

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

March 18, 2009

1:05 p.m.

**MEMBERS PRESENT**

Representative Craig Johnson, Co-Chair  
Representative Mark Neuman, Co-Chair  
Representative Bryce Edgmon  
Representative Kurt Olson  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Chris Tuck

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 21

Requesting the North Pacific Fishery Management Council to cease consideration of an amendment package that would require a Pacific cod endorsement for a license limitation program license holder to participate in the Pacific cod fisheries in the Gulf of Alaska.

- MOVED HJR 21 OUT OF COMMITTEE

HOUSE BILL NO. 70

"An Act establishing the farm-to-school program in the Department of Natural Resources, the Alaska grown fresh fruit and vegetable grant program in the Department of Education and Early Development, the farmers' market technology improvement pilot program in the Department of Environmental Conservation, and the farmers to food banks pilot program in the Department of Commerce, Community, and Economic Development."

- HEARD AND HELD

HOUSE BILL NO. 43

"An Act relating to aquatic farm permitting involving geoducks and to geoduck seed transfers between certified hatcheries and aquatic farms."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 21

SHORT TITLE: GROUND FISH FISHERIES LICENSES

SPONSOR(S): REPRESENTATIVE(S) AUSTERMAN

02/27/09	(H)	READ THE FIRST TIME - REFERRALS
02/27/09	(H)	FSH, RES
03/10/09	(H)	FSH AT 10:15 AM BARNES 124
03/10/09	(H)	Moved Out of Committee
03/10/09	(H)	MINUTE(FSH)
03/12/09	(H)	FSH RPT 4DP 3NR
03/12/09	(H)	DP: JOHNSON, MILLETT, KELLER, MUNOZ
03/12/09	(H)	NR: KAWASAKI, BUCH, EDGMON
03/18/09	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 70

SHORT TITLE: ALASKA GROWN AGRICULTURAL PRODUCTS

SPONSOR(S): REPRESENTATIVE(S) GATTO

01/20/09	(H)	PREFILE RELEASED 1/16/09
01/20/09	(H)	READ THE FIRST TIME - REFERRALS
01/20/09	(H)	RES, FIN
03/18/09	(H)	RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE ALAN AUSTERMAN  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Testified as the sponsor of HJR 21.

ILIA KUZMIN  
K-Bay Fisheries Association  
Homer, Alaska

**POSITION STATEMENT:** Opposed HJR 21.

ALEXUS KWACHKA  
Kodiak, Alaska

**POSITION STATEMENT:** Supported HJR 21.

OLIVER HOLM  
Kodiak, Alaska

**POSITION STATEMENT:** Supported HJR 21.

SHAWN DOCHTERMANN  
Kodiak, Alaska  
**POSITION STATEMENT:** Supported HJR 21.

LINDA KOZAK  
Kodiak, Alaska  
**POSITION STATEMENT:** Opposed HJR 21.

JULIE BONNEY  
Alaska Groundfish Databank  
Kodiak, Alaska  
**POSITION STATEMENT:** Opposed HJR 21.

FRANK MILES  
Kodiak, Alaska  
**POSITION STATEMENT:** Supported HJR 21.

DONALD "DJ" VINBERG  
Kodiak, Alaska  
**POSITION STATEMENT:** Opposed HJR 21.

RYAN JOHNSON  
Kodiak, Alaska  
**POSITION STATEMENT:** Supported HJR 21.

STEPHAN TAUFEN  
Groundswell Fisheries Movement  
Kodiak, Alaska  
**POSITION STATEMENT:** Supported HJR 21.

TONY GREGORIO  
Chignik Lagoon Village Corporation  
Anchorage, Alaska  
**POSITION STATEMENT:** Supported HJR 21.

FREDDIE CHRISTIANSEN  
Gulf of Alaska Coastal Communities Coalition  
Anchorage, Alaska  
**POSITION STATEMENT:** Supported HJR 21.

REPRESENTATIVE CARL GATTO  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Testified as the sponsor of HB 70.

SANDRA WILSON, Staff

Representative Carl Gatto  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sponsor statement on behalf of Representative Gatto, sponsor of HB 70.

JESSICA LAZAR  
Anchorage, Alaska

**POSITION STATEMENT:** Supported HB 70.

GAIL EASTWOOD  
Petersburg and Delta Junction, Alaska

**POSITION STATEMENT:** Supported HB 70.

ZOE FULLER  
Alaska Youth for Environmental Action  
Palmer, Alaska

**POSITION STATEMENT:** Supported HB 70.

MYKALA RICE  
Tanana District 4H  
Fairbanks, Alaska

**POSITION STATEMENT:** Supported the idea of HB 70, but suggested some friendly amendments.

JENNA ARMSTRONG  
Tanana District 4H  
(No address provided)

**POSITION STATEMENT:** Agreed with parts of HB 70, but urged that it be amended.

#### **ACTION NARRATIVE**

[1:05:07 PM](#)

**CO-CHAIR MARK NEUMAN** called the House Resources Standing Committee meeting to order at 1:05 p.m. Representatives Neuman, Johnson, Seaton, Wilson, Olson, Guttenberg, and Kawasaki were present at the call to order. Representatives Edgmon and Tuck arrived as the meeting was in progress.

