

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

February 20, 2018

11:02 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Jonathan Kreiss-Tomkins
Representative Geran Tarr
Representative David Eastman

MEMBERS ABSENT

Representative Zach Fansler
Representative Bryce Edgmon
Representative Mike Chenault
Representative Mark Neuman

COMMITTEE CALENDAR

HOUSE BILL NO. 260

"An Act relating to electronic possession of certain licenses, tags, and identification cards issued by the Department of Fish and Game; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 188

"An Act relating to commercial fishing entry permits; establishing regional fisheries trusts and fisheries trust regions; relating to commercial fishing entry permits held and leased by a regional fisheries trust; relating to the duties of the Alaska Commercial Fisheries Entry Commission and the Department of Commerce, Community, and Economic Development; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 260

SHORT TITLE: FISH & GAME LICENSES; ELECTRONIC FORM

SPONSOR(S): REPRESENTATIVE(S) SADDLER

01/08/18 (H) PREFILE RELEASED 1/8/18

01/16/18 (H) READ THE FIRST TIME - REFERRALS
01/16/18 (H) FSH, RES, FIN
02/20/18 (H) FSH AT 11:00 AM GRUENBERG 120

BILL: HB 188

SHORT TITLE: COMM. FISH. ENTRY PERMITS; LOANS; TRUSTS
SPONSOR(S): REPRESENTATIVE(S) KREISS-TOMKINS

03/20/17 (H) READ THE FIRST TIME - REFERRALS
03/20/17 (H) FSH, L&C
04/13/17 (H) FSH AT 10:00 AM GRUENBERG 120
04/13/17 (H) -- MEETING CANCELED --
04/20/17 (H) FSH AT 10:00 AM GRUENBERG 120
04/20/17 (H) -- MEETING CANCELED --
04/25/17 (H) FSH AT 10:00 AM GRUENBERG 120
04/25/17 (H) Heard & Held
04/25/17 (H) MINUTE(FSH)
01/25/18 (H) FSH AT 11:00 AM GRUENBERG 120
01/25/18 (H) Heard & Held
01/25/18 (H) MINUTE(FSH)
01/30/18 (H) FSH AT 10:00 AM GRUENBERG 120
01/30/18 (H) Heard & Held
01/30/18 (H) MINUTE(FSH)
02/20/18 (H) FSH AT 11:00 AM GRUENBERG 120

WITNESS REGISTER

REPRESENTATIVE DAN SADDLER
Alaska State Legislature
Juneau, Alaska
Presented HB 260 as the prime sponsor

POSITION STATEMENT:

REID MAGDANZ, Staff
Representative Kreiss-Tomkins
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented changes to CSHB 188(FSH).

MARK CARREL, Commercial Fisherman
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 188.

MICHAEL KAMPNICH, Commercial Fisherman
Craig, Alaska

POSITION STATEMENT: Testified in support of HB 188.

KIM REITMEIER, Executive Director
ANCSA Regional Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 188.

RICK WYSOCKI, Commercial Fisherman
Dillingham, Alaska

POSITION STATEMENT: Testified in support of HB 188.

ACTION NARRATIVE

[11:02:11 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 11:02 a.m. Representatives Stutes, Eastman, Tarr, and Kreiss-Tomkins were present at the call to order.

HB 260-FISH & GAME LICENSES; ELECTRONIC FORM

[11:03:30 AM](#)

CHAIR STUTES announced that the first order of business would be HOUSE BILL NO. 260, "An Act relating to electronic possession of certain licenses, tags, and identification cards issued by the Department of Fish and Game; and providing for an effective date."

[11:04:28 AM](#)

REPRESENTATIVE DAN SADDLER, Alaska State Legislature, Juneau, Alaska, paraphrased the sponsor statement, which read as follows [original punctuation provided]:

Smart phones have become an indispensable part of modern Alaska life. They provide users with inexpensive, convenient and reliable information and services, including communications, navigation, scheduling, research, photography, and entertainment. There is almost no aspect of life that smartphones don't make easier and better.

