

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON FISHERIES**

May 6, 2005

8:11 AM

**MEMBERS PRESENT**

Representative Gabrielle LeDoux, Co-Chair  
Representative Bill Thomas, Co-Chair  
Representative Jim Elkins  
Representative Peggy Wilson

**MEMBERS ABSENT**

Representative John Harris  
Representative Mary Kapsner  
Representative Woodie Salmon

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 113(RES)

"An Act relating to entry into and management of Gulf of Alaska groundfish fisheries."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 113

SHORT TITLE: GULF OF ALASKA GROUND FISH FISHERY

SPONSOR(S): SENATOR(S) STEVENS B BY REQUEST

02/23/05	(S)	READ THE FIRST TIME - REFERRALS
02/23/05	(S)	RES, FIN
03/09/05	(S)	RES AT 3:30 PM BUTROVICH 205
03/09/05	(S)	Heard & Held
03/09/05	(S)	MINUTE(RES)
03/16/05	(S)	RES AT 3:30 PM BUTROVICH 205
03/16/05	(S)	Scheduled But Not Heard
03/23/05	(S)	RES AT 3:30 PM BUTROVICH 205
03/23/05	(S)	-- Meeting Canceled --
04/01/05	(S)	RES AT 3:30 PM BUTROVICH 205
04/01/05	(S)	-- Meeting Canceled --
04/18/05	(S)	RES AT 3:30 PM BUTROVICH 205
04/18/05	(S)	Heard & Held
04/18/05	(S)	MINUTE(RES)
04/23/05	(S)	RES AT 10:00 AM BUTROVICH 205

04/23/05 (S) Work Session to take <Public Testimony>  
 04/25/05 (S) RES AT 3:30 PM BUTROVICH 205  
 04/25/05 (S) Moved SB 113 Out of Committee  
 04/25/05 (S) MINUTE(RES)  
 04/26/05 (S) RES RPT CS 5DP 2NR SAME TITLE  
 04/26/05 (S) LETTER OF INTENT WITH RES REPORT  
 04/26/05 (S) DP: WAGONER, ELTON, SEEKINS, STEDMAN,  
 STEVENS B  
 04/26/05 (S) NR: DYSON, GUESS  
 04/27/05 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/27/05 (S) Heard & Held  
 04/27/05 (S) MINUTE(FIN)  
 04/28/05 (S) FIN RPT CS(RES) 3DP 3NR  
 04/28/05 (S) RES LETTER OF INTENT WITH FIN REPORT  
 04/28/05 (S) DP: WILKEN, GREEN, STEDMAN  
 04/28/05 (S) NR: HOFFMAN, OLSON, DYSON  
 04/28/05 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/28/05 (S) Moved CSSB 113(RES) Out of Committee  
 04/28/05 (S) MINUTE(FIN)  
 05/03/05 (S) TRANSMITTED TO (H)  
 05/03/05 (S) VERSION: CSSB 113(RES)  
 05/04/05 (H) READ THE FIRST TIME - REFERRALS  
 05/04/05 (H) FSH, FIN  
 05/06/05 (H) FSH AT 8:00 AM CAPITOL 124

**WITNESS REGISTER**

CHERYL SUTTON, Staff  
 to Senator Ben Stevens  
 Alaska State Legislature  
 Juneau, Alaska  
 POSITION STATEMENT: Presented SB 113 on behalf of Senator Ben  
 Stevens, sponsor.

JULIE KAVANAUGH  
 Kodiak, Alaska  
 POSITION STATEMENT: Testified in opposition to SB 113.

TIM TRIPP  
 Kodiak, Alaska  
 POSITION STATEMENT: Testified in opposition to SB 113.

MIRANDA KAVANAUGH  
 Kodiak, Alaska  
 POSITION STATEMENT: Testified in opposition to SB 113.

MITCH KILBORN, General Manager

Western Alaska Fisheries  
Kodiak, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

JEAN FRANQUILIN, Fleet Manager  
International Seafoods  
Kodiak, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

ENRIQUE PEREZ  
Kodiak, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

GLENN CARROLL  
Homer, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

MATT STOVER  
Homer, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

ALAN PARKS  
Homer, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

ART NELSON, Chair  
Board of Fisheries  
Anchorage, Alaska  
POSITION STATEMENT: Testified in support of SB 113, and  
provided comments during discussion of SB 113.

MICHAEL EBELL  
Gulf of Alaska Coastal Communities Coalition (GOAC3)  
Anchorage, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

ALEXUS KWACHKA  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

DARIK LARIONOFF  
Old Harbor, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

DONALD J. LAWHEAD, Jr.  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

STANLEY MACK  
Aleutians East Borough, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

WESTON CARROLL  
Homer, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

SYLVIA KAVANAUGH  
Kodiak, Alaska  
POSITION STATEMENT: Provided comments during discussion of SB 113.

NEIL RICKMAN  
Sitka, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

LOCKE FINLEY  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

KIP THOMET  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

LEIGH THOMET  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

JAY STINSON, President  
Alaska Draggers Association  
Kodiak, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

SHAWN DOCHTERMANN  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

RALEIGH EAGER  
Kodiak, Alaska  
POSITION STATEMENT: Testified in opposition to SB 113.

JULIE BONNEY  
Alaska Groundfish Databank  
Kodiak, Alaska  
POSITION STATEMENT: Testified in support of SB 113.

ANDY LUNDQUIST

Kodiak, Alaska

POSITION STATEMENT: Testified in opposition to SB 113.

DAVE KUBIAK

Kodiak, Alaska

POSITION STATEMENT: Testified in opposition to SB 113.

MIKE BOURAY

Kodiak, Alaska

POSITION STATEMENT: Testified in opposition to SB 113.

DON GALLAGHER

Kodiak, Alaska

POSITION STATEMENT: Testified in opposition to SB 113.

#### **ACTION NARRATIVE**

**CO-CHAIR GABRIELLE LEDOUX** called the House Special Committee on Fisheries meeting to order at [8:11:02 AM](#). Representatives LeDoux, Thomas, Elkins, and Wilson were present at the call to order.

#### SB 113-GULF OF ALASKA GROUND FISH FISHERY

[8:11:26 AM](#)

CO-CHAIR LEDOUX announced that the only order of business would be CS FOR SENATE BILL NO. 113(RES), "An Act relating to entry into and management of Gulf of Alaska groundfish fisheries."

[8:11:45 AM](#)

CHERYL SUTTON, Staff to Senator Ben Stevens, Alaska State Legislature, presented SB 113 on behalf of Senator Ben Stevens, sponsor. She said that the bill would provide statutory authority for the Board of Fisheries (BOF) and the Commercial Fisheries Entry Commission (CFEC) to jointly develop a dedicated access privilege (DAP) program for Gulf of Alaska (GOA) groundfish. She continued:

They will develop this [program] by species, areas, and gear types as the fisheries are presented to them from the industry side desiring to have a DAP in their fishery. The legislation provides for a full public

process and grants appropriate authorities to the commission and board for development and implementation of a form of fisheries limitation for state water Gulf groundfish fisheries reflective of historic involvement in these fisheries. It does not predetermine whether a fishery will become a DAP fishery or how it will be managed.

MS. SUTTON continued:

The Alaska [BOF] has lead a joint effort to explore how best to respond to the changes facing [GOA] groundfish fisheries. A diverse fishing fleet utilizing different gear types and vessel sizes harvest multiple species of migratory groundfish from zero to three miles off the Alaska Gulf coast. The GOA groundfish fisheries of the state waters from zero to three miles are comprised of two distinct components: a state water fishery managed under an established guideline harvest level, and a parallel fishery managed under a federal total allowable catch.

Efficiency has increased in many of these fisheries resulting in shortened seasons, an increased race for fish, decreased quality, and lost opportunities for value-added products. The consequences are lower ex-vessel values. In addition, the federal government through the North Pacific Fishery Management Council (NPFMC) is rationalizing the groundfish stocks and fisheries under its jurisdiction in three to two hundred miles. This is likely to result in additional fishing effort, exacerbation of existing problems in the zero to three [mile] state water fisheries.

