

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

April 22, 2019

3:31 p.m.

MEMBERS PRESENT

Senator Chris Birch, Chair
Senator John Coghill, Vice Chair
Senator Cathy Giessel
Senator Lora Reinbold
Senator Click Bishop
Senator Scott Kawasaki
Senator Jesse Kiehl

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 91

"An Act relating to the development and operation of a hydroelectric site at the Nuyakuk River Falls; providing for the amendment of the management plan for the Wood-Tikchik State Park; and providing for an effective date."

- MOVED SB 91 OUT OF COMMITTEE

SENATE BILL NO. 90

"An Act relating to the powers of the Alaska Commercial Fisheries Entry Commission; relating to administrative areas for regulation of certain commercial set net entry permits; establishing a buyback program for certain set net entry permits; providing for the termination of state set net tract leases under the buyback program; closing certain water to commercial fishing; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 91

SHORT TITLE: NUYAKUK RIVER: HYDROELECTRIC SITE

SPONSOR(s): SENATOR(s) HOFFMAN

03/15/19 (S) READ THE FIRST TIME - REFERRALS
 03/15/19 (S) RES, FIN
 04/05/19 (S) RES AT 3:30 PM BUTROVICH 205
 04/05/19 (S) <Bill Hearing Canceled>
 04/15/19 (S) RES AT 3:30 PM BUTROVICH 205
 04/15/19 (S) Heard & Held
 04/15/19 (S) MINUTE(RES)
 04/22/19 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 90

SHORT TITLE: COOK INLET: NEW ADMIN AREA; PERMIT BUYBACK
 SPONSOR(s): SENATOR(s) MICCICHE

03/13/19 (S) READ THE FIRST TIME - REFERRALS
 03/13/19 (S) RES, FIN
 03/29/19 (S) RES AT 3:30 PM BUTROVICH 205
 03/29/19 (S) Heard & Held
 03/29/19 (S) MINUTE(RES)
 04/22/19 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

RICKY GEASE, Division Director
 Division of Parks and Outdoor Recreation
 Alaska Department of Natural Resources
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 91.

KONRAD JACKSON, Staff
 Senator Micciche
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Explained the changes from version G to version R committee substitute for SB 90.

SENATOR PETER MICCICHE
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 90.

FATE PUTMAN, Chair/Commissioner
 Alaska Commercial Fisheries Entry Commission
 Alaska Department of Fish and Game
 Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 90.

ACTION NARRATIVE

[3:31:33 PM](#)

CHAIR CHRIS BIRCH called the Senate Resources Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Coghill, Reinbold, Kiehl, and Chair Birch.

SB 91-NUYAKUK RIVER: HYDROELECTRIC SITE

[3:31:58 PM](#)

CHAIR BIRCH announced the consideration of Senate Bill 91 (SB 91). He noted that public testimony was heard and closed during the previous hearing. He asked if committee members had any final questions or comments.

SENATOR REINBOLD asked if Mr. Gease from the Division of Parks and Outdoor Recreation had any concerns regarding SB 91.

[3:33:24 PM](#)

RICKY GEASE, Division Director, Division of Parks and Outdoor Recreation, Alaska Department of Natural Resources, Anchorage, Alaska, answered that the division supports the project running through the Federal Energy Regulatory Commission (FERC) process. He noted that two other lakes were studied previously and were shown to be unfeasible. He said passing SB 91 will allow the FERC process to go through and the studies to take place. After the studies are complete, the appropriate next steps will be considered. He summarized that the proposed changes in SB 91 are necessary for the FERC process to occur.

SENATOR REINBOLD voiced support for SB 91.

[3:33:54 PM](#)

SENATOR KAWASAKI joined the committee meeting.

SENATOR KIEHL referenced the discussion in the previous hearing that if the project were to be feasible and go ahead, the power would run out of the park on straight, short lines. He asked Mr. Gease if he was comfortable that the language in the bill covers the necessary power lines to move the power from the project.

MR. GEASE answered yes; the division is comfortable moving forward with the existing language.

[3:35:02 PM](#)

SENATOR COGHILL moved to report SB 91, version 31-LS0520\A, from committee with individual recommendations and attached fiscal note.

