

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

February 14, 2012
5:14 p.m.

MEMBERS PRESENT

Representative Steve Thompson, Chair
Representative Craig Johnson, Vice Chair
Representative Alan Austerman
Representative Bob Herron
Representative Scott Kawasaki
Representative Bob Miller

MEMBERS ABSENT

Representative Lance Pruitt

COMMITTEE CALENDAR

HOUSE CONCURRENT RESOLUTION NO. 18

Relating to an examination of fisheries-related programs and resources in the state to determine how those programs and resources may best be strengthened and focused to facilitate the entry of young Alaskans into gainful, lifelong commercial fisheries careers and to the development of a systematic, aggressive, and sustained program to turn the tide on the graying of the fleet and to increase ownership of successful commercial fisheries operations by young Alaskans.

- MOVED CSHCR 18(FSH) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HCR 18

SHORT TITLE: COMMERCIAL FISHERIES PROGRAMS

SPONSOR(S): FISHERIES

04/17/11	(H)	READ THE FIRST TIME - REFERRALS
04/17/11	(H)	FSH
02/09/12	(H)	FSH AT 5:00 PM CAPITOL 120
02/09/12	(H)	Heard & Held
02/09/12	(H)	MINUTE(FSH)
02/14/12	(H)	FSH AT 5:15 PM HOUSE FINANCE 519

WITNESS REGISTER

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

POSITION STATEMENT: explained the changes in the proposed CS for HCR 18.

PAULA CULLENBERG, Chair
University of Alaska Fairbanks (UAF)
Alaska Sea Grant Marine Advisory Program
Fairbanks, Alaska

POSITION STATEMENT: Presented an overview of the Sea Grant Marine Advisory Program.

ZACH HILL, Fisherman
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

BRENDAN HARRINGTON, Fisherman
Kodiak, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

JASON SHULL, Fisherman
Haines, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

KENNETH JONES, Fisherman
Cordova, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

TRACEY NUZZI, Fisherman
Cordova, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

MOLLY LARSEN, Fisherman
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

MIKE MICKELSON, Fisherman
Cordova, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

STEPHEN RHOADS, Fisherman
Sitka, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

TIMOTHY NICK, Fisherman
Dillingham, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

JOHN SCOTT, Student
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

JERRY MCCUNE, Lobbyist
United Fisherman of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

RHONDA HUBBARD
Seward, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

ARNI THOMSON, President
United Fisherman of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of the Committee Substitute (CS) for HCR 18.

ACTION NARRATIVE

[5:14:04 PM](#)

CHAIR STEVE THOMPSON called the House Special Committee on Fisheries meeting to order at 5:14 p.m. Representatives Thompson, Herron, Austerman, and Kawasaki were present at the call to order. Representatives Miller and Johnson arrived as the meeting was in progress.

HCR 18-COMMERCIAL FISHERIES PROGRAMS

[5:14:36 PM](#)

CHAIR THOMPSON announced that the only order of business would be HOUSE CONCURRENT RESOLUTION NO. 18, Relating to an examination of fisheries-related programs and resources in the state to determine how those programs and resources may best be strengthened and focused to facilitate the entry of young Alaskans into gainful, lifelong commercial fisheries careers and to the development of a systematic, aggressive, and sustained program to turn the tide on the graying of the fleet and to increase ownership of successful commercial fisheries operations by young Alaskans.

[5:15:21 PM](#)

REPRESENTATIVE AUSTERMAN moved to adopt the proposed committee substitute (CS) for HCR 18, labeled 27-LS0838\B, Bailey/Bullard, 2/13/12, as the working document.

[5:15:59 PM](#)

REPRESENTATIVE HERRON objected for discussion.

[5:16:14 PM](#)

TIM CLARK, Staff, Representative Bryce Edgmon, Alaska State Legislature, directed attention to page 3, line 3, of the proposed committee substitute, Version B. He explained that the difference between Version B and the original bill was a result of the recent University of Alaska's seafood and maritime initiative, which had been introduced after proposed HCR 18. He read:

What started in June at the University, as a working group within the University, has evolved into an enterprise now including industry, CDQ groups, and the continued participation of the Rasmussen Foundation. Particularly, in terms of education, training, and research, the goals of the university-led effort align closely with the legislature's goal to strengthen programs and resources in the state in order to facilitate the entry of the greater number of young Alaskans into gainful, skipper level, fish harvesting careers. Given the closeness of this alignment, it seems that for the legislature to begin its own such initiative would be duplicative and somewhat inefficient. Instead, you have before you a Committee

Substitute for HCR 18 that endorses and encourages the University's fishery, seafood, and maritime initiative. The CS would also have the Senate President and House Speaker each appoint one member of their respective bodies to act as liaisons to the University's initiative, and report to the legislature on its progress on a regular basis. These liaisons' participation would culminate with the report to the legislature due by June 30, 2013, that would include recommendations on ways the legislature might effectively contribute to any action plan developed by the University's fishery, seafood, and maritime initiative. Committee staff have conferred with officials at the University regarding this approach, and they welcome the legislature's interest, support, and involvement.

