

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

April 1, 2021
10:05 a.m.

MEMBERS PRESENT

Representative Geran Tarr, Chair
Representative Jonathan Kreiss-Tomkins
Representative Andi Story
Representative Dan Ortiz
Representative Sarah Vance
Representative Kevin McCabe

MEMBERS ABSENT

Representative Louise Stutes, Vice Chair

OTHER LEGISLATORS PRESENT

Representative Mike Cronk

COMMITTEE CALENDAR

HOUSE BILL NO. 64

"An Act relating to regional fishery development associations; and relating to developing fishery management assessments."

- HEARD & HELD

HOUSE BILL NO. 107

"An Act providing for free hunting and sport fishing licenses for veterans and active duty members of the military service and United States Coast Guard who reside in the state; and providing for an effective date."

- BILL HEARING CANCELED

HOUSE BILL NO. 54

"An Act establishing the Alaska Invasive Species Council in the Department of Fish and Game; relating to management of invasive species; relating to invasive species management decals; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 64

SHORT TITLE: FISHERY DEVELOPMENT ASSOC.; ASSESSMENTS

SPONSOR(S): REPRESENTATIVE(S) STUTES

02/18/21	(H)	PREFILE RELEASED 1/15/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	FSH, FIN
04/01/21	(H)	FSH AT 10:00 AM GRUENBERG 120

WITNESS REGISTER

SARA PERMAN, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 64 on behalf of Representative Stutes, prime sponsor.

NICOLE REYNOLDS, Deputy Director
Tax Division
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 64, answered questions related to the bill.

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

POSITION STATEMENT: During the hearing on HB 64, answered questions related to the bill.

PHIL DOHERTY, Executive Director
Southeast Alaska Regional Dive Fisheries Association (SARDFA)
Ketchikan, Alaska

POSITION STATEMENT: During the hearing on HB 64, answered questions related to the bill and explained that SARDFA is set up much like the provisions in the bill.

MAKENA O'TOOLE, Shellfish Division Chair
Cordova District Fishermen United (CDFU)
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 64.

CHELSEA HAISMAN, Executive Director
Cordova District Fisherman United (CDFU)

Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 64.

ACTION NARRATIVE

[10:05:31 AM](#)

CHAIR GERAN TARR called the House Special Committee on Fisheries meeting to order at 10:05 a.m. Representatives McCabe, Vance, Story, Kreiss-Tomkins, and Tarr were present at the call to order. Representative Ortiz (via teleconference) arrived as the meeting was in progress. Representative Cronk was also present.

HB 64-FISHERY DEVELOPMENT ASSOC.; ASSESSMENTS

[10:07:26 AM](#)

CHAIR TARR announced that the only order of business would be HOUSE BILL NO. 64, "An Act relating to regional fishery development associations; and relating to developing fishery management assessments."

[10:08:26 AM](#)

SARA PERMAN, Staff, Representative Louise Stutes, Alaska State Legislature, introduced HB 64 on behalf of Representative Stutes, prime sponsor. She explained that HB 64 establishes regional fishery development associations and allows for the associated developing fishery management assessments in order to support the growth of new and developing fisheries. She defined "new fishery" as "a prospective fishery within a geographical region that is not currently regulated by the Commercial Fisheries [Entry] Commission (CFEC)." The definition of "developing fishery" is "a fishery within a geographic region where either the optimum yield has not been reached, the sustained yield has not yet been estimated, the commercial harvest has only recently developed, or stock assessments are not conducted."

MS. PERMAN stated that years of declining state revenue and reduced state budgets have lessened the Alaska Department of Fish and Game's (ADF&G's) ability to manage established fisheries and, even less so, new or developing fisheries. She explained that to adequately manage the state's fisheries ADF&G usually has to do surveys and assessments of the fishery resources so it can identify the biomass, the sustained yield,

and so forth. In the case of these new and developing fisheries the funding isn't there to do these assessments and studies.

MS. PERMAN related that a constituent in Prince William Sound who has been working with tanner crab brought this bill to the attention of Representative Stutes. Tanner crab used to be fished 30-plus years ago, but the fishery closed, she continued. The biomass is known to still be there as it comes up as bycatch at times. Getting back a fishery has been pushed for years, but the funding hasn't been there from ADF&G to research the biomass. Currently for the first time, [the constituent] has a "Commissioner's Permit," which is a limited, non-permanent, essentially a developing fishery, permit. While [the constituent] can fish in that area ADF&G still doesn't have the funding to conduct biomass surveys to make an established long-term permanent fishery. The idea for this bill came up from working with the constituent and ADF&G.