HB 260 seeks to leverage modern communications technology to enhance the timeless pleasures of traditional Alaskan activities of hunting, fishing, and trapping, by allowing state licenses for these

activities to be displayed on digital devices, as well as in paper form.

State law currently requires outdoorsmen and women to carry paper licenses while enjoying licensed activities. But as anyone who's ever tumbled into a stream while landing a king salmon or sat in the rain in a duck blind knows, paper licenses can be damaged or lost at the worst possible time. And while a person might misplace their wallet, their smartphone is almost always within arm's reach.

Alaskans have been authorized since 2013 to display secure proof of insurance on a digital device, and the benefits of extending that capability to outdoors recreational licenses are clear. They would:

- Make it easier and more convenient for hunters, fishers and trappers to obtain and carry required licenses
- Help entice new participants in these activities, by lowering one barrier to entry
- Make Alaska a more attractive tourist destination by making it easier for visitors to get licenses
- Improve compliance with state fish and wildlife management laws, by making it easier for enforcement officials to verify users are legal
- Save money for the state and private license vendors, by reducing or eliminating printing costs
- Enhance licensing security with harder-to-counterfeit digital licenses

HB 260 also lays the foundation for smartphone-based "apps" that will eventually let ADF&G deliver timely information on local regulations, opening dates and times, and hazards to users; while letting outdoorsman reciprocate by sending back real-time data on harvest effort and success. Until then, the advantages of digital licenses are significant enough to warrant swift passage of HB 260.

REPRESENTATIVE SADDLER began his testimony by offering [and holding up] his smartphone as his fishing license, stating that would depend upon passage of HB 260. If the bill passes it would then be possible to trade paper fishing licenses for digital ones, he said. He offered this as a first step to take in the digital revolution as it applies to hunting and fishing licenses. He asked committee members to support HB 260.

[11:08:13 AM](#)

REPRESENTATIVE KREISS-TOMKINS characterized HB 260 as a "great bill." He said he sees many parallels between this bill and a bill passed several years ago that used smartphones to provide digital proof of driver's insurance. He said he personally used that technology and found it simple and easy to use. He has not heard any negative impacts on the digital technology for driver's vehicle insurance, he stated. He offered his belief that HB 260 seemed to be consistent with the new digital society that everyone lives in.

[11:09:03 AM](#)

REPRESENTATIVE SADDLER said that one of the few questions that has arisen on digital proof of auto insurance was the liability in the event a law enforcement officer checking for proof of vehicle insurance, took possession of a phone and dropped and damaged the smartphone. Currently liability in state law exists such that in the event an officer takes the smartphone and damages or breaks it, the police officer is not liable; thus, it was up to an individual to decide if he/she wants to hand his/her phone to an officer.

CHAIR STUTES also characterized HB 260 as a "great bill" that may also pave the way for electronic or digital commercial fishing licenses, which she believed would be an advantage.

[11:10:08 AM](#)

REPRESENTATIVE TARR noted that she liked the bill. She stated that some she appreciated that the bill did not require a fishing license to be presented in electronic form as some of her constituents do not have the means to own a smartphone.

[11:10:36 AM](#)

CHAIR STUTES announced that HB 260 would be set aside.

[HB 260 was held over.]

[11:11:01 AM](#)

The committee took a brief at-ease.

HB 188-COMM. FISH. ENTRY PERMITS; LOANS; TRUSTS

[11:11:19 AM](#)

CHAIR STUTES announced that the final order of business would be HOUSE BILL NO. 188, "An Act relating to commercial fishing entry permits; establishing regional fisheries trusts and fisheries trust regions; relating to commercial fishing entry permits held and leased by a regional fisheries trust; relating to the duties of the Alaska Commercial Fisheries Entry Commission and the Department of Commerce, Community, and Economic Development; and providing for an effective date."

