

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

January 26, 2012

5:03 p.m.

MEMBERS PRESENT

Representative Steve Thompson, Chair
Representative Alan Austerman
Representative Bob Herron
Representative Lance Pruitt
Representative Scott Kawasaki
Representative Bob Miller

MEMBERS ABSENT

Representative Craig Johnson, Vice Chair

COMMITTEE CALENDAR

HOUSE BILL NO. 261

"An Act relating to loans for the purchase of commercial fishing entry permits; and providing for an effective date."

- MOVED CSHB 261(FSH) OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 13

Requesting the governor to designate one seat on the North Pacific Fishery Management Council for a sport fish licensee and one seat on the North Pacific Fishery Management Council for a subsistence user.

- MOVED CSHCR 13(FSH) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 261

SHORT TITLE: COMMERCIAL FISHING ENTRY PERMIT LOANS

SPONSOR(s): REPRESENTATIVE(s) EDGMON, MILLETT, THOMPSON

01/17/12	(H)	PREFILE RELEASED 1/13/12
01/17/12	(H)	READ THE FIRST TIME - REFERRALS
01/17/12	(H)	FSH, FIN
01/26/12	(H)	FSH AT 5:00 PM CAPITOL 120

BILL: HCR 13

SHORT TITLE: NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

SPONSOR(s): FISHERIES

04/09/11 (H) READ THE FIRST TIME - REFERRALS
04/09/11 (H) FSH
01/26/12 (H) FSH AT 5:00 PM CAPITOL 120

WITNESS REGISTER

REPRESENTATIVE BRYCE EDGMON

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 261, as one of the joint prime sponsors.

TIM CLARK, Staff
Representative Bryce Edgmon
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Responded to questions, during the hearing on HB 261.

WANETTA AYERS, Director
Economic Development Section
Division of Economic Development
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: During hearing of HB 261, answered questions.

IZETTA CHAMBERS
Dillingham, Alaska

POSITION STATEMENT: Testified that she would like for HB 261 to go further.

MELVIN GROVE, President
Prince William Sound Charter Boat Association
Big Lake, Alaska

POSITION STATEMENT: During hearing of HB 261, expressed opposition to the difference in interest rates between charter and commercial operators.

KEN LARSON
North Pole, Alaska

POSITION STATEMENT: Testified in opposition to HCR 13, if the limited entry halibut charter permit holders do not qualify for the loan program proposed in HB 261.

GERRY MCCUNE, Lobbyist
Cordova District Fishermen United
Cordova, Alaska
POSITION STATEMENT: Provided comments on HB 261.

JANE PIERSON, Staff
Representative Steve Thompson
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Introduced HCR 13, sponsored by the House Special Committee on Fisheries, which is chaired by Representative Thompson.

THERESA WEISER, President
Sitka Charter Boat Operators Association
Sitka, Alaska
POSITION STATEMENT: Testified in support of HCR 13.

HEATH HILYARD, Executive Director
Southeast Alaska Guides Organization
Anchorage, Alaska
POSITION STATEMENT: Testified in support of the concept of HCR 13.

MELVIN GROVE, President
Prince William Sound Charter Boat Association
Big Lake, Alaska
POSITION STATEMENT: Urged passage of HCR 13.

DONNA BONDIOLI
Captain B's Alaskan C's Adventures
Homer, Alaska
POSITION STATEMENT: During hearing of HCR 13, endorsed requesting that the governor appoint both a sport fish licensee and a subsistence representative for the NPFMC.

ART IVANOFF, Chairman
Southern Norton Sound Fish and Game Advisory Committee
Unalakleet, Alaska
POSITION STATEMENT: Testified in support of HCR 13, but suggested that it include language referring to tribal governments being involved in the process.

KEN LARSON, North Pole, Alaska

POSITION STATEMENT: Testified in strong support of HCR 13 with an amendment specifying that appointees be Alaska residents without ties to the commercial fishing industry.

BOB PENNEY

Soldotna, Alaska

POSITION STATEMENT: Encouraged the committee to pass HCR 13.

KAREN GILLIS, Executive Director
Bering Sea Fishermen's Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 13.

RICKY GEASE, Executive Director
Kenai River Sport Fishing Association
Kenai, Alaska

POSITION STATEMENT: Testified in support of HCR 13.

GREG SUTTER, President
Alaska Charter Association
Homer, Alaska

POSITION STATEMENT: Testified in support of HCR 13.

JOHN "SKY" STARKEY, Attorney
Association of Village Council Presidents
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 13 and the proposed amendment.

ACTION NARRATIVE

[5:03:14 PM](#)

CHAIR STEVE THOMPSON called the House Special Committee on Fisheries meeting to order at 5:03 p.m. Present at the call to order were Representatives Thompson, Austerman, Herron, Pruitt, Kawasaki, and Miller. Representative Johnson was previously excused.