#### HJR 21-GROUNDFISH FISHERIES LICENSES

[1:06:27 PM](#)

CO-CHAIR NEUMAN announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 21, Requesting the North Pacific Fishery Management Council to cease consideration of an amendment package that would require a Pacific cod endorsement for a license limitation program license holder to participate in the Pacific cod fisheries in the Gulf of Alaska.

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REPRESENTATIVE ALAN AUSTERMAN, Alaska State Legislature, sponsor of HJR 21, said the resolution is an effort to slow down the process of taking away access to some of the fisheries. He maintained that the North Pacific Fishery Management Council (NPFMC), which handles fisheries outside of three miles in the federal waters, has a history of restricting access to fisheries or giving them away, one example being Individual Fishing Quotas (IFQs).

REPRESENTATIVE AUSTERMAN stated that one remaining fair access fishery is the Gulf of Alaska Pacific cod fishery, which is composed of three fisheries: trawling, where the fishermen are known as draggers; fixed gear, where pots or longlines are used; and jigging. The Pacific cod fishery in the gulf also occurs inside the three-mile limit, he said, and there the fishery is basically unlimited. Anyone can get one or more jigs for their boat, the only cap on the jig fishing industry being a limit of 25 percent of the Total Allowable Catch (TAC).

CO-CHAIR NEUMAN inquired whether fishermen are happy with the management within the three-mile limit.

REPRESENTATIVE AUSTERMAN answered that he thinks the management is fine within the three miles. There are no problems other than sometimes decisions must be made between the federal fishery, called the parallel fishery because it includes fishing within the three miles, and the separate state water fishery.

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REPRESENTATIVE AUSTERMAN continued his statement, noting that in 1995 or 1997, the North Pacific Fishery Management Council decided to slow entrance into the fixed gear cod fishery by establishing a license limitation program (LLP) similar to the limited entry program for salmon. At that point in time, the council took the history of those who had been catching cod, whether it was one cod or 10,000, and gave them a license. This

resulted in about 883 fixed gear licenses within the Central Gulf of Alaska.

REPRESENTATIVE AUSTERMAN maintained that as with most fisheries, the NPFMC had been heading down the line of rationalization or the giving away of the resource. He said there are different opinions as to what rationalization is, and his opinion is that any change in the structure of a fishery is rationalization; for example, he considers the limited entry program for salmon to be a rationalization program. Some people consider rationalization to be similar to the halibut IFQ, he continued, where the resource was given to certain fishermen who now have control of that IFQ. It is not an access issue, it is ownership, although the Magnuson-Stevens Fishery Conservation and Management Act allows for IFQs to be taken back. He acknowledged that many people do not consider salmon to be a rationalized issue, so discussion of this issue in the Gulf of Alaska always turns into a donnybrook because everyone is talking on different terms.

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REPRESENTATIVE AUSTERMAN said the NPFMC implemented the Pacific cod LLP for federal waters in 2000, then talked about how to rationalize this program in its problem statements. After Governor Palin was elected in 2006 the council accepted her position that there be no more rationalization in the Gulf of Alaska. Now the council is engaging in a discreet method of rationalization by talking about the economic issues dealing with trying to protect participants currently in the fishery. In 2006, about 300 out of [883] Pacific cod licenses were being fished, and the council initially discussed eliminating the latent licenses. He explained that the original LLP license was a groundfish license under which anything could be caught. For example, draggers catch about a dozen different species as bycatch when fishing for Pacific cod, while 98-99 percent of the fish caught using fixed gear are Pacific cod.

CO-CHAIR NEUMAN asked whether the non-cod species caught by draggers are bycatch or a useable product that is processed.

REPRESENTATIVE AUSTERMAN replied that some are bycatch and useable, so they are brought ashore. A certain percentage of bycatch is normally allowed for certain species. However, some are prohibited, such as halibut and those must be thrown back. In further response, he confirmed that the halibut that are thrown back are probably dead.

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REPRESENTATIVE AUSTERMAN returned to his presentation, relating that there was an outcry when the NPFMC discussed eliminating the more than 500 latent licenses. People urged the council to retain the licenses so there would be access to the fishery on an ongoing basis by fishermen wishing to move up into the industry. The council then took another look and decided to require a Pacific cod "endorsement" for those licenses that were fished over a range of certain years. The number of cod that could be caught under an endorsement would be determined by the number of cod the license holder had caught historically over that range of time.

REPRESENTATIVE AUSTERMAN allowed that a stepping stone can take place in the three inside fisheries in the Gulf of Alaska, whereby a fisher could start with a skiff and jig and then expand to a bigger boat with pots. However, if the council adopts the proposed endorsement requirement, the fisher would be unable to go into the fishery in federal waters without buying a license from one of the 300 fishers who were simply given that endorsed LLP.

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CO-CHAIR JOHNSON inquired what might be the future cost for purchasing this license.

REPRESENTATIVE AUSTERMAN responded that this is hard to answer. When the halibut IFQ system was first put in place the quota was simply given to the fisher, and the value at the time was \$2-\$3 per pound. However, last week a 2,000 pound IFQ was advertised for sale in the newspaper at \$26 per pound. He estimated that one of the 883 LLP licenses would probably sell right now for about \$2,000, but he does not know how much that value would go up once the access became restricted.

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CO-CHAIR NEUMAN asked whether the 883 permits were initially sold or given away.

REPRESENTATIVE AUSTERMAN answered that for every one of these LLPs, whether halibut, cod, or salmon, the license was initially just given to the fisher.

