

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

March 4, 2025

10:30 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Bryce Edgmon, Vice Chair
Representative Rebecca Himschoot
Representative Chuck Kopp
Representative Kevin McCabe
Representative Sarah Vance
Representative Bill Elam

OTHER LEGISLATORS PRESENT

Representative Ky Holland

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 117

"An Act relating to commercial set gillnet fishing; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 116

"An Act exempting from insurance regulation cooperative agreements entered into by two or more persons engaged in commercial fishing for the purpose of paying claims or losses."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 117

SHORT TITLE: COMMERCIAL FISHING; SET GILLNET COOP

SPONSOR(s): FISHERIES

02/26/25	(H)	READ THE FIRST TIME - REFERRALS
02/26/25	(H)	FSH, RES

03/01/25 (H) FSH AT 11:00 AM GRUENBERG 120
03/01/25 (H) -- MEETING CANCELED --
03/04/25 (H) FSH AT 10:30 AM GRUENBERG 120

BILL: HB 116

SHORT TITLE: COMMERCIAL FISHING INSURANCE CO-OP

SPONSOR(s): FISHERIES BY REQUEST OF TASK FORCE EVAL ALASKA
SEAFOOD INDUSTRY

02/26/25 (H) READ THE FIRST TIME - REFERRALS
02/26/25 (H) FSH, L&C
03/01/25 (H) FSH AT 11:00 AM GRUENBERG 120
03/01/25 (H) -- MEETING CANCELED --
03/04/25 (H) FSH AT 10:30 AM GRUENBERG 120

WITNESS REGISTER

MATT GRUENING, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Stutes, prime sponsor, introduced HB 117.

KEVIN FISCHER, President
Allakaket District Setnetters
Kodiak, Alaska

POSITION STATEMENT: Gave an invited testimony in support of HB 117.

ERIC O'BRIAN, representing self
Kodiak, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 117.

ADELIA MYRICK, President
Northwest Setnetters Association
Kodiak, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 117.

ROBERT MURPHY, Area M Setnetter
Kodiak, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 117.

LISA GABRIEL, representing self

Kenai, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 117.

DAVID FLEMING, Setnet Fisherman
Prince William Sound, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 117.

KIRSTYN STERLING, representing self
Pilot Point, Alaska

POSITION STATEMENT: Gave an invited testimony in support of HB 117.

TRACY WELSH, Executive Director
United Fishermen of Alaska
Juneau, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 117.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community, and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 116.

BOB KEHOE, Executive Director
Purse Seine Vessel Owners Association
Seattle, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 116.

ACTION NARRATIVE

[10:30:10 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:30 a.m. Representatives Kopp, McCabe, Vance, Himschoot, Elam, Edgmon, and Stutes were present at the call to order.

HB 117-COMMERCIAL FISHING; SET GILLNET COOP

[Contains discussion of HB 31.]

[10:31:35 AM](#)

CHAIR STUTES announced that the first order of business would be HOUSE BILL NO. 117, "An Act relating to commercial set gillnet fishing; and providing for an effective date."

[10:31:57 AM](#)

MATT GRUENING, Staff, Representative Louise Stutes, Alaska State Legislature, on behalf of Representative Stutes, prime sponsor, introduced HB 117. He said this legislation would preserve the traditional model for salmon setnet operations by continuing to allow small groups (often families in rural Alaska) to work cooperatively, comingle their fish, and allow one permit holder to deliver fish on behalf of their group. He said this bill was brought forward by concerned stakeholders to address a newly applied legal interpretation by law enforcement that has disrupted the way set-net operators have functioned since pre-statehood. The current legal interpretation requires that fish are not comingled and are delivered by each individual permit holder; this legislation would address this interpretation. He remarked that set-netting is unique in Alaska and was Alaska's only commercial shore-based fishery. Historically, fisherman have delivered their fish cooperatively, picked their nets cooperatively, comingled fish, and operated as a group. He said that this model of fishing has existed since statehood.

