

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

April 11, 2005
8:44 a.m.

MEMBERS PRESENT

Representative Bill Thomas, Co-Chair
Representative John Harris
Representative Jim Elkins
Representative Peggy Wilson

MEMBERS ABSENT

Representative Gabrielle LeDoux, Co-Chair
Representative Mary Kapsner
Representative Woodie Salmon

COMMITTEE CALENDAR

HOUSE BILL NO. 256

"An Act naming the Ruth Burnett Sport Fish Hatchery in Fairbanks."

- MOVED HB 256 OUT OF COMMITTEE

HOUSE BILL NO. 251

"An Act authorizing the Board of Fisheries to adopt regulations regarding fishing by a person who holds two entry permits for a salmon fishery."

- MOVED HB 251 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 256

SHORT TITLE: RUTH BURNETT SPORT FISH HATCHERY

SPONSOR(S): REPRESENTATIVE(S) RAMRAS

04/06/05	(H)	READ THE FIRST TIME - REFERRALS
04/06/05	(H)	FSH, RES
04/11/05	(H)	FSH AT 8:30 AM CAPITOL 124
04/11/05	(H)	RES AT 1:00 PM CAPITOL 124

BILL: HB 251

SHORT TITLE: COMMERCIAL FISHING MULTIPLE PERMIT HOLDER

SPONSOR(S): REPRESENTATIVE(S) SAMUELS

04/05/05 (H) READ THE FIRST TIME - REFERRALS
04/05/05 (H) FSH, RES
04/11/05 (H) FSH AT 8:30 AM CAPITOL 124
04/11/05 (H) RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE JAY RAMRAS
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 256 as sponsor.

REPRESENTATIVE RALPH SAMUELS
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 251 as sponsor.

MIKE SAUNDERS, President
Lynn Canal Gillnetters Association
Haines, Alaska
POSITION STATEMENT: Testified in opposition to HB 251.

CHARLES TREINEN
(No address provided)
POSITION STATEMENT: Testified in support of HB 251.

JASON KOONTZ
Homer, Alaska
POSITION STATEMENT: Testified in support of HB 251.

SIMON SCHAAD
Homer, Alaska
POSITION STATEMENT: Testified in support of HB 251.

TIM MIKKELSEN
Homer, Alaska
POSITION STATEMENT: Testified in support of HB 251.

GERALD GUGEL
Homer, Alaska
POSITION STATEMENT: Testified in support of HB 251.

PETER THOMPSON
Kodiak, Alaska
POSITION STATEMENT: Testified in support of HB 251.

LEROY COSSETTE

Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 251.

BOB THORSTENSON, President

United Fishermen of Alaska

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 251.

SCOTT McALLISTER

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 251.

FRANK HOMAN, Commissioner

Commercial Fisheries Entry Commission

Alaska Department of Fish and Game

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 251.

MAC MEINERS

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 251.

ACTION NARRATIVE

CO-CHAIR BILL THOMAS called the House Special Committee on Fisheries meeting to order at 8:44:23 AM. Representatives Thomas, Elkins, Wilson, and Harris were present at the call to order.

[Due to technical difficulties, the recording begins at 8:46:44 AM.]

HB 256-RUTH BURNETT SPORT FISH HATCHERY

CO-CHAIR THOMAS announced that the first order of business would be HOUSE BILL NO. 256, "An Act naming the Ruth Burnett Sport Fish Hatchery in Fairbanks."

REPRESENTATIVE JAY RAMRAS, Alaska State Legislature, presented HB 256 as sponsor. He explained that the bill would name the proposed new sport fish hatchery in Fairbanks the Ruth Burnett Sport Fish Hatchery.

REPRESENTATIVE HARRIS asked Representative Ramras to provide the committee with some background information on Ms. Burnett.