[10:11:11 AM](#)

MS. PERMAN said HB 64 creates a mechanism to fund the management of new and developing fisheries. It allows for the creation of regional fishery development associations, which are nonprofit organizations that represent the fishery stakeholders. These development associations may elect to levy on themselves an assessment that would then fund ADF&G studies. These taxes, called management assessments, are collected on the fishery resource itself at the time of sale. The buyer collects the tax and remits that tax quarterly to the Department of Revenue. The funds sit in the state treasury until appropriated back to the associations that then work in tandem with ADF&G to create an annual operating plan consisting of things like stock assessment surveys and payment to ADF&G for conducting those surveys.

MS. PERMAN noted that this isn't the first time the state has seen this. Currently there are dive fishery associations in statute. The Southeast Alaska Regional Dive Fish Association (SARDFA) has been using this model since 1998 to manage its geoduck, sea urchin, and sea cucumber fisheries. This bill was developed using those statutes, AS 43.76.150-210.

MS. PERMAN summarized by reiterating that HB 64 gives new and developing fisheries the mechanisms with which they may fund themselves and support their own annual operations in order to become established fisheries. These are known fishery resources and each of these fisheries is potential revenue for the state. As the State of Alaska continue to see reduced returns in other

industries, it makes sense to develop and expand these fisheries, which are revenue and job increasing.

[10:13:18 AM](#)

MS. PERMAN provided a sectional analysis of HB 64. She said Section 1 provides that the ADF&G commissioner will encourage the development of regional fishery development associations (RFDAs). These associations must be nonprofit, must represent the commercial fishermen who harvest the resource in that fishery, and must have a board of directors that is representative of the fishermen, the processors, and the municipality in which the landing for these fisheries occurs. Section 1 also provides the definitions of "new fishery" and "developing fishery."

MS. PERMAN explained that Section 2 adds developing fishery management assessment receipts to the program receipts allowed to be received by the State of Alaska. These receipts do not go into the general fund.

MS. PERMAN said Section 3 adds new sections to the fishery tax and assessments statutes as follows: Sec. 43.76.281 allows for management assessments to be levied. A tax rate can be anywhere between 2.5 percent and 30 percent, and is determined by the RFDA in an election. Sec. 43.76.283 establishes the criteria of that election to approve, amend, or terminate these assessments. The election can only be held if the commissioner approves of the notice of the election, the ballot, and the voting procedures. Proper notice includes 30-day notice before the ballots go out and two ballots must be sent out. After the election is done the ballots must be counted by an auditor and approved by the commissioner. [Sections 43.76.285 and 43.76.287 establish that] to amend or terminate a pre-existing assessment the RFDA must submit a petition to the ADF&G commissioner signed by at least 75 percent of the board of directors in addition to holding an election in which a majority of voters approve the amendment or termination. Sec. 43.76.289 establishes the methodology for collecting the management assessment. The buyer collects the management assessment at time of sale and remits that quarterly to the Department of Revenue. If, for example, there is a direct-to-market fisheries business, that business is responsible for paying the assessment directly. All of those funds are deposited into the state treasury and appropriations will not be from the unrestricted general fund. Sec. 43.76.291 establishes the methodology for funding the RFDAs. The legislature may make appropriations from [the revenue collected

from] the management assessments. The appropriated funds are to be spent in accordance with an operations plan that the RFDA creates in conjunction with ADF&G and, at times, the Department of Environmental Conservation. That annual operating plan must specify the activities that will be conducted by the RFDA within the year. The RFDA must submit an annual, year-end financial report to ADF&G. Sec. 43.79.299 establishes the definitions.

[10:17:13 AM](#)

REPRESENTATIVE MCCABE asked whether these aren't already in the private sector. For example, he said, there is the Southeast Regional Aquaculture Association, Prince William Sound Regional Aquaculture Association, and Kodiak Regional Aquaculture Association. He asked whether this is something different or whether it is putting the aquaculture associations under statute. He further asked how it would affect those associations and the hatcheries they already run.

MS. PERMAN replied that the key differential here is that by acknowledging these associations in statutes, they are able to collect a tax that goes to the state to pay for the management of the fisheries, specifically the management done by ADF&G. Rather than pulling from the department's budget it is paid for by the private industry as long as industry elects to do so.

REPRESENTATIVE MCCABE inquired about the committee having one of the active aquaculture associations provide invited testimony. He stated that trying to put something in statute that is working well in the private sector would be a mistake.

[10:19:11 AM](#)

REPRESENTATIVE KREISS-TOMKINS responded that it is apples and oranges between regional aquaculture associations and regional fisheries development associations. It's a similar kind of mechanism that exists for the regional aquaculture associations, he explained, but is being applied to new and emerging fisheries that don't yet exist. It has nothing to do with salmon or salmon enhancement. So, shellfish in Southeast Alaska; pollock in Southeast Alaska, which is a fishery that doesn't yet exist; tanner crab in Prince William Sound.