[3:35:15 PM](#)

CHAIR BIRCH announced that without objection, SB 91 moves from the Senate Resources Standing Committee.

[3:35:23 PM](#)

At ease.

SB 90-COOK INLET: NEW ADMIN AREA; PERMIT BUYBACK

[3:38:26 PM](#)

CHAIR BIRCH announced the consideration of Senate Bill 90 (SB 90). He said public testimony was heard and closed during the previous bill hearing.

[3:38:52 PM](#)

SENATOR COGHILL moved to adopt the committee substitute (CS) for SB 90, version 31-LS0230\R, as the working document.

SENATOR REINBOLD objected for discussion purposes.

[3:39:15 PM](#)

SENATOR BISHOP joined the committee meeting.

CHAIR BIRCH asked Mr. Jackson to explain the changes in the CS for SB 90.

[3:39:58 PM](#)

KONRAD JACKSON, Staff, Senator Micciche, Alaska State Legislature, Juneau, Alaska, reviewed the changes between version G and version R of SB 90 speaking to the following prepared document:

Sections 1, 2 and 3 are not changed

Section 4;

Page 2, line 17 and 18; Delete "Eastern Set Net".

Insert "Upper".

SENATOR KAWASAKI referenced the maps in the bill packet and asked if set nets are used on the western side of Cook Inlet.

[3:40:59 PM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, Juneau, Alaska, sponsor of SB 90, explained that there are set nets on the eastern and western sides and Kalgin Island, as well as the northern district in Cook Inlet.

[3:41:17 PM](#)

SENATOR GIESSEL joined the committee meeting.

MR. JACKSON continued to explain the following differences between version G and version R of SB 90:

[Section 4 continued]

Page 2, line 19; Following (d), delete "An individual who holds an entry permit that entitles the". Insert "An entry permit that entitled a".

Page2, line 21; Following "Inlet", delete "Central District may not". Insert "administrative area does not entitle that person to".

Page2, line 22; Insert "unless the commission reassigns the permit to that administrative area."

New Section 5; Page 2; Following line 22, Insert former section 7. This new section was revised to more clearly define the process by which a permit is reassigned and therefore valid in the new administrative area. Terminology is clarified regarding the districts and subdistricts of Cook Inlet, using the same language changes as noted above. The use of buoy tags is added as a means of proving prior participation in the east side set net fishery.

New Section 6 is added which defines the appeals process in the event an applicant is denied a permit for the new administrative area.

Section 7 was formerly section 8. Language was added providing the manner in which permit holders who are in the appeals process may participate in the election

Section 8 was former section 5. New language has been added which requires application to the program be made within 30 days of new section 8 becoming effective.

Adds a new paragraph specifying how a provisional permit holder may participate in the election.

(c) If an applicant whose name is selected in the lottery under this section has a provisional entry permit provided under sec. 6(b) of this Act, the commission shall set aside the funds to buy back the permit but may not buy back the permit until a court finds, in a final judicial determination, that the permit must be reassigned by the commission to the administrative area established under AS16.43.200(c), enacted by sec. 4 of this Act. If the court finds, in a final determination, that the commission's determination not to reassign an applicant's permit to the administrative area established by AS16.43.200(c) was correct, the applicant is not qualified to participate in the buy-back program established by this section.

The following paragraphs of this section are then renumbered.

Section 9; Changes reference to the section of the bill which establishes the buy-back program.

Section 10; Removes the specific date by which the chair of the commission must notify the Lt. Governor and the revisor of statutes of the outcome of the election.

Section 11; Remove all material and replace with language repealing sections 1, 2, 8 and 9 on June 30, 2026.

Section 12; Delete reference to sections 5,6 and 11 and inserts section 8 to this conditional effective date clause.

[Section 13; Effective date unchanged.]

Section 14; Delete reference to sections 5,6 and 11 and inserts section 8 to this effective date clause.

Section 15 is not changed.

[3:46:02 PM](#)

SENATOR KAWASAKI referenced section 5 of the original bill that says the area to which the permit applies would not be usable for a future permit that is issued to the area. He asked if that same provision was in version R.

SENATOR MICCICHE answered yes; to participate [in the buyback] both the permit and the piece of land that is attached to that permit has to go into the drawing.