[11:11:57 AM](#)

REPRESENTATIVE KREISS-TOMKINS, speaking as prime sponsor of HB 188, stated that he received the proposed committee substitute from Legislative Legal and Research Services at 10:49 a.m., which did not allow him time to review it. He stated that after reading the draft it would be distributed to the committee and stakeholders. In terms of the conceptual changes that are contained in the committee substitute, no fundamental or structural changes were made, but several smaller, technical changes and improvements were made.

[11:12:40 AM](#)

REID MAGDANZ, Staff, Representative Kreiss-Tomkins, Alaska State Legislature, offered to explain conceptual changes to the proposed committee substitute (CS) for HB 188 [not distributed to the committee]. As Representative Kreiss-Tomkins stated, the proposed committee substitute (CS) for HB 188 was not available for this meeting, he said. He stated that most of the changes were made in response to comments received during the first two hearings, from relevant agencies and from the fishing industry.

[11:13:23 AM](#)

MR. MAGDANZ began his summary of changes in the proposed CS, noting that even though the requirement for Alaska residency to access a fishing permit was removed due to constitutional

concerns was from the bill, several sections in the bill referred to the purposes of the fisheries trust being to help Alaskans and communities. These references were pointed out by the Commercial Fisheries Entry Commission (CFEC). The proposed committee substitute for HB 188 [proposed CS not before the committee] removed the references and would make the bill less likely to come under constitutional challenge.

[11:14:00 AM](#)

MR. MAGDANZ stated another change was in response to Chair Stutes' question about emergency transfers of fisheries trust permits. Under the proposed CS for HB 188, the fisheries trust would play a role in vetting candidates for emergency transfers of fisheries trust permits and the emergency transferees must be qualified in the same way any other holder of a fisheries trust permit would need to be.

MR. MAGDANZ stated that language in prior versions allowed the Department of Commerce, Community & Economic Development (DCCED) to conduct audits of fisheries trusts. The DCCED advised the sponsor that the audits would fall outside the realm of the department's responsibility so the proposed CS for HB 188 remove that audit option. He noted that fisheries trusts would be subject to special audits by the Legislative Budget and Audit Committee (LB&A); however, there would not be an expectation that the department conduct an annual audit of the fisheries trust.

[11:15:08 AM](#)

MR. MAGDANZ also pointed out that the sections describing the types of permits left a slight "loophole" where it was possible when a fishery crossed a fisheries trust boundary that perhaps more than one fisheries trust could be eligible to hold that permit. The proposed CS for HB 188 closed that loophole and made it clear that only one fisheries trust would be eligible to hold any specific type of permit, he said.

MR. MAGDANZ stated that some concerns were expressed by the fishing industry relating to a "proportionality rule," which required a fisheries trust to hold a set of permits that was quantitatively proportional to the distribution of those permits within its region. There were concerns that this would perhaps force a fisheries trust to try to acquire permits in fisheries that were less suited for new entrants and the purposes of the

fisheries trust, he said. The proposed CS for HB 188 addressed that issue, he further said.

[11:16:23 AM](#)

MR. MAGDANZ said that the CFEC commissioners also flagged a section in AS 16.44.060(d) where the word "leasing" was omitted from the list of prohibitions on temporarily transferred permits. The proposed CS for HB 188 addressed that issue and would put leasing back into that language, making the list of prohibitions consistent in the existing limited entry law, which does not allow permits to be used for security for credit.

[11:17:07 AM](#)

MR. MAGDANZ said that the proposed CS for HB 188 clarified that the six-year cap was a cap on an individual's ability to access a fisheries trust permit. He explained that this was cumulative no matter what fisheries trust or fishery. In prior versions it was not clear as to whether it was six years for each type of permit or six years total. The sponsor wanted it to be six years total, he advised.