[8:13:44 AM](#)

MS. SUTTON continued:

Senator [Ben] Stevens was approached by the Gulf work group comprised of the [NPFMC], [BOF] members, and industry, and asked if he would sponsor this legislation, and you can see this legislation is by request. And these are the folks who requested this legislation. And because the [GOA] groundfish fisheries in state waters are managed by harvest limits, a [DAP] program may be feasible and appropriate for managers to meet harvest objectives.

It may better serve the goals of resource conservation and prevention of economic distress among fishermen and those dependent upon fishermen for livelihood. It will also [promote] the safety of those involved prosecuting these fisheries....

[8:14:33 AM](#)

MS. SUTTON continued:

With the passage of SB 113, a lengthy public process will ensue. The [Alaska Department of Fish & Game (ADF&G)] collects and CFEC holds all the fisheries harvest and vessel participation information. This information will have to be compiled and analyzed for a fishery being considered as a potential DAP fishery. Both the CFEC and the [BOF] have extensive public hearing processes, and the public will have ample opportunity to participate in the development of any potential DAP program for [GOA] groundfish fisheries. Senate Bill 113 protects the state's interests, it provides an important new tool for insuring our state water groundfish fisheries can be developed to maximize the state's interest and protect the resource and those who depend upon it. ...

I know that there's been a lot of concern in industry that this bill will put in place a [DAP] program, and that's not true; this bill simply provides statutory authority to the entities that are charged by the legislature with managing our fisheries and the ... [CFEC] with limiting entry into fisheries if it warrants. And that's all the bill does.

[8:16:11 AM](#)

CO-CHAIR THOMAS asked if there would be any problem with adding language to the bill requiring the BOF and the CFEC, upon completion of their [analysis], to report back to the legislature before implementation.

MS. SUTTON replied that Senator Ben Stevens would not support that. She said:

The legislature is the policy body and what [SB 113] does is it creates policy and you have already delegated your authority to the [BOF] and to the

[CFEC]. You've created the statutes; you've outlined what their responsibilities are, and Senator [Ben] Stevens believes that they are the entities who should be developing the programs, with the industry coming to them rather than the legislature developing fisheries management plans or ratifying them.

[8:17:28 AM](#)

CO-CHAIR THOMAS asked:

How about an overview ... at least to the [House Special Committee on Fisheries] and the [House Resources Standing Committee] before it's put into place? We want to know ... how you're going to do it, what's going to happen. [The legislature will] take the heat one way or the other: if we kill this thing or if we go forward. And I think it would be good protocol that we see what happens to this....

MS. SUTTON replied, "Senator [Ben] Stevens doesn't believe that's the correct process."

CO-CHAIR THOMAS reiterated his request. He commented that when the limited entry program was put into place, he found that what the [CFEC] was saying "in the field" did not match what actually happened. He restated that he'd like an overview of the [analysis].

[8:18:45 AM](#)

MS. SUTTON asked if Co-Chair Thomas was requesting that the CFEC and the BOF return to the committee for ratification, or just to give a presentation.

CO-CHAIR THOMAS replied, "I just want to know what they've done and what they're going to do, so that people have a clear understanding...."

MS. SUTTON commented that she didn't think the process would go very quickly. She stated, "I'm sure that the [BOF] and the CFEC would have no problem presenting to you any findings that they have developed."

[8:19:45 AM](#)

CO-CHAIR LEDOUX asked how long Ms. Sutton expects the process to take.

MS. SUTTON deferred to the CFEC and BOF. She said:

It has to come from industry side to them; CFEC has never imposed a limited entry program on any fishery unless the fishery has asked for them to look at that fishery. And Senator [Ben] Stevens felt very strongly that he join CFEC and the [BOF] together in this process, which we've done through the Memorandum of Understanding [MOU], so that they're in joint hearings on the issues that will be before them. I would envision it's going to be quite a long process, and a very detailed public process.

[8:20:21 AM](#)

CO-LEDOUX asked if there is any guarantee in the bill that hearings will be held in the affected communities. She noted that the BOF likes to hold meetings in local communities, but due to budgetary constraints lately have not been holding local meetings, and instead have had the meetings in Anchorage.

MS. SUTTON responded:

This is not a [BOF] meeting, ... this is a public hearing process involving [BOF] members and CFEC members. CFEC has a consistent track record of holding hearings in communities where they're dealing with issues affecting the fishery of that area, and holding multiple hearings in that area. And that's clearly the intent of the MOU....

[8:21:44 AM](#)

CO-CHAIR opened the meeting for public testimony.

[8:22:53 AM](#)

JULIE KAVANAUGH stated:

DAP is a system where the resource is specifically identified and reserved. Under Article 8, Section 15 [of the state constitution], "No exclusive right or privilege shall be created or authorized in the natural waters of the state." Any system can have a

potentially well-developed plan, but if it has a bad foundation, it should not be built upon or implemented. This bill creates claim to the resource while it remains in the waters of the State of Alaska. This section also speaks to limiting access, not allocating resource. While the DAP program may potentially be more inclusive, it does create ownership. We limit access for conservation and economic [reasons]. We do not under our constitution identify and reserve for anyone. Article 8, Section 15 does not provide for creating an exclusive right or claim to the resource. The word that "specifically identified and reserved" are sourced from an explanation of the DAP program submitted by supporters of this bill, and can be viewed on the [\[indisc.\]](#) web link.

[8:24:10 AM](#)

MS. KAVANAUGH continued:

Let's talk about opportunities. A limited entry system, which we have seen being upheld in the court, is a restrictive access, but it does not guarantee opportunity. When we guarantee the right to retain the resource, we exclude like fishermen from opportunity. Limited entry does not reserve fish if your gear fails or if your skill lacks. Limited entry doesn't reserve fish. Dedicated access privilege reserves fish. It creates a special privilege which provides exclusive opportunity to the resource. Let's consider that lost opportunity by one is an opportunity for someone else, and this is the placeholder for retaining the resource for common use.

When we talk about restricting access, we need to speak to viability. The DAP system has been discussed as likely to be more inclusive than limited entry. It should be pointed out that a fisherman who's given an allocation in a smaller boat operation would be marginalized disproportionately to a larger operation. It would then be logical to conclude that the small boat, or fixed gear fleet, would be unfairly disadvantaged, and unwanted consolidation would occur. Interestingly enough, conditions to prevent consolidation ... may very well compound the problem for the small boat fleet, preventing them from

reversing their marginalization. Creating a more inclusive limited entry access through a DAP allocative program, in reality creates a less economically viable fleet.

[8:25:18 AM](#)

MS. KAVANAUGH continued:

In this plan for rationalization, we should intend that the winners are the independent coastal fishers and the communities they support. Over this last week there has been much discussion about the Chignik [Cooperative (Co-Op)] and the [BOF] need to implement a plan to fix the dilemma arising from their actions, which the [Alaska] Supreme Court found to exceed the board's authority. This co-op was formed by the board in the face of much controversy, similar to what you will see happen today. And still they move forward with the co-op's inception.

An interesting detail came out of this last week's decision to reinstate a co-op for 2005: the [BOF] recognized the need to incorporate active participation requirements. I would ask the board how they are going to require active participation from vessel owners, associations, co-ops, or other entities - all words that are found in SB 113. ... Will we be speaking to this in this [House Special Committee on Fisheries]? Or are we required to have faith in the board to address this concern, one that they have neglected in the recent past. Owner-on-board provisions or active participant provisions: let's hear this committee discuss that.

[8:27:13 AM](#)

TIM TRIPP stated that he is a jig fisherman from Kodiak testifying on behalf of himself and his wife, Peggy O'Leary. They have lived in Kodiak for 12 years. He said:

I'm against SB 113. However, if the bill does go through the House, it's very important that jig fishermen be included in the bill. We need to be able to have a say in the rationalization process when it goes to the [BOF]. There's a lot of things I don't understand about this bill. I've spent a lot of time

recently looking at its wording and talking to people about what it means and where it might go. I haven't been able to figure it all out. And that makes me wonder if everyone on this committee knows what it really means. It sure seems to have a lot of potential to harm a lot of Alaska fishermen as well as the communities they live in. It seems only fair that it should be looked at closer to make sure that it fairly meets the needs of everyone involved. If the members of this committee aren't comfortable killing this bill now, I think it should at least be put off until next year, or send to the [House Resources Standing Committee], so that everyone has time to think about the consequences that would allow everyone who would be affected and all the legislators who need to vote on it enough time to get fully informed at what it means, whether it's really needed, what it will do, and who it might hurt.

