

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

February 11, 2002
3:40 p.m.

MEMBERS PRESENT

Representative Gary Stevens, Co-Chair
Representative Peggy Wilson, Co-Chair
Representative Drew Scalzi
Representative Fred Dyson
Representative John Coghill
Representative Mary Kapsner
Representative Beth Kerttula

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 283

"An Act relating to appointments to the Board of Fisheries and to the ex officio secretary of the Board of Fisheries."

- HEARD AND HELD

HOUSE BILL NO. 284

"An Act relating to participation in matters before the Board of Fisheries by members of the board; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 286

"An Act allowing a person to hold more than one commercial fishing entry permit for a fishery; relating to the power of the Board of Fisheries to establish fishing periods and areas for subgroups of commercial fishing permits and commercial fishing permit holders and to establish limits on the amount of fishing gear that may be used by certain commercial fishing permit holders; and providing for an effective date."

- MOVED CSHB 286(FSH) OUT OF COMMITTEE

HOUSE BILL NO. 264

"An Act relating to commercial fisheries test fishing operations of the Alaska Department of Fish & Game."

- BILL HEARING CANCELED

PREVIOUS ACTION

BILL: HB 283

SHORT TITLE: APPOINTMENTS TO BOARD OF FISHERIES

SPONSOR(S): REPRESENTATIVE(S) SCALZI

Jrn-Date	Jrn-Page		Action
01/14/02	1949	(H)	PREFILE RELEASED 1/4/02
01/14/02	1949	(H)	READ THE FIRST TIME - REFERRALS
01/14/02	1949	(H)	FSH, RES
01/14/02	1949	(H)	REFERRED TO FISHERIES
01/16/02	1991	(H)	COSPONSOR(S): STEVENS
01/30/02	2100	(H)	COSPONSOR(S): FATE
02/08/02	2191	(H)	COSPONSOR(S): WILSON
02/11/02		(H)	FSH AT 3:30 PM CAPITOL 124

BILL: HB 284

SHORT TITLE: BOARD OF FISHERIES CONFLICTS OF INTEREST

SPONSOR(S): REPRESENTATIVE(S) SCALZI

Jrn-Date	Jrn-Page		Action
01/14/02	1949	(H)	PREFILE RELEASED 1/4/02
01/14/02	1949	(H)	READ THE FIRST TIME - REFERRALS
01/14/02	1949	(H)	FSH, RES
01/14/02	1949	(H)	REFERRED TO FISHERIES
01/16/02	1991	(H)	COSPONSOR(S): STEVENS
01/18/02	2014	(H)	COSPONSOR(S): HUDSON
01/30/02	2100	(H)	COSPONSOR(S): FATE
02/01/02	2127	(H)	COSPONSOR(S): LANCASTER
02/08/02	2191	(H)	COSPONSOR(S): WILSON
02/11/02		(H)	FSH AT 3:30 PM CAPITOL 124

BILL: HB 286

SHORT TITLE: OWNERSHIP OF MORE THAN ONE FISHERY PERMIT

SPONSOR(S): REPRESENTATIVE(S) SCALZI

Jrn-Date	Jrn-Page		Action
01/14/02	1949	(H)	PREFILE RELEASED 1/4/02
01/14/02	1949	(H)	READ THE FIRST TIME - REFERRALS

01/14/02	1949	(H)	FSH, RES
01/14/02	1949	(H)	REFERRED TO FISHERIES
01/30/02	2100	(H)	COSPONSOR(S): FATE
02/04/02		(H)	FSH AT 3:30 PM CAPITOL 124
02/04/02		(H)	Bill Postponed
02/11/02		(H)	FSH AT 3:30 PM CAPITOL 124

WITNESS REGISTER

LANCE NELSON, Assistant Attorney General
 Natural Resources Section (Anchorage)
 Department of Law
 1031 West Fourth Avenue, Suite 200
 Anchorage, Alaska 99501-1994
 POSITION STATEMENT: Testified on behalf of the administration
 in opposition to HB 283 and HB 284.

SUE ASPELUND
 Cordova District Fishermen United
 P.O. Box 939
 Cordova, Alaska 99574
 POSITION STATEMENT: Testified on behalf of Cordova District
 Fishermen United in support of HB 283 but suggested changes;
 testified in support of HB 284.

WOODY WIDMARK, Tribal Chairman
 Sitka Tribe of Alaska
 456 Katlian Street
 Sitka, Alaska 99835
 POSITION STATEMENT: Testified on HB 283 on behalf of the Sitka
 Tribe of Alaska; suggested that there be two subsistence seats
 on the board.

BRUCE SCHACTLER, Fisherman
 P.O. Box 2254
 Kodiak, Alaska 99615
 POSITION STATEMENT: Testified in support of HB 283, HB 284,
 and HB 286.