CO-CHAIR NEUMAN surmised that the fishers will be receiving quite a large value should the Pacific cod fishery become limited to just 300 licenses.

REPRESENTATIVE AUSTERMAN replied that the value depends on the fishery and how important it is. The price of fish goes up and down on a constant basis, and right now the price of cod is down so some people are not fishing it.

REPRESENTATIVE SEATON pointed out that licenses are based on the size of the vessel. For example, a separate license is issued for boats under 60 feet. Under this license a vessel can be expanded up to 20 percent, but it cannot be expanded beyond 60 feet. In addition, the license is either for trawl or fixed gear, with the fixed gear including longline and pot. The value of the license is therefore determined by the fishery, type of gear, and fishing area. He agreed that restricting the number of LLPs would increase their value when they are sold.

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REPRESENTATIVE KAWASAKI inquired whether an LLP can be acquired and held in perpetuity even if it is not used.

REPRESENTATIVE AUSTERMAN said he does not know and deferred to Representative Seaton.

REPRESENTATIVE SEATON disclosed that he has two LLPs for two different vessels. He explained that there is no annual fee for an LLP and an LLP is assigned to a vessel, but is owned by the person and not the vessel. The LLP can be transferred back and forth from one vessel to another. There is no time limitation and the LLP owner is not required to participate in the fishery.

REPRESENTATIVE AUSTERMAN concluded his statement by saying that reasonable access to the federal fishery within the Gulf of Alaska needs to be kept, particularly for Alaskans. He said he is asking the North Pacific Fishery Management Council to quit giving away these resources and controlling the access based on fishing history. Right now, people are coming into the cod fishery to make their history, even though they may be losing money at it, because they know the endorsement will have value. However, they are making their money at the moment on crab and other fisheries. The council needs to stand up and say it is not going to give a fisher history on cod. A little over 70 percent of the federal LLPs that are fished are being fished by small boats that live in Alaska, he said. This resolution is

for those people, as well as young Alaskans who may want to step into the fishery some day.

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CO-CHAIR NEUMAN surmised that the focus on reasonable access will provide competition and that competition will improve the quality of fish and the pricing.

REPRESENTATIVE AUSTERMAN responded that there are many different ways to look at the economics of how a person gets into business. Each fishing boat is a business venture that is no different than someone buying a grocery store as a business. The difference is that the federal side does not look at this from the business aspect. The free enterprise system has worked and should be continued. While he understands why current fisherman want to protect themselves from competition, he said this should not be done in the federal fisheries any more than it should be done on shore with any other business sector. The supporters of this endorsement program say it will give them more stability, but it is not the government's job to give someone an access right and then narrow it down so hardly anyone else can get into the industry, he maintained.

CO-CHAIR NEUMAN opened public testimony.

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ILIA KUZMIN, K-Bay Fisheries Association, stated that he is a long-time cod participant in the Central Gulf of Alaska. He said the race for fish must end, primarily for safety. He said the 44 members of the K-Bay Fisheries Association oppose HJR 21 because it is not productive for the legislature to insert itself into complex fishery management issues. The resolution contains misrepresentations and incorrect assertions, such as consolidation of vessels, reduction of participants, and elimination of crew jobs. He urged the committee to let the North Pacific Fishery Management Council do its job to complete this process of the LLP recency action. With the current final action that the council is considering, there will still be anywhere from 110-306 permits that will qualify. The recency action will actually save crew jobs, protect long-time local Alaska fishermen who are dependent on the Pacific cod fishery, and protect small boat owner/operators from being pushed out of the fishery by the big 58-foot vessels that have just started fishing and are taking a bigger chunk of the TAC.

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ALEXUS KWACHKA offered his support for HJR 21, saying that from what he has seen these federal fisheries all basically end in IFQs, and IFQs are having serious repercussions for coastal communities. The LLP reductions will lead to sector splits which will ultimately lead to IFQs, he argued, so it is all rationalization. Despite this being a contentious and emotional subject, he said there needs to be a plan for what people want Alaska's communities to look like and how people will access the fishery. It does no good to be in a fishing community and be unable to get to the fish. Legislators need to look at what is going to happen to Alaska's coastal communities and whether they will be sustainable and allow new entrants into the fishery. The 25 percent of cod allocation in state waters will lead to a limit on that fishery because it will put the burden of new entrants inside of the three miles and this will perpetuate the limited resources.

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OLIVER HOLM stated that he is a third generation Alaska fisherman and he supports HJR 21. He testified as follows:

I have an inactive LLP for the Central Gulf fixed gear based on cod landings that qualified quite a few years ago. Last year I caught over 10,000 pounds of cod, but it was in other fisheries. My LLP has been inactive because I have been Tanner Crab fishing during the federal cod season. There are approximately 150 inactive Kodiak Tanner Crab permits, but these licenses will be available for those fishermen to use whenever they want to come back into the fishery based on economics. Many of these inactive crab permits have been people that have been fishing cod in the federal season instead of crab. If the crab season were closed again, I or my son would need to fish cod instead of crab. But the NPFMC is headed to eliminate my cod endorsement. I am 61 years old and my son is 21 and recently purchased a boat. I would like my LLP to be available for his use, as a jig fisher [close] to home would be marginal for him. Early in the year, pots are the preferred way to fish cod and an endorsed LLP would be necessary. If the inactive LLPs are eliminated, the cost of ... remaining permits will likely be pretty high and pretty much of a barrier to entrance.