[8:28:47 AM](#)

CO-CHAIR THOMAS asked Mr. Tripp if he had testified at previous meetings regarding this bill.

MR. TRIPP replied that he had.

CO-CHAIR THOMAS commented that he just wanted to make sure that Mr. Tripp had "been around it."

[8:29:19 AM](#)

MIRANDA KAVANAUGH stated that she is a sixteen year old high school student in Kodiak. She testified in opposition to SB 113. She said:

I am against the privatization of a state resource. I don't want to see any person, entity, or cooperative have exclusive harvest rights to our fish. Over the last 10 years [Individual Fishing Quotas (IFQs)] and impending rationalization has changed our fisheries. Fishermen no longer compete for the best sets or a good trip; they compete for history. The idea of future ownership has ravaged our fleet. Compromised safety promoted the race for fish and handicapped our state's management abilities. If you remove the idea of ownership and return to a discussion developing a constitutionally sound plan, our fisheries and our

fishermen will return to more rational practices. Just because a group of people have anticipated ownership for years does not necessitate that we follow through in state waters.

MS. KAVANAUGH continued:

I urge the [House Special Committee on Fisheries] to stop SB 113 and send a strong message to the governor and the [BOF] that we do not want dedicated access privilege for our state waters fishery. We want control of our resource for the people of Alaska. It is the [BOF] job to protect our fisheries for the good of all its fishermen. SB 113 was written to reward overcapitalization of the trawl fleet and reward their bycatch. This bill does not address bycatch reduction; it encourages bycatch maximization. By owning their bycatch, they will no longer need to set lower goals; they will expect to harvest 100 percent of their untargeted species. This ownership concept is written specifically for trawl needs. It has no place in the state fishery and the trawl fleet should be required to stay outside three miles for conservation concerns. There would then be an abundance of fish for the small boats and fixed gear fleets. Entry-level fisheries would be guaranteed to remain viable and the race for fish would immediately halt.

Please do not create larger, more complex issues for [GOA] coastal communities. Let's work together to provide a solid state program that does not buy into private ownership; that rewards hard work, not overcapitalization; that recognizes environmentally friendly fisheries, not high bycatch; and supports fishermen instead of forming millionaires. ... The stability of State of Alaska depends on the protection of its natural resources, and I ask that you refer this bill to the [House Resources Standing Committee].

[8:32:42 AM](#)

MITCH KILBORN, General Manager, Western Alaska Fisheries, testified in support of SB 113. He said:

I have been living in Kodiak for the past 19 years. I have seen the fishing industry change dramatically in

those 19 years. When I first came here, it seemed that we processed year round. I remember processing pollock on Christmas Eve so we could have Christmas Day off. We had lots of experienced crew back then. Western Alaska Fisheries had over 300 full-time employees. Today we have around 120. We are at a point where we have to bring workers in from Outside to help process fish during the peak times. The people that suffer the most are the workers; they're the people who live here, send their kids to school here, and buy their groceries here. We need to protect these people. Rationalization is a way to protect those workers. We need to make our seasons last longer, make products that are more value to us as well as our fishermen, make more value-added products. This will keep the workforce that we have in Kodiak more stable and prevent us from having to bring in transient workforce that takes their money out of the community and some out of the state.

[8:34:01 AM](#)

JEAN FRANQUILIN, Fleet Manager, International Seafoods, stated, "I think rationalization is going to be good for everyone." He shared an anecdote about how halibut prices have risen substantially over the past 20 years. He compared the present-day groundfish fishery with the old halibut fishery when, he said, there were too many fish caught too fast.

[8:38:13 AM](#)

ENRIQUE PEREZ stated that he has worked for Western Alaska Fisheries in Kodiak for 25 years. He said that he was representing himself and his 180 co-workers. He commented that he supports SB 113 because it will create more work for him and make him more money. He noted that groceries are very expensive in Kodiak. He remarked that the season is currently very short and the company has to bring in extra workers to help out in the plant. He asked the committee not to forget the cannery workers.

[8:40:15 AM](#)

GLENN CARROLL stated that he has fished for 40 years in Cook Inlet, Kodiak, Prince William Sound, and Southeast Alaska. He said:

My interest in this bill is in cod. I have fished cod with pots since 1994, ... and have done a small-scale fresh and direct market product out of Homer, because of the road system, for fresh fillets and fresh cod to Kodiak. I also participate in the federal fishery as well. My concern is for the rapid decline and the continually shortening season. Each year the federal season closes a week earlier. The real impetus for this bill that I see, however, and by the way I am speaking in favor of it, is in the state waters. Please do not miss the picture that I am going to give you in these facts. It is this: In the year 2000, the state waters fishery for pots for cod in Kodiak was 10 months long. In the year 2005, it was 11 days. In my opinion, unless we stop the race for fish, there is little future in groundfish. We do not have the luxury of putting this off for years to come. ...

The second reason I support this bill is from the standpoint of marketing. As long as we are racing for our fish, we simply will not compete in markets around the country and the world. The same fish that we get 30 cents for in Alaska sells to the boat for a dollar in Boston and Iceland and more. When we harvest a great proportion of our cod in a matter of weeks, it is like all the ranchers butchering three quarters of their cattle on the fourth of July and expecting the market to receive them. From the standpoint of marketing 101, this is absolutely the most regressive, backward system that we could have. And I believe this bill will address this....

MR. CARROLL continued:

One comment about the [BOF] process out of which this bill came: I participated in the ground fish task force with the [BOF], and contrary to what some have said, this was a very public process. There [were] representatives from all around the state. ... The general tone and attitude that [BOF] Chairmen [Ed] Dursham and [Art] Nelson had at this was continuously soliciting good, visionary ideas, and even from the public that was there beyond the task force members that were there. And there was a great deal of discussion that brought up the necessity of this bill. I believe the DAP program will begin the process of addressing these things.

8:43:40 AM

CO-CHAIR THOMAS commented that he has been a halibut fisherman for 30 years. He noted that he used to catch an average of 50,000 to 60,000 pounds of halibut [per year], but he was given an IFQ of 15,000. He remarked, "This is just a note to the people who are sitting out there: if you think you're going to get more when there's more boats showing up, you're going to get less." He related that [before IFQs], the halibut fishery openings got shorter and shorter each year.

8:45:12 AM

MATT STOVER, a small boat owner and operator from Homer and a long-time deckhand in several fisheries, testified in opposition to SB 113. He remarked that he thinks SB 113 is headed towards IFQs, which he commented have become a commodity to be bought and sold, often by nonfishermen. He pointed out that the boat he has fished on for years was recently sold to an Anchorage lawyer, and that the lawyer will receive "all the benefits for [which] my skipper and myself and the rest of the crew fished." He stated that the IFQ owner usually isn't on the boat to help fish.

8:47:42 AM

ALAN PARKS of Homer testified in opposition to SB 113. He stated:

I have been involved in harvesting Alaska fisheries resource for over 30 years. My sole income is derived from harvesting and promoting sustainable community-based fisheries. I have been a member of North Pacific Fisheries Association for the past 20 years. I am a stakeholder of state groundfish resources. I oppose SB 113 because it hurts fishermen, processors, coastal communities, and drastically changes state policy. I have faxed to you a petition of over 25 Homer fishermen who also oppose SB 113. I have many concerns about SB 113, but I will limit my comments.

[Senate Bill] 113 is a consolidation bill and will result in less processing jobs, less workers' hours, and the closing of some processing plants. Some groundfish resources will be frozen in blocks and shipped to areas in the nation and foreign countries

where labor is cheaper. Already we are seeing Alaskan pink salmon being shipped to Thailand for processing. Alaskan sea urchins are being shipped to Mexico. And Alaska halibut is being shipped to Canada. All these practices are happening today and will only increase under SB 113 because co-ops will be formed and linked to a specific processor and the processor will make the business decision to schedule deliveries to minimize labor and will plan to ship to destinations where primary and value-added processing can occur with cheaper labor. In competitive markets, we expect the processors to work to maximize profit, and that's why we look to you the legislature to protect Alaskan jobs in the working waterfront. [Senate Bill] 113 reflects what's commonly referred to as outsourcing, and it means fewer jobs for Alaskans [and] reduced tax revenues for local communities already struggling under the weight of recent cuts to revenue sharing.  
...