GORDY WILLIAMS, Legislative Liaison
 Office of the Commissioner
 Alaska Department of Fish & Game
 P.O. Box 25526
 Juneau, Alaska 99802-5526
 POSITION STATEMENT: Testified on behalf of the department on
 HB 283, expressing concern about term limits; testified in
 support of the basic intent of HB 286 but voiced some concerns.

JERRY McCUNE

United Fishermen of Alaska (UFA)
211 Fourth Street, Suite 110
Juneau, Alaska 99801-1143

POSITION STATEMENT: Testified on behalf of the UFA in support of HB 283, HB 284, and HB 286.

CHERYL SUTTON, Commercial Fisherman

P.O. Box 39214
Ninilchik, Alaska 99369

POSITION STATEMENT: Testified on behalf of herself and her family on HB 283 and HB 284.

BILL CRUMP, Salmon Purse Seiner

P.O. Box 688
Valdez, Alaska 99686

POSITION STATEMENT: Testified on HB 286.

BRENNAN EAGLE, Southeast Alaska Commercial Fisherman

P.O. Box 576
Wrangell, Alaska 99929

POSITION STATEMENT: Testified that he supports the concept of HB 286 but said that the bill needs to receive more work.

DAVID BEDFORD, Executive Director

Southeast Alaska Seiners Association (SEAS)
526 Main Street
Juneau, Alaska 99801

POSITION STATEMENT: Testified on behalf of SEAS on HB 286.

ACTION NARRATIVE

TAPE 02-2, SIDE A
Number 0001

CO-CHAIR GARY STEVENS called the House Special Committee on Fisheries meeting to order at 3:40 p.m. Members present at the call to order were Representatives Scalzi, Dyson, Coghill, Kerttula, Wilson, and Stevens. Representative Kapsner joined the meeting in progress.

HB 283-APPOINTMENTS TO BOARD OF FISHERIES

CO-CHAIR STEVENS announced that the first bill before the committee, HOUSE BILL NO. 283, "An Act relating to appointments

to the Board of Fisheries and to the ex officio secretary of the Board of Fisheries."

Number 0082

REPRESENTATIVE SCALZI, speaking as the sponsor of HB 283, mentioned the recent fish caucus and said there were a great many bills presented there. He said all of the bills were approved and worked over by the United Fishermen of Alaska (UFA). He said the bills are in response to some needs in the industry for legislative change. He said that HB 283 asks that the Board of Fisheries have designated seats. Representative Scalzi said currently all of the seats are at large. Historically, the board was greatly influenced by commercial fishermen. Currently, there is a shift away from that influence towards more of a lay board. He said that this shift has brought about a loss of much knowledge and history of the industry.

REPRESENTATIVE SCALZI said with the consent of UFA, this bill is asking for three designated seats for commercial fishing; three for sport, charter, and personal use; and one for subsistence use. He said that there are good arguments for why there should be a lay board, but said that the North Pacific Fishery Management Council and the International Pacific Halibut Commission - large and prominent bodies that manage federal fisheries - both have designated seats. He said that those commercial seats would require active fishermen who hold fishing licenses. Representative Scalzi brought up the issue of retired fishermen who will be excluded from the board as a result of this. He said he would leave that issue open to discussion. He conveyed the position of the UFA as one of wanting to see a stronger commercial fishing presence on the board.

Number 0408

REPRESENTATIVE KERTTULA asked if members of the board were meant to have five years' experience "right before they go on the board, or just five years of experience, period."

REPRESENTATIVE SCALZI answered that "five years' experience, period, would be sufficient."

Number 0453

REPRESENTATIVE KAPSNER asked how this bill would apply to people retired from the fishing industry.

REPRESENTATIVE SCALZI said they would be excluded, but said he thinks that is an issue in need of more discussion. He voiced his concern that there is a pool of resources that should be considered. He gave the example of Clem Tillion as a person with a type of experience that could be excluded from the board if retired fishermen were excluded. Representative Scalzi spoke of a need for a progressive, new direction in the fishing industry, and said this would require "active participants" and those with a vested interest in the industry.

REPRESENTATIVE KAPSNER expressed her concern about the subsistence board member. She said she could envision this person being an elder, because "most active subsistence hunters cannot afford to be a professional meeting-goer." She asked about that in terms of retirement.

REPRESENTATIVE SCALZI said he wanted a bill "that works for everybody," and said he would be open to the bill's amendment.

Number 0648

REPRESENTATIVE KAPSNER asked how active permit holders in an area with a poor commercial fishing industry - like Bethel - would be regarded in light of the retirement issue. She gave the example of Dr. Bob White.

REPRESENTATIVE SCALZI said he assumed if he were an active permit holder, he would be considered an active fisherman.

