

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

January 26, 2017

10:00 a.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Chair  
Representative Zach Fansler  
Representative Jonathan Kreiss-Tomkins  
Representative Geran Tarr  
Representative Mike Chenault  
Representative David Eastman  
Representative Mark Neuman

**OTHER LEGISLATIVE MEMBERS PRESENT**

Representative Dan Ortiz

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: ALASKA DEPARTMENT OF FISH AND GAME ON STATE V.  
FEDERAL FISHERIES

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

SAM COTTEN, Commissioner  
Alaska Department of Fish & Game (ADF&G)  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the department's overview on  
state versus federal fisheries.

FORREST BOWERS, Deputy Director  
Division of Commercial Fisheries  
Alaska Department of Fish & Game (ADF&G)  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the department's overview on state versus federal fisheries.

GLENN MERRILL, Assistant Regional Administrator  
Sustainable Fisheries  
Victoria, British Columbia (BC)  
Canada

**POSITION STATEMENT:** Offered comments and responded to questions, during the Alaska Department of Fish & Game (ADF&G) presentation on state versus federal fisheries.

#### **ACTION NARRATIVE**

[10:00:29 AM](#)

**CHAIR LOUISE STUTES** called the House Special Committee on Fisheries meeting to order at 10:00 a.m. Representatives Stutes, Neuman, Eastman, and Chenault were present at the call to order. Representatives Tarr, Fansler, and Kreiss-Tomkins arrived as the meeting was in progress. Also present was Representative Ortiz.

#### **PRESENTATION: ALASKA DEPARTMENT OF FISH AND GAME ON STATE v. FEDERAL FISHERIES**

[10:00:43 AM](#)

CHAIR STUTES announced that the only order of business would be a presentation by the Alaska Department of Fish & Game (ADF&G) on state versus federal fisheries.

[10:01:42 AM](#)

SAM COTTEN, Commissioner, Alaska Department of Fish & Game (ADF&G), highlighted the plethora of data that is collected on fisheries, either via federal, state, or private means. Thus, available to the committee is information regarding any aspect that may be of interest, such as the number of vessels fishing, the catch statistics, or other details. As one of the 13 members of the North Pacific Fishery Management Council (NPFMC), he said 11 are voting members, and the other seats include: 6 for Alaska, 1 for Washington, 1 for Oregon, 1 federal agent, and 3 public members from the State of Washington.

[10:04:29 AM](#)

FORREST BOWERS, Deputy Director, Division of Commercial Fisheries, Alaska Department of Fish & Game (ADF&G), referred to the committee packet and the department's document titled, "Alaska's Groundfish and BSAI Crab Fisheries, House Fisheries Special Committee, January 26, 2017," [Bering Sea and Aleutian Islands (BSAI)] to describe the three, general types of the groundfish fisheries, which are: 1) federal - occur in waters from 3-200 nautical miles (nmi) off shore, managed by the National Marine Fisheries Service (NMFS) under regulations promulgated by the NPFMC, and observe harvest totals that are deducted from an established total allowable catch (TAC); 2) parallel - occur in state waters from 0-3 nmi concurrent with an adjacent federal fishery, as allowed by annual emergency orders issued by the department, and conducted in a uniform, seamless manner with the federal fishery; 3) state-waters or guideline harvest limits (GHLs) - occur in state waters 0-3 nmi, guided by the State Board of Fisheries (board) process, with harvest totals accruing against state managed guideline levels. Directing attention to the handout, page 2, he used the lined and color coded map of Alaska to explain the various coastal fisheries delineated from Prince William Sound (PWS) to the Bering Sea. He explained that the colored areas depict fisheries under federal management and the black lines designate the state management boundaries; with overlap. He pointed out that perfect overlap does not exist, and within one state boundary two federal management areas may be delineated.

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MR. BOWERS explained the sophisticated stock assessment process as follows: NMFS groundfish survey information, fishery data, and field research are gathered and stock assessment models are applied. The catch information outcomes undergo technical/scientific review, as well as public review/input, to arrive at the initial acceptable biological catch (ABC) figures. The initial ABCs are then recommended to, and considered by, the NPFMC. The council then adopts the final ABCs, for fisheries apportionment in the state water GHLs and the federal and parallel TACs. Mr. Bowers walked the committee through a typical fishery for Pacific cod, as conducted in the Central Gulf of Alaska (CGOA), to explain and how the ABCs, TAC's, and GHLs are applied. The ABC for the CGOA is split 75 percent for the federal/parallel fishery and represents the TAC, of which 25 percent is allocated for the state-waters fisheries representing the GHL. The TAC is apportioned 60 percent to season "A," the winter fishery, and 40 percent to season "B," the fall fishing.

