

SB

128

April 28, 1977

The following is a list of the changes from SB 128 to CSSB 128 by John Farleigh, Administrative Assistant.

1. Page 2, line 24, changes 10 to 15. This is to conform with SB 1 which is now law. (Ch. 8, SLA 1977)
2. Page 3, line 4, Add a new section 6 and re-number accordingly. This section comes from SB 147 (the Fish and Game Omnibus Act that has passed the Resources Committee) and is designed to define "registered under the laws of the State" so that the Department of Fish and Game can begin regulating fishing vessels within the 200 mile limit.
3. Page 6, line 16, changes \$500 to \$750. This raise in the ceiling allows all non-resident fees to be 3 times that of residents.
4. Page 6, line 29. This technical amendment came from the Attorney General's office to correct a "proof reading oversight".



Alaska State Legislature

JUNEAU ALASKA

March 18, 1977

MEMORANDUM

To: The Honorable John Sackett
Chairman
Senate Finance Committee

From: John Farleigh
Administrative Assistant
Senate Resources Committee

Re: Amendment to CS SB 128

Pursuant to the 200 mile limit legislation enacted last year by Congress, the Alaska Department of Fish and Game is allowed to regulate fishing vessels "registered under the laws of the state." Section 6 was added by the Resources Committee to define "registered under the laws of the state" so that the Department of Fish and Game can begin regulating fishing vessels beyond the three-mile limit. However, due to an oversight, the committee substitute did not include an immediate effective date for this section. Therefore, I have drafted an amendment and attached it for your consideration which would allow the department to regulate fishing beyond the three-mile limit beginning this year.

A M E N D M E N T

OFFERED IN THE SENATE:

By: Finance Committee

To: CS for SENATE BILL No. 128

HOUSE BILL No. _____

PAGE: 8

LINE: 21

Delete: "This Act takes effect January 1, 1978."

Insert: "Section 6 of this Act takes effect immediately
in accordance with AS 01.10.070 (c)."

Add a new section to read:

"*Sec. 20. Sections 1 - 5 and 7 - 18 take
effect January 1, 1978."

FISCAL BILL

I. REQUEST

Bill/Resolution No. _____
 Title An act relating to commercial fishing licensing
 Requested by Office of the Governor Date January 27, 1977

II. FISCAL DETAIL

Agency Affected Office of the Governor, Depts. of Revenue and Fish and Game
 Program Category Affected HRREC
 Budget Request Unit(s) Affected Alaska Commercial Fisheries Entry Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		6.1	(.8)	(1.6)		
200 TRAVEL		1.6	.8	.8		
300 CONTRACTUAL		(21.7)	(27.5)	(28.3)		
400 COMMODITIES		(2.8)	(2.9)	(3.1)		
500 EQUIPMENT		2.5	-0-	-0-		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		(14.3)	(30.4)	(32.2)		

FUNDING (Thousands of Dollars)

GENERAL FUND		(14.3)	(30.4)	(32.2)		
FEDERAL FUNDS						
OTHER (specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		1/6 mos.	0	0		

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This new program will save the State \$76.9 over the next three fiscal years. These savings will result from 1) the reduction in duplication of effort by State agencies, and 2) the elimination of gear and vessel licensing functions of commercial vendors.

(see attachment for schedule of savings)

IV. DATE January 27, 1977 PREPARED BY Joyanne Bloom
 AGENCY Office of the Governor
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
1. Increased Administrative Costs of Fisheries Entry Commission	40.7	26.4	26.6
2. Reduction in Administrative Costs of Dept. of Fish and Game	(10.7)	(11.3)	(12.0)
3. Reduction in Administrative Costs of Dept. of Revenue (includes savings on commissions paid to commercial vendors)	<u>(44.3)</u>	<u>(45.5)</u>	<u>(46.8)</u>
TOTAL Gross Savings	(55.0)	(56.8)	(58.8)
TOTAL Net Savings	(14.3)	(30.4)	(32.2)

February 4, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill related to commercial fishing licensing. The bill would eliminate the currently required gear license and commercial fishing license for holders of entry permits and thus simplify the paper-work of license applications for all concerned, especially the fishermen. The number of pieces of paper necessary to fish would be decreased from 4 to 2. One of these two, the vessel license, would be freely transferable between fishermen using the same vessel as it would be issued "anonymously" to a vessel, not to a person. The function of issuing vessel licenses would be transferred from the Department of Revenue to the Commercial Fisheries Entry Commission.