HB 261-COMMERCIAL FISHING ENTRY PERMIT LOANS

[5:04:13 PM](#)

CHAIR THOMPSON announced that the first order of business would be HOUSE BILL NO. 261, "An Act relating to loans for the

purchase of commercial fishing entry permits; and providing for an effective date."

5:04:53 PM

REPRESENTATIVE BRYCE EDGMON, Alaska State Legislature, speaking as one of the joint prime sponsors of HB 261, explained that HB 261 seeks to increase Alaskan ownership of Alaska fisheries by enabling a greater number of fishermen who don't qualify for conventional loans, either through a normal institution or through the Commercial Fisheries Agriculture Bank [to purchase limited entry commercial fishing permits]. He then pointed out that the committee packet includes a document that lays out the various sections of the Commercial Fishing Revolving Loan program, which may be helpful. This legislation would allow, under Section B of the Commercial Fishing Revolving Loan Act, a small number of Alaskan fishermen who don't qualify for a conventional loan to avail themselves of loans through the Commercial Fishing Loan program and capitalize on the historic low interest rates. The legislation would decrease the loan percentage by 2 points below prime and have a floor of 3 percent. By raising the ceiling from \$100,000 to \$200,000, as HB 261 proposes to do, fishermen from the Southeast seiners, Prince William drift gillnet fleet, Alaska Peninsula drift gillnetters, and the many Bristol Bay drift gillnetters would be incorporated into the program. He then turned to the "graying of the fleet" in Alaska and estimated that the average age of limited entry permit holders is 49-50. Therefore, the hope is that HB 261 will provide a small "leg up" to the younger fishermen. The Commercial Fishing Loan fund rates are currently at 5.25 percent and if payments are made on time and the loan is held for about 12 months, the interest rate can decrease to about 4.25. Representative Edgmon opined that the interest rate can be decreased to 3 percent without unduly impacting a loan fund that has performed well over the years. In fact, it has capitalized about \$81 million. Presently, the loan fund allows fishermen to make energy efficiency improvements to their vessels, primarily by purchasing engines, at a 3 percent interest rate.

5:08:50 PM

REPRESENTATIVE EDGMON acknowledged that there has been concern expressed that HB 261 may increase permit costs or unfairly impact other private institutions. However, in the 1980s most of the limited entry permits in Alaska were originally financed through conventional banks or self-financing while only 15

percent of the permits were tied to this original loan program. Therefore, there won't be a great amount of Alaskans who will be able to participate in this program. He then related that data illustrates the activity involving the value of salmon permits tracks the prices on the grounds that the fishermen actually get paid. He then directed attention to the Department of Commerce, Community & Economic Development (DCCED) fiscal note, which expresses concern that HB 261 would inadvertently allow for the refinancing of some existing loans, approximately 255 a year. The fiscal note discusses the \$4 million loss in the first six years that would result if HB 261 goes into effect. Therefore, Representative Edgmon proposed that the committee address the aforementioned provision with an amendment provided to the committee as grandfathering in existing loan holders wasn't the original intent. He reiterated that the goal of HB 261 is to provide an opportunity for young Alaskan fishermen who can't qualify for a conventional loan.

[5:11:18 PM](#)

REPRESENTATIVE MILLER inquired as to how many permits might be involved in the first or second year following enactment of the legislation.

REPRESENTATIVE EDGMON reiterated that anecdotally it won't be a large number of fishermen [who qualify]. Although the real demand won't be known until the program is in place, the Commercial Fisheries Entry Commission (CFEC) and the financing division of the Division of Economic Development might be able to offer better projections.

[5:12:07 PM](#)

REPRESENTATIVE MILLER acknowledged that the legislation would seem to mostly assist Alaskan fishermen, but wasn't sure the legislation includes language specifying that.

REPRESENTATIVE EDGMON reiterated that Alaskan fishermen reside in almost any of the 228 communities in the state. He noted that the committee packet should include a list of all the fisheries, which would illustrate that the reach is extensive. Permit values, he reminded the committee, can fluctuate and thus some of the fisheries that may not qualify this year may in the future.

REPRESENTATIVE AUSTERMAN, in response to Representative Miller, clarified that the statutes involved in the loan program that HB 261 addresses is one in which strictly Alaskans can participate.

REPRESENTATIVE EDGMON added that the statute specifies that the fishermen have to have fished two years of the last five years [within Alaska].

5:14:09 PM

REPRESENTATIVE HERRON asked if the [loans] are limited to the fisheries specified or is it statewide.

REPRESENTATIVE EDGMON said that he provided examples of fisheries that would qualify given the permit values as of today. Therefore, perhaps other fisheries would qualify in the future. He opined that this program will help some fishermen, but not a great range of the fishermen that live throughout the state.

5:15:55 PM

REPRESENTATIVE PRUITT inquired as to why those who would utilize this program would not be able to obtain a loan through a commercial bank.

