

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version: SB 29
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB29-DFG-CFEC-3-2-21
Title: COOK INLET: NEW ADMIN AREA;PERMIT
BUYBACK
Sponsor: MICCICHE
Requester: (S)RESOURCES

Department: Department of Fish and Game
Appropriation: Commercial Fisheries
Allocation: Commercial Fisheries Entry Commission
OMB Component Number: 471

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services	145.0						
Travel	3.5						
Services	5.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	153.5	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1061 CIP Rcpts (Other)	153.5						
Total	153.5	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary	2.0						

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2022) cost: 52,000.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/22

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division: Commercial Fisheries Entry Commission	Date: 03/02/2021 03:00 PM
Approved By: Dayna Mackey, Administrative Services Director	Date: 03/02/21
Agency: Office of Management & Budget	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

BILL NO. SB29

Analysis

This Act directs the Alaska Commercial Fisheries Entry Commission (CFEC) to administer a buy-back program for the limited entry set net permits in the Cook Inlet area. Specifically, the buy-back program would include those set net permit holders who have held the permit for four (4) years and a two (2) year history of fishing in the Eastern Set Net Subdistrict of Cook Inlet Central District. This buy-back program is designed to remove up to 200 permits from the eastern portion of the fishery. This will be a voluntary program where permit holders in the Eastern Cook Inlet Subdistrict will vote on whether to proceed with this buyback via an election administered by CFEC.

Administrative Functions: CFEC would be responsible to administer a public outreach campaign to notify fishermen of the buyback process. CFEC will also be tasked with ensuring that only qualified fishermen participate in the election and buyback process. Other tasks included in the Act which will impact CFEC include:

- Administering an election of qualified applicants.
- Creating an application process for the buyback once it is approved by the impacted fishermen.
- Ensuring that only qualified eastside set net fishermen are included in the buyback.
- Verifying the surveys of set net site leases associated with specific fishermen.
- Conducting a lottery among the applicants to select the 200 maximum participants.
- Servicing the payment of buyback funds to the 200 permit holders who are selected to sell permits.
- Administratively canceling all set net permits of the selected 200 participants.
- Notifying DNR of individual fishermen who have terminated fishing permits to include land lease through DNR.
- Reassign permits to those Cook Inlet set net fishermen who are not part of the Eastern Subdistrict.
- Reassign Limited Entry Permits to those fishermen who remain in the Eastern Subdistrict but who did not participate in the buyback program.

Adjudication Functions: Permit Holders who were either not selected via lottery or were excluded based upon lack of past participation in the Eastern Cook Inlet Subdistrict must be provided an adjudication process. CFEC will be tasked with adjudicating claims from those fishermen who were excluded from participation. This process could also include those fishermen that were precluded from voting in the election, those that were not qualified to participate and those that were not selected in the lottery process for buyback. This will increase the workload of the adjudications section of CFEC and will require an additional hearing officer, or result in additional costs if fishermen appeal initial determinations at the commission level and/or resort to litigation in the courts.

Regulations Process: The Act would require CFEC to draft, publish, hold public hearings and implement new regulations to accompany the change in statutory language contained in the Act. Two new administrative areas would need to be defined in regulations, the Eastern Subdistrict and the remaining portions of Cook Inlet not included in the new Eastern Subdistrict. This regulation process would take staff time to implement.

Fiscal Impact: Assuming the maximum number of permits (200) are purchased for \$260,000 as specified by the Act, \$52 million is required as a capital appropriation to allow the draw-down of the funding over time as permit holders are selected. Administrative costs in the first year include 2 temporary positions funded by the capital appropriation through Capital Improvement Project (CIP) receipts.