MS. GRUENING said that after a brief presentation, committee members would hear invited testimony about the issues associated with the new legal interpretation. He pointed members to a letter of support from the Northwest Setnetters Association [copy in committee file] because it illustrates the matter of concern. He said that every set-net fishery is different depending on the region and said the new legal interpretation would be particularly burdensome to offroad rural fishermen. He said that in many operations the only option for deliveries is in small skiffs and often travel in rough waters, with limited hold space. Permit holders often include family members who are mending nets or cooking and have always been included as part of the group. He said HB 117 only aims to allow a continuation of set-net operations to participate in the fishery as they always have. He said that language was left intentionally broad to allow law enforcement, the Commercial Fisheries Entry Commission (CFEC), the Alaska Department of Fish & Game (ADF&G), and other stakeholders to have maximum input into how the fish would be delineated. He said that this bill is not only about maintaining the status quo but to support fishing operations in rural communities. He concluded by reiterating that setnetters

should be able to work together and maintain their operating methods.

[10:36:13 AM](#)

CHAIR STUTES announced that the committee would hear invited testimony on HB 117.

[10:37:10 AM](#)

KEVIN FISCHER, President, Allakaket District Setnetters, gave invited testimony in support of HB 117. He said that he has been a set-net fishermen for 35 years and for the entire time set-net fishermen have comingled fish. He said it is his understanding that set-netting has been this way even before statehood. He did not understand the current upheaval in set-netting practice and the lack of communication with fishermen on this issue. He said HB 117 would allow set-netters to fish as they always have. He said if the new legal interpretation that prevents comingling fish remains then it would negatively impact Alaska fishermen, particularly the small family operations. He said that last year one of the fishermen in his district was issued a felony level citation; the officer did not know the issue; nor did the judge understand the issue well either. He said the court offered a plea deal and dropped it to a misdemeanor and issued a \$500 fine. He said that this caused a great deal of concern amongst fishermen in his district. He asked why only one citation was issued when everyone practiced this way and why it was suddenly being enforced now. He asked what happened to warnings prior to citations, he said it feels like an attack on small fishing operations. He said that he was 100 percent confident that if someone said there was an issue then fishermen could have solved it. Issuing a felony level charge is not acceptable and none of his neighbors want to do anything illegal. He said it simply is not viable to separate fish by permit when fishing as a coop. He said that someone, for some reason, thinks that set-net fishing should be different than it has been.

[10:40:37 AM](#)

ERIC O'BRIAN, representing self, gave invited testimony in support of HB 117. He said that he echoes the previous testifier's comments and concerns. He said that he is part of a multi-generational fishing family. He said the first permit was purchased in 1977 and the second in 1988. He said that his brothers and extended family have always been part of fishing

operations. He said in 2002 his parents transferred their permits to the children, and more were purchased later. He said that there were seven permits in total, shared by three grown brothers and three elderly parents. He said they maintain a single-family fishing operation. He said family members all work on the permits. He said that they could not operate without full family support. He said that shore-based support allows participation in the fishery. He said that it is a physically hard season and doesn't always fit with concurrent schedules in the setnet fishery. He said it is not feasible to consider each permit as a separate business, especially given the age of some permit holders. In closing, Mr. O'Brian stated that HB 117 would correct a misinterpretation and allow set-netters to operate as they always have, as a cooperative business venture primarily executed along family lines.

[10:44:45 AM](#)

ADELIA MYRICK, President, Northwest Setnetters Association, gave invited testimony in support of HB 117. She said that she is a second generation setnetter and currently raising the third generation. She said that the Northwest Setnetters Association supports the bill. Set-netters operate in a fashion that their elders and forefathers taught them, this means mingling fish and operating as a cooperative and often a family unit. She said that the bill would provide the necessary clarification and support set-netters. She said that many setnetters are multi-generational and have a long family history and the bill would allow both youth and elderly alike to participate in the industry. She remarked that keeping youth in the fishery is imperative. She raised concerns about permits exiting the communities and less opportunities overall. She emphasized that Alaska set-netters have among the highest proportions of Alaska resident fishermen and supporting their ability to continue is very healthy for the state. She said that given the current market conditions, setnetters are at the highest risk of extinction. She said that one by one all the smaller processors have shut down and tendering boats are the only option to offload the catch. She remarked that comingling fish can help provide incentives for tendering vessels to continue the purchase and acquisition of set-netter caught fish and a struggling fishery would struggle to attract purchasers. She said that many people who purchase sites often know nothing about set-netting, are "well off" out-of-town folks, and often just look for a remote property to purchase. In conclusion, Ms. Myrick reiterated that the Northwest Setnetter Association supports the bill and the preservation of the status quo.