Number 0718

LANCE NELSON, Assistant Attorney General, Natural Resources Section (Anchorage), Department of Law, testified via teleconference. He said the administration is opposed to the bill. He said the current standards of knowledge, diversity of interests, and points are sufficient to field good candidates. He said the administration's view is that the bill conveys a lack of importance of subsistence "just by the numbers." He said it does not provide for the diversity that the administration is looking for, since all of the members could possibly be drawn from the commercial fishing industry. Mr. Nelson also voiced the administration's concern about the knowledge and experience of retired commercial fishermen, along with retired biologists and others being lost.

Number 0924

REPRESENTATIVE SCALZI asked if the administration had a problem with the concept of designated seats like those on the other two bodies he had mentioned.

MR. NELSON said he thinks the administration feels that the current standards, combined with the confirmation process, should allow diversity on the board.

REPRESENTATIVE SCALZI asked if the administration felt that the designated seats of the International Pacific Halibut Commission or North Pacific Fishery Management Council did not provide adequate representation.

MR. NELSON said that he was not sure how the administration felt about that particular issue.

Number 1008

SUE ASPELUND, Cordova District Fishermen United, testified via teleconference. She said her organization was in full support of the bill, but added that there were some changes that could make it more useful. She said the scope must be broadened for representation of the commercial interests. Ms. Aspelund said that commercial fishing issues are very complex, and that they comprise a great deal of the time the board spends deliberating. She said for this reason, hands-on knowledge is very important. She said that part of the reason for poor representation is the limits placed on board members who have a conflict of interest. She said that her organization supports term limits.

Number 1165

WOODY WIDMARK, Tribal Chairman, Sitka Tribe of Alaska, testified via teleconference. He said the Sitka Tribe appreciates the effort to address subsistence, but does not feel it is adequate. He suggested that the change be two commercial seats, two sport seats, two subsistence seats, and one at large seat.

REPRESENTATIVE SCALZI asked if Mr. Widmark's group supported the idea of dedicated seats on the board.

MR. WIDMARK said that he did support the idea but would also like to see more equal representation in the board's makeup.

Number 1348

BRUCE SCHAETLER testified before the committee. He said that he has been an active participant in the Board of Fisheries process for the last 20 years. Mr. Shactler said he supports the bill. He said today's board is much more complicated than before, with all of the added environmental issues and other varied interests. He said that the expertise and ability to relate to different fisheries is now lacking on the board. The board needs a little help, and dedicated seats could provide that help, said Mr. Shactler. He said the definition of a commercial fisherman is broad, and gave the example of a commercial clam digger.

MR. SCHAETLER said that the board takes so much time in meetings, it is difficult for a young, active fisherman to take part in it. He called for the opportunity to see recently retired fishermen on the board to bring their knowledge and experience. He said the bill is a step forward at a time when "we're going backwards real fast." He said that subsistence has enough support from statutory and federal authority, and that if the board is dealing with the resource in a sustainable manner, subsistence is being taken care of automatically. He said one subsistence board member is enough. He said HB 283 is a good bill, but the committee might want to add a few things.

Number 1636

GORDY WILLIAMS, Legislative Liaison, Alaska Department of Fish & Game, testified before the committee. He said the department is concerned about term limits. With the board operating on a three-year cycle, the preponderance of issues only come up every three years. Mr. Williams said that with only two terms, it is not easy to learn all of the complexities of all the regions in the state.

Number 1732

JERRY McCUNE, United Fishermen of Alaska, testified before the committee. He said the UFA had a long conversation over HB 283 and supports the bill. He said that the UFA knew there would be a great variety of viewpoints on the matter. In order to clear up the problem of board members with multiple interests, Mr. McCune suggested that members appointed as either a sport or subsistence member should not hold a commercial permit.

MR. McCUNE said that people are tired of fighting with the governor and legislature over board appointments. He said dedicated seats would ensure equitable representation, and cut

down on the strife associated with appointments. He said the UFA was open to discussion on the makeup of the board including the "two, two, two, and one" scenario of sport and charter, commercial, subsistence, and at-large interests, respectively.

Number 1940

CHERYL SUTTON, Commercial Fisherman, testified before the committee. She said this bill is intended not to usurp authority from the executive or legislative branch, but rather to make the lives of those involved easier. It would also encourage qualified people to put their names forward to be considered for appointment to the board. She agreed that representation for everyone is important. She said that she would be open to adjusting the makeup of the board to the proposed two, two, two, and one, or whatever worked best. She said that she does not believe in adjusting its size, because the small number on the board can deal with very complex issues if there are qualified people on it. She commented that the bill is not intended to harm anyone; it is intended to be a useful tool. Ms. Sutton said she wants qualified people on the board, not "my guy." She said the board needs people with a vision for the whole state.

REPRESENTATIVE SCALZI said that he had planned to move the bill out during the meeting, but he had decided that it is "a fisheries bill." He said he wanted to hear some more discussion on the matter. [HB 283 was held.]

HB 284-BOARD OF FISHERIES CONFLICTS OF INTEREST

[Contains discussion of HB 283]

CO-CHAIR STEVENS put before the committee HOUSE BILL NO. 284, "An Act relating to participation in matters before the Board of Fisheries by members of the board; and providing for an effective date."