[10:20:00 AM](#)

REPRESENTATIVE MCCABE inquired about the number of different associations that the state is then going to manage in each

region. He asked why the current private associations couldn't be encouraged to step up by throwing a bit of money at them and have them handle the emerging fisheries in that region. For example, Kodiak is focused on salmon but why not have them do something a little bit bigger. He said it seems to be reinventing the wheel and putting it into statute and he isn't sure he likes that.

REPRESENTATIVE KREISS-TOMKINS responded that the regional aquaculture associations could be asked whether they are interested, but said he is fairly certain they would say they have no interest in managing non-salmon fisheries like, for example, tanner crab or pollock in Southeast Alaska. He said the bill would be creating and replicating what worked so successfully with the Southeast Alaska Dive Fisheries Association (SARDFA). Fishermen would say there's a new stock and biomass that they think is a prosecutable fishery, and that they're willing to tax themselves to pay for the management and the science of it.

MS. PERMAN stated that she couldn't speak to how many groups would be interested in it, but that it's not the intent of the sponsor to limit those groups out of this. She explained that SARDFA has multiple subcommittees within it that manage its different fisheries. So, she said, it could be that one general association manages Prince William Sound, and under that one association there could be different committees that manage, say, octopus, sea urchins, tanner crab, and so forth.

CHAIR TARR suggested that perhaps the witnesses providing invited testimony could speak to this.

[10:22:41 AM](#)

REPRESENTATIVE VANCE drew attention to page 2 of the Department of Revenue (DOR) fiscal note for HB 64, which states that the bill "would add a sixth program to the Alaska Department of Revenue, Tax Division's (Department) roster of seafood assessment and tax programs, to be managed similarly to the other five programs." She recalled Ms. Perman mentioning that HB 64 is out of the need to look at tanner crab. She asked whether there are other potential fisheries besides the tanner crab that people have shown an interest in.

MS. PERMAN answered yes; there is the possibility of Prince William Sound sea urchins, octopus, and skate, based on conversations with the sponsor's constituents. She said she

couldn't speak for other regions, but wouldn't be surprised to learn that there are others as well.

REPRESENTATIVE VANCE offered her understanding that this mechanism is currently only available to dive fisheries. She inquired whether in creating this sixth program HB 64 would provide the mechanism for different fisheries like the crab, sea urchins, and skate, or whether it would be one per fishery.

MS. PERMAN replied that when created in the 1990s for the dive fishery, it was a very limited group and only applied to people doing diving, but they could do geoducks, sea urchins, sea and cucumbers all under that one type - the dive fishery management associations. She explained that HB 64 would open it up, but wouldn't create several different groups. It would just expand the same capacities to essentially the commercial fishermen. She said she thinks that when the Department of Revenue talks about six types, it is not referring to dive fishery management versus commercial developing fishery management, but rather is referring to the landing tax, the business tax. She suggested that DOR could speak to this.

CHAIR TARR asked whether Representative Vance would like to have DOR speak to her question.

REPRESENTATIVE VANCE agreed and stated she would like to have an overarching understanding of the changes of this.

[10:25:47 AM](#)

NICOLE REYNOLDS, Deputy Director, Tax Division, Department of Revenue (DOR), responded that the reference in the fiscal note was to DOR's administration of several different fisheries related taxes and assessments: fisheries business tax, fisheries resource landing tax, seafood marketing assessment, salmon enhancement tax, seafood development tax, and dive fishery management tax. She noted she might have missed naming one of the taxes.

[10:26:44 AM](#)

REPRESENTATIVE VANCE drew attention to the questions asked by the Southeast Alaska Fishermen's Alliance (SEAFSA) in its 3/31/21 letter to the committee. She said these questions are relevant to ensuring that everyone understands the [proposed] process. She cited the second bullet point in the letter, which states [original punctuation provided]:

Generally, ADF&G will not open a new fishery until some science regarding the fishery resource being developed is conducted. Under this legislation, there wouldn't be funds for the science until the fishery is operated and an assessment is being collected. A typical which comes first the chicken or egg scenario. For fisheries resources, the science always needs to come first.

REPRESENTATIVE VANCE interpreted the aforementioned as asking, "How do you foresee that mechanism taking place so that the fishery, say for instance the tanner crabs, can get started?" She then drew attention to the third bullet in the letter, which she summarized as asking, "How do you determine who the participants in the fishery are to conduct the election for the assessments when there's no fishery yet?"