[10:48:54 AM](#)

ROBERT MURPHY, Area M Setnetter, gave invited testimony in support of HB 117. He said that this bill would allow set-gillnet family group permit holders to continue "doing what they have done" for years. He said that adopting this bill would have no change on the fishing practices. He remarked that the seafood industry has faced challenges in the past years and if the bill was not adopted then it could have detrimental impacts to set-netters. He said that in his community, salmon fishing is the main source of income. He remarked on the feasibility of adhering to the new legal interpretation and the concerns regarding skiff operation in challenging waters. He urged the legislature to make the corrections to the legal interpretation and support fisherman for the upcoming season.

[10:52:39 AM](#)

LISA GABRIEL, representing self, gave invited testimony in support of HB 117. She said that her family has been set netting in Cook Inlet for 39 years. They have three permits, one skiff and have always fished as a family group. When fishing on the east side, using one skiff for up to nine nets is common practice. She described the process of collecting fish and loading skiffs for delivery. She said that keeping fish separated is not practical when dealing with lots of fish and a skiff boat. She said that balancing the load on the skiff can be challenging and unsafe when not done appropriately and emphasized that safety is the number one priority.

[10:54:40 AM](#)

DAVID FLEMING, Setnet Fisherman, gave invited testimony in support of HB 117. He said that he is a third generation set-net fisherman who has multiple family members involved in the fishery. He said that the bill would help families that fish as a unit or partnership. He said that he and his brother both have permits and comingle fish. With regards to the bill, he believes the threshold of permits at 10 is too high and a smaller number would be fair.

[10:56:44 AM](#)

KIRSTYN STERLING, representing self, gave invited testimony in support of HB 117. She said that her family has two permits, and their sites are approximately two miles from one another.

She said that maintaining the status quo is of the utmost importance for safety and young families. She said that set-netting is more accommodating to family groups than drift netting from a boat. She has been raising kids for the last 10 years and during these times a crew swap out was necessary to nurse the babies. She said that offering citations to women on set-net boats who are trying to support their family is wrong. Safety is another concern raised when considering the inability to comingle fish.

[10:59:49 AM](#)

TRACY WELSH, Executive Director, United Fishermen of Alaska, gave invited testimony in support of HB 117. Speaking on behalf of the United Fisherman of Alaska (UFA), she said that the organizations support the bill concept. She said that several other testifiers had briefed the UFA Board prior to their testimony and sought a legislative fix to the new legal interpretations that prevent comingling fish.

[11:01:08 AM](#)

REPRESENTATIVE ELAM commented that some Kenai River sportfishing guide affiliates had contacted him regarding concerns about HB 117. He said that they felt it could be handled at the Board of Fisheries level and a legislative fix was not necessary.

MR. GRUENING responded that originally a regulatory fix was considered and after consultation it became clear that there was some statutory language that needed to be fixed regarding the unit of gear used. Additionally, he said that the transporter permit required for set-netting would not work well in rural communities due to unit of gear definitions in statute. He said that there is conflicting statutory language and ambiguity, and a legislative fix was appropriate.

[11:03:34 AM](#)

REPRESENTATIVE VANCE asked how quickly the regulations would be implemented and whether it would be done prior to the next fishing season.

MR. GRUENING said that the hope is that work can be done with the Department of Public Safety to place a moratorium on enforcement while the bill works through the implementation process. He noted that the Board of Fisheries will not meet in time to pass regulations unless it makes an agenda change.

REPRESENTATIVE VANCE asked if AS 16.05251 was amending the Board of Fisheries regulations.

MR. GRUENING said no, it calls on the Board of Fisheries to establish regulations as per the bill, there would still have to be a regulatory process taking place by the board to implement the changes.

REPRESENTATIVE VANCE said that while she respects the Board of Fisheries process in adopting regulations, she questions why the legislature could not specify what the department should do to address and expedite the process.

MR. GRUENING responded that he thinks this may be a better question for the Department of Public Safety. But it was his understanding that if HB 117 passed, then any citations would not be issued against statute. He said that he did not want to speak on behalf of the Department of Safety, but this was his understanding. He said this bill is an attempt to solve the problem, albeit a first attempt. He said any changes necessary to improve the bill would be considered.

REPRESENTATIVE VANCE said the reason she brings this up is that a lot of times the regulations get delayed, and people are left wondering what to do. Any way to avoid this without overriding delegated authority would be good. She said that in areas like mariculture, they are still waiting for regulation.

