

SENATE FINANCE COMMITTEE
April 12, 2022
1:50 p.m.

1:50:04 PM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:50 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson [via teleconference]
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Natasha von Imhof
Senator David Wilson

ALSO PRESENT

Senator Peter Micciche, Sponsor; Konrad Jackson, Staff to Senator Micciche; Ken Coleman, President, Eastside Consolidation Association, Kenai; Amber Every, Set Net permit holder, Kenai; Sarah Frostad-Hudkins, Set Net permit holder and fisherwoman, Kenai; Shannon Martin, Executive Director, Kenai River Sportfishing Association.

SUMMARY

SB 29 COOK INLET: NEW ADMIN AREA; PERMIT BUYBACK

SB 29 was HEARD and HELD in committee for further consideration.

SB 45 AGE FOR NICOTINE/E-CIG; TAX E-CIG.

CSSB 45(FIN) was REPORTED out of committee with one "do pass" recommendation and with three "no recommendation" recommendations; and with one new zero fiscal note from the Department of Health and Social Services, one new fiscal impact note

from the Department of Revenue, and one new Statement of Zero Fiscal Impact from the Office of the Governor and Combined Departments.

SB 98 ADULT FOSTER CARE FOR DISABLED

CSSB 98(FIN) was REPORTED out of committee as amended with four "do pass" recommendations and with one zero fiscal note from the Department of Health and Social Services and two fiscal impact notes from the Department of Health and Social Services.

#sb45

SENATE BILL NO. 45

"An Act raising the minimum age to purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to transporting tobacco, a product containing nicotine, or an electronic smoking product; relating to the taxation of electronic smoking products; and providing for an effective date."

[1:51:10 PM](#)

Co-Chair Bishop relayed that it was the third hearing for SB 45. He intended to review the fiscal notes and look to the will of the committee.

Co-Chair Bishop discussed a new fiscal note from the Department of Revenue, OMB Component 2476. He cited a projected \$2.2 million increase in revenue with the 45 percent tax rate and by year 2028 it was estimated to be at \$2.4 million per year. There was no implementation cost or added cost to update the tax revenue management system.

Co-Chair Bishop discussed a new zero fiscal note from the Department of Health, OMB Component 2818. He detailed that the bill would raise the minimum legal age to purchase tobacco and nicotine products from 19 to 21. He read from the fiscal note Analysis on page 2:

The bill strengthens restrictions on underage access by requiring licensed tobacco retailers to verify age at the time of purchase and at delivery when transporting or shipping tobacco products in Alaska.

Co-Chair Stedman MOVED to report CSSB 45(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 45(FIN) was REPORTED out of committee with one "do pass" recommendation and with three "no recommendation" recommendations; and with one new zero fiscal note from the Department of Health and Social Services, one new fiscal impact note from the Department of Revenue, and one new Statement of Zero Fiscal Impact from the Office of the Governor and Combined Departments.

[1:53:23 PM](#)
AT EASE

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RECONVENED

#sb98
SENATE BILL NO. 98

"An Act relating to medical assistance for recipients of adult foster care services; establishing an adult foster care home license and procedures; and providing for the transition of individuals from foster care to adult foster care homes."

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Co-Chair Bishop relayed that it was the third hearing of SB 98. It was the committee's intention to consider an amendment, cover fiscal notes, and look to the will of the committee.

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AT EASE

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RECONVENED

Senator Wielechowski MOVED to ADOPT Amendment 1, 32-GS1708\G1 (Foote, 4/7/22).

Co-Chair Bishop OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 1. He referenced a short email from a constituent (copy on file). He read from the email, which communicated a story about a man being denied the right to legally adopt a child he raised because he was married to a person other than the legal mother, and his spouse did not propose to be part of the adoption.

Senator Wielechowski relayed that he drafted Amendment 1 in response to the email. The amendment was simple and would allow an adult person to be adopted if the adopter's spouse consented to the adoption.

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

Senator Wielechowski discussed a zero fiscal note from the Department of Health, OMB Component 3234.