Number 2222

REPRESENTATIVE SCALZI, Sponsor of HB 284, explained that this bill was a companion to [HB 283]. He said regardless of whether HB 283 goes through, it is imperative that this bill move forward. He gave an example of a board member on the Board of Fisheries being "conflicted out" of an issue because he was a charter boat operator. Representative Scalzi said reconsidering the state's boards and commissions would be a good idea because

it is counterproductive to excuse those people with the most knowledge and experience in a given area. He said that it is important for a board member to declare any potential conflict of interest, but said that knowledge is lost when those people are "conflicted out." He asked that the bill go through without being amended.

Number 2384

REPRESENTATIVE KERTTULA asked how this bill would change the Board of Fisheries from other bodies.

REPRESENTATIVE SCALZI said that he did not want to make blanket changes for all of the other boards. He said it was a one-board issue.

Number 2438

REPRESENTATIVE COGHILL said if a person has a conflict under the current regime and states it, the board could give the member consent to participate. He said the bill is "kind of throwing a check and balance out."

REPRESENTATIVE SCALZI said that the chairman on a board should have the same criteria as the legislature. In the case of an overwhelming conflict, a board member could be excused, but under the current system it is mandatory.

REPRESENTATIVE COGHILL said HB 284 is giving a lot of latitude.

REPRESENTATIVE SCALZI said that the bill gives only the amount of latitude enjoyed by the legislature, the North Pacific Fisheries Management Council, and the International Pacific Halibut Commission. He gave the example of a halibut commission meeting where a member stated a conflict, but was asked to remain and add to the knowledge of the area in question. He spoke of the familial ties in the Bristol Bay area, and said the stringent guidelines could hamstring the board by exempting valuable information and viewpoints.

REPRESENTATIVE COGHILL made the clarification that members would not be able to participate unless they declared their conflict and were accepted.

REPRESENTATIVE SCALZI said that under the current regime, "if you have a conflict, you're excused - end of sentence."

Number 2613

REPRESENTATIVE KAPSNER asked if currently one could be forced to vote despite a conflict.

REPRESENTATIVE KERTTULA said there are some circumstances in which that could be the case, but she deferred to Lance Nelson.

Number 2647

LANCE NELSON, Assistant Attorney General, Natural Resources Section (Anchorage), Department of Law, testified via teleconference. He said the way the process works with the board is, the members are expected to declare areas where they would have a conflict with the ethics Act [Alaska Executive Branch Ethics Act]; the chairman then rules, and the board can then vote - with a majority - to overturn the chairman's ruling. He said the board generally does not require participation if a member declines. The board can also defer to the Department of Law if there is a question. He said board members can always abstain, and they can always participate as members of the public by not sitting at the table or voting.

MR. NELSON said the administration opposes the bill. He said that the administration feels the exemption from the ethics Act is too broad. He pointed out the difficulty in applying the ethics Act to some boards and not others. Under this bill, a conflict of interest cannot be considered a violation of the ethics Act, even though a board member could be in a position to use state resources for personal and financial benefit. Mr. Nelson said that under the bill, the member could disclose the conflict on the record, but there is no board vote or other control over actions that would benefit significant interests of the board member. He said board members would no longer be required to disclose potential violations arising from personal or financial interests in writing to the Office of the Attorney General or a designated supervisor. They would just have to declare it on the record. He said officials and members of the public might not know about a potential conflict unless they were attending the meetings.

MR. NELSON said, "It is not as much of an issue as it may seem to be." He told the committee that there were no votes by the board where the conflicts would have made a difference in the outcome of the vote, and there is usually only one member conflicted at a time. Other members of the public who are equally as informed as the member can also testify.

MR. NELSON said current requirements do not slow the board or make it less informed. He said another concern is that the "purpose" provision says one thing, but the bill appears to do another. He said that the effect of the bill is not clearly what the drafters might have intended. Mr. Nelson told the committee that the purpose says, "Board members are required to participate, even if they have a conflict by virtue of their participation in the fishery." Mr. Nelson said the language of the bill differs from the purpose because it does not require members with a conflict to participate, and also allows board members to have personal and financial interests in matters before the board without any restriction or qualifications.

Number 2944

SUE ASPELUND, Cordova District Fisherman United, testified via teleconference. She disagreed with Lance Nelson on the matter of conflict-of-interest issues "bogging down the process." She said she has sat through 22 years of board meetings where valuable information was lost because members were "conflicted out." She said it is unfair to withhold a permit holder's testimony, but not a lodge owner or processor's.

TAPE 02-2, SIDE B

MS. ASPELUND expressed her organization's support for HB 284.