[11:07:56 AM](#)

REPRESENTATIVE EDGMON remarked that the committee passed HB 31 which dealt with registration for derelict vessels and in combination with this bill he feels entirely comfortable working with the Department of Public Safety to address Representative Vance's concerns. He said that while he cannot speak on the department's behalf, he felt that it may be happy to understand that it could halt enforcement. He thinks that the department would recognize the intent of HB 125.

CHAIR STUTES said that she had a conversation with the Department of Public Safety about this and she said that the department is willing to work with the legislature.

[11:09:34 AM](#)

REPRESENTATIVE MCCABE commented that this issue seems like farming in the Lower 48. He said that many farmers form coops to harvest together. It is the safest and most efficient means of harvesting. He said that set-netting operates in a similar fashion. He asked "how smart are we" to change the means of delivery. He expressed hope that the Department of Public Safety would recognize this issue and support the fisherman. He said this is a frustrating issue.

[11:10:52 AM](#)

REPRESENTATIVE KOPP said that as a commercial fisherman, the permit he operates is now in his sons' names and as someone who was raised in the Bristol Bay Fishery, the correlation Representative McCabe made about farming was spot on. He said in his last 13 years set netting in Bristol Bay that he recognizes that these fishermen are multi-family cooperatives. He said that one thing that has not been highlighted well is how dangerous skiffs can be in severe weather. He said that ultimately only one boat makes the run to the tender which can often be miles away and not everybody should take that risk. He said it's a cooperative effort, and it's the way the fishery has always been. The fish are being legally caught, legally sold, and many fishermen effectively police each other. He concluded by commenting that this is common sense legislation.

[11:13:07 AM](#)

REPRESENTATIVE ELAM said that he agrees that safety is a point of concern.

[11:13:30 AM](#)

CHAIR STUTES thanked the committee for the unified effort to move the bill forward. She remarked that written testimony could be sent to house.fisheries@akleg.gov and announced that HB 117 was held over.

HB 116-COMMERCIAL FISHING INSURANCE CO-OP

[11:14:11 AM](#)

CHAIR STUTES announced that the final order of business would be HOUSE BILL NO. 116, "An Act exempting from insurance regulation cooperative agreements entered into by two or more people engaged in commercial fishing for the purpose of paying claims or losses."

[11:14:35 AM](#)

MATT GRUENING, Staff, Representative Louise Stutes, Alaska State Legislature, introduced HB 116, on behalf of the House Special Committee on Fisheries by request of the Joint Legislative Seafood Industry Taskforce. He said this bill would allow for member owned commercial fishing insurance cooperatives. This would exempt them from Title 21, the states insurance code. He said there are already three insurance pools operating in Alaska, but they are based out of an organization in Washington State. This is the Purse Seine Vessel Owners Association, which includes the Seine Vessels Reserve, the Southeast Alaska Fishermen's Alliance Reserve, and the Bristol Bay Reserve. Between all three insurance pools there are approximately 840 vessels. He noted that rising premiums and availability of insurance serve as an operating barrier for Alaska's aging commercial fishing fleet. Underwriters have been raising premiums on individual vessels and have become increasingly selective regarding which vessels get selected for insurance.

MR. GRUENING explained that insurance pooling can provide a more attractive and lower risk alternative for underwriters than insuring individual vessels. Additionally, it would generate lower insurance costs for fishermen. He remarked that some of the benefits of a commercial fisherman-owned pool could be: lower premiums, the ability to structure itself to meet the needs of the fishing industry, such as licensing unique vessels that would otherwise not qualify for standard insurance; a board of directors, who are both fisherman and members, which would give localized control; and lastly offer dividends to fishermen. He noted that with operating costs at an all-time high and fishing markets at an all-time low, HB 116 aims to provide lower cost and easier access to insurance alternatives to Alaska's commercial fishing fleet.

[11:17:05 AM](#)

CHAIR STUTES announced that the committee would hear invited testimony on HB 116.

[11:17:23 AM](#)

TRACY WELSH, Executive Director, United Fishermen of Alaska, testified in supports of HB 116. She said that United Fisherman of Alaska (UFA) support the concept of HB 116. She explained that UFA has not had a chance to hold a meeting to review the

bill but supports the idea. She said that UFA had provided a kitchen sink worth of ideas to the taskforce and one of these ideas was insurance. She said that insurance is among the largest costs that a fishing operation incurs throughout the year, and it has been increasing.