The seasonal apportionments are further allocated to seven gear sectors.

[10:11:30 AM](#)

COMMISSIONER COTTON interjected to highlight the seven gear sectors, which are: hook and line (HAL) catcher processor (CP); HAL catcher vessel (CV) less than 50 feet; HAL CV greater than 50 feet; pot CV and CP; trawl CV; trawl CP; and jig.

MR. BOWERS explained that the 25 percent allotment representing the GHF is apportioned by the department into percentages for three management areas: Cook Inlet 3.75, Kodiak Island 12.50, and Chignik 8.75. The gear sectors for these three areas are pot and jig.

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CHAIR STUTES asked for the differences between a CV and a CP.

COMMISSIONER COTTEN responded that a CV doesn't have processing capability and typically delivers its catch to a shore based processing plant. In the Bering Sea a CV may make deliveries to processing vessels positioned for that purpose. A CP handles the processing on board, usually freezing the product prior to delivery within Alaska where associated taxes and fees are collected.

[10:13:47 AM](#)

MR. BOWERS explained the three cod fisheries beginning with the federal Pacific cod fishery which takes place in the waters extending from 3-200 nmi off shore throughout the CGOA, Western Gulf of Alaska (WGOA), and BSAI areas. The harvest is limited to the TAC based on a fixed percentage of the Pacific cod ABC allotment. The gear sectors allowed are trawl, longline, pot, and jig for both CV and CP operators. The seasons open January 1 and September 1 for seasons A and B, respectively. There are no gear limits, however vessels are limited to a length of not more than 125 feet in the gulf. It is a limited access fishery requiring a federal fisheries permit (FFP) or license limitation program (LLP) license, Steller sea lion (SSL) protection measures must be observed in no fishing zones via vessel monitoring systems, and the fleet complies with on-board observer requirements.

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COMMISSIONER COTTEN interjected that [FFP's] and LLP's might best be described as the federal equivalent of Alaska's limited entry system. A certain number of permits are available, which can be bought and sold, but no new permits are being issued. The number of permits in the pool has been reduced over the years through attrition.

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REPRESENTATIVE FANSLER asked whether the season continues until the quota has been caught.

COMMISSIONER COTTEN said that meeting the quota ends each season. The TAC is applied to each type of fishery, thus, once the allocation for a specific gear sector has been attained that represents the end of a season as well. He reaffirmed that seasons open on a date certain but end based on a catch quota.

[10:16:38 AM](#)

REPRESENTATIVE CHENAULT inquired about the number and availability of LLP's.

COMMISSIONER COTTEN responded that there are different LLPs depending on gear type and he offered to provide further information. It is not anticipated that the federal government will issue more permits. He elaborated on the concern for lack of permits in some villages.

REPRESENTATIVE CHENAULT clarified that the LLPs are issued by the NPFMC.

[10:19:01 AM](#)

MR. BOWERS described the specific characteristics of the parallel Pacific cod fishery as it interfaces with the federal fishery. It occurs in state waters from 0-3 nmi in CGOA, WGOA and BSAI; it's opened concurrent to the federal fishery by a state issued emergency order (EO); the TAC is shared with the federal fishery; gear sectors include trawl, longline, pot and jig, with some bottom trawl restrictions; the seasons are the same with season A beginning on January 1, and season B beginning on September 1; no gear limits are imposed, but vessels may not exceed 125 feet; it is considered an open access fisheries, and does [not] require an FFP or LLP; SSL protection measures are in place; and observer requirements are imposed.

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COMMISSIONER COTTEN pointed out that the state waters, 0-3 nmi, are open for the federal parallel season and the board can adopt rules for these waters. Using WGOA as an example, he said, "For Pacific cod, even during a federal fishery, you have to be 58 feet or under. That's a State Fish Board regulation and they have the power to do the regs out to three miles."

CHAIR STUTES asked, "Are there fisheries that are shared jointly, regulatory, by the state and the [federal government]?"

COMMISSIONER COTTEN responded that the parallel fishery is handled jointly and the federal rules are adopted pending any specific board rulings.

10:22:25 AM

MR. BOWERS described the state-waters Pacific cod fishery as similar to the parallel fishery: occurs in state waters from 0-3 nmi; the harvest limits are based on a percentage of the federal Pacific cod ABCs; the seasons open after the federal/parallel fisheries are closed; pot and jig gear are allowed; the gear is limited to 60 pots or 5 jig machines; a vessel may not exceed 58 feet in length for Chignik, South Peninsula, or Dutch Harbor; it is an open access fishery with registration exclusivity; SSL rookeries are protected; and no observer requirements are imposed.