The bill would authorize the Entry Commission to establish permit fees to reflect the inclusion of fees formerly required for gear and commercial license. Finally, the bill amends statutes relating to the Commercial Fishing Loan Program and the Fisherman's Fund to reflect all these licensing changes.

I urge special consideration of this bill as it implements a part of recommendation number 3 (revised) of the Management and Efficiency Review study.

Sincerely,

Jay S. Hammond
Governor

A REPORT ON
SENATE BILL NO. 128

by The Commercial Fisheries Entry Commission

with the concurrence of:
The Department of Fish and Game
The Department of Revenue
The Department of Public Safety

February 22, 1977

SENATE BILL NO. 128

"An Act relating to commercial fishing licensing and providing for an effective date."

Introduction

The Governor's bill entitled "An Act relating to commercial fishing licensing and providing for an effective date" presents the legislature with a new program of commercial fisheries licensing. The departments of Fish and Game and Revenue and the Commercial Fisheries Entry Commission designed this program to ease the paperwork for the fisherman, to save time and money for the State and to increase the accuracy and availability of the licensing data base.

Program Description

The new licensing program eliminates the gear and commercial licenses, separates the vessel license from an assigned operator and creates a crewmember license similar to the commercial license. A renewed entry permit will be the only requirement for a gear operator in order to participate in a fishery. A vessel used in commercial fishing must be licensed and no indication of who will operate the boat will be needed. People who participate in the fishery as crewmembers will have to obtain a crewmember license.

A resident, non-resident fee system for permits will be initiated in the proposed licensing program. This will compensate for revenue previously received for gear and commercial licenses based on residency. The 3 to 1 non-resident fee ratio used for gear licenses will be adopted for the permit fee schedule.

In the present system, vessel licenses are issued to operators. This has caused considerable inconvenience to the fishermen since Revenue and/or Fish and Game forms must be completed each time a fisherman changes vessels or takes on additional operators. The Department of Fish and Game also finds this paperwork time consuming and unnecessary. Without the operator connected to the vessel, there will no longer be a residency distinction and the proposed license program will charge one fee for the vessel license.

The Commercial Fisheries Entry Commission will continue to issue entry permits and will incorporate vessel licensing in its renewal system making licensing for gear operators one simple function. Each year forms will be sent to every permit holder with his renewal information pre-printed by computer. The recipient simply makes any necessary corrections, signs the form and returns it to the Commission with the appropriate fees. The permit holder and the vessel will then be licensed for the coming year. This new procedure for licensing requires far less time and effort for the fisherman than the present licensing system in which he has to obtain three Fish and Game licenses from the Department of Revenue and an entry permit from the Commercial Fisheries Entry Commission.

The Department of Revenue licensing division will issue licenses to crewmembers using its license vendor outlets. The holder of a renewed entry permit may participate in any fishery as a crewmember without purchasing a crewmember license.

The Alaska Fishermen's Fund will be maintained at its current level. This Fund provides for the treatment and care of Alaska commercial fishermen who are injured or become ill in commercial fishing activities. The Commercial Fisheries Entry Commission will assume responsibility for the transfer of money to cover each permit holder. The Department of Revenue will also transfer money to the fund for each crewmember license sold.

Revenue Analysis

The gear and commercial fishing licenses are being discontinued and will no longer contribute to the State's commercial license revenue. The anonymous vessel license and the new crewmember license will only partly make up for this loss. The rest must come from increased permit fees.

As seen in Table I, State revenues derived from the four types of license and permits now available approximated \$1.5 million for each of the last four years. The new system is expected to produce \$2.6 from the new vessel and crewmember

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licenses and entry permits. The increase in revenue will come mainly from the three to one non-resident to resident permit fee differentiation.

Vessel license revenue will be based on a new fee. An anonymous \$20 fee will replace the previous \$10 fee for a resident vessel operator and \$30 fee for the non-resident. When the \$20 fee is applied to the number of vessel licenses sold in the past, vessel revenue totals \$254,380, approximately \$100,000 more than previous years. (Table II)

To project crewmember license revenue, the number of commercial license sold to persons who did not also have a gear license is used to estimate the number of people who were crewmembers. The percentages of resident and non-resident commercial licenses sold in the past are applied to the estimated number of crewmembers so total anticipated revenue can be derived. As seen in Table III projected 1978 crewmember revenue is \$113,550.

These two amounts of new fee revenues, \$254,380 for vessel licenses and \$113,550 for crewmember licenses make up only a quarter of total revenues collected in the past. Under the new program the additional revenue must come exclusively from permit fees.