REPRESENTATIVE VANCE stated that the committee must work out these questions. She requested Ms. Perman's thoughts on this so as to be able to answer the public's questions.

MS. PERMAN addressed the first question relating to "chicken before the egg." She stated she spoke about this with ADF&G yesterday, and confirmed it is mostly the case that science from the state comes before opening the fishery. However, she said, there are times where it was a previous fishery that was already open, data has existed, now it's closed, and the request is to reopen it with the data that already exists. Another option that would be allowed is [for ADF&G] to look at federal data and be able to say the resource is known to be there, the biomass exists, and given that evidence [ADF&G] could potentially open a fishery now without doing further studies. Ms. Perman advised that this has been talked about within the sponsor's office, and the sponsor is amenable to changing it so it's not necessarily new fisheries that don't exist yet, but rather currently existing developing fisheries so as to not be trying to get a group going that doesn't have any funding to do studies that don't exist yet.

MS. PERMAN addressed Representative Vance's second question. She related that she chatted with the Commercial Fisheries Entry Commission (CFEC) and ADF&G and neither flagged this as a real issue. Given that this is complex, she suggested that Forrest Bowers be able to speak to the question.

[10:29:44 AM](#)

REPRESENTATIVE VANCE requested Mr. Bowers to respond to the question posed by SEAFSA about how to determine who participates in the fishery, since it's a developing fishery, to conduct an election for the assessment when it is not developed yet.

[10:30:06 AM](#)

FORREST BOWERS, Deputy Director, Division of Commercial Fisheries, Alaska Department of Fish and Game (ADF&G), responded first to the question regarding what comes first - the science or the fishery. He explained ADF&G uses multiple data sources when it considers opening a fishery, one source being past fishery data. The department can look at catch rates and fishery performance if a fishery has been open in the past, then that is compared to current catch rates. This provides information on relative abundance and how the fishery is doing now compared to last year or several years in the past. He said another data source ADF&G can use is to look at other fisheries for the same species in other parts of the world. For example, ADF&G recently developed a fishery in Southeast Alaska for hagfish. The department didn't have a survey for hagfish but looked at other hagfish fisheries on the West Coast to get an idea of the catch rates in fisheries that are considered sustainable. The department also looked at what gear types are appropriate and what fishing seasons are appropriate and then authorized a limited fishery for hagfish under a Commissioner's Permit. The fishery has been closely monitored in-season and ADF&G has been able to keep that fishery going for five or six years now. He said that is the type of fishery he envisions when there is talk about a new fishery. Mr. Bowers related that the Prince William Sound tanner crab fishery is a fishery that was open for many years and then closed due to low abundance. The department has an annual survey for that fishery and this year ADF&G is planning about 18 days of survey time beginning June 1, plus a Board of Fisheries harvest strategy is in place. So, he continued, it is more of an established fishery that has been closed and recently reopened. Fishing has been going on there for the last five or six years under a Commissioner's Permit and has been going pretty well.

MR. BOWERS next responded to the question about how to identify a prospective pool of fishermen who would vote to form these associations. He stated that the CFEC permit, the interim use or limited entry permit, is obviously one identifier, but also some of those permits allow a person to fish for multiple species in multiple parts of the state, which he thinks was

maybe part of the concern raised by SEAFSA in its comment letter. He explained that ADF&G couldn't just use the CFEC permit as an identifier. The department would have to look at other characteristics of the fishery, such as the species and area where the harvest is occurring, to identify the potential pool of fishermen who could vote to authorize and form one of these associations.

[10:33:57 AM](#)

REPRESENTATIVE MCCABE asked whether there are many hagfish fishermen waiting in the wings to form an association.

MR. BOWERS answered that the hagfish fishery is small with only a couple fishermen participating. He said he doesn't know if these fishermen are aware of this bill, but they would be eligible to form an association if they so choose if HB 64 becomes law. He related that the fishermen haven't approached ADF&G regarding any of the concepts that are in HB 64.

[10:34:54 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked whether the 75 percent voting threshold in HB 64 is the same as the voting threshold for SARDFSA to make changes to the dive fishery.

MS. PERMAN confirmed that's correct.

REPRESENTATIVE KREISS-TOMKINS noted that some statutory changes were made over the last nine years to the way the Southeast dive fishery program functions. He further noted that the bills for these housekeeping changes were a pain in the neck for both the legislature and the dive fishermen. He inquired as to whether those changes are incorporated into HB 64.