10:23:50 AM

REPRESENTATIVE NEUMAN addressed the SSL protection measures to ask whether there has been federal relaxation on the oversight and how the protections affect the fisheries.

COMMISSIONER COTTEN replied that the protection measures are primarily associated with the federal fisheries more than state. Transects are drawn around the rookeries and compliance requires a split fishery schedule; however, oversight in state waters is held by ADF&G.

REPRESENTATIVE NEUMAN inquired whether the U.S. Marine Mammal Protection Act (MMPA), 1972, has changed state management practices.

COMMISSIONER COTTEN answered that the act is a regular topic at the council proceedings. The sea lions are listed on the D list of the Endangered Species Act (ESA), 1973. Relaxation measures are being considered by the council.

REPRESENTATIVE NEUMAN opined that more protection than management appears to occur.

COMMISSIONER COTTEN explained that the state observes the closed areas set by the federal government but compliance does not affect the state fishery.

REPRESENTATIVE NEUMAN asked whether Alaskan fishermen have been subject to fisheries being reduced or closed due to federal regulations.

COMMISSIONER COTTEN said it's a difficult subject to measure. Alaskan fishermen may be restricted from areas where they would like to fish, or reach allowable limits and be required to cease operations; actions that cause impositions on some fishermen.

[10:28:54 AM](#)

REPRESENTATIVE ORTIZ asked for the net impact on the fishery, given the management value and the economic benefits to the fishing fleet.

COMMISSIONER COTTEN said the economic figures fluctuate for various reasons, but the fish stocks are considered healthy in both the cod and pollock fisheries, which is attributable to good management practices. To a follow-up question, he said there are 40 additional species of lesser interest that provide economic benefits. The fish stocks have proven healthy but market volatility causes fluctuation in the economic figures.

[10:32:36 AM](#)

REPRESENTATIVE TARR asked what benchmarks are used to establish the stocks as healthy, and whether fluctuations in catch level statistics indicate that climate change is having an impact on these fisheries; comparing today's numbers with historical statistics and trends.

COMMISSIONER COTTEN answered that, although climate change is often cited as a factor among significant changes, scientific oversight indicates that the stocks are in good condition. Climate change causes more of a shift in the migration pattern,

if anything, he opined. He said the allowable 2 million metric tons in the Bering Sea could be significantly higher, given the availability of stocks.

[10:34:52 AM](#)

REPRESENTATIVE EASTMAN requested the commissioner to elaborate on bycatch.

COMMISSIONER COTTEN said the typical bycatch species of concern are Chinook salmon and halibut. The mid-water pollock fisheries effect the Chinook salmon and the halibut are effected by the bottom trawl gear activity. He stressed that fisherman go to great pains to avoid bycatch. Strict limits exist on both of these bycatch species, and once the limit is reached the fishery is closed, he stressed.

REPRESENTATIVE EASTMAN asked for a description of the great pains that fishermen take to avoid bycatch.

COMMISSIONER COTTEN explained that the Bering Sea fleet uses co-operative and internal watch measures to minimize bycatch and keep a fishery open for as long as possible. There is a strong financial incentive to avoid bycatch and be able to continue fishing. He stressed that the fleet has been successful in their effort to stay under the limit.

[10:37:22 AM](#)

CHAIR STUTES asked for a brief explanation of the prohibited species bycatch regulations.

COMMISSIONER COTTEN explained that the GOA had no bycatch limits until the department established limits for the pollock fishery. The regulatory action was spurred by a lighting strike event, when very large numbers of Chinook were being taken. The event also occurred in the Bering Sea. Thus, in the last 15 years the limits were developed. The department doesn't shut down a gulf fisherman for the entire year, but for the remainder of a specific season once exceeded. The fleet participants are very cognizant of the limits and know the penalties and consequences.

[10:39:29 AM](#)

REPRESENTATIVE ORTIZ inquired about the accountability of the bycatch activity and the confidence level that the department holds.

COMMISSIONER COTTEN explained that some fisheries maintain a constant watch with two observers on board. When carrying two observers, a vessel is considered to have 200 percent coverage. The 100 percent coverage level means one observer is on board, with downtime expected. Other fisheries are observed at much lower levels, for example in the GOA where 18 percent of the trawl vessels carry observers, at any given time, based on a random draw. The program has been reorganized from how it previously operated and due to financial constraints has had some cutbacks. The data gathered is extrapolated to determine the fleet bycatch; however, the National Marine Service statisticians caution that if the observation levels are lowered further, confidence levels cannot be maintained.

REPRESENTATIVE ORTIZ asked if financial constraints are due to ADF&G budget cuts and the amount of funding the department provides to support the observer program.

