

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSB 93(FIN)  
 (S) Publish Date: 4/4/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title Annual commercial fishing permit RDU Comm. Fish Entry Commission  
and vessel license fees Component Commercial Fisheries Entry  
 Sponsor Senator Ben Stevens Commission  
 Requester Senate Finance Commerce Component No. 471

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES        | FY 2006        | FY 2007        | FY 2008        | FY 2009        | FY 2010        | FY 2011        |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Personal Services             | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Travel                        | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Contractual                   | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Supplies                      | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Equipment                     | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Land & Structures             | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Grants & Claims               | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Miscellaneous                 | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     |
| <b>CAPITAL EXPENDITURES</b>   | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     |
| <b>CHANGE IN REVENUES ( )</b> | <b>1,890.5</b> | <b>1,798.6</b> | <b>1,711.2</b> | <b>1,628.0</b> | <b>1,548.9</b> | <b>1,473.6</b> |

**FUND SOURCE** (Thousands of Dollars)

|                                 |            |            |            |            |            |            |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts           |            |            |            |            |            |            |
| 1003 GF Match                   |            |            |            |            |            |            |
| 1004 GF                         |            |            |            |            |            |            |
| 1005 GF/Program Receipts        |            |            |            |            |            |            |
| 1037 GF/Mental Health           |            |            |            |            |            |            |
| 1156 Receipt Supported Services |            |            |            |            |            |            |
| <b>TOTAL</b>                    | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

|           |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | 0 | 0 | 0 | 0 | 0 | 0 |

**ANALYSIS:** (Attach a separate page if necessary)

Passage of CSSB 093(FIN) will not require additional expenditures or positions. It will provide for increased revenues generated by permit and license fees, though an exact amount cannot be determined at this time.

CSSB 093(FIN) maintains the commercial fishing vessel licensing size classes in current law and statutorily establishes a 20% higher annual fee for each class. This results in an estimated increase in revenue of approximately \$120.7 for FY06.

For commercial fishing permits, the bill maintains the directive that fees "must reasonably reflect the different rates of economic return for different fisheries," and establishes a \$3000 base fee cap on annual permit renewal fees. The

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 Division Commercial Fisheries Entry Commission Date/Time 4/1/05 9:02 AM  
 Approved by: Frank M. Homan, Commissioner Date 4/1/2005  
 Agency Commercial Fisheries Entry Commission

**ANALYSIS CONTINUATION**

current \$300 fee cap artificially holds fees down in the highest-earning fisheries and results in those fisheries paying fees that are disproportionately lower.

While passage of CSSB 093(FIN) would not, in itself, change annual permit fees, the removal of the current \$300 maximum base fee effectively authorizes CFEC to implement a fairer fee schedule that more truly meets the statutory mandate that fees are to reflect the earnings in respective fisheries. The regulatory fee structure CFEC intends to propose under provisions of CSSB 093(FIN) would result in an estimated increase of approximately \$1,836.8 in revenues to the state from permit fees in FY06.

The change from a "per permit" nonresident fee differential to a single annual nonresident surcharge (necessitated by recent rulings in the Carlson v. State of Alaska class action), results in an annual estimated decline of about \$67,000 in revenue.

In combination, the various revisions made by CSSB 093(FIN), and the regulatory framework CFEC intends to propose to implement the provisions of the bill, would likely result in an overall increase in revenues generated by approximately \$1,890.5 in FY06.

Due to steadily declining revenues, CFEC (a receipt supported agency) expects to be in a deficit situation in FY06 or FY07 without passage of CSSB 093(FIN). While passage of the bill will likely increase revenues enough to provide revenues to the General Fund above the current cost of CFEC's budget in the next few years, total revenues generated by CFEC fees are expected to continue declining. This is due to economic difficulties in some fisheries (particularly salmon fisheries) resulting in their falling into lower annual permit fee classes, and to ongoing decreases in the number of permits and vessel licenses issued annually. This decrease in participants is due to many factors, including fewer permits being issued after each fishery limitation; consolidation in federally- managed fisheries licensed by the state; and cancellation of nontransferable permits as holders of those permits die or retire. Thus, the amount of revenue generated by CFEC fees, and the cost of funding CFEC's operating budget, will likely converge again in coming years.

Because of the uncertainty of future events and the downward trend in our revenues, we have shown the anticipated revenue this bill may produce to decrease at 4.86% per year, which is our current calculated rate of decline.