Senator Wielechowski discussed a fiscal note from the Department of Health, OMB 245, with \$119,000 cost projected for FY 23, composed of: \$95,000 in personal services for a range 16 Community Care licensing Specialist I, \$10,000 for travel, \$10,000 for services, and \$4,000 for commodities. The note dropped to \$116,000 in FY 24 through FY 28 due to a decrease in commodities.

Senator Wielechowski discussed a fiscal note from the Department of Health, Senior and Disability Services, OMB Component 2663, which showed zero fiscal impact for FY 23. There was a projected fiscal impact of \$127,000 in FY 24 through FY 28 composed of \$117,000 in personal services, \$2,300 for travel, \$4,700 for services, and \$3,000 for commodities. The funding source for the note was \$63,500 in federal receipts and \$63,500 from a General Fund match from FY 24 through FY 28.

Senator Wielechowski MOVED to report CSSB 98(FIN) out of Committee as amended with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 98(FIN) was REPORTED out of committee as amended with four "do pass" recommendations and with one zero fiscal note from the Department of Health and Social Services and two fiscal impact notes from the Department of Health and Social Services.

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AT EASE

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RECONVENED

#sb29

SENATE BILL NO. 29

"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 buy-back program for certain set net entry permits; providing for the termination of state set net tract leases under the buy-back program; closing certain water to commercial fishing; and providing for an effective date."

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Co-Chair Bishop relayed that it was the first hearing for SB 29. The intention of the committee was to hear a bill introduction and Sectional Analysis, take invited testimony, and set the bill aside.

[2:03:12 PM](#)

SENATOR PETER MICCICHE, SPONSOR, relayed that he did not like the fact that a bill such as SB 29 had to be brought forth. He recounted that his community had struggled in previous years and currently community members were lucky if they had a few days of the year to fish due to regulations and other occurrences. He asserted that twelve generations of Alaskans had fished in the area, and the value of the people's investment was gone. The bill would remove about half of the set netters in the Eastside setnet fishery, which was the fishery of contention. He recounted that there was a reduction in the amount of King salmon, which were linked to what individuals were allowed to catch in Sockeye salmon. He discussed investment in fishing preparation.

Senator Micciche asserted that the bill was unique. He relayed that the sport, commercial, and personal use fisheries groups had come together in agreement on a bill

that would reduce the amount of gear used on the East side, bring more King salmon to the river, and provide some compensation for fishers to retire or go on to other activities.

Senator Micciche reiterated that he wished he were not in the position to sponsor the bill, since all of the families involved wanted to continue fishing. He hoped that if the bill were to pass, some families could continue to fish.

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KONRAD JACKSON, STAFF TO SENATOR MICCICHE, addressed a Bill Summary document (copy on file):

Section 1: Amends the uncodified law of the State of Alaska by adding a new section which establishes that this legislation may be known as the East side of Cook Inlet Set Net Fleet Reduction Act.

Section 2: Amends the uncodified law of the State of Alaska by adding new Legislative findings and intent relating to the bill.

Section 3: Amends AS 16.43.200(b), clarifying the Alaska Commercial Fisheries Entry Commission's (commission) specific authority to divide an existing commercial fishing administrative area into two or more separate areas.

Section 4: Amends AS 16.43.200 by adding 2 new subsections:

(c) Establishes an area of the Upper Subdistrict of the Cook Inlet Central District as a distinct administrative area separate from the Cook Inlet Central District on December 31, 2019.

This area is made up of the statistical areas identified on January 1, 2019 as 244-21, 244-22, 244-31, 244-32, 244-41 and 244-42.

(d) Provides that an individual who has a set net permit for the Cook Inlet Central District on December 31, 2019 is not entitled to set net in the administrative area created under this section as of January 1, 2020 unless the permit has been reassigned to that new administrative area.

Section 5: Amends the uncodified law of the State of Alaska by adding a new section which provides how the commission will determine whether an individual who holds a set net entry permit in the Cook Inlet Central District on January 1, 2022 is reassigned an entry permit for the administrative area established under AS 16.43.200(c) (added by sec. 4 of the bill) or the portion of the Cook Inlet Central District that was not assigned into the administrative area established under AS 16.43.200(c).