COMMISSIONER COTTEN said department funds are not required as it's paid for by the federal tax fishermen pay on their gross earnings; 1.25 percent. The law allows this to be increased to 2.0 percent; an increase that is under consideration.

[10:42:57 AM](#)

REPRESENTATIVE NEUMAN asked whether the current bycatch sideboards, as established for the state, are considered adequate by the department.

COMMISSIONER COTTEN responded that observer coverage could be better; however, the bycatch limits appear to be satisfactory. He reported that the GOA Chinook salmon bycatch have been genetically traced, and 90 percent of the bycatch originate from Canada, Southeast Alaskan hatcheries, or Pacific Northwest sources. A similar situation occurs in the Bering Sea where bycatch chum salmon have been identified primarily as originating from an Asian source.

REPRESENTATIVE NEUMAN asked about bycatch confidence levels.

COMMISSIONER COTTEN said he would like to see better observer coverage.

[10:45:44 AM](#)

REPRESENTATIVE KREISS-TOMKINS echoed Representative Neuman's inquiry, specific to halibut bycatch in the gulf. He also expressed interest in what changes the department would like to see in the observer program. Further, he asked how the halibut limits for the gulf compare with what is held for Management Area 2C, Southeast Alaska (SE).

COMMISSIONER COTTEN rated the department's confidence level as low in the statistics provided for the gulf halibut fleet, and he would like to see a higher percentage of observer coverage. The current limits seem adequate, although the halibut fishermen complain about the trawl fleet bycatch levels. To a follow-up question regarding the allowable bycatch the commissioner explained that those who represent Alaska's interest on the council are consistently applying pressure to improve the situation. Different ways for determining what the limits should be are being explored, he assured.

[10:49:05 AM](#)

REPRESENTATIVE ORTIZ asked what percentage of the allowable halibut allotment for Alaska is taken up as bycatch.

COMMISSIONER COTTEN answered that the council is comprised of three Americans and three Canadians, who must agree on the decision.

REPRESENTATIVE ORTIZ pressed for a percentage estimate.

MR. BOWERS responded that, in ballpark numbers, the halibut quota may be 30 million pounds statewide, and 4 million would be bycatch; roughly 15 percent. He offered to provide further, more accurate, information.

[10:51:59 AM](#)

REPRESENTATIVE TARR asked to know the law governing the 1.25 percent federal tax that provides the observers, and what state level policies exist for addressing the bycatch issue.

COMMISSIONER COTTEN said the Magnuson-Stevens Fishery Conservation and Management Act (MSA), 1976, guides the council and also establishes the 200 mile limit. Regional councils were formed under the act, which included the NPFMC.

[10:53:41 AM](#)

MR. BOWERS continued with the presentation, stating that the newest Pacific cod effort is the Dutch Harbor, sub district fishery. It occurs on the north side of the Eastern Aleutian Islands, near Unalaska. In addition there is a long standing fishery on the South Alaska Peninsula, near King Cove and Sandpoint. He outlined these two fisheries. Characteristics of the Dutch Harbor sub district established in 2013, show: the GHL set at 6.4 percent of the Bering Sea Pacific cod ABC, equating to 36 million pounds in 2016 and representing the largest state waters Pacific cod fishery; a length limit on vessels of 58 feet; restricted to pot gear; and 24 vessels participated in 2016. The South Alaska Peninsula fishery, in its initial year, shows: a GHL of 30 percent of the WGOA Pacific cod ABC, representing 27 million pounds in 2016; a GHL split 85 percent for pot gear and 15 percent for jig gear; vessel size limited to 58 feet, and 55 vessels participated in 2016.

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CHAIR STUTES noted that the department appears to have an in-depth understanding of which fisheries support local communities, and to what degree.

COMMISSIONER COTTEN said vessels participate from a variety of home port locales, but fishermen have options for where to deliver their catch.

CHAIR STUTES surmised the department's grasp, then, would be knowing the specific species that support each region.

MR. BOWERS interjected that records exist, and he offered to provide further information.

COMMISSIONER COTTEN added that the fishermen enjoy the opportunity to seek better ex-vessel prices where ever they may be available.

[10:57:42 AM](#)

MR. BOWERS provided pie charts to compare state and federal percentages of the walleye pollock and Pacific cod as caught in the central and western areas of the Gulf of Alaska, based on a ten year average; 2007-2016. He pointed out that the majority of the pollock catch is taken in federal waters, over 80 percent in the central area and 55 percent in the west. The Pacific cod fishery is represented by a federal catch in the central area of 61 percent and in the west at 47 percent. Mr. Bowers identified

the other state managed groundfish fisheries that are pursued in state waters, which include: rockfish and lingcod, taken in the gulf and Aleutian Islands; walleye pollock fisheries that occur in PWS; and sablefish that are caught in Southeast Alaska, PWS, Cook Inlet, and the Aleutian Islands. He said a sablefish individual fishery quota (IFQ) is not recognized in state waters, thus the board established these fisheries in areas where sablefish harvests have traditionally occurred from 0-3 nmi from shore.