CHAIR THOMPSON pointed out that this would necessitate a title change for the resolution.

MR. CLARK expressed his agreement, noting that this had been included in the proposed CS.

[5:19:29 PM](#)

REPRESENTATIVE HERRON withdrew his objection. There being no further objection, Version B was adopted as the working document.

CHAIR THOMPSON opened public testimony.

[5:19:56 PM](#)

PAULA CULLENBERG, Chair, University of Alaska Fairbanks (UAF), Alaska Sea Grant Marine Advisory Program, explained that the University of Alaska (UA) Sea Grant Marine Advisory Program was a statewide marine extension program with extension faculty who worked closely with the coastal communities, especially on fisheries, seafood, and related coastal economic issues. She stated that proposed HCR 18 had resulted out of a concern for the "graying of the fleet," the increase in the average age of Alaska's fishermen. She stated that, although this was true for many Alaska occupations, the sea food industry was the largest private employer, the largest group of small businesses, and the economic backbone of many coastal communities. She declared it to be in the state's interest to plan ahead. She pointed out that, as many fishermen reach retirement age, they looked to

pass on their fishing business. She cautioned that should these small fishing boats and permits be sold outside the community, the community could lose the tax dollars, jobs, and community support of these small businesses. She confirmed that when fishing activity and fishing know-how diminished in a community, community identity and infrastructure could deteriorate. She offered her belief that this was a very logical, economic opportunity to make money in rural, coastal Alaska. She disclosed that young Alaskans used to have this opportunity, but that the current system required significant up-front capital outlay, which could be intimidating, if not impossible, for young people. She stated that there was not a reliable replacement solution in the transfer mechanism, should the family transfer system breaks down. She reported that this transfer was an all or nothing system. During this transition time, it was good to create a system whereby those businesses would flow naturally to young Alaskans. She declared that the purpose of proposed HCR 18 was:

to encourage the State [of Alaska] to establish an environment that lowers the barriers to entry for Alaskans, and that might include mechanisms to allow the passing on of a permit over time to the next generation, or allowing selected groups to hold permits in trust for beginning fishermen.

MS. CULLENBERG suggested that the new system could include an access to capital by Alaskans new to fisheries, or for emerging fisheries. She declared that the university perspective was to provide tools and skills for Alaskans entering this business, including greater financial skills for commercial fishermen, understanding risk management through safety training, understanding insurance and liability, improving technical skills as fishing and markets become more complex and more demanding, participating in the public regulatory process, and fostering leadership development. In reference to a recent inventory of all the UA statewide curriculums and courses for applicable programs to these occupations, she reported that no classes or program titles at UA had the words "seafood" or "fishing" in them. She observed that this lack of education and training programs, plus the barriers imposed through regulations and financing created difficulties which needed to be addressed.

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MS. CULLENBERG introduced the approximately 50 fishermen attending the Young Fishermen's Summit, from every aspect and region of the fishing industry.

[5:29:41 PM](#)

ZACH HILL, Fisherman, reported that he grew up set netting and seining in Kodiak, and that both his father and his uncle were fishermen. He affirmed that he had recently purchased a seiner and a Kodiak seine permit. He noted his transition from crew member to ownership, and indicated that the biggest challenge in this transition was the cost and the access to financing. He reported that during the past five years salmon prices had "risen pretty dramatically and lots of people have been getting into the industry, and what's that done is driven limited entry permit prices up, its driven boat prices up ... it's a pretty significant capital outlay just to get started in a fishery anymore." He reported that the Department of Commerce [Community & Economic Development] had offered programs for Alaskans to enter commercial fishing, but these programs had not kept pace with the rising costs. He directed attention to proposed HB 261, calling the proposed bill "a great step in the right direction, increasing the ceiling for those loan programs."

CHAIR THOMPSON explained that proposed HB 261 would raise the ceiling [on loans for purchasing fishing permits] from \$100,000 to \$200,000.

MR. HILL added that the proposed bill would also increase "the total limit for Section B loans to \$300,000. It definitely helps with permit costs, and in places for salmon, at least Prince William Sound, it's nearly \$200,000 just to get into the fishery there. I'm lucky that Kodiak's a little bit cheaper." He shared that the proposed bill did not address the increase in boat costs, however.

[5:32:37 PM](#)

BRENDAN HARRINGTON, Fisherman, reported that he was a life-long fisherman of cod, halibut, black cod, scallops and crab. He reflected that, although many people were framing the resource conflict as between sport charter and commercial fishermen, the by-catch issue was not included in any discussions, even though by-catch was enormous. He suggested one option to be an increase of observer coverage to 100 percent, including boats less than 60 feet in length, as many new technologies help lower

the cost and the burden to smaller boats. He suggested the installation of technology, including rail side cameras, and declared there to be "a lot of support amongst fishermen my age, we're not afraid of observer coverage. We know we operate good clean fisheries and we wouldn't have a problem ... we're not averse to new technologies." He emphasized a need for action in the halibut industry "before there's nothin' left for us to fish for in the next generation."