Section 6: Amends the uncodified law of the State of Alaska by adding a new section which defines the appeals process in the new administrative area. This section provides that a provisional license will be issued pending resolution of an appeal and the provisional permit holder may cast a provisional ballot in the election established under section 7.

Section 7: Amends the uncodified law of the State of Alaska by adding a new section which requires on April 1, 2022 an election be conducted by the commission among persons holding permits in the new administrative area, to affirm support or opposition to a buy-back program.

Requires the commission provide public notice of the election, hold public meetings concerning the election, and clarify the details of the buy-back program to those participating in the election.

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Mr. Jackson continued to address the Bill Summary:

Section 8: Amends the uncodified law of the State of Alaska by adding a new section which establishes the set net entry permit buy-back program for certain permits fished in the administrative area established under AS 16.43.200(c) (added by sec. 4 of the bill). This section will only take effect if approved in an election by the set net entry permit holders in the administrative area established under AS 16.43.200(c). If it is approved, the buy-back program will become law 30 days following notification of the Lt. Governor (see secs. 10 and 12). Sets qualifications for

participation in the program, provides the buy-back price for permits, requires that the purchased permits be cancelled and not re-issued, provides that certain waters that were fished with permits purchased under the program will be closed to future commercial salmon fishing, and specifies other details of the buy-back program.

Section 9: Amends the uncodified law of the State of Alaska by adding a new section which requires the commission to provide a written report to the Legislature on the status of the program not later than January 15, 2028.

Section 10: Amends the uncodified law of the State of Alaska by adding a new section which requires the chair of the commission to notify the Lieutenant Governor and the Revisor of Statutes of the outcome of the election held under section 7.

Section 11: Repeals sections 1, 2, 8 and 9 on June 30, 2028.

Section 12: Amends the uncodified law of the State of Alaska by adding a new section which provides that secs. 1, 2, 8, and 9 take effect only if notice is provided under section 10 that the buy-back program established under section 8 was approved.

Section 13: Effective Date Clause. Section 4 of the bill takes effect January 1, 2022.

Section 14: Effective Date Clause. Provides if sections 1, 2, 8 and, 9, take effect under section 12, they take effect 30 days following the date of the notice provided in section 10 that the buyback program was approved.

Section 15: Effective Date Clause. Except as provided in sections 13 and 14, the bill takes effect July 1, 2021.

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Senator Hoffman expressed that the problem with the lack of Chinook salmon was statewide and thought that the problem needed to be addressed. He had met several times with the

Department of Fish and Game commissioner and had emphasized following the constitution in managing resources under the sustainability clause. He thought the matter was not being addressed by the department nor by the Board of Fisheries. He understood that problems existed in commercial fisheries, and referenced numerous conversations with the Co-Chair Bishop regarding the subsistence lifestyle being wiped out on the Kuskokwim River and Yukon River. He pointed out that salmon fishing was a predominant livelihood for those that lived along the river. He cited that the situation had gotten so bad on the Yukon River that the Bristol Bay Native Corporation had to provide assistance to communities. He stressed that people in the area had reliance on salmon to live.

Senator Hoffman asserted that any efforts should be how to reverse the current situation for Chinook salmon throughout the state. He thought trying to come up with monetary fixes for the issue was ignoring the problem. He thought the state needed to redirect itself to be in a position of having the most prized salmon in the world. He questioned what kind of precedent the bill would set. He represented the Bristol Bay area, which constituted the largest salmon harvest in the world. He pondered that law already existed for a buy-back program, and that to change the law as proposed would set a bad precedent and was not a solution to the real problem.

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Senator Micciche strongly agreed with Senator Hoffman regarding the big picture issue. He suggested that the problem in the case of the East side setnet fishery was that there was a flood of Sockeye salmon that individuals were unable to participate in catching. He contended that the problem had been present in the Kenai area for 35 years. He thought each case needed to be considered individually. He agreed that bycatch and other matters that affected fisheries needed to be understood and funded. He explained that there were no state dollars proposed in the bill. He mentioned there were private companies interested and he knew there were programs that could participate.