[11:00:49 AM](#)

MR. BOWERS turned to the handout page titled, "Big-Picture Comparison of Bering Sea-Aleutian Islands and Gulf of Alaska Federal Groundfish Fisheries," to characterize the fisheries and describe management oversight. He said in the BSAI areas the catch is limited by a 2.0 million metric ton (mmt) cap, which resulted in 2017 as follows: walleye pollock - 1.345 mmt, Pacific cod - 223,704 mmt, and yellowfin sole - 154,000 mmt. He reviewed the management structures for the BSAI and said pollock/flatfish are handled under a catch share program established under the American Fisheries Act (AFA), 1998, Amendment 80 program, which is a limited access fishery.

COMMISSIONER COTTEN interjected that Amendment 80 relates to a particular fleet and the associated rules. It's an amendment to the BSAI fisheries management plan. The Amendment 80 fishery is also referred to as the head and gut fleet, as that is the processing that occurs onboard the participating vessels.

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REPRESENTATIVE NEUMAN asked if the 2.0 mmt cap is based on a total assumed bio-mass number.

COMMISSIONER COTTEN responded that the 2.0 mmt cap is established in statute; however, the existing science indicates that 3.0 mmt could be taken. The council respects the cap and decides allotments for each species.

MR. BOWERS further clarified that the harvest numbers are derived from a science based, stock assessment process.

REPRESENTATIVE NEUMAN said it would be good to know what percent of the biomass is being allocated and perhaps the committee may want to entertain a resolution to the council or Alaska's congressional delegation

MR. BOWERS ascertained that the question revolves around how the harvest amounts relate to the total biomass for the various species, and he offered to provide further information.

COMMISSIONER COTTEN added that all species are considered under the 2.0 mmt cap.

[11:06:07 AM](#)

REPRESENTATIVE ORTIZ asked whether the cap is based on a scientific determination.

COMMISSIONER COTTEN responded, "Absolutely not." The decision is contained in the Consolidated Appropriations Act, 2004, which put into federal statute the 2.0 mmt limit.

[11:07:10 AM](#)

MR. BOWERS continued with the BSAI fishery to explain the community development quota (CDQ), stating that the program began in the 1990's and allocates the TAC in a range of percentages, from 7.5-10.7 mmt for each of the groundfish fisheries, between six groups located throughout 65 coastal communities in Western Alaska. He said the CDQs have provided positive economic input into the communities. In the gulf, the groundfish is limited under an optimum yield (OY) range of harvest capped at 800,000 metric tons (mt). The cap is similarly divided into harvest amounts for specific species. In 2017 the results were: pollock - 208,595 mt; arrowtooth flounder - 103,300 mt; and Pacific cod 64,442 mt. The total allowable harvest of 535,863 mt, illustrates that the optimum yield cap does not constrain the fishery.

COMMISSIONER COTTEN added that the list indicates management caps for each species; however, in the case of a species such as the arrowtooth flounder the allowable catch could be much higher and is only limited by the possibility of a high bycatch. In the case of the arrowtooth flounder fishery, a low valued, the bycatch concern is halibut.

[11:09:21 AM](#)

REPRESENTATIVE TARR asked whether the political decisions setting the cap limits, are based on the economic value of a given species.

COMMISSIONER COTTEN said bycatch are not allowed to be sold and are either tossed overboard or donated to specific food distribution programs. He acknowledged the value differences of species such as arrowtooth flounder, paying \$0.07 per pound versus a halibut that may bring in \$7.00 per pound.

REPRESENTATIVE TARR restated to ask how the value of a species influences the organization of management practices.

COMMISSIONER COTTON, using the halibut allocation as an example, said the distribution of the catch is divided amongst the bycatch, subsistence take, and unguided sport harvest. The remainder of the allocation is then divided between the commercial fleet and the guided sport anglers. Every year decisions are made on ways and means to hold the fisheries to the allocations. The guided halibut fishery forms a committee, of guides, who make determinations on what restrictions are acceptable. A new program, just introduced, will allow the guided sport industry to purchase quota from the commercial side. Although controversial at this point, it represents a willing seller and willing buyer situation.