MR. PARKS continued:

[Senate Bill] 113 proposes drastic changes to Alaska policy. [Senate Bill] 113 will change the way communities interact with each other. [Senate Bill] 113 will change the way communities interact with state government. The whole basis of SB 113 is how the state and federal government will interact with each other. [Senate Bill] 113 will change how state commerce will be conducted between communities. [Senate Bill] 113 will reduce the governor's ability to manage through his administration the policies of the State of Alaska and his ability to prevent federal preemption.

[8:50:23 AM](#)

MR. PARKS continued:

It is very important, in fact it is imperative, that the Alaska State Legislature establishes clear policies for Alaska and how communities will interact with each other and establish clear policies for interaction between state and federal governments. ... I am very concerned that SB 113 is not being heard by other committees. I appreciate the work by the [House Special Committee on Fisheries] but feel

that the sweeping policy changes that SB 113 will enact and the impacts it will have to communities, state commerce, and state government, ... that other committees should hear this bill. Or you [can] let this SB 113 take a rest for the year; let the stakeholders come to agreement on some of the more controversial elements and produce a bill that reflects Alaska's strong fishing heritages and protect Alaska jobs and coastal communities. There's just too much work that needs to be done to this bill before it becomes a piece of good legislation.

8:51:39 AM

ART NELSON, Chair, Board of Fisheries, stated that he served on the groundfish task force that has been working on this issue for the last year and a half, and he testified in support of SB 113. He said:

I think one of the most important distinctions that some folks are confused about is [that] I hear them drawing a lot of parallels or comparing [DAPs] to IFQs, and that is definitely not the case. The mechanics of how the fishery may take place may be similar to IFQ fisheries, but at the fundamental level, a DAP is not an IFQ. And there's numerous places in the bill where it talks about whether or not they expire or attenuate over time, and the terms and conditions in which they may be renewed or reissued, and that's been a subject of much discussion throughout the stakeholder task force.... And one of the things that I think a number of us agree on is that these should be nonpermanent access privileges. Now they'd have a term and then perhaps be renewed, but there's numerous conditions that we may look at that would spell out whether the full quota gets renewed or a portion of it. And that's all things that are yet to be developed, but what we have discussed quite a bit in our meetings.

8:53:40 AM

MR. NELSON continued:

And I know one of the previous testifiers referenced one of the documents that some of the stakeholders on our panel have brought forward, that lays out their

suggestion for it, and I think they brought some very valid points forward. But we have no predisposed program at this time. It's going to be a lengthy process and I know there was a question earlier about how long this may take, and I'd wager to guess that we're looking probably at a year to two years probably to have the first fisheries ready to be implemented if we proceed with this. And as the MOU spells out ... a number of meetings that we fully intend to hold out in affected communities, numerous more meetings of our stakeholder task force to flesh this out, joint meetings of the board and the CFEC to gather public input, and so it's been a very open process to this point, and if the legislature passes SB 113 ... it's going to continue for some time and be a very open process.

8:55:05 AM

CO-CHAIR LEDOUX pointed out that in the MOU, there is no requirement that meetings and public testimony be held in affected communities.

MR. NELSON replied:

You're correct. I don't believe the MOU explicitly states that meetings are going to be held in affected communities. That was certainly our intention, and I'd be happy to speak with [CFEC] commissioner [Bruce] Twomley who worked with us in developing this and see if there's agreement to put that in there. However, the fiscal notes attached to this bill outlaying some additional funds for the board and the CFEC specify that ... a reason for these fiscal notes is so that we can go hold these meetings in affected communities.

8:56:16 AM

CO-CHAIR LEDOUX asked if there would be any objection from the BOF if it was explicitly stated in the bill to require that meetings and public testimony be held in affected communities.

MR. NELSON responded that it was the board's intent all along to hold such meetings. He said:

I guess it would depend on how specific you get. If you wanted to just perhaps put in there that we will

hold meetings in affected communities, I personally don't see a problem with that because we intended it all along. But I guess if you get into too much specifics and exactly how many meetings, then that may be more troublesome.

8:57:06 AM

REPRESENTATIVE WILSON asked for further confirmation that the process would take about two years to finish [establishing the DAPs].

MR. NELSON answered that that was just a guess. He commented that the MOU requires that the BOF prioritize which fisheries "may need to get looked at first." However, he said, "this is something that we're not going to charge forward with on our own, and we're going to be looking for users and stakeholders to bring these requests to us before we jump in to looking at any particular fishery." He noted that the MOU has stated that there will be many meetings of stakeholder panels and community meetings. He estimated that the process would take at least a year and perhaps two years.

8:58:24 AM

REPRESENTATIVE ELKINS asked what would happen if [the legislature] slowed down the process to wait for the BOF to complete its findings before passing the bill.

MR. NELSON replied:

I just personally have a little concern about ... something coming back to the legislature for ratification, and I have a couple reasons for that. One is that, you know, we're a volunteer board, don't get paid very much, and it's already a very large commitment of time. And this is going to be a much larger commitment of time for a number of us and the public, and to have something come back and ... potentially not get legislative passage for reasons totally aside from the merits of the bill, ... depending on what the hot issue of the day or the week is at the legislature, you know, things can get sidelined.

Another aspect is that the timeliness of needing to move forward is that if the [NPFMC] goes forward with

their rationalization and we aren't able to react on the state side, then I believe we're going to see some very strong impacts, negative impacts, to ... state water fishermen.

REPRESENTATIVE ELKINS remarked, "If this goes south on us anyway, the legislature ends up being the ones that caused the problem."

[9:00:14 AM](#)

CO-CHAIR LEDOUX asked Mr. Nelson:

How will you determine if enough of the fishermen want a DAP program in their fisheries? In other words, are you going to look at how many people have licenses for fishing a particular fishery and then a certain percentage of those people would have to come to you with a request to set up such a program?

MR. NELSON answered:

It's very similar to the way we judge a lot of our other decisions, through our regular proposal process that we go through. Any single individual can submit a proposal to the Board of Fisheries. But we always weight the relative support and/or opposition for it just rather subjectively, and many times when it's something somewhat controversial and stakeholders ask me for advice on how to bring something towards the board, I recommend that they get a list of signatures so that we can get ... a relative measure of support and/or opposition for something. But I guess I'd be leery of spelling out a certain threshold level.

[9:01:42 AM](#)

MICHAEL EBELL, Gulf of Alaska Coastal Communities Coalition (GOAC3), pointed out that the GOAC3 passed a resolution in opposition to SB 113, and a copy of that resolution is in the committee packets. He said:

This bill puts the cart before the horse. And any time that you are seeking to change a fishery system in the State of Alaska, we all know it's going to be controversial, but it's a particularly weighty decision when the discussion involves the potential

distribution and privatization of a public resource. And these decisions have to be made with adequate information about the impacts on our coastal communities. And the information has to be there at the very beginning of the process; it can't come in the middle and it can't be gathered to come at the end. And we haven't seen the economic impact studies necessary for this decision at this time. The data and the discussions need to be available to Alaska's elected officials before this authority is handed over to make these important decisions.

MR. EBELL continued:

And I do want to make it clear that the GOAC3 is not inherently opposed to DAPs, to a system like them, or to any of the stated goals in the sponsor statement from [Senator Gary Stevens, Alaska State Legislature]. I think that the resolution makes it clear that this is in fact in opposition to this decision at this time; that it is in fact detrimental to open the door for such a program that tries to meet these goals without knowing the details of the program, and trying to open that door in a hasty manner. Once this discussion leaves the legislature, not all interested parties in the fishing industry are going to have an equal seat at the table; that's just the way things are. And there is no reason not to wait until next year in order to insure that we move forward with all the information that we need and that you need in order to make sure that this system works for Alaska's fisheries well into the future and for Alaska's communities.