MS. PERMAN replied she doesn't know those cleanup pieces of legislation off the top of her head. She related, however, that she and Phil Doherty of SARDFSA have walked through the bill, and based on SARDFSA's experiences, Mr. Doherty recommended changes that she thinks the sponsor is amenable to working on with SARDFSA to do some of that cleanup. Notably, she continued, Mr. Doherty mentioned that for SARDFSA the majority of voters must approve the petition and it is difficult to get a substantial portion of SARDFSA's fishermen to vote in these elections, so a suggested change would be a majority of ballots returned. This makes sense, she said, but she isn't entirely sure that the bill doesn't already cover for that. She said she will mark that

section and reiterated that she thinks the sponsor is amenable to working with SARDFFA and other groups to make sure these are clean, brought up to current standards, and work for everybody.

REPRESENTATIVE KREISS-TOMKINS requested that this be confirmed as the sponsor holds further conversations. He then recalled that the cleanup bills fixed administrative headaches that were enshrined in statute and therefore could only be solved via statutory change. He asked whether Mr. Bowers recollects what those issues were so the committee can be aware of them as it thinks about HB 64.

MR. BOWERS responded that he doesn't have a recollection off the top of his head. He offered for ADF&G to put those together.

CHAIR TARR stated her understanding that Ms. Perman will be working on that and suggested that Ms. Perman can also follow up with Representative Kreiss-Tomkins.

[10:38:54 AM](#)

CHAIR TARR opened invited testimony.

[10:39:37 AM](#)

PHIL DOHERTY, Executive Director, Southeast Alaska Regional Dive Fisheries Association (SARDFFA), first addressed Representative Kreiss-Tomkins' question regarding the cleanup bills. He related that two years ago, through Representative Ortiz, a change was made to the voting criteria for the assessment on SARDFFA fisheries. In particular, the sea cucumber fishery wanted to lower the assessment tax from 5 percent to 3 percent and eventually 1 percent. The voting structure was set up legislatively so that the majority of permit holders had to vote in the positive. It seems easy to think that the majority of permit holders are going to vote in the positive to lower their tax. The problem, however, is that there were so many interim use permits in this fishery and so many divers over the course of the years that dropped out of the fisheries and lost interest and don't vote. But if SARDFFA didn't receive a ballot by a permit holder it was considered a no vote. It was difficult to get enough permit holders to vote. Through Representative Ortiz it was changed in the regulations to say the majority of ballots received after an assessment tax vote. Mr. Doherty said he talked to Ms. Perman the other day about HB 64, and he would suggest that that is the way it is. He noted that there are about 350-400 permit holders in the dive fisheries, and stated

it is a lot harder to get some of those latent permit holders [to vote] than it is when it's a brand new fishery with a half-dozen fishermen involved.

REPRESENTATIVE KREISS-TOMKINS, in response to Chair Tarr, confirmed that Mr. Doherty's answer was helpful.

[10:41:59 AM](#)

MR. DOHERTY next provided invited testimony on HB 64. He said he has been involved with SARDFA for 16 years, and for 25 years prior to that he was the area management biologist out of Ketchikan for the Alaska Department of Fish and Game (ADF&G). He said he is therefore familiar with the inner workings of the dive fisheries and how this association got set up. He stated that presently SARDFA is neither supporting nor not supporting HB 64 because the SARDFA board has not yet discussed the bill. He is before the committee to shed some light on how SARDFA is set up in relation to HB 64, and the bill is set up a lot along the lines of how SARDFA is set up. He said it is obvious that many of SARDFA's sections are included in the bill.

MR. DOHERTY related that SARDFA was set up in 1998 as a private nonprofit through the legislative body under AS 43.76. The reason for setting up the association was because in the mid to late 1980s the dive fisheries started to draw a lot of attention. The department realized that the area's valuable resources of sea cucumbers, geoduck clams, and sea urchins might not be sustainable harvests, and so put on the brakes. The department worked through the CFEC and the legislature and imposed a moratorium on the fisheries by 1995, which stayed in place through 1999. Things got started when the department told the divers that it didn't have the fiscal wherewithal to continue these fisheries and needed money from an outside source and that was the dive fishery. During the moratorium, divers interested in forming this association got together and set up an interim working board. They didn't have any money; they did this because they knew there was a resource out there. The fisheries got started again in the early 2000s. The CFEC had come up with the criteria for limiting the fishery, so it was a limited entry fishery under the regulations of a regional dive fishery. The divers voted to tax themselves. Each of the three species - sea urchins, sea cucumbers, and geoduck clams - is taxed at a different rate, depending on how much money is needed to pay ADF&G to do their assessment and management. The divers vote on the rate. He concluded by noting that HB 64 is set up a lot like the dive association.

[10:45:57 AM](#)

REPRESENTATIVE KREISS-TOMKINS noted he looked at the bill's text while Mr. Doherty was testifying and found that the fix referred to is embodied in the bill - the majority of ballots returned. He said this is great. He asked where, when the dive fisheries in Southeast were initially created, the initial funding came from for doing the abundance research, surveys, and science.