REPRESENTATIVE EDGMON explained that the Commercial Fishing Revolving Loan fund was created by the state to provide a leg up to Alaskan fishermen, particularly given the high cost of entering the fishery. The loan fund would provide Alaskan fishermen an opportunity to compete against the many fishermen who are from out-of-state. Representative Edgmon offered that a typical profile of someone who would use this loan program is a young person without the credit history to obtain a loan from a commercial bank to enter into the fishing industry.

REPRESENTATIVE PRUITT asked what the delinquency rate is for this loan program. He further asked if lowering the interest rate will provide the opportunity for more folks to utilize this loan.

REPRESENTATIVE EDGMON clarified that it's a revolving loan fund, into which those who obtain loans pay them back. The fund pays for the loan proceeds and all the administrative costs. The program has been very successful. In fact, over the past nine or so years the loan fund has paid back several million in excess funds to the Alaska Department of Fish & Game (ADF&G).

In the last 20 or so years, the list of eligible applicants has gradually increased due to the overall success of the portfolio. The pool of applicants now includes community quota entities, tenders, and small loans for fishermen. In short, the program has performed very well.

[5:20:02 PM](#)

REPRESENTATIVE AUSTERMAN inquired as to the language in HB 261 that lowers the existing interest rate.

[5:20:49 PM](#)

TIM CLARK, Staff, Representative Bryce Edgmon, Alaska State Legislature, clarified that the language in HB 261 that details the lower interest rate is located in Section 4 on page 2, line 30.

[5:21:23 PM](#)

REPRESENTATIVE AUSTERMAN highlighted that the committee packet includes a memorandum that discusses the amount of funds that has returned to ADF&G from the Commercial Fishing Revolving Loan Fund (CFRLF). For instance, from 2004-2011 over \$10 million has returned to the state coffers.

[5:21:56 PM](#)

REPRESENTATIVE PRUITT asked then what impact reducing the interest rates would have on ADF&G.

MR. CLARK explained that the transfers of earnings from the fund into the ADF&G operating budget were stopped after fiscal year 2010. At that time [the transfers to ADF&G] were a little over \$1.3 million a year. During the three years since fiscal year 2010, the earnings have remained in the CFRLF. My understanding is that the transfers won't resume because the practice was stopped following an audit and recommendation by the Legislative Budget & Audit Committee. The fund, arguably, is stronger than ever, he remarked.

REPRESENTATIVE PRUITT asked if the audit recommended not terminating the transfers because the fund wasn't stable and the goal was to shore it up, or was there another reason to discontinue the transfers.

MR. CLARK related that even as substantial transfers were being made to ADF&G's operating budget, the loan fund itself continued to make earnings great enough such that the overall capitalization continued to increase. He related his understanding that the loan fund continues to accrue capitalization and will grow faster now that the transfers have stopped.

[5:24:42 PM](#)

REPRESENTATIVE AUSTERMAN added that part of the discussion that has taken place over the last few years in the House Finance Committee is trying to determine exactly where the funding goes from one department to the next rather than from one department into the general fund. He related his belief that the dividends will go into the general fund rather than being hidden in the Alaska Department of Fish & Game's budget. He reminded the committee that the fund was started with state dollars and continues to pay dividends back to the state. All the operating costs come out of the fund prior to the dividend. He said that the fund has been a fairly successful operating fund.

[5:26:03 PM](#)

REPRESENTATIVE EDGMON pointed out that the fiscal notes do not show any additional positions being added to the financing section or the Commercial Fisheries Entry Commission.

[5:27:26 PM](#)

REPRESENTATIVE PRUITT asked whether the reason the loan funds are no longer being directed to ADF&G is because the fund wasn't stable. He further inquired as to the potential impact of a decrease in the interest rate to the fund.

[5:28:18 PM](#)

WANETTA AYERS, Director, Economic Development Section, Division of Economic Development, Department of Commerce, Community & Economic Development, highlighted the practice of doing an operating transfer to ADF&G as well as some transfers in the past to the Department of Environmental Conservation. However, that practice was discontinued at the end of fiscal year (FY) 2010 for two reasons. As mentioned earlier, there was a broad directive to discontinue the practice from the legislature and the Office of Management & Budget (OMB). The other reason is that within the practice of operating a loan fund of this nature

it isn't a lending best practice to burden the fund with any operating expenses other than activities directly related to the loan fund itself. The lending activity, corrections accounting, and the administration of the fund are seen as allowable operating expenses from the proceeds of the funds. With regard to the impact of an interest reduction, she acknowledged that there is a public policy objective in terms of creating opportunities for new entrants into commercial fishing and obtaining participation from Alaskans in commercial fishing. Still, the impacts of reduced interest rates have to be taken into consideration in terms of new loan demand as well as existing and prospective borrowers under both sections. With respect to new loan demand, she anticipated that there will be the interest rate reduction based on the loan demand of about \$1.2 million a year. Last year, there were about 20 new loans under Section B. She explained that the fiscal note does anticipate an impact due to the 255 existing loan holders that choose to refinance at the lower interest rate. With an average current interest rate of 6.5 percent over the portfolio of the loans, a reduction to 3 percent would need to be considered over the life of the loans going forward. She further recommended taking into consideration the viability of the fund itself. Although the impact of this proposal would perhaps balance out over the long term, there would be a reduction of funds available for lending to all borrowers based on the reductions resulting from a lower interest rate.