Senator Micciche continued his remarks. He emphasized that people had invested in an opportunity that had gone away. He referenced the fishery being adjacent to an urban environment. The bill proposed to save in part of the

fishery, allow some people to find funding for a different enterprise, and to find balance. He mentioned individuals that were present for invited testimony, who he thought might be able to answer some questions. The stakeholders had worked together on a solution, and he did not see another way to address the problem.

Senator Wielechowski was willing to support efforts to increase King salmon coming back to the Yukon-Kuskokwim Delta and across the state. He noted that his constituents relied on fish, albeit not on a subsistence level. He mentioned Cook Inlet and the Kenai River, and closures due to a reduction in King salmon. He asked if there was invited testimony that might be able to speak to how the bill might impact the number of King salmon returning to Kenai, Kasilof, or the Matanuska-Susitna Valley.

Senator Micciche thought the testifiers had anecdotal information about the catch over time. He thought the valley might be affected somewhat. He knew that all five species of salmon that came to Cook Inlet took erratic routes of travel to get to home rivers. He thought if half of the fishing gear was removed from the pathway of King salmon getting to the Kasilof River and Kenai River, there would be additional returns.

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Senator Micciche recounted that he had looked into other buyback programs that had been done in the state and around the country. He conveyed that the bill proposed that the East side set netters would have to vote to approve the program. He discussed the mechanics of a successful vote, and up to 200 permits could be sold with a random drawing amidst applicants for sale. He discussed a tax protection provision. He commented on the depressed price of a Cook Inlet setnet permit. He mentioned that some families had spent up to \$1 million in expenses for the fishery. There were large private sector companies interested and two federal programs that participated in buybacks.

Senator Micciche discussed alternate ways that buy-backs had taken place and mentioned the fear of corruption. He described the bill proposal as a Commercial Fisheries Entry Commission (CFEC) supervised and managed program, which did not allow people to speculate. He asserted that the individuals actively fishing were eligible.

Co-Chair Stedman referenced Senator Micciche's mention of \$1 million in costs for fishing operations. He hoped the presentation would address the historical value of permits and expenses, as well as why the current structure was not sufficient to allow reduction in permits. He asked about recent studies.

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RECONVENED

Co-Chair Bishop thanked the sponsor and his staff.

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KEN COLEMAN, PRESIDENT, EASTSIDE CONSOLIDATION ASSOCIATION, KENAI, explained that he was a 52-year fisher from Kenai. He explained that the Eastside Consolidation Association was a qualified salmon association formed for the sole purpose of exploring permit reduction on the East side of Cook Inlet. He explained that the goal of the association was to seek to reduce or change a fishery through reduction of permits from 440 to 240 that fished exclusively on the East side of Cook Inlet. He mentioned the goal of a sustainable escapement goal for all salmon species in all rivers and a reasonable harvest opportunity for all user groups. He emphasized that the association had worked collaboratively with different user groups including sport fishing.

Mr. Coleman discussed a presentation entitled "EASTSIDE CONSOLIDATION ASSOCIATION - Senate Bill 29: Cook Inlet: New Admin Area: Permit Buyback" (copy on file).

Mr. Coleman turned to slide 2, "Goals":

- Reduce the number of setnet permits and nets on the Eastside of Cook Inlet
- An economically viable and sustainable setnet fishery
- Sustainable escapements into our rivers
- Reasonable harvest opportunity for ALL user groups

- Work Collaboratively in Upper Cook Inlet for the FISH
- Passage of SB 29: Cook Inlet: New Admin Area: Permit Buyback and Gear Reduction Act

Mr. Coleman discussed slide 3, "Eastside Consolidation Association":

The Eastside Consolidation Association. Who are we?

The Eastside Consolidation Association (ECA) is a Qualified Salmon Fishery Association as identified in AS 16.40.250.

The ECA was formed as a non-profit and is licensed by the State of Alaska as required by AS 10.20, in addition is registered with the federal and the Internal Revenue Code as a Section 501(c)(5) non-profit.