[9:04:34 AM](#)

ALEXUS KWACHKA testified in opposition to SB 113. He stated:

I own my own boat. I hold limited entry permits in salmon, herring, and crab. I've been fishing out of Kodiak for 18 years. I grew up in Fairbanks. I also run the [F/V] Major for Walter Sargent, whom I have fished with and for for 15 years. I pot fish and longline for [Pacific cod], halibut, and sablefish on the [F/V] Major. I'm a working fisherman.

I'm not a lobbyist. I'm not a politician. ... And I'll make it really clear: I'm not supporting SB 113. This bill will not be good for coastal Alaska working fishermen. Proponents of the bill claim this will create more jobs and more stability. My question is: how will giving ownership rights and the ability to create co-ops create more jobs? Ownership of a resource will enable consolidation, which means less jobs for the fishing sector. Co-ops mean less competition, and also leads to consolidation of the processor sector. This means less jobs for the processing workers.

[Regarding] the consolidation in Dutch Harbor, where I am right now: Royal Aleutian [Seafoods] was just bought by Unisea - that was an entirely American-owned company; it's gone. ... The workers there will be consolidated ... there will be no more overtime for cannery workers.

[9:06:33 AM](#)

MR. KWACHKA continued:

I'd like to move on to limited entry since I'm a big participant in it. Every trade magazine I read [says that the value of] every salmon permit in the state is on the rise. ... I saw 17 Bristol Bay boats sold recently. I'm also a Bristol Bay fisherman, and I can tell you, I bought in at the bottom end and it's penciling out good. I can't work that fishery for six weeks and make a living on it for a whole year, but it sure helps my income, and I have a good time doing it. I provide two jobs [to crew members] and I keep cannery workers going there too. Woodbine cannery: boy, they had some bad news last year, but it seems that Icicle Seafoods just stepped to the plate and bought them. I think that's optimism and it's really good for our state.

[9:07:25 AM](#)

MR. KWACHKA continued:

What would have happened if you guys came in and tried to ... correct the problems that were in Bristol Bay a few years ago, with creating co-ops, as in Chignik,

and allocated to a handful of people that were fishing in the bay, and when things were down? You wouldn't see the excitement; you wouldn't see the optimism that we're seeing there now. So my question on the groundfish is the same. You know, the proponents are the trawl sector and the processing sector. And we're talking about ownership here, and I don't see how you're going to get it by the constitution, and it really concerns me.

[9:08:03 AM](#)

MR. KWATCHA continued:

I have some recommendations if you do move forward [with this bill]: 100 percent owner on board, no access right in the state fishery of any kind should be given to anybody who doesn't pull on a pair of rubber boots; legislative review ...; strike lines in Section 1, [lines] 12, 13, 14, and 15; and Section 2 it's either lines 3, 4, 5, and 6, or 33, 34, 35, and 36 - I can't tell from the internet [copy of the bill]. This bill started in the [Senate Resources Standing Committee] and I think it should get to the [House Resources Standing Committee].

[9:08:49 AM](#)

REPRESENTATIVE ELKINS asked Mr. Kwachka to submit his testimony to the committee in written form as well.

[9:09:27 AM](#)

DARIK LARIONOFF, from Old Harbor, testified in opposition to SB 113. He said:

I believe that if this bill is passed, it will do more harm than good to the coastal communities. In places like Old Harbor fishing provides the majority of our income, and if this bill passes it will mean fewer jobs in an already economically troubled community. Our community has seen a drastic cut in jobs due to the halibut IFQ program and low salmon prices. I personally have been forced to find a fishing job outside of my village. To allocate access rights to our natural resources would be detrimental to the small boat fishing fleet from my village. The

resulting consolidation would force even more crewmen to compete for an already limited number of jobs. In a community where a good portion of its residents are on some form of government aid, I feel it is necessary to create jobs for more people and not make a few people more wealthy.

9:11:00 AM

DONALD J. LAWHEAD, Jr., from Kodiak, stated that he has been a commercial fisherman for 14 year, fishing for salmon, gray cod, black cod, halibut, and crab, and he has three limited entry permits. He testified in opposition to SB 113. He stated:

I'm against SB 113. This is a blank check that allows anything to be formed. That is too much power to give someone. Section 1, [paragraph] 7 [of the bill], it states the board or the [CFEC] or both have the authority to give exclusive harvest shares to persons or vessel owners as members of harvest associations. In the state constitution, Article 8, [it says that] no exclusive rights or special privilege of fisheries shall be created or authorized in the natural waters of the State of Alaska. This section does not restrict the power of the state to limit entry into any fishery.

Key words here: no exclusive right or special privilege. That's what this bill creates. The constitution gives equal access to everyone. The Limited Entry Act changed fisheries, but if you buy a limited entry permit, you have equal access to that resource. Senate Bill 113 would give each fishermen unequal shares; this is too exclusive.

"Association" is just another word for a co-op. Co-ops are bad for the people of Alaska. Jobs will be lost. The Chignik Co-op was ruled illegal by the Alaska Supreme Court. The working assumption since statehood has been that individuals operate Alaska commercial fisheries, not corporations or associations. Look at the Bering Sea: huge foreign owned corporations own the resources. The fishermen have to deliver to them. That's what the federal government has done out there. The state should not do what the federal government is doing. If you want this, it should be for all state waters, including the

Bering Sea and Aleutians. Millions of dollars are leaving the state by out of state fishermen. If you want equal access, first thing you should do: you must be a state resident to harvest state fish. That way the money stays home.

MR. LAWHEAD continued:

There also should be an economic study on SB 113 before it's considered. There will be fewer fishing jobs, fewer processing jobs in the state [if SB 113 is passed]. When the state banned fish traps in 1960, it created 6,000 jobs. We're going backwards. That's the wrong way to go. We can slow fisheries down by restricting gear and time fished. I'm for a limited entry permit. We already have the tools - we don't want to open Pandora's box. This bill should go to the [House Resources Standing Committee] also.

And on a side note, the reason why the state pot season in Kodiak has progressed faster is because of the sea lion closures in the federal waters. It is [indisc.] 60 percent of the fish is caught in the winter, 40 percent in the fall. It's left millions and millions of pounds of uncaught fish in Kodiak waters [indisc.] for the state fishery.

[9:14:29 AM](#)

STANLEY MACK testified in opposition to SB 113. He said that he was born and raised in the Aleutians East Borough and he has fished all his life. He stated:

I'm 66 years old. I've seen the process of this system work and I've seen it fail. Two questions: One is, "What does SB 113 do?" My answer: Nothing - it destroys a fishery; it destroys everything that we've worked so hard for. I'm opposed to this legislation. It's so ambiguous that it would take a group of attorneys weeks to figure it out and then you'd have to have a judge to administer a decision. Earlier testimony gets right to the heart of the matter in regard to the ambiguity of the bill. From what I can gather, from all that I've read in here, they've identified two species of fish that are of major concern, that being pollock and cod. They've left out all the others. There're several other

species of bottom fish out there that we could probably harvest as soon as the markets become available. We've been able to do that out here now that we've been connected to the road system, and transportation and communication is becoming better available. We're able to move laterally; that was the way of life out in this area for years. We're able to move from one fishery to the other. But that's slowly being taken away from us.

MR. MACK continued:

The allocation that the state gets from the [NPFMC] is what we'll have to worry about, I believe. And they're the holders of all the chips in this game, the way it looks to me. Until the state can come up with a better idea or a better way of a larger allocation of that fishery, (and I believe it's ours, the State of Alaska's), we're going to have to be fighting that quota system. I think we've got a wonderful system in place now called limited entry. That gave a crewmember a chance to work his way up the ladder. This dedicated access takes that away from him. ...

All the folks out here, locals, have families. They've been born and raised out here, as did a lot of the other communities on the coast. There were some communities that were left out of the limited entry program for salmon simply because they didn't have a means of processing. Now they do: with the transportation corridors now being linked together better, they're able to do a little bit of processing of the bottom fish and being able to ship them out to domestic markets and make a little bit of money. But you take that away from them, you're going to kill a community. Some of the communities only have one processor out here. That's scary. ... They chucked competition out of the entire equation. I just see this on a downward spiral, and I think there's got to be some more research. If there's got to be a program put in place, let's do some research in it, particularly in the areas that are going to be dramatically affected by it.