SENATOR KAWASAKI noted that the language is clear and specific in the previous version where it says:

(c) The commission shall cancel an entry permit purchased under this section. The commission may not reissue a permit or issue another permit in the place of a cancelled permit.

He said he did not read that same language in the new section 5.

MR. JACKSON specified that section 5 is a renumbered section 7. The new section 5 is merely the reassignment of the permits for the new administrative area and the rest of Cook Inlet. He noted that nothing will be done with the permits other than assigning new permits for the new area. Participation in the buyback program is where permits are cancelled and not reissued. Section 5 is the actual assignment of the permits and that is why the section will not show permits being canceled.

[3:48:20 PM](#)

SENATOR REINBOLD asked Senator Micciche to describe the ultimate goal of SB 90.

SENATOR MICCICHE replied that the goal is to eliminate 200 permits and the associated fishing operations from the eastern side of Cook Inlet. That will hopefully lead to greater returns to the rivers, particularly King Salmon, and leave a more viable fishery for the remaining operations. He explained that setnet fishing on the east side of Cook Inlet became very profitable in the 1980s and that caused people to migrate to that area. The increased participation has led to conflict. The proposed removal of 200 permits and associated operations from the east side will bring the number of permits fishing that area in line with what it was before the influx in the 1980s.

SENATOR REINBOLD asked him to address the fiscal impact of the bill and the buyout amount of each permit.

SENATOR MICCICHE answered that the buyout amount for each permit is \$260,000. He explained that the amount is based on 10 years of average income plus tax protection. He said SB 90 has no fiscal note because the funding will come from sources other

than the state. Some private endowments have mentioned interest for conservation groups and the federal delegation has been approached for possible funding from federal programs which participate in conservation efforts. He summarized that payment will come from as yet unidentified sources; SB 90 just establishes the system that allows the buybacks to occur.

[3:51:35 PM](#)

SENATOR REINBOLD said she was struggling with the idea of paying 200 fishermen \$260,000 in the buyout and basically eliminating the competition for the remaining fishermen. She noted that it was unclear where the funding for the program would come from. She recalled the considerable opposition voiced during public testimony and opined that all opposition should be addressed. She asked what is being done to address the considerable opposition to the bill.

SENATOR MICCICHE answered that the legislation goes to a vote by the impacted permit holders to ultimately decide if they are interested or not. SB 90 has support in the 80-percent range. A number of options were considered and this is what the user groups settled on. He emphasized that pleasing everyone is never going to happen.

SENATOR REINBOLD removed her objection but noted her concern about the unidentified funding. She said she would not impede the progress of the but requested the finance members on this committee to look carefully at the funding sources.

[3:54:29 PM](#)

SENATOR KAWASAKI remarked that the buyback has a large price tag, close to \$50 million. He asked Senator Micciche if he anticipated that the commercial permit buyback would result in more fish moving up stream or if there would still be an allocation issue dependent on the Board of Fisheries.

SENATOR MICCICHE answered that the east side set net area has 440 permits and the buyback will remove 40 percent of the total in that area. Some of the remaining fishermen will catch additional fish, but a lot more fish will get into the rivers.

CHAIR BIRCH asked if there were any other objections.

SENATOR GIESSEL objected for purposes of amending the bill.

[3:57:49 PM](#)

CHAIR BIRCH found no further objection to the CS and announced that version R is adopted.

[3:58:33 PM](#)

SENATOR GIESSEL moved Amendment 1.

31-LS0230\R.1
Bullard
4/20/19

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR GIESSEL
TO: CSSB 90(), Draft Version "R"

Page 6, lines 4 - 8:

Delete all material and insert:

"(2) provide proof satisfactory to the commission that the individual or an immediate family member of the individual

(A) has held the entry permit that was reassigned from the Cook Inlet to the administrative area established under AS 16.43.200(c) since January 1, 2009; and

(B) actively participated in the fishery identified by the Department of Fish and Game as of January 1, 2019, as statistical areas 244-21, 244-22, 244-31, 244-32, 244-41, and 244-42 of the Upper Subdistrict of the Cook Inlet Central District for at least five of the 10 years preceding December 31, 2019; and"

Page 8, lines 18 - 20:

Delete all material.