[5:32:39 PM](#)

REPRESENTATIVE PRUITT surmised then that this proposal may impact future participants in the loan program. He characterized that as a policy decision.

[5:33:40 PM](#)

IZETTA CHAMBERS began by clarifying that although she works with the marine advisory program at the university, she is speaking on behalf of herself. Ms. Chambers reminded the committee that the seafood industry is the number one employer in the state. She emphasized that the maximum benefit should accrue to Alaska residents. The average price for a Bristol Bay driftnet permit last year was over \$143,000. This legislation would help alleviate a cap on lending and would allow Alaskans to engage in permit acquisition and become involved in a serious economic engine, particularly in the Bristol Bay region. She opined that the existing \$100,000 cap is antiquated and hasn't been adjusted for the increasing costs of permits. In the Bristol Bay region,

the lack of collateral has been a difficulty, which provides nonresidents an edge on securing loans for permits. For example, an individual who lives on land that is a 99-year shareholder lease or lives on a [Alaska] Native allotment, those lands can't be used as collateral. Therefore, since the enactment of the Commercial Fisheries Limited Entry Act there has been a steady loss of permits in the region. Each permit that leaves the region represents a job lost to the region. She then related her agreement that the graying of the fleet is a prevailing problem as the average age of a commercial fisherman in Alaska is 48. Therefore, there need to be incentives for younger people to enter the fishing industry and the changes in HB 261 would provide such. In conclusion, Ms. Chambers said that she would like for HB 261 to go further. In fact, she related that she would like a brokerage agreement to be reached to allow local permits to go through a local brokerage before being sold outside.

[5:37:40 PM](#)

MELVIN GROVE, President, Prince William Sound Charter Boat Association, stated that he is in support of and in opposition to HB 261, depending upon how it goes. He related his assumption that if this would go along with a halibut permit that currently (indisc.), maybe he would support HB 261. He said that he feels like a second class citizen, in some respects in terms of HB 121 and HB 261. This legislation, HB 261, allows the loan applicant to get a 2 percent below prime rate whereas the interest rate in HB 121 is the prime rate plus 2 percent and can't be less than 6 percent or more than 10.5 percent a year. "This is just crazy, to me," he said. Therefore, he suggested that if HB 261 is passed, then the interest rate for commercial charter operators, particularly the halibut charter operators, should be the same. He related that in June and July of last year the Valdez area was down over 300 angler days, which amounts to 50 charters who didn't obtain permits or sold permits. Mr. Grove told the committee that if he could obtain a low interest loan, he could run another boat and employ two to three capitans full-time. He stated that he is totally opposed to the difference in interest rates between charter and commercial operators.

[5:41:26 PM](#)

KEN LARSON related that he operates a small salmon and halibut charter operation out of Valdez for eight months of the year. He questioned whether the limited entry halibut charter permit

holders would qualify for the loan program envisioned in HB 261. If the limited entry halibut charter permit holders do qualify for the loan program proposed in HB 261, he said he supports the bill, whereas if that's not the case he opposes it.

[5:42:50 PM](#)

MS. AYERS related her belief that the limited entry halibut charter permit holders would not qualify for the loan program proposed in HB 261 because this is specific to limited entry permits. She related her further belief that statute specifically does not include limited entry halibut permits.

[5:43:38 PM](#)

MR. LARSON remarked that the halibut charter fishery is either a limited entry permit fishery under the CFEC or it's not. If the [halibut charter fishery] isn't a limited entry fishery, then he opined that halibut charter permit holders are being discriminated against. He emphasized that he has a real problem with the aforementioned. If the aforementioned is the position of the legislation, then he is opposed to it. He highlighted that in Valdez over the last couple of years there has been a decrease from a high of over 30 halibut charter operators in the limited entry program to less than a dozen. There are going to be very few permits left in Valdez. He added that although the permits have primarily migrated to Homer, they are gone [from Valdez]. Therefore, the opportunity for the public is decreasing.

[5:44:42 PM](#)

CHAIR THOMPSON, referring to AS 16.10.310(A), related his understanding that Ms. Ayers was correct [that HB 261 doesn't apply to limited entry halibut permits].

REPRESENTATIVE AUSTERMAN interjected that this legislation [refers] to statute regarding a salmon permit. He then recalled there is legislation creating a halibut charter boat loan program to address this situation.