ECA was formed to promote the consolidation of the Cook Inlet setnet fishery, primarily by fleet reduction through buyback of permits and locations. Further, our position is that such reduction occurs in the Upper Subdistrict of the Central District, commonly known as the "Eastside Setnet Fishery". Our Board of Directors is comprised of limited entry permit holders as required

Mr. Coleman referenced Co-Chair Stedman's question about the method proposed in the bill instead of addressing the matter in a traditional approach.

Mr. Coleman referenced slide 4, "WE ARE EASTSIDE SETNETTERS":

We are fathers and mothers, we are grandparents, we are children, sons and daughters, we are families. We are a community filled with generations of setnetting families. We are an important part of our local history. Setnetting is not just a job to us. Setnetting defines us, it is who we are.

Mr. Coleman spoke to slide 5, "EASTSIDE SETNET HISTORY":

For over 150 years these salmon have been feeding people both locally and all over the world. This rich,

renewable resource was first exported in the 1840's when ships from America and other nations began fishing in Alaskan waters and delivering salted salmon to ports around the world. The first cannery in Cook Inlet was built at the mouth of the Kasilof River in 1882. Six years later the first salmon cannery was constructed on Kenai River. By 1892, thirty-seven canneries had been built in Alaska. Gillnets had been used to some degree in the silty waters of Cook Inlet from the beginning. After fish traps were outlawed, independent fishermen caught the salmon with gillnets to be sold at the canneries.

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Mr. Coleman displayed slide 6, "UPPER COOK INLET SETNET AREA":

- 732 set net permits
- 5 districts:
 - Northern District
 - Kalgin Island District
 - Western District
 - Southern District
 - Central District Upper (Eastside)
- The Eastside spans approximately 80 miles and is home to the two most popular rivers in the State of Alaska: The Kenai and Kasilof Rivers.
- The Cook Inlet fleet reduction opportunity will only be available to the Eastside

Mr. Coleman addressed the map on slide 6. He noted that there were five different districts, but permits were all common setnet permits. He explained the necessity of segregating the East side permits, which was not possible by traditional means. He discussed the longstanding issue faced by user groups.

Mr. Coleman noted that there was a smaller fishing footprint in the 1970s, after which fishing had expanded because of enhancement and improved enhancement that brought many more Sockeye into the area.

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Co-Chair Bishop asked about the migration from the West to the East of Cook Inlet in the 1980s.

Mr. Coleman indicated that the migration came from all four other areas in the Cook Inlet.

Co-Chair Bishop asked how many permit holders there were in Cook Inlet in 1980.

Mr. Coleman cited that there were approximately 742 permit holders in Cook Inlet in 1980.

Co-Chair Bishop presumed that the maximum salmon run strength was on the East side.

Mr. Coleman stated that the predominant streams were the Kasilof River and the Kenai River.

Mr. Coleman showed slide 9, "MECHANISM FOR REDUCING PERMITS & CLOSING WATERS":

SB 29 Cook Inlet: New Admin Area: Permit Buyback and Gear Reduction Act

"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 buy-back program for certain set net entry permits; providing for the termination of state set net tract leases under the buy-back program; closing certain water to commercial fishing; and providing for an effective date."

Mr. Coleman commented that the bill may or may not be a way to effect change in other areas. He thought the same issue would occur other places, in that affecting change in one focused area was not possible in area-wide permit zones. He referenced a commercial fisheries entry bill in the 1970s, which he thought had not had enough focus on setnet fisheries. He referenced a buyout in Icy Bay.

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Mr. Coleman spoke to slide 10, "REDUCING PERMITS":

- 732 Cook Inlet Permits
- 440 permits registered to the Eastside (2018 Season)

- Senate Bill 29 proposes to remove 200 Eastside permits (45%)
- 440 permits = 1,320 nets on the Eastside today
- 200 permits = 600 nets on the Eastside removed
- After fleet reduction: 240 permits = 720 Eastside nets may remain

Mr. Coleman clarified that the selling of permits would mean closed waters around the fishing site, estimated to equate to about 400 acres of permanently closed area to commercial fishing. He suggested that without segregating the East side, there could be an influx of other permits.