MR. MAGDANZ explained that in response to feedback from primarily fishermen, new language was added to the qualifications section that would allow a fisheries trust board to go above and beyond the statutory requirements. This basically would mean that before a fisheries trust would transfer a permit to someone, the fisheries trust board could require the individual show proof of insurance on his/her boat, that the boat was in good working order, and that the individual had a place to sell his/her fish, or other requirements necessary to safely and successfully prosecute the fishery. The sponsor found this to be a good addition and was glad it had been pointed out.

[11:18:25 AM](#)

MR. MAGDANZ explained that the last two changes related to the boundaries of fisheries trust regions. The prior version stated that fisheries trust regions would be only on land. The proposed CS for HB 188 would clarify that a fisheries trust region should include both land and state waters. The last change addressed a problem arising because some CFEC salmon administrative areas contained only one or very few communities. It was pointed out that the current bill language may have forced the Department of Commerce, Community & Economic

Development (DCCED) to draw a regional fisheries trust, which was in fact not very "regional" at all and basically included only one community. The proposed CS for HB 188 provided clarifying language to direct the DCCED how to draw the regions so that situation would not arise.

[11:19:38 AM](#)

REPRESENTATIVE EASTMAN referred to the "six-year limit." He was not certain whether someone that reached the six-year limit could then apply for another fisheries trust permit for another six years, perhaps with a six-month gap between them. He asked for further clarification on whether that was remedied by the Legislative Legal and Research Services attorney [in the conceptual changes being discussed].

MR. MAGDANZ, after confirming Representative Eastman was reviewing the original version of HB 188 [30-LS0389\U] agreed that it would have been possible to do so in the original version. It was never the sponsor's intention to allow for a fisheries trust to exceed six-years. The proposed CS for HB 188 would clarify that by stating "an individual may not receive a temporarily transferred entry permit or permits for a cumulative period of more than six years, regardless of whether the years are consecutive."

[11:21:00 AM](#)

REPRESENTATIVE EASTMAN further asked whether that was spelled out for the lifetime of an individual.

MR. MAGDANZ answered that the sponsor received the proposed CS for HB 188 moments ago and was not able to verify the language; however, the sponsor's intent was for it to be a lifetime cap.

[11:21:20 AM](#)

CHAIR STUTES asked how many members serve on the board of the fisheries trust.

MR. MAGDANZ responded that boards would be composed of one representative from each incorporated municipality within the fisheries trust region. He stated that an "incorporated municipality" meant each community that has a city government and each borough government. Each incorporated municipality would be allowed to nominate an individual to serve on the board to the governor and the governor would select one person from

each of those communities. He offered his belief that the smaller boards would be on the order of 5 to 10 members and the largest regions in the state would have 25 members.

[11:22:11 AM](#)

CHAIR STUTES asked whether a fiscal note had been prepared for HB 188.

MR. MAGDANZ responded yes; that funds to support board members would come from by receipts generated by the fisheries trust.

[11:22:39 AM](#)

CHAIR STUTES opened public testimony on HB 188.

[11:23:25 AM](#)

MARK CARREL, Commercial Fisherman, stated that he was a self-employed fisherman. As a captain and owner of a Prince William Sound salmon drift gillnet vessel, he offered his strong support for HB 188. He said that the regional fisheries trusts would be a great tool to help young Alaskans get into the fishing industry. He has been commercial fishing for over 10 years and has first-hand experience with how difficult it can be to purchase a boat and permit, especially with extremely high permit costs.

MR. CARREL said that many young people in his community want to become commercial fishermen; however, the costs to initially cover the boat, nets, and permit make it too expensive for them to do so. He said that many rely on leasing medical transfer permits for the first few years. This can be a risky proposition since the price of medical transfer permits fluctuate dramatically from one year to the next, he said. No certainty exists on availability of medical transfer permits even if the person had one the prior year. He said he has had friends who have bought boats and fished only to discover that they could not afford the permit because the price jumped to \$20,000 in a subsequent year. The permit fees must be paid upfront, and his friends simply did not have the cash to pay the fees, he explained. This meant these individuals ended up dropping out of the fishery. He offered his belief that having multiple year lease agreements under the regional fisheries trust would allow individuals to plan. These individuals could buy their boats with the knowledge that they had six years to

save to buy a permit, giving them the security and support they need. He urged members to support HB 188.