8:46:33 AM

REPRESENTATIVE RAMRAS pointed out that Ms. Burnett, late former mayor of Fairbanks, originally conceived of the idea of a fish hatchery there. She also worked as the Fairbanks aide for U.S. Senator Ted Stevens. He noted that the proposed hatchery location is near Ms. Burnett's former home. He commented, "She one of the greatest ladies that I ever had the privilege of knowing through my youth and young adulthood."

REPRESENTATIVE ELKINS remarked, "She led the fight to clean up that area down around the Chena River, ... and was very successful."

8:48:21 AM

REPRESENTATIVE WILSON moved to report HB 256 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 256 was reported from the House Special Committee on Fisheries.

HB 251-COMMERCIAL FISHING MULTIPLE PERMIT HOLDER

8:48:40 AM

CO-CHAIR THOMAS announced that the next order of business would be HOUSE BILL NO. 251, "An Act authorizing the Board of Fisheries to adopt regulations regarding fishing by a person who holds two entry permits for a salmon fishery."

8:49:01 AM

REPRESENTATIVE RALPH SAMUELS, Alaska State Legislature, presented HB 251 as sponsor. He explained:

[The bill] would give some authorization to the Board of Fisheries to assign fishing privileges for those who already hold one permit in a salmon fishery; they would be able to buy a second permit. ... Market forces already prompt permit holders to buy or sell permits. This bill would not require anybody to buy or sell a permit. ... It would add another option for specific fisheries to deal with situations where salmon prices are falling, and that's contributed to large numbers of outstanding permits. It would allow the [Board of Fisheries] to have another tool to

reduce the amount of gear in the water ... and try to consolidate some of the fisheries a little bit. ... I've talked to [Co-Chair Thomas] quite a bit here about some potential amendments.

8:50:19 AM

REPRESENTATIVE HARRIS asked if the bill has a lot of support from United Fishermen of Alaska (UFA) or other fishing groups.

REPRESENTATIVE SAMUELS replied, "UFA talked to me about it. I made some calls to some folks back in my hometown out in Bristol Bay, and I think mostly people are going to be supportive of this."

8:51:10 AM

MIKE SAUNDERS commented, "I'd like to make sure that the information that was sent to [Representative] LeDoux's office from the department regarding this idea when it was a [Board of Fisheries] proposal number 378 is submitted as evidence to the committee."

CO-CHAIR THOMAS replied that the committee did not have this information.

MR. SAUNDERS stated, "I'm in opposition to [HB 251] because I see this as granting the [Board of Fisheries] authority for social engineering, and the outcome of this bill would redistribution of wealth amongst fishermen, at least in Southeast Alaska." He remarked that he didn't want to have to buy another permit in order to compete with other fishermen who have two permits; many people in Haines cannot afford to buy an additional permit.

8:53:12 AM

REPRESENTATIVE HARRIS asked Mr. Saunders who he was representing.

MR. SAUNDERS replied that he is the president of the Lynn Canal Gillnetters Association. He noted that when this idea was a Board of Fisheries proposal, he ran a letter-writing campaign that produced about 30 letters in opposition to the idea.

8:53:55 AM

CHARLES TREINEN testified in support of HB 251. He noted that he is a fisherman involved in several different fisheries for over 25 years. He said, "It's a market-based way to reduce the number of permits and reduce the number of latent permits in a fishery. Latent permits are a real problem and are a drag on investing in a fishery." He continued:

If a person ... or a group doesn't want any kind of permit-stacking, they're capable of opposing it at the [Board of Fisheries] level and there are numerous advantages to having that tool in the toolbox of the [Board of Fisheries] in a situation where you have too many permits, a lot of latent permits, and you need to have a way to consolidate permits without doing a buyback. Buybacks are very difficult to enact and costly for government and maybe not feasible financially for the ... people that stay in the fishery.

MR. TREINEN explained that in Bristol Bay, two permits can fish on a single vessel but the vessel is only allowed one-third more gear. Therefore there is less gear in the water than there would be if there were two vessels with one permit each.