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JASON SHULL, Fisherman, stated that he was born in Haines, had worked as a fisheries biologist, and had been gillnetting for three years. He shared that he had no commercial fishing experience when he had decided to become a fisherman. He stated that CFAB (Alaska Commercial Fishing and Agriculture Bank) was the funding source for his start-up as a commercial fisherman, and he announced that the loan for the permit and boat was being paid off. He reported that he was now the president of the Lynn Canal Gillnetters Association. He emphasized that although every loan provided to a fisherman counted, loans were not enough. He urged the legislature to continue supporting workshops, educational opportunities, and apprenticeships.

[5:40:05 PM](#)

KENNETH JONES, Fisherman, informed the committee that he was a third generation Alaskan fisherman out of Cordova. He declared that the state economy was extensively based in commercial fishing, and that it was necessary to increase the loan limits to keep in line with the cost of permits and equipment. He expressed his support.

[5:42:11 PM](#)

TRACEY NUZZI, Fisherman, established that she was a commercial fisherman from Cordova, and that she had just purchased a drift gillnet permit for the Copper River. She shared that conversations and support from three state agencies had made this possible. She expressed her support.

[5:45:05 PM](#)

MOLLY LARSEN, Fisherman, said that she was a third generation set netter from Kodiak, and that she was currently studying biology and environmental policy at a college in the State of Washington. She shared that she had plans to return to Alaska,

and possibly purchase a drift net permit. She endorsed that young Alaskans were returning to Alaska with a desire to enter the fishing industry, and that this was a good investment for the state and the local communities.

[5:46:59 PM](#)

MIKE MICKELSON, Fisherman, declared that he was part of that first generation of fishermen who had left for college after the oil spill in Prince William Sound, but had now returned to join the fleet. He shared that this would be his second season with his gill net permit. He stated his support for the state loan programs, and expressed the need for vessel prices to each specific fishery be included in the loan program parameters. He reported that Alaska Department of Fish & Game (ADF&G) had, on several occasions, prematurely closed a fishery due to a lack of funding to complete escapement counts.

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STEPHEN RHOADS, Fisherman, ascertained that he was lured to Alaska by the fishing industry in 1996. He shared that the state loan program had made fishing a viable business for him, as it was an incentive to keep the "fisheries in the hands of Alaskans." He expressed his pleasure for the positive interactions he had with the agencies, and to be in Alaska, working as a fisherman, and raising his family.

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TIMOTHY NICK, Fisherman, provided a brief history of his fishing career, and shared the hardships of the fishing industry. He expressed support for HCR 18 as it would allow young fishermen the opportunity in Alaska.

[5:54:51 PM](#)

JOHN SCOTT, Student, said that he was attending school in Fairbanks, and worked during the summer as a deckhand on a fishing boat. He confirmed the necessity for available loan programs to allow him to purchase a boat and fishing permit.

[5:56:25 PM](#)

JERRY MCCUNE, Lobbyist, United Fisherman of Alaska, stated his support for the Alaska Sea Grant program. He declared the need for fishermen to have a better understanding of business, back-up plans, and objectives.

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RHONDA HUBBARD reported that she had been a participant in all of the Alaska Young Fishermen's Summits, as the program assisted young people to become professionals in the industry. She stated her support for HCR 18.

[5:59:56 PM](#)

ARNI THOMSON, President, United Fisherman of Alaska, acknowledged the Young Fisherman's Summit and reported how encouraging it was to see the young people return to the state from out-of-state universities. He endorsed the educational needs assessment being conducted by University of Alaska, in conjunction with the Alaska Sea Grant program and the Rasmussen Foundation.

[6:01:33 PM](#)

CHAIR THOMPSON closed public testimony.

[6:01:44 PM](#)

CHAIR THOMPSON moved to adopt Conceptual Amendment 1.

REPRESENTATIVE JOHNSON objected for discussion.

CHAIR THOMPSON explained Conceptual Amendment 1, which read [original punctuation provided]:

Page 3, Line 1:

After "industry" insert:

", and the University of Alaska Southeast fisheries technology program exposes young people to harvesting careers in commercial fishing and offers programs in aquaculture and fisheries management"

CHAIR THOMPSON explained that the original Committee Substitute (CS) had not included this program, which was directly aligned with the proposed intent of HCR 18.

REPRESENTATIVE JOHNSON removed his objection. There being no further objection, Conceptual Amendment 1 was passed.

[6:02:45 PM](#)

REPRESENTATIVE JOHNSON moved to report HCR 18, as amended, out of committee with individual recommendations and zero fiscal notes. There being no objection, CSHCR 18(FSH) was reported from the House Special Committee on Fisheries.

[6:03:15 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 6:03 p.m.