[11:18:20 AM](#)

REPRESENTATIVE VANCE asked whether UFA had discussed forming its own insurance pool.

MS. WELSH responded that the idea of a UFA insurance pool has been discussed but she does not believe there are any immediate plans to do so.

[11:18:46 AM](#)

REPRESENTATIVE MCCABE asked Director Lori Wing-Heier if insurance pools were an effective way to go and, if so, could they be utilized in other areas as well. He was interested to hear her opinion and whether it was a viable alternative for fishermen.

[11:19:10 AM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development, said that after discussions she did not know whether it was going to make things cheaper. She said that capital would need to be put up, claims would need to be adjudicated, and there would need to be legal counsel, since vessels are under maritime law not state law. She opined that there would be "humps" that would need to be navigated. She said that insurance is high right now across the nation and people are looking for alternative ideas. She said the downside of new insurance ideas is solvency, something needs to be available to pay claims until books balance out. She opined that more research is required for determining how it would work in Alaska, and that ten vessels would not be enough. Enough money would need to be generated to support claims. She said it could work, but it would need time to be brought together.

CHAIR STUTES noted that this legislation does not create the pool but simply allows fishing entities to create a pool. There is no liability to the state itself.

REPRESENTATIVE MCCABE noted that HB 116 is permissive legislation that allows the fishermen to "get together" to form pools. He asked how Washington State did it and whether they were backed by an insurance company and what insurance companies think of this.

CHAIR STUTES remarked that this question may be better answered by Bob Kehoe.

[11:22:26 AM](#)

BOB KEHOE, Executive Director, Purse Seine Vessel Owners Association, said that insurance pools work by vessel owners getting together, coming to an agreement, and group insuring their vessels. He said that premiums are charged to do two things: to pay the claims that arise during a policy year and secondly, to purchase a layer of insurance above the self-insured deductible. He said that addresses the issue of solvency, he said that someone would not want to be in a situation where they can't pay claims. He said that in his experience, underwriters often like this. He said it is a premium game and a way for underwriters to get substantial premium but mitigate their risks by spreading it out amongst a group of different vessels.

REPRESENTATIVE MCCABE asked if there was any self-policing amongst insurance holders.

MR. KEHOE responded that this was correct. He said that Mr. Gruening made the point that a Board of Directors is comprised of vessel owners using the pool. He said that they take the role seriously and review vessels to ensure safety. He said that at the end of the day, when sharing a risk, it becomes one's own business with regards to other vessels and how they conduct themselves.

[11:25:49 AM](#)

REPRESENTATIVE VANCE asked whether the state could offer insurance for the fishermen and said that she liked the concept of pooled insurance. She asked why this method is considered the most advisable.

MS. WING-HEIER said that when the Division of Insurance was brought into the matter, they looked at why the cost was so high and what the alternatives were. She said that there were already a couple successful insurance pools that were set up in

the state. This includes the Alaska Rural Electric Cooperative and the Alaska Municipal League. The thought for the division was whether the fishermen could do something similar; the answer is yes. She said that it can be done but it requires statutory authority to do so, taking insurance out of Title 21. She said that there is a lot of work to do before it can be determined how successful this program could be.

REPRESENTATIVE VANCE commented that it is amazing how the fishery has been so important prior to statehood and now and there was never this permission in statute. She hoped that there would be some people who could take advantage of this.

[11:28:37 AM](#)

MR. GRUENING, in response to comments by Ms. Wing-Heier, said that there is nothing that guarantees that insurance pooling would work. However, as a former member of the Southeast Alaska Fishermen's Alliance Reserve, he felt it was managed well, and his insurance was cheaper, and his insurance costs kept going down. He said if the pools are managed well, they can be successful.

[11:29:32 AM](#)

REPRESENTATIVE HIMSCHOOT remarked that one of her staffers was in an insurance pool and opined that the Board of Directors was composed of members and the Board requires new applicants to provide a reference from existing members. She said that there is some self-policing with regards to managing the pools.

[11:29:57 AM](#)

REPRESENTATIVE MCCABE commented that he was wondering how the state can get the fisherman to come back to Alaska from Washington and maybe the proposed legislation would help.

[11:30:32 AM](#)

CHAIR STUTES announced that HB 116 was held over.

[11:30:51 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:30 a.m.