[11:26:14 AM](#)

MICHAEL KAMPNICH, Commercial Fisherman, related that he has been a resident of Craig for 34 years, currently as a commercial fisherman with a Southeast Alaska drift gillnet and longline permit. He stated he previously served as the harbormaster for the City of Craig for 18 years. He said he strongly supports HB 188. He acknowledged the loss of permits and family-based commercial fishing operations in his community.

MR. KAMPNICH said family-based commercial fishing businesses have historically provided the core of the economic and social well-being of Alaska's small, rural communities. The loss of these permits has been devastating for families and the economy of these small communities. The one constant to support the well-being of communities in Southeast Alaska has been the marine environment and commercial fishing. In his time as harbormaster he has observed many hardworking young men and women take the lead to establish themselves in the commercial fishing industry. Too often financial constraints have been the reason some have not been successful. He offered his belief this effort to try and support young people re-engaging in the commercial fishing industries was a worthy effort. He thanked members for the opportunity to address the committee.

[11:29:21 AM](#)

KIM REITMEIER, Executive Director, ANCSA Regional Association, stated that she was a member of the Koniag Regional Association and a granddaughter of a commercial fisherman from Kodiak. She offered the association's support for HB 188, noting she represents the 12 chief executive officers (CEO) from the 12 Alaska Native Regional Corporations. The collective mission of these 12 Alaska Native Regional Corporations has been to promote and foster the continued growth and economic strength on behalf of the more than 127,000 shareholders, who stand together today to support HB 188.

MS. REITMEIER said that the regional corporations would like to see economic development in communities and economically sustainable villages with jobs available. These corporations put in a significant amount of time to create economic opportunities within their regions. Commercial fishing has been an economic driver for these communities, as well as a vital

cultural heritage. Commercial fishing has been a source of jobs for nearby communities with limited cash economies. Alaskans should be doing everything possible to ensure that those individuals near fisheries have good access to them.

MS. REITMEIER said that the ANSCA CEOs know their communities and the fishing histories, such that many communities once had thriving hard-working commercial fishing fleets that have dwindled. The barriers to entry into the commercial fishing industry in have been especially high for those living in rural communities.

MS. REITMEIER offered her belief that the fisheries trust would provide better opportunities for individuals to get into commercial fishing, especially at a time when fishing fleets are aging. The fisheries trusts could be important tools in rural communities, especially since they will complement extensive economic development efforts for ANSCA corporations. Fisheries trusts could be a self-sustaining economic tool that once established can provide economic opportunities without continued corporation or government funding, she said. She offered ANCSA Regional Association's support for HB 188.

[11:32:22 AM](#)

RICK WYSOCKI, Commercial Fisherman, offered his support for HB 188. He said that his family is from this region and that he has been commercial fishing since he was eight years old and he became a permit holder when he was 12 years old. His family has fished on a beach about six miles across the bay from Dillingham, he said. He reported that only 4 of 30 boats that fish on that beach are local. About 85 percent of the commercial fishing [permit and boat] ownership in the community was not local, he reported. He reiterated that non-local ownership has been a problem in his community. He offered his belief that HB 188 has identified the root of the problem and offers a viable solution. He said HB 188 would provide a good tool to help Alaskans. He again characterized the extent of the outside ownership as devastating to his community and noted that the boats fly in their crews from out of state, their goods are barged in, and many do not pay local taxes. He especially liked HB 188 because it would create opportunities for commercial fishing to young people in his community, as well as economic stability from the six-year terms. He closed by stating that he would like to see HB 188 advanced for more discussion.

[11:36:06 AM](#)

CHAIR STUTES announced that public testimony would be left open on HB 188.

[HB 188 was held over.]

[11:37:14 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:37 a.m.