Number 2920

BRUCE SCHAETLER, Fisherman, testified before the committee. He expressed his complete support for the bill, and likened it to a brother or sister of HB 283. He said this bill is one of the many ways to get the fishing industry moving forward again. Mr. Schactler said that the board system is outdated. He said that public testimony is not where the discussion and debate takes place on the Board of Fisheries. He said that an exempted board member's expertise is lost when that member is not allowed to take part in the discussions that occur outside of the public hearings. He said he would like to see the committee move the bill out. He said the fishing industry needs a lot of help, and that help can only come with positive change.

Number 2822

JERRY McCUNE, United Fisherman of Alaska, testified before the committee. He said that in his experiences with the board, he

had seen processors, lodge owners, and guides not be conflicted out, but commercial fishermen were conflicted out regularly. He characterized the Board of Fisheries as the most powerful regulatory board in the whole state. He said that all the members on the board should be able to vote, as long as they disclose any potential conflict.

Number 2730

CHERYL SUTTON, Commercial Fisherman, testified before the committee. She said that any decision she makes for her business depends on the decisions of the board. She said that the board has been given authority by the legislature to govern a multibillion-dollar industry, and it is a big responsibility.

MS. SUTTON said that those members who may be commercial fishermen, and who bring with them a certain amount of expertise, should not be excluded. She said permits and vessels are tangible assets. She said, "Declare them; participate; vote. Name your relatives, name your associations.... People can connect dots." She said what troubles her more are the conflicts that arise where there are no tangible assets. Ms. Sutton said in these cases, bias and prejudice are what the board is forced to operate on.

Number 2618

MS. SUTTON said the administration professes that the board members are not elected officials and should not be held to the same standard. She added that the legislature has delegated a portion of its authority; therefore, the board has a larger responsibility than others in the state. She asked the committee "why would we want to conflict out folks who have expertise, when it is very important to formulating sound regulations." She urged the committee to support the bill along with HB 283.

Number 2562

REPRESENTATIVE SCALZI said that HB 284 was a companion bill to HB 283, and asked that the committee should also hold it for consideration. He said he wanted more dialogue with the administration. He said that the testimony concurred that the bill is the direction that commercial fishing has to go. He said fishermen must rationalize their industry with the most expertise available. Representative Scalzi said he hates to see personal attacks on the issue. He said there is a need for

consideration of a more broad representation for the industry. He asked that the bill be held. [HB 284 was held.]

HB 286-OWNERSHIP OF MORE THAN ONE FISHERY PERMIT

CO-CHAIR STEVENS announced that next order of business would be HOUSE BILL NO. 286, "An Act allowing a person to hold more than one commercial fishing entry permit for a fishery; relating to the power of the Board of Fisheries to establish fishing periods and areas for subgroups of commercial fishing permits and commercial fishing permit holders and to establish limits on the amount of fishing gear that may be used by certain commercial fishing permit holders; and providing for an effective date."

Number 2420

[Although there was a motion to adopt HB 286, Version O, it was already before the committee. Representative Scalzi spoke to the proposed committee substitute (CS) for HB 286, Version B.

REPRESENTATIVE SCALZI, sponsor of HB 286, characterized the bill as another avenue for consolidation of commercial fisheries permits. He said there are many permits throughout the state that are currently dormant. In the last three decades, the efficiencies of the fleets have grown greatly due to factors such as bigger and faster boats, stronger nets, and more knowledgeable people with "higher-tech" equipment. He said there is an oversupply of harvesters in many areas. He said the bill would allow individuals to hold two permits per area. This would allow more fishing time, by attrition.

REPRESENTATIVE SCALZI said the bill was initially a Bristol Bay bill that would allow multiple permit holders to benefit with more fishing time or the use of more gear in the water. He said that the UFA did not support the stacking measures.

Number 2220

REPRESENTATIVE SCALZI made a motion to adopt the CS for HB 286, 22-LS1099\B, Utermohle, 2/7/02. There being no objection, Version B was adopted as the work draft before the committee.

REPRESENTATIVE SCALZI said Version B was different from the original bill in that it is a "consolidation bill more than a stacking bill." He said the two new provisions in the bill are that salmon fisheries can form associations and collect revenue

up to 5 percent, and that it allows people to hold up to two permits per area.

Number 2193

BILL CRUMP, Salmon Purse Seiner, testified via teleconference. Mr. Crump said he was just listening in as an interested permit holder. He said he was glad to see the legislature trying to inject some "synergies of efficiency" into the salmon fishery. Mr. Crump said there are approximately 270 seine permits in Prince William Sound. He added that he did not believe the fishery would ever support that number of permits again, perhaps not even half that number.

Number 2055

BRENNAN EAGLE, Southeast Alaska Commercial Fisherman, testified via teleconference. Mr. Eagle said he has been a commercial fisherman for 25 years, and that he is currently involved in four fisheries. He expressed support for the concept of the bill, but said there are important issues to be fixed in it. He said he would like to see the other fisheries included. He has lobbied the Commercial Fisheries Entry Commission to allow a similar process in the shrimp fishery. He said fishermen would like to solve the problem of oversaturation of permits on their own, as an industry.