MR. DOHERTY replied that at the very beginning in the mid-1980s, the fisheries drawing the most attention was sea urchins. He said a California company which did a lot of sea urchin work in that state heard there were a lot of sea urchin resources up here. The company worked with ADF&G to come up with a plan for a test fishery, and through that test fishery the department would be able to look at the sizes and the density information and draw some monies from that test fishery. During the test fishery the divers, most of who were from California, saw that there were lots of sea cucumbers and geoduck clams in the area. After the test fisheries were done, the fisheries were started with a half dozen divers coming to Southeast and harvesting cucumbers and geoducks at such very low levels that it didn't raise any red flags for ADF&G. But as more divers came and the harvest increased the red flags did go up and ADF&G didn't want to make the same mistake with sea urchins, sea cucumbers, and geoduck clams as it did with abalone. So the department put the breaks to the fishery. How did ADF&G get its knowledge about how to manage the fisheries and how to do the assessment activities during those years? These fisheries were ongoing, well defined, well researched, and well managed in British Columbia, California, and Washington State. The department met with those biologists and looked at their programs, then set up its own program much like a well-established program from those three entities. When first started, these fisheries were worth hundreds of thousands of dollars to the early fishermen. In the last few years of these three dive fisheries the ex-vessel value just to the fishermen is \$12-\$15 million. So, it has been a very successful program over the last 25 years.

[10:49:35 AM](#)

REPRESENTATIVE KREISS-TOMKINS offered his understanding that the idea was the test fishery initially, which then provided some of the initial data. He suggested that at a future hearing ADF&G could speak to how that chicken and egg relationship worked. He

asked whether the dive fishermen and dive fisheries pay the raw fish tax to the State of Alaska.

MR. DOHERTY responded that the fishermen in the geoduck clam fishery charge themselves 7 percent of the ex-vessel value for the SARFDA fisheries tax. Then, yes, the 3 percent is added on top of that. So, basically, the fishermen in the geoduck clam fishery are taxed at 10 percent.

REPRESENTATIVE KREISS-TOMKINS pointed out that this fishery is basically double taxed, unlike every other fishery in Alaska. This fishery pays the raw fish tax, which goes to the general fund and maybe ultimately ADF&G, depending on how it is looked at. Then on top of that the fishermen pay the direct costs of managing their own fishery. He said he doesn't have a solution, but urged that the committee keep in mind that any new fishery created by this process gets stuck with basically paying double for no particular reason other than happening to come into existence later on. This feels arbitrary and he doesn't know how to reconcile that, he continued. It seems that these new fisheries, once established and paying their own way through the raw fish tax, could transition out of that structure somehow and the department absorbs that responsibility. He specified that he is just flagging this point.

CHAIR TARR invited Mr. Doherty to comment.

MR. DOHERTY stated SARFDA completely agrees with Representative Kreiss-Tomkins. He said the dive fishery is the only fishery in the state that pays its own way. The fishery pays ADF&G and also pays the Department of Environmental Conservation (DEC); the fishery collects all of the paralytic shellfish poisoning (PSP). It is time for the state to take a look at this fishery, he continued, and say that it is a well-established fishery and the only fishery in the state that the state doesn't pay for and perhaps correct that mistake.

CHAIR TARR invited Ms. Perman to add any further comments.

MS. PERMAN addressed Representative Kreiss-Tomkins' question about SARFDA and the chicken or the egg. She stated, "It is my understanding that they had [an] infusion of federal dollars at the very beginning to get going as well."

[10:53:27 AM](#)

REPRESENTATIVE MCCABE recounted that he was involved in the infancy of the sea urchin fishery in Kodiak, as a sea urchin transporter, "just before it collapsed the first time when the Japanese emperor died, and they quit eating sea urchins for a year." He offered his belief that that was before there were any regulations. He noted that many associations are already present in Alaska - a longliners association, a draggers association, a troll fish association. He stated he worries that [the legislature] is creating an association in search of a fishery, and he thinks creating regulations before there is a need for them is not appropriate for this body. He asked Mr. Doherty whether a new emerging dive fishery, say for example starfish, would fall under SARDFFA or would fall under a new fishery management association created just for it.

MR. DOHERTY answered that the initial legislation didn't create SARDFFA - it created dive fisheries associations. Under that regulation, he explained, SARDFFA became a viable entity using the generic regulations that were in place. He posed a scenario of a sunstar fishery starting in Southeast Alaska, and said if it were a dive fishery it would fall under the purview of SARDFFA. But, he continued, if a sunstar dive fishery started in Prince William Sound, the fishers would have to carve out their own association. The regulation is set up by regions within the state - Southeast, Prince William Sound, Cook Inlet, and Kodiak. So, any dive fisheries started in those areas would use the generic legislation and fill in the blanks like SARDFFA did, and it would be for that particular geographic area, which he believes is defined in the enabling legislation.