Co-Chair Stedman looked at slide 10 and asked if all 732 permits were fished every year.

Mr. Coleman noted there were 440 permits on the East side, and the other 292 permits were in the other four areas of Cook Inlet. Within the 440 permits on the East side, each fisher had to purchase a limited entry permit and purchase buoy stickers to prove the location being fished. He cited that the number of permits fished on the East side had remained consistent for the previous 20 years. He mentioned regulations and biomass issues, and thought it was very difficult to estimate permit latency.

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Co-Chair Stedman asked if there were any optimum studies on how many permits should be in Cook Inlet.

Mr. Coleman cited that there was an attempt at an optimization program in 2020 for Cook Inlet. He was unsure of the status of the program, and he did not think it was complete. He opined that it would be very difficult to overlay an optimization program that included the East side, and then segregate the information for the East side. He emphasized that the fishery was very complex.

Co-Chair Stedman thought he could obtain the information from the Commercial Fisheries Entry Commission (CFEC). He asked about the value of the permits and the amount of time the permits had been flat.

Mr. Coleman stated that valuation had been up and down since the inception of limited entry. In the mid-1970s the permit was \$15,000 and got to a high of \$115,000 in the

mid-1980s. Due to biomass issues and regulation changes, the permit value was back down to about \$15,000. He discussed the gear reduction, sale of a boat, and the value up upland areas from the fishing site. He stressed that the fishery buyback allowed for the fish to get to the river for other user groups. He addressed Senator Hoffman's comments about encouraging Chinook populations and discussed voluntary mitigation efforts by fishermen.

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Co-Chair Stedman had noticed in Southeast that when fisheries were reduced for a season or more, some permits were not fished. He thought there was more activity when returns were strong. He referenced a buyback in Southeast, and a significant number of permits bought back that were never fished. He mentioned the Department of Law's interest in the buyback. He referenced Senator Hoffman's point that care was warranted when changing statutes, since the change would be setting a precedent for other fisheries.

Mr. Coleman understood Co-Chair Stedman's comments. He referenced bill provisions that would make the proposed buy-back different such as the CFEC being custodial of funds and not being a jury. He shared that stakeholders were in agreement that all sites would be treated the same and the proposed process would be democratic. He mentioned working with former Senator Cathy Giessel to ensure there were protections in place.

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Co-Chair Stedman asked about slide 12.

Mr. Coleman displayed slide 12, "VOLUNTARY REDUCTION APPROVED BY FLEET":

A survey was conducted by Senator Micciche to all Registered permit holders in the Eastside Setnet fleet asking the following question:

1. Do you support the concept of voluntary fleet reduction program for the Cook Inlet set net fishery that would cost nothing to those who do not participate and remain fishing?

92.4 % YES

7.6 % NO

229 permit holders responded to the survey

Co-Chair Stedman asked to go to slide 13.

Mr. Coleman showed slide 13, "ESTIMATED VALUE":

When a setnet permit and the accompanying nets are retired, the result is a small business that will be retired forever.

The estimated value of \$260,000 was determined by taking the average earnings of a setnet permit each year over the prior ten years, an average of a little above \$20,000 per year per permit. Adding a number for tax implications, so that if volunteer participating fishermen are included in a program, they would exit with a \$200,000 sale for small a business that in many cases have been around for generations.

The remaining permits will gain value and will have a higher price point in their gross earnings per year.

Mr. Coleman discussed the process of coming up with the numbers on slide 13 using information from ADFG.

Co-Chair Stedman agreed that the permits could not be valued accurately when including data years with unreasonably low returns such as 2018. He thought it was necessary to use data from reasonable fishing seasons. He cited that the 2019 gross average was \$21,500. The average cost was almost \$6,000, which provide a profit of approximately \$15,000. He asked how it was possible to implement expensive capital equipment to harvest a fishery that netted \$15,000.

Mr. Coleman stated that many operations had multiple permits in order to make the numbers work. He was not sure what document Co-Chair Stedman referenced. He had used numbers from ADFG to calculate the average fishing income per year. He discussed real values versus quartile values.