MR. EAGLE said there needs to be an economic incentive to buy multiple permits. As written, the bill offers no return on the extra money spent on multiple permits. He gave the example of those in the pot shrimp fishery who bought extra permits when it instituted a limited entry program. The fishermen put their extra permits in the names of their spouses or children and did not fish them, thinking it would be a good way to remove permits from the fishery. He said there was nothing that could be done by holding the extra permits. When those permits went up in value, they sold them because there was no economic incentive to hold them. Mr. Eagle said it is important to consider an incremental gear increase, or a fishing-time increase so that there would be some kind of return on the investment.

MR. EAGLE said that he did not think it prudent for the new associations to tax themselves to raise money for new permit loans. He said there are already two good places to get money. He said it would result in another small bureaucracy. He gave his support for the concept of the bill and urged them to consider the additions he'd suggested.

Number 1872

DAVID BEDFORD, Executive Director, Southeast Alaska Seiners Association (SEAS), testified before the committee. He said that in his view and the view of the board of the UFA [of which SEAS is a member], this is an important piece of legislation. Mr. Bedford said that these are hard times for the salmon industry. Bristol Bay permits are selling for ten cents on the dollar compared to what they commanded ten years ago.

MR. BEDFORD spoke of the hard situation for people who made investments in that fishery ten years ago. He addressed the dire situation for Southeast purse seiners and their lack of markets. The prices for salmon are declining statewide. He characterized salmon fishing as the lifeblood of coastal Alaska economies. Mr. Bedford said that many fishermen are involved in a number of different fisheries, "but there are darn few of them who are not, at a minimum, salmon fishermen." He told the committee that HB 286 is an important part of Alaskan fishermen's efforts to try to help themselves. He said that it would help the salmon industry become viable again by reducing the fleet.

Number 1682

Mr. BEDFORD said there were a number of concerns expressed by fishermen and fishing communities about doing things that would modify their fisheries. He said it is important for fishermen to be able to "shoulder the responsibility for this." He said it is important that the program be voluntary and regional, and that the associations be accountable.

MR. BEDFORD gave an overview of the bill. It allows an individual to hold two permits in a fishery for purposes of consolidation. It allows fishermen to set up a nonprofit association to help with the consolidation program, in their fishery, in their region. He said that it allows fishermen to vote on taxing themselves. Mr. Bedford also pointed out how the bill contains a great number of administrative procedures to protect the process from takeover by powerful individuals and groups, and to assure transparency.

Number 1575

MR. BEDFORD said that if fishermen "choose this route," they would have to pay the setup costs. He said that two-thirds of

participants in a fishery would have to agree on a buyback. He said fishermen would tax themselves, set up the association, and administer the program. Mr. Bedford said that the two-thirds provision will help to ensure that whatever program is put forward will be acceptable to the majority. He said that there are provisions within the bill that repeal the tax. A 25-percent petition and an ensuing vote would accomplish this.

Number 1482

MR. BEDFORD said only permit holders of a given geartype, in a given region would vote on an association in their fishery. He said that the associations would have to set up an annual business plan in conjunction with the Alaska Department of Fish & Game. There is an annual reporting responsibility to both the fishermen in the region, and the state. He said there is also the ultimate responsibility: "If the fishermen don't like it, they get together and vote it out of existence, and it's gone." He said, "These are hard times in the salmon industry." He urged support of the bill.

Number 1385

CO-CHAIR STEVENS asked whether there was any economic incentive to buy the extra permits.

MR. BEDFORD said that it would be up to regional fisheries to come up with "great ideas." He gave an example that had a fisherywide tax; holders of more than one permit would be paid not to fish them. Mr. Bedford also raised the possibility of loaning money to purchase permits and hold them. He said there are probably a great many ideas out there.

Number 1268

CO-CHAIR WILSON asked who would own the permits.

MR. BEDFORD said an association might want to help people to buy a second permit. He said that in the current legislation, ownership is restricted to individuals. It might be possible for a fishery to assess a fisherman, collect an amount of revenue, and then go out and contract with people who own one or two permits to not fish one or both of them. It could be that someone might devise a plan to assist people in buying a second permit. Whatever plan is devised must stand up to the vote of at least two-thirds of the members of any given fishery.

Number 1163

REPRESENTATIVE SCALZI brought up the question of why this was only for salmon fisheries. He asked Mr. Bedford to comment on that issue.

MR. BEDFORD said that many people in other fisheries wanted to be included in this bill, but the UFA felt it had a high level of expertise in the salmon fisheries all around the state. He said that the UFA did not feel as comfortable with the shrimp fishery because it is of a more regional nature; there are no shrimp fisheries in Cook Inlet or Kodiak, for example. He suggested that non-salmon fishermen interested in this type of program should support this bill and then ask that the legislature amend the legislation for their fishery.

