

Trever M. Fulton

From: Putman, V Fate (CFEC) <fate.putman@alaska.gov>
Sent: Friday, April 26, 2019 1:22 PM
To: Trever M. Fulton
Cc: Kelley, Dale A (CFEC); Farrington, Craig W (CFEC)
Subject: SB 90 - CFEC response to Questions
Attachments: CFEC Response to SB90-V AmendR.1 questions, 042619.pdf; CFEC - Permanent Transfer Application.pdf

Trever,

Attached is the latest version of the CFEC response to questions raised during the 4/22 Senate Resources committee meeting on SB 90.

This version contains a count of set net permit holders in the Cook Inlet administrative area who have held that permit for the past 10 years (52%). We have also included a count of those permit holders who have held the permits for the past five years (75%). Note this is the full Cook Inlet Administrative Area and not the Sub district contemplated in SB 90. However, the 75% number should be close to what we would expect to see in the Sub district.

I have also included the form used by CFEC when a permit holder requests to transfer a permit to another fisherman. This form shows the type of immediate family transfer questions asked by CFEC at the time of transfer between two parties. From the report (Appendix A, P.4) you will see that the average of 46% of transfers occur between family members in the Cook Inlet set net fishery.

This two factors taken together indicate that if the four year permit holders (about 75%) were applied to the immediate family provision (46%) that approximately 86% of these subunit set net permit holders would qualify to participate in the buyback program contained in SB 90. This would be the case if Amendment 1 (as amended to a four (4) year look back), was included in the bill.

CFEC also estimates that approximately 10% of the Set Net permits in this proposed sub district were not fished in 2018 so that about 6 permits remained latent.

Please let me know if you have any questions or need any additional information.

Fate Putman, Chair/Commissioner
Commercial Fisheries Entry Commission
Fate.Putman@alaska.gov
907-790-6942



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Commercial Fisheries Entry Commission

8800 Glacier Highway, Suite 109
PO Box 110302
Juneau, Alaska 99811-0302
Main: 907.789-6160
Licensing: 907.789-6150
Fax: 907.789-6170

To: Fate Putman, Chair
Dale Kelley, Commissioner

Date: April 26, 2019

From: Craig Farrington
Research

Subject: Answers requested by the SRC
regarding SB90 Amendment R.1

Research Section (Research) is able to provide general answers to the questions posed by the Senate Resource Committee members on Version R.1 of the Amendment to SB90.

Here are the three questions as we received them in an April 23, 2019 email from Chairman Birch's staff:

1. Sen. Kiehl (4:12) Number of permits sold each year?
2. Sen. Birch (4:16) Of the 440 permits in the subdistrict, how many would not be able to participate in the buyback under Sen. Giessel's amendment? (Please provide numbers for the amendment as proposed yesterday (attached) as well as for an amendment that shortens the "lookback" period to 2015 and keeps the "actively participated in the fishery" language the same as what was originally in the bill (Version R).)
3. Sen. Kawasaki (4:17) Of the "75 leases that did not have to report, how many were just completely latent, not used, just persons holding on to them for the \$75 fee"?

Answers are provided for each question taken in turn below.

1. Number of permits sold each year (see Appendix B)

Research produces an annual report that summarizes the transfer of limited entry permits, including the Cook Inlet salmon set gillnet fishery (permit S04H), which includes permits fished on the eastside of the Upper Subdistrict.¹ Separate transfer data on permit holders who specifically fished the eastside is not readily available. However, data on the overall Cook Inlet set net fishery suggests that transfer activity in recent years is similar to long term averages. From 2009-2018, an average of 58 permits were permanently transferred; the 5 year average is 55 permits, and the 3 year average is 53. In 2018, 52 permits were permanently transferred, which is 7% of the total 735 Cook Inlet setnet permits.

Appendix B (attached) is excised out of the above referenced report, which is in press. It shows the yearly number of transfers (xfers) for Cook Inlet Salmon Set Gillnet. Note that the yearly number of permit transfers remains relatively constant from 2000 through 2018 with an average 58 transfers per year. Appendix B also includes a yearly ratio of number of transfers to the total number of permits (Ratio Xfers to Xferable Permits) which is useful for Research to make comparisons to other fisheries.