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Co-Chair Stedman referenced a document with an optimum number study update (copy on file), which was in progress. He had looked at the net income versus the value of a permit. He wanted further explanation to rectify the numbers. He considered data from the CFEC and thought the

value of permits had been flat going back to 2000. He thought the permits had gone up after the late 1980s, and then had dropped down and stayed at the same level. He also wanted information from CFEC regarding the workability of the buyback system as compared to what was proposed in the bill.

Co-Chair Bishop wanted to understand the upland areas and business on the shoreside.

Mr. Coleman showed slide 14, "REDUCTION IN SETNET PERMITS":

For 45 years Upper Cook Inlet Setnet permits have seen a decrease from 746 to 732 permits today. 84% of those permits are owned by Alaska residents.

As a set net permit is retired, three nets will be permanently removed from the waters on the Eastside of Cook Inlet. As a result, a percentage of the available fish on a certain day, may be harvested by the sites around them and a higher percentage will move to the rivers. Reducing the nets by 600 will result in a Chinook and Sockeye harvest savings.

An ADF&G biologist indicated that with approximately 45% of the commercial setnets removed, there would be an appreciable harvest reduction of Chinook Salmon. The Eastside set net fleet believes that we will still have the opportunity and capability of harvesting sockeye while reducing the harvest of Chinook salmon.

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AMBER EVERY, SET NET PERMIT HOLDER, KENAI, spoke in support of the bill. She thanked the sponsor. She discussed the difficulty in obtaining consensus on the subject of Cook Inlet fisheries, and she thought that the bill had support from almost every user group. She shared that her children were fourth generation Cook Inlet fishermen, and she and her husband owned one of the larger setnet operations on the East side with over \$1.2 million invested. She relayed that she would remain in the fishery if the proposed buyback was enacted. She discussed declining Kenai River King salmon in the previous ten years, and the reduced opportunity due to changes in management plans.

She asserted that the bill would provide the East side setnet fishery a chance to reduce its footprint. She hoped there would be future changes to the Cook Inlet management plan to allow remaining fishers the ability to operate a viable business, while giving something to those that were exiting the fishery.

Co-Chair Bishop for more background on Ms. Every's shoreside operation.

Ms. Every detailed that her husband had been a drifter his whole life, and she became a part of the fishery upon marriage 20 years previously. The family had purchased the first commercial setnet site south of the Kenai River and had made a large investment in the fishery. The family owned six permits which allowed for fishing 18 nets.

Co-Chair Bishop asked if Ms. Every had a shore-side processing set-up.

Ms. Every noted that the family had a fish buyer in the near vicinity of the fishing site.

Co-Chair Bishop asked what kind of assets the family had on the shore.

Ms. Every explained that the location was the unique factor in setnetting. She asserted that the site south of the river was more lucrative. The family had five boats and ran three tractors, and all the gear and expenses were the same regardless of the length of the fishery each year.

Co-Chair Bishop asked if Ms. Every had an annual beach lease from the Department of Natural Resources.

Ms. Every confirmed that she was the holder of an annual lease.

Co-Chair Bishop asked if the lease would revert back to DNR if the bill were to pass.

Ms. Every answered affirmatively.

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SARAH FROSTAD-HUDKINS, SET NET PERMIT HOLDER AND FISHERWOMAN, spoke in support of the bill. She relayed that

her family had been fishing just north of the Kenai River since the early 1900s. Her grandfather had settled in Kenai in 1924 and fished on one of the original fish traps were she still fished today. She shared that she planned to remain in the fishery.

Co-Chair Bishop asked if Ms. Frostad-Hudkins would keep her permit.

Ms. Frostad-Hudkins stated that she intended to keep her permit. She mentioned a decline in fishing opportunity over the previous ten years due to low numbers of King salmon. She referenced a YouTube documentary called "The Last Harvest" which discussed the fishery. She detailed that she had seen only three to five fishing days per season in recent years. She mentioned the investment of time and funds in a fishery that was not sustainable.