[9:18:25 AM](#)

REPRESENTATIVE ELKINS asked Mr. Mack if he agreed with the opinion that if SB 113 was passed, there would be less Alaskan-owned boats and less Alaskan skippers than there are today.

MR. MACK agreed with this.

REPRESENTATIVE ELKINS commented that there is a pretty high percentage of non-Alaskan boats already.

[9:19:27 AM](#)

WESTON CARROLL testified in support of SB 113. He said that he is a second-generation fisherman in Homer, and he derives all of his income from fishing salmon and cod. He stated:

I support this bill because I have concerns about the current direction of the groundfish fishery for cod. My biggest concern is how the season is getting shorter each year, which increases the safety risks and decreases the profitability. There are definitely things I see with the IFQ program and with dedicated access, or privatization of fisheries, which concern me. But I trust the [BOF] process we have in this state to improve upon these programs and create a program that will benefit those involved. I feel we have no choice but to pursue rationalization of groundfish because it is one of the only fisheries that is left unregulated and unrestricted. To be involved in one of the only unrestricted fisheries leaves you open, and leaves you no ability to have confidence in the future of what your fish will provide for your family. I support this bill and trust the [BOF] process to do a good job in the future of creating a program that will benefit those involved.

[9:20:57 AM](#)

REPRESENTATIVE WILSON asked Mr. Carroll what he predicted would happen if the bill didn't pass.

MR. CARROLL replied that his biggest concern is that each year the fishery season is shorter. He noted that he fishes in an area where the volume of fish caught each day is fairly low, so as the season gets shorter, his total catch for the season is drastically reduced. He said that since other fisheries such as crab and halibut are restricted, it leaves cod as the only open

fishery; therefore when new people decide get involved, they have no choice but to fish for cod. He added:

As more people get involved, it becomes less profitable for those who've been doing it for years. So it's kind of like I'm left in the only fishery unrestricted, and I can't really predict what next year's income will be from it because a whole bunch of more boats jump in since it's the only open fishery, [and] I could see my income significantly reduced.

[9:22:17 AM](#)

REPRESENTATIVE ELKINS asked Mr. Carroll, "So you're saying that if this legislation passes, there should be more Alaska-owned boats and less non-Alaskan-owned boats, is that right?"

MR. CARROLL said that he didn't know, but that he is definitely in favor of seeing more of the fisheries controlled by the state and coastal communities.

[9:23:15 AM](#)

SYLVIA KAVANAUGH, from Kodiak, said that she is 13 years old. She gave the following **[sarcastic]** testimony:

My dad is a commercial fisherman and we are 100 percent dependent on fishing for income. I would like to thank the sponsor, ... and governor for supporting SB 113. I see this bill as a great opportunity for my future. Senate Bill 113 will do several things. My mom says that if the bill goes through, Dad will get to be home more. He will be able to have someone else fish for him. We might not have a boat, but that's okay, especially if Dad gets to stay home. Then there's the best part: someday when I take over the family affairs, I will get to have my dad's fishing history. Then I will have other people fish for me. Plus, I won't even have to help catch the fish. See, I don't think I'll stay in Alaska. So SB 113 is perfect for me: I'll have extra income even though I live somewhere else. This is a great opportunity. I can do other stuff and these DAP-things will just keep on working for me. It's only fair, you know - my dad worked really hard. He's a great fisherman. People tell him all the time that this DAP-thing will set him up and that it was made for guys like him. So thanks

{BOF], and oh, by the way, I wouldn't put any extra stuff in this bill; that would just make things more difficult, if you know what I mean. You know, owner on board junk, or public meetings. Sideboards sound kind of crazy to me. Let's get this thing through so I can sit back and relax. Senate Bill 113 is great - even if you don't want to fish.

MS. KAVANAUGH continued:

To finish up, my dad says that you guys don't have to worry because this bill is written really good. You don't have anything to worry about in this bill - that's all left up to the other guys that fix it all up later. So even if it gets messed up or somebody's not happy, it won't be your fault. That's a win-win deal for you and me. Give me my DAPs and I'm out of here.

[9:26:17 AM](#)

NEIL RICKMAN, from Sitka, said that 100 percent of his income comes from jig fishing in Alaska. He explained that he fishes for rockfish near Sitka and for cod near Kodiak and the Aleutians. He stated:

My worry with this bill is that it's going to change the idea of why the state waters fisheries was set up to begin with, with open access, entry level fishery for people exactly like me who didn't have anything and starting building on that. Now I own my own boat and I'm doing fairly well at it; I'm happy with my income. The problem is, my first three years of my catch history was through a leased boat, and I don't know if I'll see any of that catch history in these DAPs. Art Nelson said earlier that the IFQ and the DAP programs were completely different, but the implementation of it is if I don't get any DAPS, even though that they may come up for review later on, it doesn't do me any good because next year I've got to go fishing again to make my living, and if I don't get any DAPs, I can't go fishing, even though there might be some open access available.

I'm just worried that it's going to change it and I think ... right now, the way it's working, it's working fine for me. ... I'm just concerned about the

ambiguity of what's not being talked about here and just leaving it up to the [BOF] later on to come up with all the details - it's the details [that are] going to affect my livelihood.

9:28:14 AM

LOCKE FINLEY said that he has been involved in fishing most of his life. He noted that he is the secretary/treasurer, Alaska Jig Association. He stated:

I feel that SB 113 would give too much power to the processors. If they got ownership of the DAPs, they could begin to sell their halibut bycatch, and thus marginalize the value of IFQ halibut shares and ex-vessel value. Also, fishermen would not be able to market their own fish. The rationale given for rationalization is that currently the fishery is unsafe. That's not true for the fixed gear group; we don't risk life and limb for the fish currently. The fixed gear group has the highest quality product caught in the most ecologically friendly manner with the least bycatch and zero mortality rate of that bycatch. You can't say that about trawling. Indeed, we should keep fixed gear fishing going because, with environmental concerns growing, the trawl fishing may be cut back, and we could use fixed gear to harvest in their place.

In the jig sector, we have 144 registered vessels and we are catching the cod at a rate of [200,000 - 800,000] pounds a week. We are in an open access fishery and anyone can buy a jig license for \$60 a year and go fishing. That was a good way to get the fishery going, but now it's time to limit the entry and maybe the catch rates too in order to equalize the opportunity amongst the jig fleet, or other fleets; maybe the pot fleet too. We have the tools to tailor the fishery to the greatest good for the greatest number of people, so don't rationalize us. That would just cause a lot of consolidation and major loss of jobs.

One final thought: aquaculture is a loathsome idea to begin with, forcing nature to perform to our standards and upsetting lifecycles of various ocean habitats. I'm referring to the feeding of fish in pens, and

those fish contaminating an area of the sea. Could rationalization assist the aquaculture movement? So I ask you to examine the bill in the light of just who is benefiting and is it in the best interest of the state. If not, let's table the thing, hold public hearings, and let's be the stewards of this great state instead of the usurpers of it.

9:30:54 AM

KIP THOMET said that he is a Kodiak resident and has been a fisherman for the past 21 years. He stated:

You're going to hear from a lot of people today both for and against this bill. You're going to hear from the paid lobbyists and the consultants hired by the drag boat owners. You're going to hear from the managers of some of the foreign and Outside owned processing plants. And you're going to hear from a number of boat owners who no longer believe in the value of the free enterprise system and competition in the marketplace now that they have the chance of being one of the lucky winners in this public resource giveaway plan. And they're going to tell you that this new DAP program is the best thing since sliced bread.

You're also going to hear from a bunch of working fishermen and women, deckhands, skippers, small boat owners, the small business owners. And they are what a certain [BOF] member referred to as, "losers," in his "any plan will have winners and losers" statement. Now these folks, they're going to tell you that SB 113 is the worst thing for this state since fish traps.

Now the proponents of this bill are going to tell you that these "losers" or opponents are just misinformed; that all this bill will do is give a tool to the [BOF] to better manage our state water fisheries, and that the board and CFEC would never use this tool unless it was requested from "industry." They'll also tell you that this bill will protect the state water fishermen from Outside fishermen, and will also tell you that we need this bill to slow down the rates for fish. These are all debatable points.