¹ Changes in the Distribution of Alaska's Commercial Fisheries Entry Permits, 1975 – 2017, CFEC rpt 19-2N. In press.

For example, the 52 transfers in 2018 is lower than average for the CI Setnet Fishery, and the 2018 ratio of 0.07 (or 7%) is a normal level of permit transfer activity when compared with other fisheries.

2. How many [of the 439] would not be able to participate in the buyback under Sen. Giessel's amendment

Research has access to ADF&G's registration data for the Cook Inlet salmon setnet fishery, which confirms that in 2018 439 S04H permits (CI setnet) were registered to fish in what Fish and Game terms the 'Eastside setnet fishery' occurring in stat areas 24421, 24422, 24431, 24432, 24441, and 24442. Proposed Amendment R.1 allows "area registration" as proof satisfactory, along with the additional stipulation *that the individual or an immediate family member of the individual* meet the requirements provided in the language at (A) and (B). Item (B) requires a permit holder to have "actively participated in fishery....for at least five of the 10 years preceding December 31, 2019." To answer the question of how many permit holders fishing the Upper Subdistrict Eastside would be prevented from participating in the buyback, CFEC would need to qualify each of the 439 individuals as to meeting, or not meeting, the stipulations in (A) and (B), which would involve a lot of detailed research. Research reviewed the entire Cook Inlet setnet fishery and found that 384 (52%) of the total of 735 S04H permits have been held by the same individual since January 1, 2009. Of the same 735 S04H permits, 554 (75%) have been held by the same individual for the past 5 years. Note that many individuals hold two permits in this fishery.

All limited entry permits in the Cook Inlet administrative area are freely transferable and Table 1 shows how S04H permits for the Cook Inlet setnet fishery have been transferred from 1980 – 2015². It shows that family members, both immediate and other relatives, make up about 43% of the transfers of all S04H permits from 1980–2015. A breakdown of S04H permit transfers by year can be found in Appendix A. It shows that, between 2000 and 2018, 46% of the permit transfers were made between family members.

Table 1. Relationships of Transferor to Transfer Recipients for Cook Inlet Salmon Set Gillnet Permit, 1980-2015

Relationship	S04H Permits		All Fisheries Statewide	
	Count	Percent	Count	Percent
<i>Business Partner/Friend</i>	604	24.2%	6,632	18.4%
<i>Member of Immediate Family</i>	872	34.9%	12,153	33.7%
<i>Other Relative</i>	195	7.8%	1,683	4.7%
<i>Other</i>	829	33.2%	15,549	43.2%
Total	2,500		36,017	

Also refer to Table 2, which uses ADFG registration data to show that participation numbers for the Upper Subdistrict Eastside have remained fairly constant over the years. In 2018, 439 permits were registered to fish the Upper Subdistrict Eastside; preliminary data shows 375 permit holders reporting based solely on fish tickets. Once DNR data is added, we anticipate the number will be similar to 2017.

² CFEC Permit Holdings and Estimates of Gross Earnings in the Cook Inlet Commercial Salmon Fisheries, 1975 – 2015, CFEC Rpt. 16-5N.

3. How many [of the 75] were just completely latent

Research calculates the number as 64 (439 minus 375), but that number is probably lower due to how landings are commonly reported in this fishery. DNR administers the shore fishery lease program for the Cook Inlet set net fishery including the Upper Subdistrict Eastside. CFEC is not part of that program and does not have the information for the leases not reporting landings. However, in 2016 Research conducted a survey of Cook Inlet setnetters regarding this lack of reporting.³ In response to survey questions, individual permit holders indicated that their catch was not documented on their own permit, but instead was reported on a fishing partner's permit or on a family member's permit. **From the survey results, we found that approximately 90% of the non-reported permits were actually fished. Therefore, Research estimates that 10% of the non-reported permits were latent from 2011 – 2015.** Because the results showed a consistent 10% latency year to year, Research believes it likely that there is still a 10% latency of non-reported permits.