Co-Chair Bishop referenced Senator Hoffman's comments about the Yukon River and Kuskokwim River and recounted that he grew up fishing on the Yukon River. His family had started a fish processing plant and had not fished since 2000 due to lack of fish.

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Senator Hoffman assumed both previous testifiers would not be giving up fishing permits. He asked how the supporters of the bill would get 200 individuals to participate in proposed permit buyback.

Ms. Every emphasized that the East side fishery was no longer viable.

Ms. Frostad-Hudkins commented that there was a large surplus of Sockeye salmon in Cook Inlet that fed many people. She relayed that she had a processor on her property that was run by another company. She thought the Sockeye should be able to be harvested by various groups to feed people.

Senator Hoffman recognized that the bill proposed a system in which permit holders would see the benefit of even 50 parties electing to give up permits, and that it would be challenging to find additional buyback volunteers. He thought there would be decreasing interest in participation in the buyback as the number approached 200 and the

positive monetary effects were discernable. He asked if it would be fair to say that if the program did not achieve the buyback of 100 to 200 permits, the program was null.

Ms. Every believed that that there were more people interested than not interested, and thought there would be more than 200 people in the fishery to participate in the proposed buyback.

Co-Chair Bishop understood the perspective of the testifiers. He mentioned teaching his grandsons about the fish wheel.

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SHANNON MARTIN, EXECUTIVE DIRECTOR, KENAI RIVER SPORTFISHING ASSOCIATION, spoke in support of the bill. She explained that the Kenai River Sportfishing Association (KRSA) was a nonprofit organization dedicated to ensuring the sustainability of the Kenai River, which she described as the greatest sportfishing river in the world. She noted that the association's area of responsibility encompassed the Kenai River watershed, the greater Cook Inlet Basin, and Alaska. She shared the same concerns as the previous testifiers regarding the health of the fisheries and a desire to reduce tension between user groups. She asserted that SB 29 would reduce pressure on King salmon and possibly allowing for sustainable commercial fishing. She clarified that the bill effort came from her colleagues in the commercial sector as a way to solve problems.

Ms. Martin shared that some association members had expressed concern regarding the potential price tag associated with the retiring of sites, and where the funds would come from. She understood that there was federal support for the effort. She relayed that KRSA's concern was related to conservation of fisheries resources, and the appropriateness of the funding was up to the participants and overseeing bodies. She continued that KRSA considered that fisheries in Cook Inlet were overcapitalized as a result of management loopholes exploited in the 1980s, drawing numerous permit holders from the West side over to the peninsula. She asserted that the bill was designed so that no one could game the system. She highlighted that participation was voluntary and the retirement of qualifying sites was randomized and made the program fair. She thought the bill would set up a more efficient and

conservative fishery. She asserted that KRSA was a conservation-minded organization and believed that the bill supported conservation efforts.

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Co-Chair Bishop mentioned "fish politics," and acknowledged that he was not as familiar with the Cook Inlet area. He thought it seemed as though there was not a fish problem for Sockeye salmon in Cook Inlet, but rather a regulation problem.

Mr. Coleman thought Co-Chair Bishop had made a fair assessment.

Co-Chair Stedman commented that historically when the committee considered similar issues, it had studies and data presented by CFEC. He thought there would be a CFEC study that would be completed at the end of the calendar year. He recommended that the committee wait on any action until the study was ready to be considered, and then consider a solution. He urged caution because the proposed bill would set statewide precedence. He thought it was clear that the bill had gained the attention of CFEC.

Senator Hoffman referenced his initial remarks and emphasized that it was essential to refocus efforts on Chinook salmon. He relayed that he had been a member of the Senate Finance Committee and the ADFG subcommittee for over 30 years in the Senate and the House. He referenced declines in Chinook throughout the state, and a decline in Chum salmon the previous year. He emphasized that the state needed to determine a course other than accepting continued declines. He thought it was not an option to do nothing as a state. He emphasized that the state needed to address all areas of the state, particularly with regard to Chinook salmon.

SB 29 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop discussed the agenda for the following day.

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ADJOURNMENT

[3:22:33 PM](#)

The meeting was adjourned at 3:22 p.m.