MR. LARSON asked if Representative Austerman is referring to HB 121, which has an interest rate with a floor of 6 percent and a ceiling of 10.5 percent a year. Still, he characterized the rate [in HB 121] as discriminatory. He said that he didn't realize that HB 261 only addresses the salmon fishery loan program.

5:46:02 PM

REPRESENTATIVE EDGMON remarked that Mr. Larson and Mr. Grove raise valid points, which arose when the program was amended in the past. Although Representative Edgmon said he, personally, would support [extending it to other fisheries], HB 261 is working within the constraints of the CFRLF that has been around for 30 years. With the advent of charter boats and other fisheries that don't participate in this, there is probably room to consider it in HB 121. However, he cautioned the committee regarding radically altering the purpose of the CFRLF, and suggested that it would better be addressed [in separate legislation].

5:47:48 PM

GERRY MCCUNE, Lobbyist, Cordova District Fishermen United, pointed out that the committee packet contains written testimony from Cordova District Fishermen United. He clarified that a commercial bank cannot loan on a permit, per statute only CFAB and the Division of Investments can do so. When limited entry was created, the theory behind corporations not being able to hold permits was to protect permits and keep them in communities. A commercial bank can't hold a permit as collateral, and therefore one can't obtain a loan using a permit [as collateral]. As pointed out by the sponsor, it is difficult to purchase permits, the price of which are driven by the price on the grounds and the seasons. In fact, two good seasons in Prince William Sound have driven the price up for Bristol Bay [permits]. He mentioned that in Kodiak, the seine fishery is struggling with some of the fisheries and some of the permits haven't moved too much. The legislation, HB 261, attempts to raise the limit to the reality of today.

5:50:24 PM

CHAIR THOMPSON, upon determining no one else wished to testify, closed public testimony.

5:50:45 PM

CHAIR THOMPSON moved to adopt Amendment A.1, labeled 27-LS0968\A.1, Bullard, 1/26/12, which read:

Page 3, following line 2:

Insert a new bill section to read:

"* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. (a) The increase in balances outstanding permitted by AS 16.10.320(d), as amended by sec. 2 of this Act, on loans made to a borrower under AS 16.10.310(a)(1)(B), applies only to a person who first receives a loan under AS 16.10.310(a)(1)(B) on or after the effective date of this Act.

(b) AS 16.10.320(1), added by sec. 4 of this Act,

(1) applies only to loans made on or after the effective date of this Act; and

(2) does not apply to the refinancing of a loan made under 16.10.310 - 16.10.370 before the effective date of this Act."

Renumber the following bill section accordingly.

There being no objection, Amendment A.1 was adopted.

[5:51:49 PM](#)

REPRESENTATIVE AUSTERMAN directed attention to a letter of opposition in the committee packet from CFAB. He said that he doesn't agree with much of the discussion in the letter, which seems to relate having two banks plus CFAB denying the loans. He related his understanding that's already the case. Furthermore, CFAB was originally a state-funded bank, but has since paid the state back its seed money. Still, CFAB is a state bank, he commented. He informed the committee that there is legislation regarding eliminating the clause that allows CFAB to loan funds to people outside of the state.

[5:55:18 PM](#)

REPRESENTATIVE PRUITT said he appreciated providing loans to Alaskans, but expressed the need to determine whether it will prevent as many people from utilizing the loan if it is expanded from \$100,000 to \$300,000. Expanding the legislation beyond its current focus will muddy the waters. Still, the questions regarding whether it's appropriate to offer certain interest rates to one group over another does seem to warrant consideration.

[5:55:51 PM](#)

REPRESENTATIVE AUSTERMAN moved to report HB 261, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 261(FSH) was reported from the House Special Committee on Fisheries.

[5:56:00 PM](#)

The committee took an at-ease from 5:56 p.m. to 6:02 p.m.

HCR 13-NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

[6:01:59 PM](#)

CHAIR THOMPSON announced that the final order of business would be HOUSE CONCURRENT RESOLUTION NO. 13, Requesting the governor to designate one seat on the North Pacific Fishery Management Council for a sport fish licensee and one seat on the North Pacific Fishery Management Council for a subsistence user.

[6:02:30 PM](#)

JANE PIERSON, Staff, Representative Steve Thompson, Alaska State Legislature, paraphrased from the following written sponsor statement, which read as follows [original punctuation provided]:

The North Pacific Fishery Management Council (NPFMC) is one of eight regional councils established by the Magnuson-Stevens Fishery Conservation and Management Act to oversee management of the nation's fisheries. The North Pacific Fishery Management Council has jurisdiction over the million square mile Exclusive Economic Zone (EEZ) off Alaska. NPFMC manages federal fisheries in Alaska valued at over one billion dollars annually, with primary responsibility for ground fish management in the Gulf of Alaska, Bering Sea, and Aleutian Islands, including cod, Pollock, flatfish, mackerel, sablefish, and rockfish species.