Table 2 is a summary for the Cook Inlet Upper Subdistrict Eastside that shows the number of permits reporting, the tally of the permits on ADF&G's Eastside registration list, the difference between the numbers of ADF&G registrations and permits reporting, and an estimate of the permits actually latent and not fished. Under 'Landings or DNR Lease', the reporting category is broad-based to include either an ADF&G fish ticket or a DNR shore fishery lease. The number under 'Actually Latent' is an estimate based on the 10% latency factor from the survey, which is then applied to the difference between ADF&G registrations and reporting.

Table 2. Cook Inlet Salmon Setnet Fishery (S04H permit) - Limited to the Upper Subdistrict Eastside

Year	Total S04H permits	Reporting: Fish Ticket Landings or DNR Lease	ADFG Registrations	Difference Between ADFG Registration and Reporting	Actually Latent (10% factor)
2011	736	429	452	23	2
2012	736	402	446	44	4
2013	736	420	487	67	7
2014	735	420	452	32	3
2015	734	422	446	24	2
2016	735	431	457	26	3
2017	735	420	430	10	1
2018	735	375*	439	64	6

* Preliminary fish ticket only, and pending DNR data. The final number will likely increase.

³ Baseline Data Survey of the Cook Inlet Salmon Set Gillnet Fishery, CFEC rpt 16-4C.

Appendix A. Relationship of Transferors to Transfer Recipients for Cook Inlet Salmon Set Gillnet S04H Permits.

Year	Friend/Partner		Immediate Family		Other Relative		Other		Total
2000	11	23.4%	20	42.6%	3	6.4%	13	27.7%	47
2001	12	21.8%	27	49.1%	5	9.1%	11	20.0%	55
2002	13	39.4%	8	24.2%	7	21.2%	5	15.2%	33
2003	13	29.5%	15	34.1%	2	4.5%	14	31.8%	44
2004	13	20.0%	22	33.8%	5	7.7%	25	38.5%	65
2005	18	23.1%	15	19.2%	3	3.8%	42	53.8%	78
2006	13	24.1%	20	37.0%	5	9.3%	16	29.6%	54
2007	20	31.3%	16	25.0%	5	7.8%	23	35.9%	64
2008	19	25.7%	21	28.4%	3	4.1%	31	41.9%	74
2009	16	29.1%	15	27.3%	6	10.9%	18	32.7%	55
2010	15	25.0%	18	30.0%	3	5.0%	24	40.0%	60
2011	11	12.5%	43	48.9%	4	4.5%	30	34.1%	88
2012	16	29.6%	25	46.3%	2	3.7%	11	20.4%	54
2013	9	19.6%	28	60.9%	0	0.0%	9	19.6%	46
2014	6	8.0%	48	64.0%	5	6.7%	16	21.3%	75
2015	7	17.1%	26	63.4%	2	4.9%	6	14.6%	41
2016	8	17.0%	26	55.3%	2	4.3%	11	23.4%	47
2017	10	16.7%	29	48.3%	4	6.7%	17	28.3%	60
2018	15	28.8%	21	40.4%	0	0.0%	16	30.8%	52
average	13	22.4%	23	40.6%	3	6.0%	18	31.0%	57

APPENDIX B. Transfer Data on Permanent Permits by Fishery by Year

Year	Number of Perm. Permits	Yearly Number of Xfers	Ratio of Xfers to Xferable Permits
Cook Inlet Salmon Set Gillnet			
2000	745	47	0.06
2001	744	55	0.07
2002	743	34	0.05
2003	742	44	0.06
2004	739	67	0.09
2005	737	78	0.11
2006	738	54	0.07
2007	738	64	0.09
2008	738	75	0.10
2009	738	55	0.07
2010	736	61	0.08
2011	736	88	0.12
2012	736	54	0.07
2013	736	46	0.06
2014	735	75	0.10
2015	734	41	0.06
2016	735	47	0.06
2017	735	60	0.08
2018	735	52	0.07
min		34	0.05
max		88	0.12
average		58	0.08