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SHAWN DOCHTERMANN supported HJR 21 and noted that he is second generation commercial fisherman with over 30 years of fishing experience. Fifty years ago, he said, statehood forced fishery processors to start sharing profits of the resources extracted from the state. But this is now going the other way with the federal economic allocations of quota that prevent fishermen in Alaska from having access to the fisheries. In the 1970s, limited entry in state waters began for salmon and herring, but this type of rationalization was somewhat acceptable because the owner had to personally catch and deliver those fish, making it an owner-on-board fishery. Then the NPFMC implemented IFQs for the federally managed halibut fishery, and thus began an absentee-owner fishery where the vessel owner to whom the IFQ was allocated did not even need to step aboard.

MR. DOCHTERMANN continued, saying rationalization next occurred in the federally managed Bering Sea pollock fishery when exclusive rights were given to processors and vessels, many of which were foreign owned. In the Bering Sea crab fishery, over \$1 billion in quota rights were given to about 100 individuals and corporations. The processing rights were given to 7 major processing companies, of which 40-50 percent of those processing rights were owned by Japanese trading companies. These IFQs were given to the quota owners for forever, consequently there is no program to get fishing privileges back in the hands of active fishermen. He said the next generation of fishermen have had enough of fisheries access removal by the factions of fisheries lobbyists.

MR. DOCHTERMANN said rationalization in the Gulf of Alaska was attempted in 2005 and 2006 under Senate Bill 113, but fishermen successfully fought that bill. Now the NPFMC is trying to push through Gulf of Alaska groundfish rationalization by other means to suit trawlers who want to secure the high value of bycatch. Removing the latent LLPs from the groundfish permit holders will leave state waters as the dumping ground for new entrants. "Removing LLPs from fixed gear fishermen will simply take rights from active and future fishermen and give exclusive rights to investor-only factions who do not fish," he said

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LINDA KOZAK related that she grew up salmon fishing in Bristol Bay and that she works with longline and pot fishermen who fish

cod in the Gulf of Alaska and the Bering Sea Aleutian Islands. She opposed HJR 21, saying it is a limited entry proposal, not rationalization.

MS. KOZAK noted that the Commercial Fisheries Entry Commission actively looks at limited entry programs for state waters fisheries. Six [of the eleven] NPFMC members are Alaskans, she pointed out, and any proposal that goes through the council is usually spearheaded by the State of Alaska, its administration, and the Alaska Department of Fish & Game commissioner. She said she has submitted a proposal to the state and NPFMC that would give a cod endorsement to anyone who has demonstrated a dependence on the fishery by making at least one landing of cod in the directed cod fishery since 2000 or purchasing a permit for the intent purpose of fishing cod. This proposal is very lenient and will provide protection for those people, particularly Alaskans, who are either involved in the fishery now or want to be involved by having purchased a permit.

MS. KOZAK expressed her concern regarding the latent groundfish licenses. Given the cost of purchasing a vessel and license, she feared that only outside fishers and processors with large sums of money would be able to get into the fishery, which would devastate Alaska's coastal communities. She urged that HJR 21 not be moved and that the NPFMC be allowed to do its job.

MS. KOZAK, in response to Co-Chair Neuman, clarified that the proposal she submitted was for at least one directed landing of cod, meaning it would not be an incidental landing during a fishery for another species. She said this is lenient because one landing in nine years is not much to ask. She further clarified that this pertains to the approximately 300 licenses that are currently being fished.

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JULIE BONNEY, Alaska Groundfish Databank, said she works for harvesters that fish out of the Central Gulf of Alaska and many of the vessels she represents have both trawl endorsed licenses and fixed gear endorsed licenses. She said she and her organization's members oppose HJR 21 even though the majority of members have not done directed Pacific cod and would lose their endorsement if this action moves forward for fixed gear.

MS. BONNEY argued that this is not rationalization in terms of quota share, but rather a licensing permit similar to limited entries in the state fisheries. To manage fisheries, one must

look at the resource and develop a management regime that works for the fishery. Between 1992 and 1995, the NPFMC created a licensing program with 883 licenses for the Central Gulf of Alaska. To get a license a fisher had to deliver two groundfish [for vessels under 60 feet] or three groundfish [for vessels 60 feet and larger]. The idea in creating this huge number of licenses was to provide fishers the opportunity to invest into the fishery. Only 300 people have made at least one landing since the year 2000, and the other 500 licenses have had no participation at all. While this is removing licenses, she said it is a way to take care of those participants that invested large amounts of money to be involved in this fishery instead of others.

MS. BONNEY pointed out that once the 883 licenses were created, the state took 25 percent of the cod quota and gave it to a state fishery. Thus, the federal fishery is operating with 75 percent of the pie, which means there is less cod to go around while the number of licenses is the same. She reported that the National Marine Fisheries Service has said that if all 883 licenses were active in the fishery it would be unmanageable and the agency would have no choice but to close it. Access must be balanced, she said, as must be the resource and management of the resource.

MS. BONNEY said the endorsement proposal includes a provision for entry opportunities, a tradeoff for the reduction of the pot and longline endorsement. All vessels with five jig machines would be exempt from any LLP requirements, meaning they would have access from zero to 200 miles.

