Chair, House Fisheries Committee
State Capitol Room 416
Juneau, AK 99801-1182
sent via email

Dear Chairwoman Stutes, Representative Kreiss-Tomkins (Sponsor) and Committee Members:

United Southeast Alaska Gillnetters (USAG) OPPOSES House Bill 188, "*Commercial Fishing Entry Permits; Loans; Trusts*".

House Bill 188 proposes to change the Limited Entry Act. Since 1975, limited entry has effectively restricted access to valuable state resources, ensuring regulated fisheries management. The Limited Entry Act and Commercial Fisheries Entry Commission (CFEC) successfully guide our world-renowned fisheries and should remain as is.

HB188 says Trusts '*will empower communities to prevent economic distress among fishermen*'. Individual fishermen leasing a Trust-owned permit could certainly have alleviated economic distress but we don't understand how that will transfer among fishermen or communities.

This Bill says Trusts '*will empower communities to promote fisheries conservation*'. We don't understand how Trusts would make this possible.

This Bill says Trusts '*will empower communities to realize greater economic self-sufficiency*'. The idea that this bill would bring economic self-sufficiency to communities is false. Adding a handful of regionally-leased limited entry permits will not stimulate a local economy; adding a few seasonal jobs will not have a measurable impact on a local economy. Harvested fish will likely be sold to processors located in other communities and the fishermen who lease these permits will probably buy their gear and maintenance necessities from established businesses in larger towns or "down south." Essentially, such Trusts will help and empower a few individual fishermen to establish themselves yet it misleading to state trusts will empower communities.

At times, this Bill uses the terms ‘communities’ and ‘trusts’ interchangeably. As written, it is designed for Trusts to be financially self-sufficient but a Trust is a sole entity and its state of self-sufficiency does not translate to another entity, such as a community.

Additionally, the Bill raises other financial questions such as how will these Trusts be funded? HB188’s Fiscal Note says the general fund will pay for a Trust’s first year but its second year will be funded by fees generated by the Trust. It seems like in order for a Trust to be financially self-sufficient they will need to charge fishermen some pretty hefty fees, which would have the reverse affect this bill desires, as the fishermen leasing permits cannot get ahead because of Trust fees. How much money is each Trust expected to spend/need each year? And how much in fees are Trusts expecting to generate for each permit?

Section 16.44.030 says, “*board members may be provided reasonable compensation*”. What constitutes ‘reasonable’? Fishermen leasing permits from Trusts will be paying for this and other costs.

Section 16.44.050 describes the powers of Trusts, sets some loose guidelines and leads to more questions. What might a ‘competitive bid process’ or ‘lease terms’ look like? This and other critical processes should be more developed with special care given to potential conflict of interest issues instead of leaving it up to a volunteer (or reasonably compensated) board. Include transparent measures throughout all processes. This Section also says Trusts can borrow money to buy permits. Where would this money come from and how would such buying processes work? “*Trusts must set lease terms which maintain their financial solvency, and they must invest lease revenue in the purchase of additional entry permits to the greatest extent possible*”. Again, fishermen leasing permits will be paying for this, which may challenge the fisherman’s financial solvency depending on the terms. Pressure to keep the Trust solvent could lead board members towards compromising behavior.

HB88 also states: “*the department may modify or change the boundaries of the regions for good reason.*” What is good reason and when can this change occur?

In the online documents tab of this Bill there are many supporting documents yet some of these are not specifically supporting this HB188, which is misleading. While there are similarities to last year’s HB366 of Community Permit Banks, of which some of these letters refer, HB188 is not HB366 and support for one doesn’t necessarily mean support for the other.

We want to see our industry thrive and perpetuate! Our members constantly work towards this by providing good jobs, teaching business and mechanical skills, transferring fishing knowledge, loaning money and more to those of the next generation that show adequate motivation and abilities.

United Southeast Alaska Gillnetters represents the interests of 473 salmon gillnet permit holders and their families. Our board members span Southeast Alaska and into Puget Sound. They are constantly talking to other gillnetters about current issues, including the concept of Regional Fisheries Trusts. These conversations are not generating positive reactions. We believe strongly that limited entry is working and shouldn't be changed. Young or new people wanting to get into fishing can easily find a crew job where they will learn how to fish and will earn money to eventually buy their own operation if they choose. Successful loan programs, including the state's, greatly support new and young fishermen.

Please do not advance HB188.

Thank you for your consideration,

A handwritten signature in black ink that reads "Cynthia Wallesz". The signature is written in a cursive, flowing style.

Cynthia Wallesz
Executive Director

CC: Representative Kreiss-Tomkins

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The mission of United Southeast Alaska Gillnetters is to protect, serve and enhance the gillnet fleet of southeast Alaska. We represent the interests of 473 salmon gillnet permit holders and their families.