Page 8, lines 21 - 22:

Delete all material and insert:

"(1) In this section,

(1) "commission" means the Alaska Commercial Fisheries Entry Commission established under AS 16.43.020;

(2) "immediate family member" means

(A) the spouse of an individual;

(B) another individual cohabiting with an individual in a conjugal relationship that is not a legal marriage;

(C) a child, including a stepchild and an adopted child, of an individual;

(D) a parent, sibling, grandparent, aunt, or uncle of an individual; and

(E) a parent or sibling of an individual's spouse;

(3) "proof satisfactory" includes a shore fisheries lease, an area registration, a buoy tag, or previous submission of fishing statistics for the area."

3:58:41 PM

SENATOR KAWASAKI objected for discussion purposes.

SENATOR GIESSEL explained that the purpose of Amendment 1 is to prevent the process from being scammed. She noted that in 2005-2006 there was a similar buyback in Southeast Alaska where people who had not been fishing were offering permits for buyback.

She specified that Amendment 1 will require an individual to have owned their permit for at least 10 years and have fished it for at least 5 of those years. She opined that this will prevent savvy individuals from speculating on potential future buybacks.

CHAIR BIRCH asked Senator Micciche if he was amenable to the amendment.

4:00:50 PM

SENATOR MICCICHE replied that he did not support the amendment because having to own a permit for 10 years would preclude a huge portion of people that own east side set net permits from participating in the buyback. He emphasized that which east side set net permits sell is not the issue. The goal of the bill is to take 200 permits out of the water and the amendment would prevent a huge portion of the permit holders from participating, which would make it less likely that the goal will be attained. Furthermore, the opportunity to speculate was foreclosed by eliminating the opportunity to buy a new permit for this area as of December 31, 2018.

SENATOR MICCICHE emphasized that there is literally no comparison between the proposed buyback and the one that occurred in Southeast Alaska. The buyback in Southeast was based on different values whereas the price for east side set net permits is set based on 10 years of the average catch, plus tax protection. The flat, \$260,000 number was specifically selected to keep people from gaming the system, he said. He also

clarified that an individual can own just one permit in a fishery.

SENATOR REINBOLD asked Fate Putman if it was possible to compare the Cook Inlet and Southeast buybacks.

4:05:21 PM

FATE PUTMAN, Chair/Commissioner, Commercial Fisheries Entry Commission (CFEC), Alaska Department of Fish and Game, Juneau, Alaska, replied that the two buyback programs are distinctly different. The Southeast buyback is federally funded via a loan that fishermen pay back through a percentage of their earnings. He also pointed out that permits in Southeast are valued at \$250,000 while the Cook Inlet permits are currently valued at \$17,000 to \$20,000.

SENATOR REINBOLD asked if the buyback system in Southeast has been scammed and how that might have happened.

MR. PUTMAN answered that the National Oceanic and Atmospheric Administration (NOAA) is doing a good job of managing the Southeast purse seine fishery and the buyback and he does not believe the program has been scammed.

SENATOR REINBOLD opined that the amendment from Senator Giessel sounds reasonable where a person needs to hold their permit for a certain amount of time as well as defining "immediate family member". She asked Mr. Putman if he could support the amendment.

MR. PUTMAN answered that passing the amendment is a policy call for the legislature and he will stay neutral.

4:08:25 PM

SENATOR KAWASAKI asked if there is an annual cost to renew a permit regardless of whether the permit is fished.

MR. PUTMAN answered yes; CFEC sets fees based on the value of the permit and adjustments are made annually. The annual fee is \$75 for the permits that are currently valued at \$20,000. In 2018 the value was \$18,000.

SENATOR KAWASAKI opined that the amendment sounds like a practical way to make sure people are not speculating on these permits. He suggested that the hard date might make more sense if 10-year tracking was available. This would help ensure that people are using the fishing permits, not speculating.

4:10:49 PM

MR. PUTMAN said CFEC tracks exactly how much fish each fisherman is catching. They know there are 440 permits in the upper subdistrict that's referred to within Cook Inlet's four regions. CFEC knows that 375 of the 440 permits made landings in 2018; however, some landings are made by families with more than one permit but just one member sells the fish. As currently drafted, the legislation requires either a history of landing fish or have the DNR permit to fish. Those are the things Senator Micciche is trying to get out of the fishery.