[10:57:01 AM](#)

MS. PERMAN, at Chair Tarr's invitation, addressed Representative Kreiss-Tomkins' question and comment about these developing fishery associations sustaining a higher level of tax than the state's current established fisheries. She said the sponsor also acknowledges that, and it isn't the sponsor's intent that as they scale up into an established fishery, they continue to pay their way. The sponsor doesn't want to create a situation where the current established fisheries are grandfathered in and from now on the precedent is set that everybody pays for themselves. The sponsor wants to create a system where they scale out of it, the sponsor doesn't want them to instantly become established fisheries and then that funding goes away entirely because it isn't wanted to find that where [ADF&G] had funding and it drops off to zero suddenly. The sponsor wants to

find a way to scale away from that over time so then it becomes ADF&G's purview to manage.

REPRESENTATIVE KREISS-TOMKINS responded that the aforementioned makes a lot of sense. He inquired whether there is any idea for what could be established to create that transition process.

MS. PERMAN replied that the sponsor is still discussing it and would be happy to work with him on ideas.

REPRESENTATIVE KREISS-TOMKINS said he will take Ms. Perman up on that and added that he would like to get ADF&G's perspective.

[10:58:33 AM](#)

MAKENA O'TOOLE, Shellfish Division Chair, Cordova District Fishermen United (CDFU), testified in support of HB 64. He stated he has been a member of SARDA since 2010. He thanked the committee for making time for testimony on HB 64. He further thanked Representative Stutes, Matt Gruening [staff to Representative Stutes], and Sam Rabung for their work in taking a rough idea and shaping it into the bill before the committee. He said it is a great example of the legislative process at work. He noted he is a lifelong fisherman and lifelong Cordova resident, and testified as follows:

The idea for this bill came about after years of attempting to open new fishing opportunities for unutilized species in Prince William Sound. It was frustrating that we could go 30 years without doing a real comprehensive survey for tanner crab or go 15 years with no survey at all for golden king crab, and are currently going on decades since our last Dungeness survey.

We tried going through all the proper channels of Board of [Fisheries], but we were always met with the same response from ADF&G - we don't have funding to manage experimental fisheries. And it's true. In recent years ADF&G's budget has received major cuts. Critical management projects for established fisheries are being cut due to lack of funding.

I submitted proposals for some of these developing fisheries under Commissioner's Permits and asked to be assessed 5 percent to cover management costs, only to find out under current statutes this is legally not an

option. The only solution that ADF&G was able to come up with was to conduct test fisheries. This is where ADF&G sells the rights of a public resource to the highest bidder to generate revenue for the department. This system is very susceptible to abuse and rides a dangerous line of producing a culture of sharecropper fishermen working for the state. It also provides a very limited and unreliable dataset for stock assessments.

HB 64 provides an alternative to this system that's modeled after the SARDFFA system. In all my years of fishing around Alaska and the West Coast, it seems to be the healthiest example of industry and management working hand-in-hand on a common goal. This bill will enable fishermen to form regional development associations much like SARDFFA to assess themselves on developing fisheries and have the money go directly back into ... the development and management of that specific fishery, not just disappearing into the general fund. It will allow ADF&G to have the budget and the flexibility to manage these small-scale fisheries to determine if there is a larger potential.

This bill will not only help fisheries for a new species that have never been commercially harvested in certain areas, but will give ADF&G the tools to resurrect once thriving fisheries that have been long defunct. Some of the species that this could open opportunity for just in Prince William Sound are: tanner crab; golden, red, and blue king crab; sea urchins; whelk; Dungeness crab; skate; sea cucumber; spiny dogfish; Pacific octopus; black rockfish; and improved tanner crab. I might add here that squid in Southeast is another potential and all species of crab in Yakutat in Area D could majorly benefit from this.

In this time of statewide budget shortages, the state has put a very heavy emphasis on developing mariculture to boost our struggling economy. While I fully support this, I think we should put an equal amount of energy into fully utilizing the fishery resources that we already have. HB 64 gives us tools to do that and make Alaska's fisheries stronger than ever.