[11:14:18 AM](#)

MR. BOWERS reviewed the key points of the federal groundfish fishery, which include: management of over 40 species or species complexes; many species are managed under a limited access or quota share program; the state holds authority to manage some species in the exclusive economic zone (EEZ); a greater proportion of the federal catch is processed at sea by floating or catcher processors than in the state managed fisheries; the fishery observer coverage requirements vary from what applies to fisheries in state waters; compliance for total catch accounting is imposed; centralized rather than area-specific management occurs, unlike state management that is accomplished by employees located near the fishing grounds; and prohibited species management is a federal purview for species such as halibut, salmon, and crab.

[11:15:39 AM](#)

MR. BOWERS summarized the groundfish fishery management points stating: two management jurisdictions apply - federal and state; there are three types of fisheries - federal, parallel and state-waters, and indications are that each groundfish fishery is unique and highly dynamic. He provided a color coded bar graph to compare the ex-vessel value of Alaska's combined

commercial fisheries from 1975-2015. He pointed out that by 1990 the fleet was fully Americanized and the groundfish values began to significantly grow. Today the groundfish fishery represents nearly half of the ex-vessel value of all of Alaska's fisheries.

[11:18:14 AM](#)

MR. BOWERS referred to the committee handout, page 18, titled, "Groundfish Economic Highlights," to summarize the bullet points which read as follows [original punctuation provided]:

Groundfish fisheries represent 80 percent of Alaska's total commercial fishery harvest volume, 52 percent of total ex-vessel value (2015), and 52 percent of the nations' total seafood harvest volume (2014); walleye pollock landings typically comprise 40-50 percent of total Alaska seafood harvest volume and around one third of total first wholesale value; and groundfish fisheries provided approximately 1,100 seafood harvesting jobs in 2015 and provide a source of year-round work for seafood processors, especially in communities such as Kodiak and Unalaska where many processing workers are Alaska residents.

MR. BOWERS continued, summarizing from page 19, titled, "State-Waters Key Points," which read as follows [original punctuation provided]:

State waters groundfish fisheries account for a relatively small fraction of total groundfish landings and value, less than \$50 million annually; however, they represent one of the few entry level fishing opportunities in Alaska and complement other fishing opportunities to provide a balanced economic portfolio for individual fishermen; and state groundfish management projects are funded with \$1.6 million UGF and slightly less than \$0.5 million in federal monies.

MR. BOWER pointed out that federal funding is primarily used in the electronic, catch accounting system, which is a sophisticated reporting program.

COMMISSIONER COTTEN added that the \$50 million return is augmented by the federal support that the state benefits from, such as the stock assessments conducted in the gulf and the

Bering Sea. The federal assessments provide data that is critical for state management purposes.

[11:21:04 AM](#)

MR. BOWERS moved to the BASI crab fishery management structure to point out the overlap that occurs in these state and federal fisheries, as well. He said a cooperative, federal fishery management plan (FMP) is used to establish a state/federal cooperative structure, with many of the management activities deferred to Alaska as subject to the Magnuson-Stevens Act (MSA) national standards. The FMP measures fall under one of three categories, which are: Category 1) measures fixed in the FMP and require an FMP amendment to change, affected through the council, such as imposing limited access like the crab rationalization program; Category 2) framework-type measures that the state can change following criteria set out in the FMP, such as harvest limits established by the Board of Fisheries; and category 3) measures that are neither rigidly specified nor included in the FMP allowing the state to use discretion for imposing requirements such as observer coverage.

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MR. BOWERS said ten crab stocks are handled under the management plan, which are: red king crab taken in Norton Sound, Pribilof Islands, Bristol Bay, and the Aleutian Islands west of 171 degrees west longitude; blue king crab taken from Saint Matthew and Pribilof Islands; golden king crab, taken from the Pribilof and Aleutian Islands; tanner crab harvested in the Bering Sea; and snow crab also harvested from the Bering Sea. The key points of the BSAI crab fishery are that the catch is managed under a quota share (QS) program, as issued to vessel owners, operators and processors, and that a CDQ program is allocated 10 percent of the TAC. There are currently less than 80 vessels participating, which is down from the 250 which operated ten years ago. Still, the fishery supports about 600 crab harvesting jobs. The BSAI fishery currently generates around \$250 million in ex-vessel revenue. He noted that over 70 percent of crab Commercial Fisheries Entry Commission (CFEC) permit holders are nonresident, as shown in 2015 statistics; representing a slight decrease in Alaska resident participation post-rationalization. The state receives over \$1 million from the federal government for crab management, which is critical for the department to maintain activities such as monitoring the electronics landing program.