The Council has eleven voting members and four non-voting members. The eleven voting members include the Commissioner of the Department of Fish & Game, Director of the Washington Department of Fish & Wildlife, Director of the Oregon Department of Fish & Wildlife, the Alaska Regional Administrator of NOAA Fisheries, five public members appointed by the

Governor of Alaska, and two public members appointed by the Secretary from the State of Washington.

Since, it is estimated that 95 percent of rural households consume fish caught for subsistence, and sports fishing contributes over one-hundred and twenty three million dollars annually, their voices are vital to the sustainability of the resource and should be represented at the North Pacific Fishery Management Council. Both sports fish licensees and Alaska subsistence users who have participated in NPFMC meetings have commonly expressed frustration with the lack of opportunity to meaningfully participate in the process, and a lack of representation on the Council. However, allocation of fish in waters managed by NPFMC directly affects the quantity of fish available for harvest by sports fish licensee and subsistence users.

HCR 13 requests that the Governor designate both a sports fish licensee and a subsistence user for a seat on the North Pacific Fishery Management Council. In a state that is home to 3,000 rivers, 3,000,000 lakes, and 6,640 miles of coastline, protecting opportunities for sports fishers and subsistence users is vital.

MS. PIERSON highlighted that NPFMC is the only council that doesn't designate membership for specific users or groups, such as sport fishers or subsistence users.

[6:06:42 PM](#)

THERESA WEISER, President, Sitka Charter Boat Operators Association, related her support for HCR 13, which she opined would help in terms of aligning the representation with those who use the resources.

[6:07:24 PM](#)

HEATH HILYARD, Executive Director, Southeast Alaska Guides Organization, related support of the concept of HCR 13, as he has not had the opportunity to vet the resolution with his board. He acknowledged that the membership of NPFMC isn't consistent with the other councils under the Magnuson-Stevens Fishery Conservation and Management Act, but emphasized that domain knowledge and understanding of business models is more important than the issue of parity amongst the user groups. In his experience with NPFMC, a number of the council members and

its staff don't generally understand the unique dynamics of charter fishing business models, particularly in Southeast Alaska. He opined that in addition to providing parity, stipulating membership to also include sports fishermen would provide NPFMC understanding in the development of management measures that preserve the conversation of species with the least economic harm.

[6:09:15 PM](#)

MELVIN GROVE, President, Prince William Sound Charter Boat Association, urged the committee to [pass] HCR 13 and attach it to SB 24 so that it's a requirement. He highlighted that one of the state's greatest resources is declining dramatically, irrespective of the estimates of abundance that allowed the commercial sector to overharvest. He expressed the need to select more people for NPFMC who would act as watchdogs. He urged the committee to pass HCR 13.

[6:11:07 PM](#)

DONNA BONDIOLI, Captain B's Alaskan C's Adventures, clarified that her comments are on behalf of the sports fish licensees who fish on her boat. She informed the committee that she has participated in NPFMC since 2000 and has been appalled with the lack of balance with fishing sectors on NPFMC. After writing the other seven councils regarding their makeup, she discovered that almost all of them have a 50:50 split between sport and commercial entities. None of the councils are as off balance as NPFMC. She reminded the committee that the intent of the Magnuson-Stevens Fishery Conservation and Management Act was to have representation for all. For years, there have been requests for more sports fish appointees. She informed the committee that this summer when U.S. Senator Mark Begich was in Homer he said he would like to endorse and promote more candidates for a balanced council, but he has to choose a candidate from the names submitted by the governor. Therefore, Ms. Bondioli emphasized that she wholeheartedly endorse asking the governor to appoint both a sport fish licensee and a subsistence representative for NPFMC.

[6:13:22 PM](#)

ART IVANOFF, Chairman, Southern Norton Sound Fish and Game Advisory Committee, testified in support of HCR 13, with a suggested addition. He suggested the inclusion of language referring to [representation from] tribal governments. He

opined that there is a real need to advocate for inclusion [of tribal governments] in the process. He specified the need to include nongovernmental organizations and tribal governments in this process. There is a 2003 report by Josh Eagle which identifies problematic areas of the Magnuson-Stevens Fishery Conservation and Management Act.

6:14:40 PM

KEN LARSON began by telling the committee that since 1993 he has owned and operated a small lodge and halibut and salmon charter business out of Valdez. He related his strong support for HCR 13, but he suggested that the language be amended to clarify that the appointees be Alaska residents without ties to the commercial fishing industry. He opined that since this is a nonbinding resolution, he expressed concern that it wouldn't have any impact on the governor. The governor and past governors, he further opined, have long chosen to disregard the sport fish, subsistence, National Oceanic and Atmospheric Administration (NOAA), and Department of Commerce, Community & Economic Development's (DCCED) request for more equitable noncommercial fish representation on [NPFMC]. He emphasized that he would rather see this type of language included in HB 20 or SB 24 in order to result in a regulatory or statutory requirement. The aforementioned would help the sport and subsistence users receive "a better shake" in these fisheries. Therefore, he opined that any efforts to obtain a more equitable representation on the governing boards would be appreciated.