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REPRESENTATIVE SEATON asked whether limiting federal licenses will result in new entrants going into the state fishery inside the three miles, thus creating pressure to raise the state quota allocation above 25 percent in this area and creating a need to manage the state fishery and parallel federal fishery as one fishery within the three-mile limit.

MS. BONNEY replied that right now under the federal season people fish from zero to three miles with a federal LLP. There has always been that open entry where someone could fish inside three miles in the parallel fishery, she said. The reality is that only two percent of the actual cod catch in the federal quota has been taken by non-LLP holders. She guessed that the potential is there, but said it has not become a reality under

the present system. She cautioned that re-allocation and forcing of more harvest within the three miles by increasing the state quota above 25 percent could run into problems with the Endangered Species Act (ESA) requirements for the Steller sea lion because the most critical habitat for the sea lions is within 3 miles.

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FRANK MILES said he is a 39 year resident of Kodiak and he has been fishing cod out of Kodiak since 1988. His history primarily involved hired skipper activities until 1998 when he bought a 35-foot boat and fished with longline gear. Because there were issues with trying to fish in the winter on a 35-foot boat, he fished another person's boat whose owner was no longer actively fishing. However, when LLPs were issued, it was the boat owner, not him, who was given the LLP based on his history. To get his own program going, Mr. Miles said he had to personally invest in the fishery by purchasing gear, a boat, and an LLP on the open market. When he upgraded to a 45-foot boat for safety reasons, his LLP with all his history could not be used because only a 15 percent increase in vessel size is allowed under the federal program, so to fish the 2009 season he had to purchase another LLP.

MR. MILES pointed out that the federal proposal, as written, would completely leave him out even though he is a long-time participant. In the state water fishery, pots and jig gear are the only gear groups that get to participate. Longliners do not get the option of state waters, he said. The LLP program leaves out a whole group of guys that made modest upgrades, and their LLPs could be taken away from them regardless of their long-term investment or participation. The length overall issue does not stop the bigger boats from sponsoning, he pointed out. While his modest upgrade increased his catch ability to 5,000 pounds overall, the bigger boats can sponson 12-15 feet wide, and go from a 150,000 pound capacity to over 300,000. He said he supports HJR 21 because it sends a good message to the council to not close the door on small boat fishermen.

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DONALD "DJ" VINBERG said he has fished in the Kodiak area for 40 years and is a third generation fisherman operating the same boat as his father. He paraphrased from the following written statement [original punctuation provided, but some formatting changes included]:

I am opposed to HJR 21. Morally I agree with the open fishing concept, but I live and fish in a real world and have felt the impact of rationalization for 14 years. The race for history is on. Pandora's Box is open and those of us with a long history in the Kodiak area are not protected.

With relatively no restrictions, our cod fishing is rapidly becoming a derby-style fishery, not unlike Halibut fishing of the past. A Cod season used to last 3-4 months; this year it was 26 days and preseason estimates were 75-100 more participants. Boats came from the West Coast due to the depressed Dungeness economy. A large proportion were long liners from the peninsula and most disturbing to me were the larger boats from out West who have crab IFQ's ... who now are free to participate in any open fishery at no risk to their already "banked" crab money.

The Cod fishery represents 50 percent of my yearly income. In 2009 the length of time for fishing the Federal Cod season was reduced to 26 days and the State Cod season to 14 days. This has put me [in] survival mode. If left unchecked, our cod fishery will be over capitalized with emphasis on quantity and not quality in a 30 day period. This will allow for a more depressed price and more risky fishery, as a day missed due to weather is a missed opportunity with the clock ticking.

I personally feel that there should be more restrictions on access to our cod fishery and definitely some qualifying years set in place. The [over] 800 LLP permits in the Central Gulf is a joke and does nothing to protect me, or boats like me, who live in Kodiak and are totally committed to the fishery. My options are limited to Kodiak - I am too small to chase cod out West, and my business is in jeopardy if my piece of "The Cod Pie" continues to shrink.

Some hard choices have to be made. You can't privatize big chunks of our Alaskan fisheries, thus protecting those participants, and leave the rest of us who are not so lucky totally exposed.

MR. VINBERG added that while he is not in favor of further privatization, IFQs, he thinks a limited number of permits is a good tool to start with and throw out any LLPs with no recency. He said the other half of his income is from salmon, which is an example of a well-structured fishery. He continued with his prepared statement:

While I appreciate the opportunity to express my concerns about the future of my livelihood, I am also concerned about the Alaska Legislature's ability to undermine The North Pacific Fisheries Management Council. I think you should be concerned about our fisheries and knowledgeable about our situation, but at the same time be respectful of those whose sole responsibility is to make fishery management decisions. If you do not trust them, why should I?

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RYAN JOHNSON testified that he has been fishing cod since 1997 on his 38-foot boat. He purchased an LLP for his boat in approximately 2002 and earned history in the fishery that will qualify under the proposed plan. After numerous years of winter fishing on this small boat he upgraded to a 48-foot boat. His boat payments are expensive and cod fishing is very important to him, he said. This larger boat required that he purchase a new LLP because the one for his smaller boat did not qualify for transfer. There are not yet deliveries on his new LLP, he said, but it is an important part of his business plan if he is to survive. He said he spent \$30,000 this past year on pots and cod fishing gear, and he will be forced to incur more debt if he is excluded from cod fishing or forced to buy a new permit under the proposed reduction.