He noted that 20 years ago the average fisherman made \$100,000 in the fishery but the current average is \$11,000. CFEC's responsibility as a commission is to make sure that fishermen in a fishery make enough money to support their family and an \$11,000 annual income from a permit is not sustainable.

SENATOR KIEHL asked if CFEC has volume data on the fishery.

MR. PUTMAN answered yes.

SENATOR KIEHL asked how many permits sell each year.

MR. PUTMAN said he would follow up with the information.

4:12:36 PM

SENATOR GIESSEL explained that to participate in the buyback the amendment says the individual must provide, "proof satisfactory to the commission that the individual or immediate family of the individual" owns the permit. That proof includes one of the following: shore fisheries lease, an area registration, a buoy tag, or a previous submission of fishing statistics for the area. Those requirements would exclusively prohibit someone who was fishing the permit with other people, she said.

MR. PUTMAN concurred that one of the four items would qualify a fisherman to vote in the buyback, to authorize the buyback, and then to submit their permit for purchase.

SENATOR GIESSEL noted that the four items are part of the amendment as well. The amendment does not prohibit people who are fishing their permit with other people where someone else is sent to sell the fish.

MR. PUTMAN concurred.

SENATOR GIESSEL commented that the requirement in the amendment for a 10-year ownership and at least 5 years actively participating seems doable.

MR. PUTMAN reiterated that the amendment is a policy call and CFEC will implement whatever the legislature determines to be the best course of action.

SENATOR GIESSEL asked if he owns a set net permit on the eastside of Cook Inlet.

MR. PUTMAN answered no. He specified that to serve on the commission an individual cannot have any involvement with commercial fishing or commercial processing of fish.

[4:15:01 PM](#)

SENATOR REINBOLD commented that a lot of the people she knows fish but do not make their living from fishing; it is not their fulltime permanent job.

MR. PUTMAN explained that he brought up the commission's responsibility to make sure fishermen make enough money in the fishery because the state constitution was amended in 1972 to clarify that while there shall be no exclusive right of fishery, the state can limit a fishery to prevent economic distress among fishermen and those dependent upon them for a livelihood. When CFEC sees a situation where there are too many fishermen in a fishery and none of them are making a living, then CFEC is not protecting the economics of the fishermen who depend on the fishery for their livelihood.

SENATOR REINBOLD said she'd like to focus on the amendment.

CHAIR BIRCH asked if he has a sense of how many permit holders would not qualify to vote or participate, should the amendment pass.

MR. PUTMAN answered that he would follow up with the information. He reiterated that 375 of the permit holders delivered fish and 440 of them have registered in the subdistrict. Approximately 50 percent of the permit holders have a DNR land lease.

[4:17:29 PM](#)

CHAIR BIRCH asked him to confirm that the permits are tied to a specific piece of real estate, whether leased or not.

MR. PUTMAN answered yes.

SENATOR KAWASAKI asked if there is a way to get more information on the 75 leases that did not have to report to find out how many are completely latent and if a person is just holding on to the permit for the \$75 fee.

MR. PUTMAN answered that the information is confidential but CFEC knows exactly how much fish an individual fisherman caught.

SENATOR KAWASAKI asked him provide the numbers to the committee so that he can understand whether the 75 permits are being utilized in some way or held.

SENATOR KIEHL explained that he asked about the volume of permit sales because there will be very different incentives among the voters if a significant number of permit holders can't participate in the buyback. That potentially dooms the program to failure, he said.

[4:19:36 PM](#)

SENATOR BISHOP opined that the bill could pass with or without the amendment, but there is no guarantee there is ever going to be any money to see if the legislation is going to be effective or not.

MR. PUTMAN agreed that the funding source has not been established for the buyback. He said CFEC has never done a buyback in the 43 years of the commission, but Cook Inlet is an area in need of a buyback and CFEC is prepared to do the buyback if the money is secured.

SENATOR COGHILL offered his understanding that the intent is to figure out how to get more nets out of the water so that more fish get to the mouth of the rivers. He asked what other fisheries will intercept fish before they reach the mouth of the rivers in this area.

