

SB

128

COMMITTEE REPORT

SENATE

**Finance

2/4/77

3/11/77

Date

Mr. President:

The Committee on RESOURCES has had SB 128 commercial fishing licensing under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for SB 128 and that CS for SB 128 do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

William _____

Michael _____

John _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Francis recommends: No Rec

John recommends: No Rec

_____ recommends: _____

Chairman

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

JAY S. HAMMOND, GOVERNOR

POUCH KB - JUNEAU 15001

February 23, 1977

The Honorable Kay Poland
Chairman, Senate Resources Committee
Capitol Building
Juneau, Alaska 99801

Dear Senator Poland:

Enclosed please find a report explaining the rationale behind Senate Bill No. 128. This should assist you and your committee when reviewing the bill. If questions should arise which are not answered in the report, please do not hesitate to contact the Commission.

The Commission, along with the Departments of Fish and Game, Revenue, and Public Safety, have worked for months formulating a fair, simple and practical system of commercial fishing licensing. The new system we are proposing will result in eliminating State agency duplication of time and effort, create a much needed data base, and most important will eliminate much of the bureaucratic paperwork for the fishermen.

We have received wholehearted support from fishermen and fishermen's groups we have discussed this new program with. I urge your approval of the new licensing program proposed in SB 128.

Sincerely,



Roy A. Rickey
Chairman

RAR:d1

Enclosure

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.

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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

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>			<u>New System</u>
	Gear License	Commercial License	Permit	Permit
Purse Seine (Based on 250 fathoms)	210	30	60	360
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75.
160 40
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Power Troll	45	30	50	125	300
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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
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Cordova District Fisheries Union

Headquarters: Box 939, Cordova, Alaska



February 18, 1977

Senator Kay Poland
Alaska State Senate
Pouch V
Juneau; Alaska 99801

Dear Kay,

In regards to Senate Bill #128 "An Act relating to commercial fishing licensing and providing for an effective date".

Our response to this bill is negative. Outwardly this would appear as a move toward efficiency which in reality we doubt seriously that this is either an efficient or financially sound maneuver.

The efficiency of the postal service between Juneau and the coastal fishing communities at best leaves a lot to be desired. We have experienced delays of over a month between here and Juneau, and while this is extreme, weekly or longer delays are commonplace. The efficiency of the Limited Entry Commission and their computer is at least on the same par.

Elimination of the personal, human, aspect of filling out the necessary forms under the direct assistance of the local vendor will certainly have an adverse effect on many of the lesser educated, handicapped or otherwise incapable persons, especially persons from the village areas.

We do not feel at this time that the Alaskan fishing community as a whole is ready to cope with the Limited Entry Commission in Juneau armed with their computer, handling the majority of the fishing licenses.

If this bill is enacted we anticipate, lengthy delays, loss of the personal, 24 hour per day, 7 day a week, service now received from local vendors, and certainly not an increase of efficiency or reduction of cost to the State.

Your responsible consideration is requested in this matter.

Sincerely,

Bob

Bob Blake

Chairman