The Limited Entry Law requires permit fees to "reasonably reflect the different rates of economic return for different fisheries". It also calls for the fees to be set by regulation, although a ceiling is mandated. SB 128 raises the ceiling from \$100 to \$500. The new permit fees will remain in about the same proportions as they presently exist. Some adjustments will be made to more closely reflect the rates of economic return for the various fisheries.

When deriving total permit revenues, adjustments must be made to account for poverty permit fees. If a fisherman falls within Federal poverty guidelines he may purchase a permit for a reduced fee. This fee will be increased from \$5 to \$15 to reflect the cost of issuing the permit. The \$15 fee will be less than the total cost of his licenses and permit under the present system.

A doubling of present permit fees closely reflects what the resident fisherman now pays in annual licenses and permits. However, with the 3 to 1 non-resident to resident ratio, the doubled fees will bring the State an extra million dollars in revenue. This extra revenue would bring the total money collected from commercial fishing licensing to \$2.6 million. Table IV compares portions of the new fee schedule with the old schedule.

The cost of managing, rehabilitating and enforcing the fisheries have increased at a rapid rate over the last few years and now totals \$17.6 million. Over the past 5 years the State has operated at an average inflation rate of 7% yet the price of commercial gear and vessel licenses have not increased since 1959. A bill which was passed in last year's Legislature doubled the cost of sports fishing licenses for residents from \$5 to \$10. SB 128 would allow a greater recognition of the State's costs in relation to commercial fisheries while at the same streamlining and improving its licensing program.

Table I

1974-1976 Licensing Revenue

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Projected 1978</u>
Gear	\$ 425,287	\$ 397,777	\$ 413,805	- - -
Vessel	\$ 152,486	\$ 158,704	\$ 160,737	\$ 254,380
Commercial	\$ 325,020	\$ 334,510	\$ 385,280	\$ 113,550
Permits	<u>\$ 604,924</u>	<u>\$ 646,191</u>	<u>\$ 625,894</u>	<u>\$2,202,395</u>
TOTAL	\$1,507,717	\$1,537,182	\$1,585,716	\$2,570,325

Total figures include money transferred to the Fishermen's Fund, approximately \$200,000 per year. The 1976 revenues for gear, vessel and commercial licenses are preliminary figures. The 1978 Commercial License entry represents revenue to be collected from Crewmember Licenses.

Table II

Vessel License Revenue

1975 Resident Licenses	10,369 @ \$10 =	\$103,690
1975 Nonresident Licenses	<u>2,350 @ \$30 =</u>	<u>\$ 70,500</u>
	12,719	\$174,190

Projected 1978 Vessel License Revenue:

Total Licenses	12,719 @ \$20 =	\$254,380
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Table III

Crewmember License Revenue

1975 Commercial licenses less gear licenses: 7,373

73% resident or 5,382 licenses @ \$10/license = \$53,820

27% nonresident or 1,991 licenses @ \$30/license = \$59,730

Projected 1978 Crewmember License Revenue: \$113,550

Table IV

A COMPARISON OF OLD AND NEW RESIDENT LICENSE AND PERMIT FEES

	<u>Old System</u>			<u>New System</u>	
	Gear License	Commercial License	Permit	Total	Permit
	\$	\$	\$	\$	\$
Purse Seine (Based on 250 fathoms)	70	10	60	140	120
Drift Gill net (Based on 200 fathoms)	20	10	50	80	100
Set Net (Based on 150 fathoms)	15	10	20	45	40
Hand Troll	15	10	20	45	40
Power Troll	15	10	50	75	100
Long Line (Vessel length 26' or less)	25	10	20	55	40
Long Line (Vessel length over 26')	25	10	60	95	120
Pots (Vessel length 50' or less- based on 150 pots)	30	10	50	90	100
Pots (Vessel length over 50'- based on 150 pots)	45	10	100	155	200

Non-Resident fees are three times resident fees

A COMPARISON OF OLD AND NEW NON-RESIDENT LICENSE AND PERMIT FEES

	<u>Old System</u>			Total	<u>New System</u>
	Gear License	Commercial License	Permit		Permit
Purse Seine (Based on 250 fathoms)	210	30	60	300	360
Drift Gill net (Based on 200 fathoms)	60	30	50	140	300
Set Net (Based on 150 fathoms)	45	30	20	95	120
Hand Troll	45	30	20	95	120
Power Troll	45	30	50	125	300
Long Line (Vessel len '6' or less)	50	30	20	100	120
Long Line (Vessel length over 26')	50	30	60	140	360
Pots (Vessel length 50' or less- based on 150 pots)	90	30	50	170	300
Pots (Vessel length over 50'- based on 150 pots)	135	30	100	265	600