6:16:08 PM

BOB PENNEY began his testimony by noting that he was the first public member appointed to NPFMC by Former Governor Tony Knowles. Prior to his appointment, NPFMC was comprised of mainly industry people. He said that he learned that it's critical for NPFMC to have a public member. There are 220,000 licensed anglers in Cook Inlet; the majority of which he surmised are issued for halibut. Halibut is controlled from the shore to the 200-mile limit by NPFMC. He emphasized the importance of the public having a NPFMC member that they can approach. As mentioned earlier, every other council has sports fishery representation. He, too, pointed out that the Magnuson-Stevens Fishery Conservation and Management Act refers to public representation on the boards. He remarked that [the proposal in HCR 13] is long overdue and very important to carry through. He related a suggestion from NPFMC member Ed Dersham that the subsistence member language might be changed to require that

member to be a member of the community development quotas (CDQs) who would likely be involved with an Alaska Native establishment. In conclusion, Mr. Penney encouraged the committee to carry forward and pass HCR 13.

[6:18:49 PM](#)

REPRESENTATIVE AUSTERMAN inquired as to how many people with a sport fishing background have been appointed to NPFMC.

MR. PENNEY related that he was the first, then Ed Rasmuson (ph), Ben Ellis' (ph) name was forwarded but not confirmed, and then Ed Dersham was appointed. He related that the seat has remained a public seat since he was appointed by Governor Knowles. He restated his belief that it's important for the public to have someone to talk to on NPFMC when something affects a major fishery in the state and it should continue.

[6:20:02 PM](#)

KAREN GILLIS, Executive Director, Bering Sea Fishermen's Association, related support for HCR 13. She reminded the committee that subsistence fishing provides a large share of the food consumed in rural Alaska. These stocks are impacted by the decisions made by NPFMC members. Furthermore, there is a clear and obvious lack of representation on NPFMC, she said. This resolution is a good step, but as mentioned earlier it's nonbinding and she would prefer to have a more binding piece of legislation that places [requirements] in statute. She pointed out that for the Pacific Fishery Management Council the Magnuson-Stevens Fishery Conservation and Management Act specifies that a tribal seat be required. The Pacific Fishery Management Council consists of the states of California, Washington, Oregon, and Idaho. She argued that those states have no more or less Indian tribal authority than Alaska. Therefore, the State of Alaska should correct the lack of such representation on NPFMC.

[6:22:29 PM](#)

REPRESENTATIVE HERRON reminded everyone that Chair Thompson will be offering language for a seat for a subsistence user. He then announced that he will be offering an amendment to insert the following language: "an individual nominated by an Alaska Native organization that represents rural subsistence users". He inquired as to Ms. Gillis' thoughts.

MS. GILLIS said that the language doesn't "quite measure up" to the [requirements] of the Magnuson-Stevens Fishery Conservation and Management Act, although she felt it was getting closer.

[6:23:34 PM](#)

RICKY GEASE, Executive Director, Kenai River Sport Fishing Association, said he would relate some of his own personal observations of NPFMC since 2004. He further related that since becoming the executive director of the Kenai River Sport Fishing Association he has participated in the halibut charter stakeholder committee process that developed the halibut moratorium permit program and also participated in the first recreational summit for sport fishing interests presented by NOAA. Three things that came out of the NOAA conference were that it was important for the sport fishing interests to have the Marine Recreation Information Program completed, which provides an accurate tally of harvest and effort data. The other two main issues from the NOAA conference were having balanced representation on councils and a sound basis of economic data such that the allocation issues are understood to the point of allowing the councils to maximize the value from the resources. Currently, there is a lack of economic data on the sport fishing side as well as the subsistence side. While he said he supports HCR 13, he pointed out that NPFMC does have a de facto public seat, as pointed out by Mr. Penney. Furthermore, he opined that it's important to get subsistence voices on NPFMC because its decisions impacts salmon and halibut. Typically, salmon issues are influenced on the Yukon River. He related his observation that in NPFMC there is a divide in the Alaska Native community on NPFMC decisions. There are CDQ groups that are getting vested and becoming very economically productive in Western Alaska. However, that productivity impacts the salmon by-catch issues that impact up-river users on the Yukon River. There is a dynamic tension at NPFMC meetings and the disenfranchised group is the up-river subsistence users. In terms of the public, NPFMC member Ed Dersham has been a real plus for halibut issues; and therefore, he opined that it's important to have someone with an understanding of the sport fishing industry on NPFMC. Obviously, NPFMC oversees the largest seafood productivity in North America and Alaska is over 50 percent of all seafood production in North America. Although NPFMC should have the de facto commercial fishing industry seats, sport and subsistence fisheries should also have voices on NPFMC. Mr. Gease opined that ultimately having those [sport and subsistence fishery]

voices in the NPFMC process results in better decisions with regard to the allocation of resources.