Number 1040

REPRESENTATIVE SCALZI surmised that there was no opposition from the UFA to including other fisheries, but that they just felt they could not endorse the other fisheries when the bill was being drafted.

MR. BEDFORD confirmed Representative Scalzi's interpretation.

Number 1020

CO-CHAIR WILSON asked how someone could pay for a permit that was not being fished. She asked whether, if someone wanted to sell a permit, the sale would be carried out on a regional basis.

MR. BEDFORD said that the bill would not make any changes to the way permits are transferred. He also said the bill would be blessed with the "infinite flexibility of contract." He said that contracts between people could take myriad different forms to accomplish something. He said that the bill would "leave it up to people within the regions to sort of invent whatever they can come up with," but added that those arrangements must fall within the requirements of statutes that are in place. He gave the example that a holder of more than one permit could be paid to keep a permit dormant. He said that market forces could bring permits out of dormancy if the fishery were to rebound and raise the value of the permit to a level that would make it more valuable being fished than remaining dormant.

REPRESENTATIVE COGHILL raised the issue of overlapping areas. He said that there would be a problem of what area would get the authority and who would be included in the association. He said that there would be one more tier of groups to get consent from. Representative Coghill said there would be a plethora of new commission issues as well.

REPRESENTATIVE KERTTULA asked why the Board of Fisheries is not involved in the legislation.

Number 0730

MR. BEDFORD said the UFA feels that the "Board of Fisheries is a very risky process." He said that members of the UFA get "kind of nervous" when the board becomes involved in an issue. He gave the example of the Chignik Co-op. He said there is a concern that there is a lack of expertise on the board to deal with the "fine-tuning" that would be involved with the stacking program that the original form of the bill would have implemented.

REPRESENTATIVE COGHILL asked if the UFA had considered the overlap in fisheries.

MR. BEDFORD said that it is set up so that regions of the state are defined as administrative areas, and within that they are broken up into particular gear types. He gave the example of Southeast Alaska. He said Southeast Alaska begins at Cape Suckling and runs south from there. Within Southeast Alaska there is a purse seine fishery, a gillnet fishery, a troll fishery, and a set-net fishery near Yakutat. He said that the fisheries do not overlap geographically or administratively with adjacent fisheries of the same gear type.

Number 0571

GORDY WILLIAMS, Legislative Liaison, Office of the Commissioner, Alaska Department of Fish & Game, testified before the committee. He said the department supports "the providing of tools to the industry." The department also appreciates flexibility in the approaches to problems. He said the department supports the basic intent of the bill, but it has not had an opportunity to review it. There is concern over the role of the department and whether the department would be the appropriate entity for the administration of such a program.

MR. WILLIAMS said that the bill is based upon some Southeast Alaska dive fisheries where the department had a similar role, but he said that the monies raised in that case were predominantly for management of the fisheries. He said that in the case of Version B, the department is responsible for administering elections and establishing associations. He said that the department is not given the same connection with management as for the dive fisheries. He said the department has not had time to look within the administration and find which department is most appropriate to deal with the functions it has been given in the bill. Mr. Williams said the department also needs to look at how the administrative costs would be handled in the case of several regions wanting to form associations.

Number 0280

REPRESENTATIVE SCALZI said that the management of the fishery is still under the Alaska Department of Fish & Game with the bill, and he said that he did not think it necessary to indicate that in the bill. He asked Mr. Williams if any of the fisheries bills would be supported by the administration.

MR. WILLIAMS said he was supporting the bill, but added that the department only first saw it recently. He said that in the instance of the dive fisheries, there was no management money available. He said the funds raised will stay with the department, and they will be used for things other than the management of the salmon fisheries. Mr. Williams said that the department already manages the salmon fisheries.

Number 0128

REPRESENTATIVE SCALZI said that because the department is responsible for fishery management, it should not require more money to carry that management out.

MR. WILLIAMS said that he was not lobbying for the department to keep any money, apart from some administrative costs. He said that he was not sure that the department is the appropriate agency to certify ballots, bylaws, and registration and voting procedures. He said the department supports the concept, but it wants to take time to talk to sister agencies and see if one of the others might be able to carry out the functions in a more efficient manner.

REPRESENTATIVE SCALZI agreed that Mr. William's was a fair assessment.

Number 0045

REPRESENTATIVE KAPSNER asked if the two-thirds vote would be attainable considering low voter turnout and the high number of out-of-state fishermen in fisheries such as Bristol Bay.

TAPE 02-3, SIDE A
Number 0001

MR. WILLIAMS said it would be a big educational burden to try to inculcate the diverse groups of fishermen as to the intricacies of the voting process.