MR. JOHNSON acknowledged that having over 800 permits fishing would be a bad thing, but he said this is unlikely to happen because of the economics of the fishery. People fished this winter and lost money, but they fished to gain the history. He expressed his frustration at seeing wealthy boat owners sitting on the couch while sending out their crews to work for almost nothing so that the owners would gain the history. These wealthy owners then hire lobbyists to go before the NPFMC and come up with schemes that leave the working fishermen of Alaska behind, he contended. If the council would leave it alone, the economics of the fishery would be self-regulating, as it should be. He said he therefore supports HJR 21.

MR. JOHNSON, in response to Co-Chair Neuman, stated that many of the people who would benefit from this own the larger boats, so their LLPs would be worth more money. He guessed that an 85-foot pot boat with a cod endorsement would be worth \$300,000-\$500,000, conservatively, under the proposal. These are the very same people who received halibut and black cod IFQs for free, he said.

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STEPHAN TAUFEN, Groundswell Fisheries Movement, stated that this is an economic issue and it is a fight that is on the pathway to more rationalization. It is important to slow down this process of removing access, especially absent a biological concern, he said. Some people are trying to make safety an issue, which is what happened for crab rationalization. But, that, too, was solely about economics, which is prohibited under federal law. These other concerns are simply distracters, he contended.

MR. TAUFEN said job creation is all about opportunities of preserving access under free enterprise rights. Further consolidation and concentration will not serve the preservation of these of jobs. He urged that a deputy attorney general attend all NPFMC meetings to represent small fishermen and to keep state bodies informed. When prices are low, it makes sense to leave the fish in the water to propagate and grow. It is important to send a message that there will be no more giving away of history under a specially chosen set of qualifying years. This is the pathway to rationalization, otherwise the council's measures would not talk about catch history and stacked licensing provisions. He pointed out that the council has the alternative to choose no action and HJR 21 sends the message that no action is a viable position. Because the council takes public testimony, the legislature's weighing in does not undermine the council's actions.

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TONY GREGORIO, Chignik Lagoon Village Corporation, said he has fished in Chignik since 1959. He noted that a fisherman can no longer make it by only fishing for salmon. His organization has tried to work with the North Pacific Fishery Management Council to slow down these deals because they hurt the small communities, he related. Chignik is the worst possible place to fish for cod in the winter due to constant winds of 60 miles per hour. The coast communities must be addressed, and taking away

latent LLPs is closing the door little by little. This is running down the road to rationalization, which is why he supports HJR 21, he said.

2:06:16 PM

FREDDIE CHRISTIANSEN, Gulf of Alaska Coastal Communities Coalition, said he was born and raised on Kodiak Island and he has fished in most of the fisheries since he was six years old. He said he is opposed to any kind of rationalization or limited entry program, whether state or federal, because it takes away access and opportunities for people in the coastal communities who have depended on these resources for millennium, as shown by the presence of cod bones in archeological sites. There is no need to give away the resource to an elite group of people. He said he supports HJR 21 for the purpose of slowing this down and trying to come up with measures that will protect communities. This is the last possible rationalized fishery and there needs to be a way to protect the small boat fishermen like the ones he is representing. There are other ways of limiting the boats that are coming in and fishing just for the purposes of history. He urged that the state stand up and take the lead in protecting communities.

CO-CHAIR NEUMAN closed public testimony.

2:09:37 PM

REPRESENTATIVE AUSTERMAN said the testimony indicates that no matter what one does there are always two sides to an issue, but in this case he believes it is purely economics that is driving the movement for these endorsements. This economic drive will leave other people out and there are Alaskans that need to be protected from being blocked out by this excessive access.

REPRESENTATIVE AUSTERMAN, in response to Co-Chair Neuman, said some people consider rationalization to be only those programs where the resource was actually given way and rationalized into ownership. Every fishery in Alaska is going to be rationalized in one form or another over time as more and more entrants come into the fisheries and create races for the fish. He said he does not have a problem with giving out IFQs like was done for halibut, but what he disagrees with is giving ownership of the IFQ to the fishermen instead of some other method of rolling it over so it is available for others wishing to get into the program. Whether or not it is rationalization or limited entry depends on who you are talking to and how they interpret it.

[2:12:46 PM](#)

REPRESENTATIVE GUTTENBERG inquired how effective these types of resolutions have been in the past in influencing the NPFMC's decision-making process in the past.

REPRESENTATIVE AUSTERMAN said he does not know. He explained that during his four years as Governor Murkowski's fishery policy advisor, he attended the council's meetings and, in his opinion, the policy decisions of the NPFMC were not necessarily favorable to Alaskans. He said this convinced him that Alaska's legislature needs to stand up and have a voice in the policy decisions that affect Alaska's communities.

REPRESENTATIVE SEATON added that this is a license limitation program on the federal side, just like salmon license limitation on the state side, but an attempt is being made to cut more than half of the licenses. Many of the licenses are not currently being fished in Cook Inlet because the economics are not there. It is a good decision to have participation based on economics and not building a history, he opined. The groundfish license covers all species and that license will be zeroed out if cod is removed because things must be done in combination; if the most profitable fishery of a unit is taken out, the rest of it goes away. While he has friends on both sides of this issue, he said he is worried that communities will be affected if there are not enough licenses available for residents should processing opportunities arise in a community in the future, and this is one of the reasons why he supports HJR 21.