[8:58:41 AM](#)

JASON KOONTZ stated that he is a commercial fisherman and a tender operator in Bristol Bay. He testified in support of HB 251. He commented:

[The bill] would allow the guys to use some permits that aren't being utilized. It would allow some guys to increase their production. With the lower price of salmon, it's important that guys are able to generate some income to really make it a viable fishery. If it's not viable guys like me with a tender are not going to be able to participate. ... We should give the [Board of Fisheries] as many tools as they need to revamp our salmon industry.

MR. KOONTZ emphasized that young people need this bill as encouragement to stay in the fishery, and that a buyback would eliminate the possibility for young people to enter the fishery.

[9:01:05 AM](#)

SIMON SCHAAD, stated that he is a junior at the Homer High School and a permit holder in Bristol Bay. He commented that he supports the bill because, "it would really help the Board of Fisheries for the future of the fishery. ... And it's the cheapest and quickest way to reduce the overpopulation of this fishery."

[9:01:50 AM](#)

TIM MIKKELSEN stated that he and his wife fish two permits in Bristol Bay, and they support HB 251. He said:

We like [the bill] better than a buyback system in that we've already paid for two permits and we'd hate to be taxed or something to get rid of more permits. It will reduce the amount of gear in the water, so I believe it will be a benefit to those who buy a second permit and to the people who don't have two permits just because there'll be less gear in the water. And it would also just be easier to make business decisions on the fishery.... If you have permits out there that people can grab up when it looks good it takes away the profitable years for those who stay in it. Every time it looks like a good run or a good price, then a bunch more people jump in and it still makes everything marginal; we know in fishing we have bad years, and it's nice to have some good years and be able to count on that rather than it just kind of getting wiped away by people who want to take a shot in the dark.

[9:03:34 AM](#)

GERALD GUGEL stated that he is a third generation fisherman who started salmon fishing in 1953. He noted that he has three herring permits, a Kodiak salmon permit, and a Bristol Bay permit. He testified in support of HB 251. He said that he supported the move to limited entry fishing permits, however, he opined that most areas ended up with too many permits. The fisheries have been poor lately, and he emphasized the importance of having several permits so that one can be flexible.

[9:07:36 AM](#)

MR. GUGEL continued:

What I have seen here is that many people are fishing in different salmon fisheries. The thing is that many of them are actually doing it illegally, one way or another. So there's a problem that's presented by the way the situation is right now. ... What I have done it the past with my seven kids: now my Bristol Bay permit has actually gone from Laura, it's gone to Esther, it's been in Samuel's name.... With cod and crab and all these other areas going [Individual Fishing Quota (IFQ)], the ability to be able to be flexible is becoming more and more difficult. ... [The bill is] an awesome way to control the number of permits. One of the things that bothers me right now: in Kodiak we're down to 100 boats but I know that the minute there's any real sparkle at all in the fishery, you've got 200 permits sitting out there that are very easy to move right back into the fishery. And so the potential of becoming financially viable stands in jeopardy with those permits drifting out there. ... Any way here by which we can eliminate some of those permits and give a slight benefit to them I think would really help the system, much better than a tax situation, much better than a buyback program.

9:09:54 AM

PETER THOMPSON stated that he has lived and fished in Kodiak for 25 years and also has held a Bristol Bay salmon permit for 18 years. He testified in support of HB 251. He commented:

The salmon industry has been in economic disaster for the last five years or so and we do need to look at anything and everything that can make it more economically viable for those that attempt to remain in the salmon business. Fleet consolidation is a concept whose time has come. Most of the limited entry fisheries in the state are plagued by having too many permits. Last year the [Commercial Fisheries Entry Commission (CFEC)] came out with an optimum numbers study that indicated that the number of Bristol Bay salmon drift net permits should be reduced by as much as half. An example of how permit-stacking regulations can be applied is available from the Bristol Bay salmon drift net fishery. In 2003 the [Board of Fisheries] changed a regulation that allowed a vessel to fish one-third more gear as long as there were two permit holders on board. Specifically the

regulation allowed the double-permitted vessel to fish 200 fathoms of gear instead of the standard 150 fathoms. As a consequence, instead of 300 fathoms of net in the water for two permits, only 200 fathoms was fished. Because there is a significant cost to getting an additional vessel in the water, it can be cost effective to get an incremental fishing power increase even if it is less than a whole gear unit for an individual vessel. As a tool for reducing fishing effort and improving the economics of the fishing fleet the Bristol Bay permit-stacking regulation was effective in reducing effort during its inaugural 2004 season.