Number 0109

BRUCE SCHAETLER, Fisherman, testified before the committee. He said he supported the bill and called it a step forward. He suggested the administration be involved as little as possible, and added that the program probably would cost little to administer anyway. He said that if the fishermen vote for an assessment, "it will be our money." He said this has little to do with management, and that it would make management easier by having fewer permits.

MR. SCHAETLER said that getting 66 percent to vote would be quite easily done in the fisheries he is involved in. He said this is the case because at least that percentage will not be involved in the fishery after this year. He said those leaving the fishery would be happy to tax someone else to buy their permits from them. He said a lot of the "new thinking" is a result of the industry's being down so far. He gave the example of the purse seine fishery in Kodiak where he lives. He has not fished there since 1995. He said over 50 percent of the permits there are no longer being fished. He said he has had many conversations with the limited entry commission over the last decade on the issues of stacking and consolidation. He said he is glad to see it finally come to the forefront, and that it is a "very doable thing."

Number 0399

MR. WILLIAMS said there were a lot of financial considerations given to the people who would make the investments in consolidating permits with their own money. He said that it was

cautious thinking that took the incentives out of the bill because it is a "pilot project." He said the bill is conservative so that it is not exposed to a great deal of risk. From that conservative baseline, incremental changes and improvements can be made. He said the bill gives everyone a voluntary chance to participate with a low risk factor. He urged the committee to give the bill the consideration it needs.

CO-CHAIR STEVENS asked Representative Scalzi if the two-thirds vote would be two-thirds of eligible permit holders or two-thirds of those who vote.

REPRESENTATIVE SCALZI said that the two-thirds applies to the absolute number of permit holders, adding that it "is a very high bar." He brought up the "Chignik issue," saying that it is important to have support from all permit holders.

REPRESENTATIVE KAPSNER asked if the two-thirds applied to two-thirds of all members of a fishery voting "yes."

REPRESENTATIVE SCALZI replied that Representative Kapsner was correct: two-thirds of all permit holders must vote yes.

Number 0614

JERRY McCUNE, United Fishermen of Alaska, testified before the committee. He said the UFA did not want to create two classes of fishermen. He said that they did not want to see groups with the means to buy multiple permits "ramming through" stipulations that would force economic hardships on those who could not afford more permits. He said that fisheries need to get themselves in order. After that, ideas can be worked through. He made it clear that all of these changes must be voluntary. He said that there will have to be cooperation within the fisheries to implement these programs. Mr. McCune warned that next year will see some fisheries in worse shape than they are this year. He said that this will force more cooperation.

MR. McCUNE said it never occurred to him to talk to those in other fisheries when he began working on the legislation. He said if all shrimpers came in, UFA would probably work to get them included in the legislation; however there are myriad fisheries in the state.

MR. McCUNE addressed the earlier question about who would own the permits and who would be in charge of selling them. He said that individuals would make the decision to sell or not sell.

He told the committee that the association would be a vehicle for getting money, and the Alaska Department of Fish & Game would be an advisory group for that money's disbursement. He said the UFA felt the department would be the most appropriate agency for that oversight.

MR. McCUNE said that not everyone will be in agreement. He is "dragging 10,000 people along, and some of them don't want to come along." He said the UFA is doing its best to do what is best for the salmon fisheries of the state by consolidating them. He said it will be painful for some of the fisheries. He said the UFA is trying to keep the tax bases up in salmon-dependent communities.

Number 1043

REPRESENTATIVE SCALZI said his initial intent in having the department involved was because it makes the determination of whether the number of permits is appropriate for the harvest capacity. He said that the dialogue on this bill should be carried on in the next committee, along with HB 284.

Number 1135

REPRESENTATIVE KAPSNER asked Representative Scalzi if it mattered to him whether or not there would be permit stacking by out-of-state permit holders. She said that Bristol Bay had the concern of more consolidation coming from out-of-state fishermen.

REPRESENTATIVE SCALZI said the commerce clause would not allow restriction of out-of-state permit holders from consolidating. He said Alaskan residents are the ones promoting the bill.

Number 1204

CO-CHAIR WILSON expressed her pride in the fishing industry as a whole for "thinking outside the box" and using a lot of caution. She said the selfless caution was commendable, as was the "66 percent" clause.

Number 1277

CO-CHAIR WILSON moved that CSHB 286 [version 22-LS1099\B, Utermohle, 2/7/02] be moved out of the House Special Committee on Fisheries with individual recommendations and zero fiscal notes.

Number 1301

REPRESENTATIVE KERTTULA raised a question of how this would help economically. She expressed concern about the broadness of the bill. She said that she could see how taking permits out of the fishery might work, but she emphasized that she wants to understand the economics of the bill. She said it is "a pretty amorphous thing," and that there must be a lot of work before it goes to the floor.

Number 1385

CO-CHAIR STEVENS asked if there were objections to moving the bill out of committee. There being no objection, CSHB 286(FSH) was moved out of the House Special Committee on Fisheries.

ADJOURNMENT

Number 1420

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 5:35 p.m.