MR. PUTMAN replied that there is a purse seine fishery in the lower part of the Cook Inlet and a drift gillnet fishery farther up the Inlet, but most drift area fishermen at the top of the water column. SB 90 is targeted to save King Salmon, a species that swims at the bottom of the water column. Set nets are more likely to catch King Salmon near shore than out in the water column. There has been a surplus of sockeye in the fishery over the course of years, but it's the King Salmon that are really the problem.

[4:21:38 PM](#)

SENATOR COGHILL asked if limiting net depth is another way to limit catching King Salmon.

MR. PUTMAN replied that is an issue for the Board of Fisheries. The board decides on mesh size and the amount of net. The board also authorizes permit stacking in Cook Inlet where fishermen can own two permits and fish both at the same time on a single site. He noted that most stacking provisions sunset, but the board determined that the stacking provision is permanent in Cook Inlet.

SENATOR BISHOP asked if any of the 440 permits are stacked.

MR. PUTMAN answered yes.

SENATOR BISHOP asked if the buyback would split the stack or if both permits would be purchased.

MR. PUTMAN offered his understanding then deferred to the sponsor.

[4:23:33 PM](#)

SENATOR MICCICHE specified that a fisherman can put one or both permits in for the buyback, individually, but a stacked permit would not be available for purchase as a package.

SENATOR BISHOP asked if a fisherman who has a stacked permit can sell one permit and still fish their permit on the eastside.

SENATOR MICCICHE answered that the permit would have to come with a body of water, so one permit and that area of water would go away. The fisherman would have the remaining permit without a site.

SENATOR REINBOLD asked if the Kenai sports fishermen have weighed in regarding SB 90.

SENATOR MICCICHE answered that the buyback proposal was put together and brought forward by the East Side Setnetters and the Kenai Sportfishing Association as a solution for all user groups. When the proposal was brought to him, he asked for a survey of the setnetters and that 80-percent support convinced him to bring the legislation forward.

CHAIR BIRCH asked the committee to confine their questions to the amendment. He summarized that the amendment says that an individual or family member must have the permit for the preceding 10 years and have fished 5 of the 10 proceeding years.

SENATOR REINBOLD asked if the Kenai Sportfishing Association would support the amendment.

[4:26:09 PM](#)

SENATOR MICCICHE replied that he cannot speak for the Kenai Sportfishing Association, but he is receiving numerous text messages from the other organizers that the amendment does not work. He said he is not sure the questions on the amendment are being put into context. He pointed out that people speculate on fishing permits all the time, but there has been no noticeable increase in speculation on east side permits.

He said he knows that Senator Giessel is concerned about gaming the system, but the reality is that someone who bought a permit after December 31, 2018 cannot participate in this program. What the amendment does is prevent a large percentage of permit holders from participating in the buyback, whether they've owned their permit for 2 years or 50 years. It doesn't matter. The legislation organizers want 200 permits out of the fishery. Not having the buyback does not solve the problem of not enough fish in the rivers for the other user groups.

[4:29:33 PM](#)

CHAIR BIRCH asked if the 440 permits have 440 discreet pieces of beach and if a stacked permit applies to two discreet pieces of beach.

SENATOR MICCICHE explained that stacking allows for more gear in the same piece of property. Even if a fisherman has a stacked permit, their other permit would not be usable on that site any longer. The buyback truly does take that piece of real estate and the set net out of the water. He agreed with Mr. Putman that a very high proportion of the 440 permits are being fished.

He opined that the east-side fishery is 86-percent Alaska residents, which is probably the highest of all fisheries in the state. He said he suspects that the number is probably well over 375. The number of active permit holders will be found to be higher than the 375 because of other family members that own a neighboring permit and are delivering on the other person's permit, which is legal.

SENATOR REINBOLD opined that actually using the permit 5 of 10 years for fishing does matter if the ultimate goal is to get more fish into the rivers. She emphasized that the people who are actually fishing are the ones you want out.