[11:25:23 AM](#)

MR. BOWERS presented a state map indicating the halibut management areas that extend from the shoreline to 200 miles and, referring to the handout, page 24, titled, "Pacific Halibut Fishery Key Points," paraphrased the four bullet points, which read as follows:

Management of the resource shared between United States and Canada; International Pacific Halibut Commission conducts research, estimates biomass, and establishes catch limits; North Pacific Fishery Management Council allocates harvest and adopts management measures; finally, the state monitors and collects data on sport fisheries and conducts enforcement activities.

[11:26:23 AM](#)

CHAIR STUTES asked whether the raw fish and fish landing taxes are collected on any fish taken from Alaskan waters, regardless of the catch locale.

COMMISSIONER COTTEN responded that the raw fish tax, now known as the fisheries business tax, only applies to fish caught in state water. The fisheries resource landing tax is applied to catch that is trans-shipped in Alaska waters, not necessarily caught in state waters.

MR. BOWERS added that the fisheries resource landing tax is paid by processors outside of state waters; on catcher processor or floating processor vessels. If a vessel is participating in waters governed by the American Fisheries Act (AFA) pollock fishery, a landing tax is paid regardless of where the catch is offloaded. He pointed out that there is a possibility that a processor, operating in federal water, other than AFA pollock, could land their catch elsewhere, without ever entering state water, and avoid paying the tax. Although this may happen on occasion there is no evidence that it represents a concern.

COMMISSIONER COTTEN pointed out that a specific provision exists in the AFA which ensures a catch delivered to Seattle would be subject to the landing tax.

[11:29:17 AM](#)

GLENN MERRILL, Assistant Regional Administrator, Sustainable Fisheries, said the council operates under a legal framework requiring the observance of a number of national, management standards which include working out a balance for optimization of yield and minimization of bycatch. Responding to Representative Chenault, he said there are about 1,850 LLPs held by vessels participating in the halibut harvest and the hook and line Pacific cod fisheries. Pollock and Pacific cod are currently at, or nearly at, record high levels of abundance. The Bering Sea biomass is estimated at 23 mmt, and 11 percent or 2 mmt are considered available for harvest. The council manages the stocks in a precautionary manner to ensure long-term sustainable fisheries. He noted that the joint efforts of the NPFMC and NMFS have resulted in substantially reducing bycatch; levels are at a record low based on recent reports. He said roughly 17 percent of all halibut taken classify as bycatch. The decline in bycatch is attributable to a variety of programs and a cooperative vessel plan that was jointly developed. One action is to have vessels sort the catch on deck and return halibut to the sea quickly, thus reducing mortality rates. Regarding the observer program, he said efficiency measures are being explored and a newly adopted measure, being put into regulation this year, is to establish electronic monitoring, targeted for the smaller hook and line fleet in the gulf. Ninety vessels are currently participating in a voluntary pilot plan to test this affordable, efficient, electronic approach to on-board monitoring.

[11:35:07 AM](#)

REPRESENTATIVE NEUMAN asked about the percent of halibut and salmon that are sorted on deck and released, and the survival rate statistics.

MR. MERRILL said it's estimated that eight or nine large, factory, catcher-processor vessels are participating in the program. The estimated mortality rate, without deck sorting, is about 80-90 percent. Deck sorting, within 20-30 minutes, results in a 20-40 percent mortality rate; on average a 50 percent reduction.

[11:37:09 AM](#)

REPRESENTATIVE EASTMAN directed attention to the handout, page 18, and the 1,100 seafood harvesting jobs reported in 2015, to ask whether they represent state or federal jobs.

MR. BOWERS responded that the figure represents a combination of both state and federal jobs, throughout all groundfish fisheries.

[11:37:58 AM](#)

REPRESENTATIVE TARR turned to page 22, of the handout, noted the decrease in Alaska resident participation cited in the fourth bullet point, and asked whether efforts are being made to reclaim crab fishery permits for Alaskan residents.

MR. BOWERS pointed out that the 70 percent participation rate reported is in regards to CFEC crab fishery permits, which are available for anyone to purchase. A federal quota is also required, as held by the vessel owner, who then hires a captain. The CFEC permit statistics reflect details pertaining to captains. The council has been making an effort to ensure that the value of the fishery remains in the hands of the captain and crew. The CDQ program is an Alaskan program and directly benefits the residents of the member communities.

COMMISSIONER COTTEN added that NMFS annually produces a stock assessment and fisheries evaluation (SAFE). One figure in the evaluation that stands out, he reported, is that 86 percent of the groundfish harvested in Alaskan waters, excluding salmon, herring, and crab, are taken by fishermen who identify themselves as "other than Alaskan resident." The fishery is dominated by the pollock fleets, which he characterized as industrial, corporate operators. At the council level, MSA mandates a strict prohibition be observed in favoring residents of one state over another. He said he strives to ensure that Alaskan residents aren't put at a disadvantage, which is the least that can be done.