Commercial Fisheries Entry Commission Permanent Transfer of Entry Permit Request

PO Box 110302
Juneau, AK 99811-0302
Phone: 907-789-6150
Toll-Free: 1-855-789-6150
Fax: 907-789-6170
www.cfec.state.ak.us

Please allow up to 2 weeks for processing. Please complete all sections of this form and submit with the \$50.00 transfer processing fee, the current year permit card if it has been issued and a copy of the "transfer agreement" or "bill of sale" outlining all terms and conditions of this transfer as required by CFEC regulation 20 AAC 05.1712(c). If any of the information is not submitted, or if the form is incomplete, there will be delays in processing the request.

Date approved: _____ Transfer Officer: _____

PERMIT HOLDER INFORMATION: Must be completed by the current permit holder

I _____ request a permanent transfer of my permit _____
Name of Permit Holder (print clearly) Permit Number
Permanent Mailing Address Social Security Number Date of Birth
City State Zip Phone Number Check if Unlisted _____ Email Address
REQUIRED FOR VERIFICATION OF RESIDENCY
Physical Location of Residence (where you live): _____

City: _____ State: _____ Zip: _____ How Long (years/months) at the Physical Address? _____

RESIDENCY: ☐ Alaska Resident ☐ Nonresident CITIZENSHIP: ☐ US Citizen ☐ Alien Reg# _____
(You must enclose a copy of your card)

Note: If your notice of intent to permanently transfer is not effective at the time that this transfer is submitted you may request a temporary transfer so that the transferee can fish pending the notice of intent date. Please complete questions below.

☐ Yes, please issue a temporary transfer of my permit to the transferee listed below.
☐ Yes, I have included the additional temporary transfer fee of \$50.00.

PROPOSED TRANSFEE INFORMATION: Must be Completed by the Proposed Transferee

Name of Transferee (print clearly) Social Security Number Date of Birth ADFG Number
Permanent Mailing Address City State Zip
Phone Number Check if unlisted _____ Email address
REQUIRED FOR VERIFICATION OF RESIDENCY
Physical Location of residence (where you live): _____

City: _____ State: _____ Zip: _____ How Long (years/months) at the Physical Address? _____

RESIDENCY: ☐ Alaska Resident ☐ Nonresident CITIZENSHIP: ☐ US Citizen ☐ Alien Reg# _____
(You must enclose a copy of your card)

Temporary Mailing Address (for this permit) City State Zip

1. I certify that I am physically able to harvest fish in the fishery for which this permit is valid. ☐ NO ☐ YES
2. I have reasonable access to the commercial fishing gear used in this fishery. ☐ NO ☐ YES
3. I intend to fish this permit during the upcoming season. ☐ NO ☐ YES

****NOTE: If you are not physically able to participate in the fishery or you do not plan on fishing the upcoming season, you will need to attach an explanation of your intent in acquiring this permit.**

If you hold more than one salmon net area permit, designate the ONE salmon net area you will fish in 2018: _____

AFFIDAVIT: Both Parties must read and sign under oath before a Notary Public (or Postmaster in Alaska). I swear, under penalty of perjury that the information provided by me on all pages of this form and in all supporting documents is true and accurately describes the terms and conditions of this transfer; that this transfer is not requested as part of, nor in anticipation of, any retained right of repossession or foreclosure, lease, pledge, mortgage, agreement requiring a subsequent transfer, or other encumbrance involving this permit, except as part of a transfer financed in accordance with current law, and that I am not prohibited by law or court order from being a party to this transfer. I understand that making a false claim on this transfer form or submitting false documentation in support of this transfer request is a crime under AS 11.56.210 which is punishable by up to one year in prison and/or \$5,000.00 fine and may subject me to administrative fines, suspension of fishing privileges and revocation of any entry permits I may hold.