6:28:01 PM

GREG SUTTER, President, Alaska Charter Association, related support for HCR 13. He opined that balanced representation on NPFMC is necessary and [HCR 13] is one way in which to ensure such. He then said he wanted to echo Mr. Gease's sentiments and add that these renewable resources, fish, are the future of Alaska.

6:29:56 PM

JOHN "SKY" STARKEY, Attorney, Association of Village Council Presidents, related support for HCR 13. He said he wanted to echo the comments of Ms. Gillis and Mr. Ivanoff and urge the committee to amend the language of HCR 13 that speaks to subsistence. The current language doesn't mean much because under Alaska law, every Alaskan is an eligible subsistence user. In fact, every Alaskan that has sat on NPFMC would satisfy the criteria. Furthermore, there are federally recognized tribes in Alaska, NPFMC is a federal management body, and the Magnuson-Stevens Fishery Conservation and Management Act already recognizes the federally recognized tribes in the Pacific Fisheries Management Council and provides a seat for them. Therefore, it would make sense for that to be followed with NPFMC as well and thus he urged the committee to make the change to NPFMC membership [requirements] to bring it in line with the other councils.

6:32:20 PM

REPRESENTATIVE HERRON recalled asking last year why there isn't a subsistence seat on NPFMC to which he was told that the chair of NPFMC is from Dillingham and two other council members are empathetic to the subsistence viewpoint. However, the seats of those members have a singular purpose and efficiency. He asked if Mr. Starkey believes subsistence and sports fishermen should also have a [designated] seat in order to achieve that purpose and efficiency.

MR. STARKEY acknowledged that regardless of how one may feel and support subsistence and sport fisheries, it's difficult to wear two hats at once. He further acknowledged that Eric Olson, Chair, NPFMC, has done a remarkable job creating balance, although that isn't always the case and there are instances in

which having a representative is important to have as an advocate and voting member. Therefore, he felt that Representative Herron's observations are "on the mark."

[6:34:28 PM](#)

REPRESENTATIVE HERRON opined that if there was a sport fish seat and a subsistence seat, those seats would also be empathetic to the commercial fishing point of view.

[6:35:31 PM](#)

REPRESENTATIVE HERRON moved to adopt Amendment A.3, labeled 27-LS0802\A.3, 1/26/12, which read:

Page 1, line 3:

Delete "**a subsistence user**"

Insert "**an individual nominated by an Alaska Native organization that represents rural subsistence users**"

Page 1, following line 14:

Insert new material to read:

"WHEREAS the Pacific Fishery Management Council, whose jurisdiction consists of the exclusive economic zone off the coasts of Washington, Oregon, and California, includes a voting member nominated by a federally recognized Native American tribe; and

WHEREAS Alaska's Native peoples have the right under federal law to take, for subsistence purposes, fur seals and other marine mammals, sea birds and other migratory waterfowl, and certain species listed under the Endangered Species Act of 1973, all of which are affected by decisions made by the North Pacific Fishery Management Council, yet the federally recognized tribal governments of those peoples are not represented on the council; and"

Page 2, lines 16 - 17:

Delete "a subsistence user"

Insert "an individual nominated by an Alaska Native organization that represents rural subsistence users"

[6:36:00 PM](#)

REPRESENTATIVE AUSTERMAN said that he has a problem with the first part of Amendment A.3. He clarified his belief that there should be a subsistence user on NPFMC and the committee should encourage the governor to continue to make the same appointment as he has in the past. As a 68-year resident of Alaska who is a subsistence user, he understood [the change per Amendment A.3] would mean that he would not be a possible appointee unless he is named by an Alaska Native organization. Although he said he understood the desire to use a federally recognized tribal government agency as the entity that would make an appointment, at the same time it doesn't allow him [and others similarly situated] to be a potential appointee to NPFMC.

[6:37:51 PM](#)

REPRESENTATIVE HERRON argued that the amendment does not restrict anyone from being nominated by an Alaska Native organization that represents rural subsistence users.

[6:39:05 PM](#)

REPRESENTATIVE AUSTERMAN objected to the motion to adopt Amendment A.3.

[6:39:18 PM](#)

A roll call vote was taken. Representatives Herron, Kawasaki, Miller, and Thompson voted in favor of the adoption of Amendment A.3. Representatives Pruitt and Austerman voted against it. Therefore, A.3 was adopted by a vote of 4:2.

[6:41:17 PM](#)

REPRESENTATIVE AUSTERMAN moved to report HCR 13, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHCR 13(FSH) was reported from the House Special Committee on Fisheries.

[6:41:57 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 6:41 p.m.