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REPRESENTATIVE ORTIZ expressed concern for the decline in the state's general fund and the efficiencies that are needed to offset the state deficit. He asked if there is a cost associated with annually assessing the golden crab fishery; a fishery that doesn't actually take place.

COMMISSIONER COTTEN said that assessments are not necessarily conducted every year, as in some situations assumptions are employed. Assessments are expensive, he said, and deferred further comment.

MR. BOWERS responded that surveys are not being conducted on either the southeast golden king crab fishery, or the Aleutian Island fishery, which produces about \$30 million in ex-vessel value. Some areas have sporadic surveys conducted, such as Kodiak and the Pripilof Islands, and NMFS provides data incidental to the golden king crab fishery.

COMMISSIONER COTTEN said that an annual survey is conducted on the red king crab of Southeast Alaska, but no fishery has been held since 2011.

REPRESENTATIVE ORTIZ questioned the value of an assessment being conducted on a fishery that is not active, and he asked what the assessment costs are to the department.

MR. BOWERS answered that the SE, red king crab assessment costs \$98,000, despite the fishery being closed. He pointed out that without periodic monitoring there would be no way of determining the recovery of a species.

[11:46:20 AM](#)

REPRESENTATIVE NEUMAN referred to the handout, page 17, to ask about the 2002-2012 rise in the ex-vessel value numbers; doubling in ten years. Did the value of the fish rise, or did the catch rates increase.

MR. BOWERS said both the salmon harvest numbers and the ex-vessel values increased.

[11:48:34 AM](#)

CHAIR STUTES asked for an explanation of ex-vessel value.

COMMISSIONER COTTEN explained the two standard measures of fish values: ex-vessel is what the fisherman receives when he lands the catch; and first wholesale is sale of a finished product by the initial processor.

REPRESENTATIVE NEUMAN asked to have the department provide a breakout of the ex-vessel values by region.

[11:49:19 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked whether the perspectives on observer coverage, expressed today by ADF&G, are also shared by Canada, particularly the concern regarding gaps in observer

coverage. Additionally, he asked whether Canada also finds that it would be beneficial to eradicate the gaps to increase the accuracy of bycatch data.

MR. MERRILL explained that the council conducted a supplemental environmental assessment (SEA) two years ago, to examine and thoroughly analyze the quality of the coverage provided by the program. What the council identified as a concern was the possibility of the loss of coverage regarding the use of gear type in specific areas of the gulf. As shown in the SEA report, the current level of observer coverage requires the data gaps to be filled via statistical extrapolation. However, concern is held for the potential that unobserved vessels may be fishing with different gear and in alternative areas than the observed vessels. Through the use of vessel monitoring system (VMS) data the council has been able to make determinations regarding unobserved vessels; however more observer coverage would provide a higher level of confidence.

REPRESENTATIVE KREISS-TOMKINS noted that the NMFS office of law enforcement issued a warning late last year based on discrepancies regarding where vessels reported they were fishing versus what the VMS captured.

MR. MERRILL said there are cases of vessels not properly reporting their catch; specific vessels in specific areas can be problematic as indicated by the NMFS release.

[11:53:59 AM](#)

REPRESENTATIVE TARR asked for information regarding how the Trans-Pacific Partnership (TPP), 2016, which the U.S. is being withdrawn from under the new administration, effects Alaska's seafood market. She suggested a conversation regarding trade issues relating to the export of Alaskan fish be taken up by the committee.

[11:54:41 AM](#)

REPRESENTATIVE NEUMAN returned to the 1.2 percent fee, collected to cover the observer program, to ask how it is applied: to fish landed, or harvested overall. Additionally, he recalled that it could be adjusted to 2.0 and asked when the last adjustment occurred.

COMMISSIONER COTTEN said the 1.25 percent tax is paid by vessels required to carry observers, and it's assessed on the ex-vessel value of the fish delivered in Alaska.

REPRESENTATIVE NEUMAN questioned whether the fish that are off-loaded in Seattle are also taxed.

COMMISSIONER COTTEN said minimal fish are delivered to Seattle processors but, under AFA, the Alaska tax does apply. Any revenue would be insignificant as it is not a standard practice to deliver harvests to the Seattle area. The tax rate has never been adjusted, he said, and added that, at one time fishermen were required to pay observer costs directly, out of pocket. The council sets the tax rate, as it is a federal program. Responding to Representative Tarrs' earlier question, the commissioner predicted that bi-lateral trade agreements will suit Alaska as well or better than did the TPP.

[11:57:57 AM](#)

CHAIR STUTES thanked the participants and announced the next meeting.

[11:58:53 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:59 a.m.