[4:31:54 PM](#)

SENATOR MICCICHE responded that the "5 of 10 years" part of the amendment does not work. He pointed out that a person who is qualified could participate in the buyback for \$260,000 and afterwards buy a permit from someone who did not qualify for the buyback. He reiterated that the goal is to take 200 operations out of the water and the amendment dramatically complicates that if it were to pass. Whatever portion cannot qualify, those individuals will be a "no" vote. If support is 70:30 now, adding 20-percent "no" votes means there will not be a program and more fish won't get into the rivers. He emphasized that whether or not a fisherman purchased within the past 10 years is immaterial to the program. You're still taking a permit and the associated piece of land and are closing it to fishing. It truly takes that gear out of the water, he said.

SENATOR REINBOLD noted that the amendment says active participation for 5 of the last 10 years and it does not say anything about buying a permit.

MR. PUTMAN explained that no one can fish commercially unless they have a permit from CFEC. In the case of drift fishers and people who have boats, there is a vessel associated with the permit and they are not allowed to fish unless they have both a vessel and a permit.

SENATOR REINBOLD said the bottom line is Senator Giessel's amendment encourages the permit holders that are actively fishing. She said the amendment makes sense because the permits must be actively used.

[4:34:24 PM](#)

SENATOR MICCICHE emphasized that the amendment does not do that. He reiterated that if the permits were owned by December 31, 2018, that operation could potentially be taken out of the water.

SENATOR REINBOLD responded that whether or not the permits are used matters to her.

SENATOR GIESSEL said she understands the scenario where a 90-year-old woman has owned a permit and different family members

are fishing it and she wants to sell. That is provided for under the broad definition of "immediate family member." She specified that the goal is not to exclude people other than those that were speculating by buying permits at the last minute with the thought of cashing in.

[4:36:42 PM](#)

SENATOR BISHOP commented that the goal is obviously to take the gear out of the water, but the lease is gone too. He said he would be interested in knowing how many people out of 440 are eligible if the amendment were to pass.

MR. PUTMAN replied that he could provide that data in a few days.

SENATOR MICCICHE reiterated that his concern is that the time restriction in the amendment is arbitrary and does not do what it is designed to do. He said if 20 percent of the permit holders are not allowed to participate, there will not be a program because there won't be enough votes to pass.

[4:38:21 PM](#)

SENATOR COGHILL opined that the numbers the committee requested will help members decide. He said the buyback is probably a good idea, but he does not understand where the money is going to come from. He asked if the committee could hold action on the amendment until there is more information.

CHAIR BIRCH replied that he does not have an objection to Senator Coghill's request. He asked how that would work procedurally.

SENATOR COGHILL suggested the committee hold the the bill with the amendment pending in anticipation of receiving the additional information.

[4:40:48 PM](#)

CHAIR BIRCH said he didn't object to the suggestion.

SENATOR REINBOLD asked why the commission allowed so many permits if it's a limited entry fishery.

MR. PUTMAN explained that initially the limited entry fishery gave permits to everybody with a fishing history in the Cook Inlet and Kalgin Island area. Fishermen drifted over to the east side because space was available, access is easier, and there are processing facilities. Also, the Kenai and Kasilof rivers

have a high amount of sockeye, which most set net fishermen are after. The intent of the bill is to segregate the east-side fishery, limit the number of fishermen, and allow fishermen who are in other parts of the fishery to continue to fish.

SENATOR MICCICHE noted that the fisheries in the Kasilof River were enhanced through some work by Ted Stevens a few years ago.

He explained that fishing on the western side of Cook Inlet is difficult because processing is on the east side. When the big returns come back to the Kenai and Kasilof rivers, delivering and processing is easier on the east side.

He noted that the concept for the bill has been around for three years. He said he understood the committee's effort and asked that members process the pending information and think about a better number that might do what the maker of the amendment is looking for but does not kill the program.

SENATOR REINBOLD inquired why permits are permanent. She said people have asked her why permits are not based on supply and demand. She asked if taxing fish might be a way to get people to pull out of the area. She opined that if oil is taxed then other resources should be taxed as well. She said she wants to get some of the issues addressed during the committee meeting resolved before she votes on the final version of the bill.

[4:45:25 PM](#)

CHAIR BIRCH held SB 90 in committee with Amendment 1 pending. He specified that the committee has asked to receive additional information.

[4:46:08 PM](#)

There being no further business to come before the committee, Chair Birch adjourned the Senate Resources Standing Committee meeting at 4:46 p.m.