[9:11:57 AM](#)

MR. THOMPSON continued:

The requirement to have two separate permit holders on board is cumbersome, likely to create conflict, as two captains on a boat doesn't work, and creates incentives to engage in gray market permit trades.... I also want to stress that permit-stacking options are much more flexible than many other fleet consolidation options such as permit buybacks. They're market-based and reversible, because an individual fishing operation could easily choose to go back to using one permit at any time and be unburdened of the cost of owning two. For those who are concerned about the prospect of escalating permit prices, the issue is not really the permit cost; it's how to pay for it. There is clearly a need to make commercial fishing a vibrant and viable contributor to the individual businesses, communities, and the state. Eliminating a statutory impediment to permit stacking simply gives fishing businesses another tool to use in making operational decisions. All vessels will share in having few vessels participating through stacking of permits.

[9:15:07 AM](#)

LEROY COSSETTE stated that he lives in Kodiak and has fished in Bristol Bay since 1966. He testified in support of HB 251. He clarified that the bill would reduce the amount of fishing gear used by 66 percent for every permit that is stacked, which for 100 boats is about 10,000 fathoms of gear. He said, "We need the money in Bristol Bay; it's down to sharecroppers wages up

there now. This is the way the legislature can help us put some real economics back in Bristol Bay like we had in the ... 80s and 90s."

[9:16:33 AM](#)

BOB THORSTENSON, President, United Fishermen of Alaska, testified in support of HB 251. He commented that there are different levels of interest in the bill in different areas of the state, noting that people in Southeast are generally not interested in the idea while people in Kodiak and Bristol Bay are interested. He said:

We're not in favor of this for the whole state, of course, and we're not going to impose this upon anybody who doesn't want it. It's going to have to go through a very rigorous [Board of Fisheries] restructuring program that's being implemented, so ... this will be years out; it'll take awhile for this to actually take place.

[9:17:51 AM](#)

SCOTT McALLISTER stated that he has been purse seining primarily in Southeast Alaska for 30 years. He testified in support of HB 251. He said:

In recent years latency has become a very, very prevalent problem within the fisheries. It's very difficult to make decisions both on how you're going to ... make future decisions for quality improvements [and] efficiency upgrades within your fishery ... knowing that there's a lot of latency out there within the permit structure of a fishery.... So this [bill] gives the [Board of Fisheries] an opportunity to deal with not just the latency problem but with these efficiency problems or quality problems....

[9:19:39 AM](#)

FRANK HOMAN, Commissioner, Commercial Fisheries Entry Commission, Alaska Department of Fish and Game, testified in support of HB 251. He said:

The commission supports the concept of moving ahead with permit-stacking.... It's another tool in the toolbox, and the thing that would be necessary for any

fishery: it's not going to be imposed on anybody. It would have to go to the [Board of Fisheries] and they would do an analysis of the fishery and take public testimony, and so each fishery would be a case-by-case basis. They'd have the opportunity during their analysis and discussion ... to monitor any permit stacking to see how it develops in the marketplace, and who's buying and selling permits, and how the affect is on the latent permits. So I think there's a lot of safeguards in it and there's a lot of opportunity to try a new tool.

[9:21:13 AM](#)

MAC MEINERS stated that he is a permit holder in Kodiak and Southeast Alaska. He testified in support of HB 251.

[9:21:38 AM](#)

REPRESENTATIVE HARRIS moved to report HB 251 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 251 was reported from the House Special Committee on Fisheries.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at [9:21:47 AM](#).