[2:16:16 PM](#)

REPRESENTATIVE WILSON asked why this issue is happening now.

REPRESENTATIVE AUSTERMAN said he thinks the real problem is how the NPFMC is made up, and the council is mostly made up of industry people, so industry is speaking at every level. The only people who can afford to go to every one of the eight one-and-a-half-week-long council meetings held each year are those who have money. Half the people who spoke today are tied to that big industry and were paid to come and speak. Every community in the Gulf of Alaska will be affected. Members of the North Pacific Fishery Management Council are appointed, not elected, and some are from Washington and Oregon.

[2:19:19 PM](#)

CO-CHAIR JOHNSON surmised that the Pacific cod fishery is not overfished and what is going on is an economic decision, not a biological decision.

REPRESENTATIVE AUSTERMAN said that just about every sentence in the council's [Environmental Assessment on the proposal to add Pacific cod endorsements] is about economically protecting those who are currently fishing. Right now the fishery is not biologically threatened at all, he maintained, but there are areas of economic threats within the three miles where the state and parallel fisheries are located. Stocks can be protected by management schemes that limit the number of pots, limit the number of hooks that can be fished, and that limit boat size, width, and tonnage. Limiting the number of licenses to 300 does not protect the resource because each of the 300 could lengthen their boats or increase their number of pots. In further response, he said he would not phrase it as a political decision, but rather an economics decision.

[2:22:48 PM](#)

REPRESENTATIVE SEATON said that while he has constituents on both sides of this issue, the consequences of this proposal on coastal communities and the future consequence of the allocation between state water and federal fisheries have not been addressed. If access to the federal fishery is reduced for coastal Alaskans, pressure will be put on the Board of Fisheries to take control of more of the fish within state waters for state water access, he opined. The ramifications will go much further than which boats will be in and which will be out.

REPRESENTATIVE SEATON, in response to Co-Chair Neuman, stated that if the availability of federal licenses to coastal fishermen is reduced, the result will be pressure on the Board of Fisheries to take control of more of the cod fish that are in state waters. The impact of this will be a shifting of the current gear types that are used to the gear types that are allowed in the state water fishery, which he does not think is good for the mix of Alaska fishermen. In further response, he agreed that this will create more impact on the three-mile area.

[2:25:35 PM](#)

REPRESENTATIVE OLSON commented that today's vote will result in making half of each member's constituency happy and half upset.

CO-CHAIR JOHNSON moved to report HJR 21 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HJR 21 was reported out of the House Resources Standing Committee.

The committee took an at-ease from 2:27 p.m. to 2:30 p.m.

HB 70-ALASKA GROWN AGRICULTURAL PRODUCTS

[2:30:21 PM](#)

CO-CHAIR NEUMAN announced that the next order of business would be HOUSE BILL NO. 70, "An Act establishing the farm-to-school program in the Department of Natural Resources, the Alaska grown fresh fruit and vegetable grant program in the Department of Education and Early Development, the farmers' market technology improvement pilot program in the Department of Environmental Conservation, and the farmers to food banks pilot program in the Department of Commerce, Community, and Economic Development."

[2:31:01 PM](#)

SANDRA WILSON, Staff, Representative Carl Gatto, Alaska State Legislature, paraphrased from the following sponsor statement on behalf of Representative Gatto, sponsor of HB 70 [original punctuation provided, but with some formatting changes]:

The Farm-to-School Act is similar to programs proposed in several other states. Its intent is to strengthen links between state agriculture and state food procurement in schools, expand local markets, improve nutrition, and even benefit the environment. It improves upon current law that requires schools receiving state moneys to purchase agricultural products harvested in the state if, and only if, they are priced no more than seven percent higher than similar products imported to Alaska.

A Farm-to-School Program is created to facilitate increased procurement of Alaska grown foods by schools. The program will, in order of priority:

Identify and develop policies and procedure, including proposed uniform procurement procedures, to implement and evaluate the program;

Assist food producers, distributors, and brokers to market Alaska grown food to schools by informing them of opportunities and requirements;

Assist schools in connecting with local producers by informing them of sources, availability and benefits of Alaska grown foods;

Identify and recommend ways to increase predictability of sales and adequacy of supply;

Make available publications allowing students to see the benefits of preparing and consuming locally-grown food;

Support efforts to advance other farm-to-school extensions such as school gardens or farms, and farm visits; and

Seek additional funds to leverage state expenditures.

The Division of Agriculture must, cooperating with the Department of Education & Early Development, collect data on program activities and report biennially to the Legislature their progress beginning January 2010.

HB 70 also gives schools the authorization to create a school garden or even a farm. In doing so they must allow students representing student organizations the opportunity to be involved in the garden or farm operation. Schools may teach both organic and traditional farming methods.

This bill sunsets on July 1, 2013.

[2:32:15 PM](#)

REPRESENTATIVE CARL GATTO, Alaska State Legislature, related that according to reports he has read, Alaska maintains about a four-day supply of food. He said the idea for HB 70 first came to him when he was in Dillingham talking to people in the school district who told him that the district had more frozen salmon than it could use. This made him wonder whether there was the ability to trade food among the schools; for example, trading the salmon for milk, potatoes, carrots, and other crops from the Matanuska-Susitna Valley. However, trading did not become successful, mostly because of transportation costs. But there

was still the idea of taking locally grown food and moving it from the farm to the schools, and HB 70 provides a seven percent incentive to do that. Farming contributes about \$50 million to the state and anything that encourages the production of food within Alaska is something that should be done.