[11:01:50 AM](#)

MR. O'TOOLE spoke to the committee's earlier discussions of test fisheries, which he allowed have their time and place. However, he related, ADF&G has put forth a proposal for the next [Board of Fisheries] cycle that would structure the management of the tanner crab fishery in Prince William Sound. Under this proposal, he stated, all the funding would depend on executing yearly test fisheries where ADF&G sells the rights of the fishery to a select few lowest bidders. That hasn't worked very well in the past, he pointed out. People take the contracts and then realize they bid too much for the right to go fish. They then don't complete their survey or their fishery, leaving [the department] with no data to assess the stocks and no funding to manage the fishery. He said he thinks that doing an assessment from the entire fishing fleet that's participating in these developing fisheries is a much more stable way to move forward toward management.

MR. O'TOOLE then addressed the committee's earlier discussion of too many fishing organizations. He said he understands that that could be a concern, but stated that if there were any other route through an existing organization or through statute, then he definitely would have tried that.

[11:04:08 AM](#)

CHAIR TARR commented on Mr. O'Toole's extensive experience with this process and said his testimony was very helpful to her. She asked Mr. O'Toole whether he sees this bill being put to quick use if it is passed.

MR. O'TOOLE replied that he thinks so. He related that a fisheries development association [that he is involved with] has been meeting every week or so for the last three years. Unfortunately, he continued, it's just an organization in title alone, there's nothing that can come from it other than generating ideas. The idea for this bill was heavily tossed around in that organization. He said he thinks it could be made a formal thing pretty quickly and start contributing toward tanner crab specifically, but also move toward opening the other under-utilized fisheries in the area.

[11:05:46 AM](#)

CHAIR TARR opened public testimony on HB 64.

[11:06:01 AM](#)

CHELSEA HAISMAN, Executive Director, Cordova District Fisherman United (CDFU), testified in support of HB 64. She stated she has been working closely with Mr. O'Toole and is speaking in support of the bill on behalf of CDFU's Shellfish Division. She continued:

One of the primary challenges our Prince William Sound fleet has faced in recent years is the lack of options for diversification in our region's fisheries, particularly for younger fishermen who face significant expenses and high permit prices. We are a heavily salmon dependent region, with some fishermen engaging in halibut and groundfish fisheries. As part of the younger generation of commercial fishermen in the region we grew up hearing the stories of the heyday of fishing in Prince William Sound - crab, clams, herring - but also in the wake of significant environmental, social, and economic trauma, and we did not experience these fisheries in the same way as our parents and grandparents.

After 30 years with many fisheries being closed, we are seeing many anecdotal reports of a wide variety of under-utilized species, both the formerly fished and entirely new fisheries - tanner crab, king crab, sea cucumber, skates as examples. Species that could be fished in small-scale small fisheries to provide food, jobs, and expand economic impact in our coastal communities. We've worked hard in recent years to establish relationships with Alaska Department of Fish and Game biologists and voiced our concerns, questions, and ideas. We've taken these to Board of [Fisheries]. We do feel like we've made progress in the last few years to get some of these under-utilized resources open through Commissioner's Permits and there is so much more potential to continue this work into the future.

Unfortunately, funding has continued to be an issue for adequate management, and without a funding mechanism in place we lack the surveys necessary to assess biomass to open many fisheries in the first place. The ADF&G budget is stretched to the limit as it is with existing fisheries, leaving little opportunity to assess or open new fisheries and expand our coastal economy. Though this idea started with

challenges seen in our own region, we believe it can provide frameworks that will benefit the entire state and provide opportunity for fishermen in all regions to engage with management and ensure that we are sustainably utilizing Alaska's resources for the benefit of Alaskans.

[11:08:07 AM](#)

CHAIR TARR noted there is talk about the greying of the fleet and the need to get the next generation of fishers out there.

REPRESENTATIVE STORY requested Ms. Perman elaborate further about how the dive fishery groups started with federal funds.

MS. PERMAN replied that that is secondhand knowledge she learned from Mr. Doherty. She deferred to Mr. Doherty to elaborate.

[11:09:14 AM](#)

CHAIR TARR closed public testimony on HB 64.

[11:09:26 AM](#)

REPRESENTATIVE STORY restated her question for Mr. Doherty.

MR. DOHERTY responded that when transitioning from an open fishery that wasn't being assessed to the moratorium, the state and the divers started looking for at least enough funding to get things started. One funding source was federal money through U.S. Senator Ted Stevens, called "near shore funds." He said he doesn't recall the amount, but it was enough to get things started and get ADF&G up and running to start assessment work. The State of Alaska also threw in some funds because it used state personnel and the state research vessel. Divers and businesses approached Southeast Alaska municipalities like Ketchikan, Sitka, and Petersburg. The municipalities realized that this was an opportunity to expand fisheries, so they provided some funding. As well, funding came from different companies that wanted to get into the dive fisheries.

[11:11:43 AM](#)

CHAIR TARR announced that HB 64 was held over.

[11:13:48 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:14 a.m.