Permit Holder: _____
Signature

Proposed Transferee: _____
Signature

Subscribed and sworn to before me this _____ day of _____, 20__ at _____

Subscribed and sworn to before me this _____ day of _____, 20__ at _____

Notary Public (or Postmaster in Alaska)

Notary Public (or Postmaster in Alaska)

Commission Expires: _____

Commission Expires: _____

REQUIRED PERMANENT TRANSFER INFORMATION

The information requested on this survey is required for all transfers. All responses are considered confidential and not available for public inspection in any manner that would disclose personal information about you or circumstances.

TO BE COMPLETED BY THE PROPOSED TRANSFEREE

1. How did you locate this permit for permanent transfer? (circle one answer)

Relative or personal friend
Casual acquaintance

Commission's list of permits
Broker

Fish processor
Advertisement
Other (explain) _____

2. What is your relationship to the permit holder? (circle one answer)

None
Business partner

Personal friend
Member of immediate family

Other relative
Other (explain) _____

3. How is the permit being acquired? (circle one answer)

Permit purchase only
Combined purchase (with vessel, gear, site, etc.)

Gift

Trade

Inheritance
Other (explain) _____

4. What is the purchase price or trade value of each item you will obtain in this transfer?

Permit \$ _____
Vessel \$ _____
Gear \$ _____
Site \$ _____

Other \$ _____
(explain) _____

Total package \$ _____

5. What sources of financing are being used?

Personal Resources (incl. cash) \$ _____ If any person or entity is providing any money to help you pay for the permit, please provide the information requested below and you must submit your agreement with that person or entity in writing along with this completed transfer form.

Name and address of person or entity providing money: _____
Amount of money they are providing \$ _____

DED (Division of Economic Development) \$ _____

Trade Items Values

Fish Processor (you must submit the promissory note) \$ _____

_____ \$ _____

AK Comm Fish & Agri Bank (CFAB) \$ _____

_____ \$ _____

Bank or other lending institution
(you must submit the promissory note) \$ _____

_____ \$ _____

Transferor (seller) \$ _____

Other _____ \$ _____

6. If permit is being transferred as a gift, is it being transferred with any terms or conditions? (circle your answer) NO YES

If yes, you MUST submit the agreement in writing.

7. Is there an agreement concerning future transfers of this permit? (circle your answer) NO YES

If yes, you MUST submit the agreement in writing.

8. Is there an agreement for you to pay the transferor a portion of your earnings from fishing the permit? (circle your answer) NO YES

If yes, you MUST submit the agreement in writing.

TO BE COMPLETED BY THE CURRENT PERMIT HOLDER

1. Are you and/or the transferee using the services of a broker to transfer this permit? (circle your answer) NO YES

If yes, which firm or person is acting as broker? _____

2. How much are you paying in brokers fees for the permit sale? \$ _____

3. What is the net price you will receive from the sale of the permit? \$ _____

4. How is the purchase price to be paid to you? (circle your answer) In full at time of transfer In periodic payments over time

5. What is your reason for transferring the permit? (circle your answer)

Retirement
Health problem

Entering a different fishery
To pursue a non-fishing occupation

Fishing is no longer profitable
Other (explain) _____

THIS SECTION IS OPTIONAL AND IS NOT REQUIRED The section is protected by the Alaska Human Rights Law AS 18.80.255.

What is your ethnic origin: (circle your answers)

Permit Holder	Alaska Native	Caucasian	Black	Asian	Hispanic	Other
Transferee	Alaska Native	Caucasian	Black	Asian	Hispanic	Other

Under AS 16.05.815 and AS 16.05.480, social security numbers and other information provided on this form may be used for fisheries research, management and licensing purposes and may be disclosed to: the Alaska Department of Fish and Game, the National Marine Fisheries Service, staff of the Pacific States Marine Fisheries Commission who are employed by the Alaska Fisheries Information Network project, the North Pacific Fishery Management Council, child support enforcement agencies for child support purposes and other agencies or individuals as required by law or court order. Name, address, and licenses held are public information that may be released.