[2:34:23 PM](#)

CO-CHAIR NEUMAN requested Representative Gatto to elaborate how food programs could help bring different areas of the state together.

REPRESENTATIVE GATTO said the programs would add another venue for communication between the state's schools; for example, signs in the lunch area could note that the fish was donated or traded by the Dillingham School District to the Palmer School District. Children would learn that the food on their trays, such as carrots or potatoes, had come from their state. He predicted that the idea will expand as local food is put into the local schools.

CO-CHAIR NEUMAN opened public testimony.

[2:37:08 PM](#)

JESSICA LAZAR, testified in support of HB 70, saying that support of local agriculture is important and economically vital to Alaska's farmers. Since everyone needs to eat, it might as well be purchased from friends and neighbors, she said. It is entirely unsustainable to continue getting the majority of the state's food from elsewhere. Fresh, local produce is also more nutritious than food that has spent weeks in the shipping process. As a child growing up in Anchorage eating unpalatable school food shipped from outside Alaska, she said she thinks public schools are a great place to start supporting local agriculture. The bill will be a great first step in helping students connect to their food supply, helping them eat healthier, and providing a ready market for farmers; thus, HB 70 would provide a win-win situation.

[2:38:56 PM](#)

GAIL EASTWOOD, offered support for HB 70 on behalf of herself and her husband. She said she and her husband have a farm in Delta Junction and commercially fish out of Petersburg. Local food will provide a much higher nutritional value to Alaska's school children as well as assist Alaska's farmers. She said

she and her husband are absolutely and totally in favor of HB 70 as a wonderful first step.

[2:40:22 PM](#)

ZOE FULLER, Alaska Youth for Environmental Action, supported HB 70. She testified as follows:

Like almost all youth my age, I attend a public high school and I am a daily witness to the unsustainability of school food systems. Food is prepackaged, frequently wasted, and is often flown in from out of state using fossil fuels. Students need better alternatives than status quo school food. The bill, Alaska Grown Agricultural Products, would provide support to schools' procurement of local food and the establishment of school gardens and farms. The bill is ecologically friendly and would be good for Alaska's economy by providing support to local farmers. We want to feel a connection to our food. Local food and school farms could drastically improve students' connection to their food and students' connection to their school. Students need you to pass HB 70 in support of Alaska Grown Agricultural Products.

[2:41:36 PM](#)

MYKALA RICE, Tanana District 4H, said she likes HB 70 because it would provide fresher and healthier foods to the schools and would educate students about where their food comes from. It would also help sustain the agricultural industry in Alaska and would encourage farming to continue in the state. She said she likes the idea of gardens in the school because they could teach what many kids do not know; for instance, most of the kids at her school do not know how to plant a seed. In addition, local agriculture would help reduce Alaska's food dependence on other states.

MS. RICE pointed out that teachers with natural resource and agriculture backgrounds are needed to teach agriculture in the schools, otherwise any farm and greenhouse programs will not be as successful as they could be. She noted that HB 70 says the education would go through different departments, one of them being the Cooperative Extension Service, which is currently stretched to the limit as far as staff, time, and funding. She said she must therefore question where the funding will come for

sponsoring a teacher or agent for this school program. She also questioned whether the definition in the bill for Alaska Grown means only a product that is grown in the state or also includes a product that is shipped into the Alaska and then processed. Ms. Rice pointed out that the growing season is either just starting when school is ending or ending when school is starting. She suggested that further steps be taken to fully implement HB 70 even though she likes the bill.

[2:47:30 PM](#)

CO-CHAIR JOHNSON moved to adopt the proposed committee substitute (CS) for HB 70, version 26-LS0284\R, Bannister, 2/12/09, as the work draft. There being no objection, Version R was before the committee.

[2:48:09 PM](#)

JENNA ARMSTRONG, Tanana District 4H, stated that she agrees with some parts of HB 70, but disagrees with others. She said a good thing about HB 70, is that Alaskan grown food would be fresher and healthier for kids and would help educate youth about where their food comes from. It would also help sustain Alaska's farmers by providing more customers to help them stay in business. In addition, having gardens and greenhouses in schools is a great idea because it would provide hands-on experience.

MS. ARMSTRONG suggested that changes be made to HB 70 in regard to the funding. The Cooperative Extension Service needs increased funding as it has been flat lined for many years, she said Alaska has only 9 full- and part-time Cooperative Extension Service agents and they would be unable to handle the additional work that HB 70 would require of them. She also noted that most of the growing season is when school is out for the summer, therefore it would need to be a summer program and there would need to be a 12-month contract with a teacher. While she really likes HB 70, she urged that it be amended to make these changes.

[2:52:33 PM](#)

REPRESENTATIVE EDGMON thanked the witnesses for their testimony.

CO-CHAIR NEUMAN agreed that the witnesses have brought up good points about the funding.

REPRESENTATIVE GUTTENBERG noted there is a \$10 million fiscal note accompanying HB 70 that would implement its programs.

CO-CHAIR NEUMAN held HB 70, Version R. He urged members of the public to submit their suggestions to Representative Gatto.

[2:53:58 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:54 p.m.