What they won't tell you is this: it's the biggest proposed change in state fisheries management in the last 30 years. Instead of requiring active participation from the access holders, it encourages nonparticipation and absentee ownership. When the feds went down this road with halibut and black cod, there was an exodus of wealth from this coastal fishing town, and Kodiak is suffering the effects of that now.

MR. THOMET continued:

They also won't tell you about the elimination of jobs through the use of harvesting co-ops, and the inevitable consolidation of access rights that this bill will allow. There [are] a lot of things they won't tell you, but there's even more that they don't know - none of us know. I've read this bill numerous times. I've read the MOU. I've read the committee substitute. And I've come here to the [Legislative Information Office (LIO)] for just about every committee hearing there has been on this bill, and I still don't know what this is all about, and how it's going to work, and how this plan is going to actually benefit this state.

I would like to ask that if you don't just stop and kill this bill now, that you at least sit on it until you and I and everybody else gets a better understanding of how it will affect our coastal fishing towns and our working fishermen. I think you owe that to the fishing families of this great state.

[9:34:50 AM](#)

LEIGH THOMET, from Kodiak, stated that her family is 90 percent dependent on commercial fishing for living, though they do not participate in the jig or parallel fisheries. She stated:

We are against [SB 113] for many reasons. This bill clearly goes against our state constitution in two ways. First, it bypasses our basic right to our legislative process by allowing the {BOF} to make decisions that should be made on the legislative level. And second, it allows the allocation of our state fishery resources, ... equating to privatization of public resources. Both of these issues are

seriously impendent to my rights as an Alaskan citizen. It has been eluded to that this will benefit coastal communities, [but] the benefit to specific user groups is outweighed by the economic loss to our local residents and our communities. We do not see this as beneficial to the majority of the stakeholders, that being our fishermen, their families, and our local communities. The Senate bill will only benefit a select few, and the bill itself is not even clear as to who those are - however, my thoughts are [that it would benefit] the trawl fleet. If our state is in need of a new program to address issues within the fishery, they should follow the normal process of starting at the local level to see what would be the most beneficial to the communities and those that are involved. Any program that is implemented needs the support of all those that will ultimately be affected.

[9:36:44 AM](#)

JAY STINSON, President, Alaska Draggers Association (ADA), said that he is the owner and operator of the F/V Alaskan, a 73-foot trawler, longliner, tanner crab pot boat, and occasional research vessel. He commented that the ADA is a local organization representing approximately 35 vessels in the GOA. He stated:

I am in support of [SB 113] for a myriad of reasons, one of which [is that] all of the groundfish fisheries except probably arrowtooth flounder are fully exploited in the {GOA}. Now the question is not "can we catch the ... resource," but "who's going to catch the resource and how is that going to be allocated." Those are difficult decisions. For every winner there's going to be a loser. And you're hearing a lot of that debate today. This is a question of who has access to the resource.

What used to be a year-round groundfish industry here in Kodiak has been reduced to an industry that now is prosecuted in the course of several months. In order for the state to optimize the value of its resources and make the best use of those resources, we really need to figure out a way that we can reduce this race for fish so that we can concentrate on increasing the value of that resource so that we can increase

employment opportunities for community members. Certainly, as we move through this process, there may be fewer jobs, but the jobs that remain will be better jobs and longer jobs - more days at sea versus more fishermen on the water for a shorter period of time. If that's what you want, if you want to create more jobs, I would suggest status quo. But if you want to compete and look at who our competition is coming from the Bering Sea and Canada, they've gone through processes that try to optimize the value of the resource, address issues of bycatch, etc.

MR. STINSON continued:

One of my concerns as a pollock fisherman is that approximately 17 percent of the pollock in the Central Gulf is harvested in inside waters. The Prince William Sound has a pollock fishery that is completely state waters oriented. That particular fishery is the last open access fishery on the west coast.

[9:40:16 AM](#)

SHAWN DOCHTERMANN said that he is a jig fisherman from Kodiak Island. He noted that he has fished statewide for 28 years, and has halibut IFQs, a Bristol Bay drift permit, and he fishes for crab in the Bering Sea. He added that he is on the board of directors of the Alaska Jig Association. He stated:

I have addressed this bill with opposition since it was submitted in early March. After careful review of the sponsor statement in the bill, I wrote a three page summary analysis of its flaws, and it has been submitted with other testimonies. We in opposition of this bill have asked numerous pertinent questions about the [DAP] program, but why it is that any of our significant questions have never been addressed? Any responses to our questions that have been answered have been elusive. There is no true direction of what the bill will actually do except create a new program that impinges on many fishermen's rights to equal access.

The memorandum that was produced for April 25, 2005 [Senate Resources Standing Committee] meeting by the [CFEC] is only agency drafted, not a legal document that is proof of DAPs constitutionality. The

Department of Law would need to produce the legal document that would assume that DAPs could be legal. This bill uses the word "allocation" and then in another context says it's not a resource allocation, so which one is it? The sponsor of this bill just wants you to pass this bill without it being fully examined. Instead of looking at this bill with a telescope, shouldn't it be inspected with a microscope? Now I ask you, will this bill be in the best interests of the state, its communities, its businesses, its fishermen, and its citizens? Can you the representatives say that you reasonably understand this bill? What are the consequences of this bill? How can we know without an economic impact statement what that will be? Will it affect our economy adversely? If you don't fully understand this bill, then how could you vote anything but "no"? We have time to work on a democratic rationalization, and we can start right after this session is finished. What is the hurry to push this bill? Since ex-governor Hammond has weighed in on this issue, shouldn't we be examining this bill further than this committee?

[9:42:49 AM](#)

MR. DOCHTERMANN continued:

The economic stability of the State of Alaska is dependent on the protection of its natural resources, therefore this bill next must referred to the [House Resources Standing Committee]. I encourage you to review my Senate testimonies that I have provided. I would also appreciate it if all you would take great care in reviewing this bill from stem to stern. I hope that all of the members of the House Special Committee on Fisheries would contact me at any time in the future. In closing, if a CFEC commissioner writes an editorial in a newspaper and signs it with their credentials about this bill, is this a conflict of interest?

[9:43:40 AM](#)

RALEIGH EAGER said that he is a Kodiak deckhand and he has earned all of his income from commercial fishing for the past 10 years. He stated:

There's some issues that I would like you to consider before deciding on SB 113. First, this [DAP] would impinge on my rights to equal access and clearly allows for special privileges to be issued in contravention of the first sentence of Article 8, Section 15 of the Alaska State Constitution. Also, allocating apportionment to associations, co-ops, and/or processing groups is in direct violation of the Limited Entry Act amendment of 1972, "Rights to fish can only be issued to an individual to prosecute a fishery."

Secondly, public hearings will have no meaning if the [BOF] and the [CFEC] have no mandates or guidelines. Without full disclosure of the plan for DAP, this bill should not be passed into law. Likewise, most of the groundfish stakeholders group, appointed by the [NPFMC] does not constitute a legitimate cross-section representative of the harvesting sector interests. A new stakeholders group must be appointed through a democratic process, including full representation from the harvester sectors and small business end whose livelihood depend on them.

MR. EAGER continued:

I have heard the halibut and black cod IFQ programs used as an example. This program has improved the fishery in many ways. However, it has promoted a trend towards absentee ownership of the resource to the point where it is now possible for investors to purchase shares in IFQ mutual funds - profiting from the fisheries with no direct involvement. How many non-producing interested parties can our industry support? There seems to be a serious danger that future generations of fishermen will be relegated to sharecropper status. I think that such consolidation of control over the resource will lead to a less dynamic community and much less opportunity for future fishermen.

Please ask yourselves these questions: Is it prudent to pass such wide-sweeping changes to the industry without thorough examination of its effects on the community? Have all relevant impact studies been conducted? How will it affect the financial health of our community in the future? Does it allow

opportunity for the next generation of independent small businessmen seeking to make their homes and businesses in coastal Alaska?

[9:46:15 AM](#)

JULIE BONNEY said that she represents the members of Alaska Groundfish Databank, including shore-based trawl catcher vessels and shore-based processors. She noted that she has lived in Alaska for 22 years. She stated:

The reality is [that] the management system that we have for groundfish fisheries in the State of Alaska is broken. There is a race for fish. And because of that we lose economic value. I've seen one report that suggests that the groundfish fisheries in the [GOA] could increase from \$60 million on an annual basis to over \$80 million just by moving away from a race to fish to a dedicated access approach. I think people are misinformed when they suggest that a [DAP] will lead to all of the second generational problems, absentee ownerships. All those issues are going to be addressed in the [BOF] process.

I believe that the State of Alaska, with this particular legislation, has the ability to drive what happens on the federal side in terms of the definition of an access privilege. Working for the trawl fleet, I think it's important for people to realize that the Central Gulf trawlers only have 2 percent of their history for cod inside three miles. The issue for them is pollock. And when you look at what the eastern seaboard does for their fisheries, they have what they call "input controls" which is gear restrictions, trip limits, days at sea. That fishery has been totally decimated because of the management structure. When you move to an output control, which in an allocation to an individual, when that individual owns that fish, then they're going to do everything they can to maximize the amount of money that they make from the fish, and also to take the fish in the most conservation-friendly way.

For the trawl sector in the Central Gulf, we want to move forward with bycatch controls and do a better job with stewardship of the resource, but the only way we

can get there is through some kind of a rationalization plan.

MS. BONNEY continued:

I served on the [BOF] task force. I believe that a dedicated access approach can be built that meets constitutional muster, especially the least impingement portion of the constitution. I also think it's important for you to realize that if the state doesn't react to federal rationalization, State of Alaska fishermen are going to be disenfranchised because the federal folks will have allocations, and then they can jump into the state pool at their whim and take away from Alaskans.

9:49:32 AM

ANDY LUNDQUIST said that he is a 20-year business owner from Kodiak. He noted that he has participated in the halibut and cod jig fishery, but he was primarily speaking as a concerned business owner and a resident of Kodiak. He stated:

Senate Bill 113 is a bad bill. I'm here to state opposition to it. Our present method of constitutionally mandated open access has operated successfully for the last 50 years. Senate Bill 113 turns the system on its head and allocates groundfish harvest rights to persons, vessels, corporations, co-ops based on historical catch histories.

My opposition centers on three areas: consolidation, e.g. pressure for fewer and fewer boats and crews to process the same amount of product. You hear of people buying up share quota or DAP, or through cooperative agreements whereby fishermen, in essence, retire vessels and only use a few boats and crews to harvest quota. Fewer boats, fewer crews mean less resultant economic activity for the coastal communities which home port these boats.

One of the stated goals of this legislation is to prevent economic stress to those dependent upon fishermen for a livelihood. Certainly those businesses located in communities such as Kodiak would qualify for this consideration. ...

[Regarding the two other areas of concern]: one of them is resource conservation. Ninety percent of this groundfish is going to be allocated to trawlers. Currently the State of Alaska does not have any kind of [an] observer program for these boats. And it's impossible for any of us to really discuss clearly or accurately what the extent of the bycatch problems are. But clearly any time that you're going to allocate 90 percent of a resource to this segment of fishermen, that you ought to be talking about what some of the problems are with that type of harvesting.

MR. LUNDQUIST continued:

Third area of disagreement: ... the sponsor of this bill has dropped jig fishermen out of it. Currently they only harvest 2 percent of the groundfish; what you're doing is putting unreasonable pressure on that segment of fishing for new entrants.

In conclusion, I'm against SB 113. I'd like for you to vote against it. However, if you're going to pass it, please, we'd like an amendment in the following areas: delete all references to co-ops, include language in the bill that would require 100 percent trawl, State of Alaska managed observer program paid for by a tax on the catch; the inclusion of the jig fishermen in SB 113; and ... make this thing an experiment - prohibit the sale of DAPs for about three years, and have the bill reauthorize after three years.

[9:53:17 AM](#)

DAVE KUBIAK said that he is a jig and longline cod fisherman, and has been fishing out of Kodiak since 1965. He stated:

I'm opposed to SB 113 for the innumerable reasons that have come before me, and I'm not going to go through my laundry list.... I'd like to go to a subissue of being left out.... Let me speak plainly: leaving out the jig fishermen in SB 113 is a kind of political terrorism. Let me explain. Many of us in coastal Alaska see the open-ended nature of this bill as a huge threat. The particular concerns have been pointed out again and again, so I'll not reiterate them to you. But it concerns us enough that we

engage, participate in the political process. And the early part of these testimonies occurred during our jig season, which was rather inconvenient, but you saw, there were lots of us here testifying.

MR. KUBIAK continued:

We object to the language, we object to the design, and we object to the potential of the bill. Instead of winning or losing or even modifying the debate on the issue, we are simply left out of the legislation entirely. This is obviously part of the realpolitik designed to wreck us because it leaves our fishery as the only open access fishery in the Gulf, which ultimately results in ballooning participation and the crowding out of legitimate jig fishers. It is much like saying that if you resist our assault on your fishery, we will simply kill you off economically. Feigning innocence in one's intent does not represent the true nature of the sophisticated politician, so let's not pretend. This is a very dirty way to treat the citizenry of the coastal communities. It's a real declaration of political warfare on those of us who, for whatever reason, choose to disagree with our senators or representatives and their backers. This reminds me of the politics we might expect of El Salvador.

I expect the honest intention and forthright representation of the whole community will ... return us to the process by amending SB 113 to include the jig fleet and not relegate us to be marginalized out of our livelihoods for participating in this important debate. If we are included in the legislation, perhaps we can still have some influence on the ultimate outcome. If not, then SB 113 in its passage will prove we have no reason to believe that the current political system works for coastal Alaska.

I have two side comments as well: Much has been made out of public process. Being an open process doesn't make it public. We are busy with our lives; participation demands that the process must always be local. And the other side comment I have it to shortened seasons: [in] 2005 the tack was much smaller than it had been in the past - how could the season not be shorter?

9:57:12 AM

MIKE BOURAY said that he has been in Kodiak since 1979, and he fishes near Kodiak and out west. He stated:

I do not believe in this SB 113. Our natural resources should not be owned or divvied up by anyone. There is a lot of concern about this bill, that there's nothing set yet [and] nobody quite understands what's going to be the outcome. There's a great deal of questions that need to be answered before any decisions can be made on this. It seems to me that this SB 113 is pretty much running hand in hand in the same way the crab rationalization out west is going, and there's a lot of downsides to that: these forced co-ops, control by processors, and individuals being forced out of the business. And there is way too much concern over people losing jobs, people having to leave town, income being lost, so I would like to see this SB 113 slowed down, maybe turned over to the [House Resources Standing Committee] and take a change to study this bill a lot more before any decision is made on it.

9:59:01 AM

DON GALLAGHER stated:

This is a huge, huge deal going on here in coast Alaska, and it really needs to be heard by the [House Resources Standing Committee]; I don't see how it can't be. ... This while DAP program is just wrong. I know that SB 113 doesn't exactly say that that's what we're going to have, ... but I think that's the way they're trying to go. And it certainly is not a very good way to go. There's better tools through gear restrictions, ... trip limits, you could stagger your openings, a lot of things we could do to slow down these fisheries and create more jobs for the processor workers. But rationalization and consolidation of the resource is not the way to go. As we've just seen happen with the crab fishery out in Dutch Harbor: that giant Japanese processor just bought out a smaller American processor; many jobs lost. I don't know what those processor workers for Royal Aleutian are going to do....

[10:00:59 AM](#)

REPRESENTATIVE ELKINS commented:

I have a little bit of a problem with wanting to send this to [the House Resources Standing Committee]. I sit on [the House Resources Standing Committee]; there are no fishermen on [that committee]. We have commercial fishermen on the subcommittee. I just think overall you'd get a better shake with this subcommittee than you would in [House Resources Standing Committee]. We have one packer on the resource committee, but I find it strange that everybody thinks it should be in resources.

MR. GALLAGHER responded that this is a natural resource issue and so he thinks it should go to the House Resources Standing Committee.

CO-CHAIR THOMAS said that the bill is definitely a fisheries issue, and that it should be heard thoroughly in House Special Committee on Fisheries.

[10:02:08 AM](#)

CO-CHAIR LEDOUX announced that she was not closing public testimony.

[SB 113 was held over.]

#### **ADJOURNMENT**

The House Special Committee on Fisheries meeting was [recessed] at [10:02:26 AM](#) to a call of the chair. [The meeting never reconvened.]