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SB 39: LIMITED ENTRY
SPECIAL COMMITTEE ON FISHERIES
January 24, 1973

CHAIRMAN: Here are the comments of administration spokesmen on Senate Bill 39, the Governor's limited entry proposal. Allen, I think that all the legislators know you. Will you introduce for their benefit, the rest of your people?

ALLEN ADASIAK: This is David Jackman with the Attorney General's office and this is Rich Listowski who is working for the Attorney General's office on contract handling these statistical data aspects of the limited entry study. And, pardon me, Roy Rickey, from the Department of Fish and Game who tells us about the fish.

CHAIRMAN: You mean they're such a minor part that they can be overlooked in all this. Okay, again, what we're going to do then, is give you whatever opportunity you desire for presentation of your case and we're going to open it up to questions from the committee members to you people, and if we still have time, then we'll take comments from the public if they wish to make them. So, without any other--are there other comments that any of the members would like to make before we begin? If not, the floor is yours.

MR. ADASIAK: Well, I think that the bill that you have before you is one that very many people agree in general concept is important. I can't think that I've talked to anybody recently who has said Alaska does not need limited entry, but when you get beyond certain general ideas like that into more specific considerations of what are you going to limit, how are you going to limit, who's going to be in, who's going to be out, it becomes very difficult, very complex. As most of you know,

the State doesn't just have one fishery and one type of gear. We have a variety of fisheries, a variety of different types of gear, a variety of species of fish that are taken, and we tried to put together a bill which would be flexible enough to look at individual areas of the State and the participants in each individual area in evaluating how it is that you limit the amount of gear that is in a particular fishery in a particular area. Now, again, you go from the general idea of limited entry, which I think is accepted, into specific considerations and right away you raise a fear in a lot of people's mind, and I'm sure many of you have fishermen in your constituencies. You've encountered it already. That's the fear that, that's me. I'm going to be cut out of the fishery when limited entry comes through. Then other information gets out on the basis of what is admittedly a very complicated bill because we've got a complicated problem and that information suggests that 46 percent of the boats, 46 percent of the gear will be removed from the fishery. Well, when you hear a figure like that, it's almost impossible to avoid concluding, that's got to be me, I'm out. Well, not necessarily, and definitely not under the terms of this bill. The 46 percent information that was advanced to the public is erroneous. It was arrived at through an incomplete consideration of the provisions in a very complicated bill that balances another whole series of factors, not just the number of units of gear necessary to catch fish. Now we would be--we'd be attempting to con people if we said we're proposing a limited entry program, but nobody will be taken out of the fishery, because you're just not doing anything then. And, there are

areas of the State where we can demonstrate quite clearly there's too much gear. The excess of gear works to a disadvantage biologically in the management of the fishery. It makes the management clumsy, and sometimes ineffective as far as controlling escapement in any certain way, and the excessive gear also makes the fishery less satisfactory from an economic point of view to the number of people who are in it. So, we have put together a bill which we feel will address the problem of how do you decide what the level of fishing effort should be in each area of the State and then, what is the fairest way that you can come from the present level down to the level that has been decided is desirable. And that's the thrust of what we've attempted to do, and in deciding who will remain in the fishery and who will get out, and again, it's an unpleasant question to have to look at because if you're going to reduce gear, that means somebody gets out. We felt that there would be three standards that should be applied. One of those standards is the people who have the least amount of economic dependence on the fishery. Now, economic dependence is fairly easily confused with strictly income, and economic dependence was a term that we chose because we felt it was broader than just income, and it allowed the commission which we established, or propose to establish here, to consider more factors in evaluating economically an individual's relationship to the fishery and his relationship of commercial fishing to his total livelihood. For example, a person could earn, and these are just figures I'm pulling out of the air to illustrate, \$8,000 from the fishery, but to say that his dependence on the fishery was that \$8,000 may completely

ignore the fact that he has about a \$45,000 boat, and whether he has the boat paid off, or whether he's got a mortgage on it and he's making payments, that boat represents another part of his economic dependence on the fishery. So, the term was chosen to allow a broad and what we hope to be a fair consideration of a person's relationship to the fishery economically. The second test that we proposed is that the people who should be eliminated, and these tests are not one or the other or all three, there's a balance of these three. The second test is that the people who fished the least should be the ones that we tend to eliminate, and the reasoning there is very simple. If you have a person who is going out, oh, one day every other weekend and he's catching a little bit of fish, his degree of involvement in the fishery over the past several years at that rate, is far less than the person who goes out for two or three weeks, four weeks, fishes ten months a year, and we feel that the time factor is relevant. The third thing we propose is a standard that people be ready, willing and able to fish. Now, the reason for that is, there has been in the past speculation that a limited entry program would come along and people have bought licenses and not fished them. Their speculation is that the way you decide who got into the fishery was to look and say who has held licenses over the past ten years, and say we'll let in the people who've held licenses eight over the past ten years. So, they've bought licenses, never fished them. We've term these paper licenses. We feel that if you're looking at actual fishermen, that you ought to look at people who've been in there fishing, not just paper license speculators, so we set

up a criteria of being ready, willing and able to fish. You've got to perform. Now, in applying these criteria, the commission in a given for a given type of gear, will apply these standards to the applicant, and it will conclude by category from those who rank highest in balancing all three of these, to those who rank lowest who should be in the fishery. When those standards are applied, and if at the lowest category there's more people than there are who can get in in that group, that's settled by lottery, but at any rate, once the level in an area and for a type of gear is brought down to what has been decided to be the desirable maximum allowable level of gear, from then on those permits that are issued, the permanent entry permits, are like property. A person who has them has a fishing right which he holds through the rest of his life, except under certain conditions. One of those conditions is if--there's an annual fee for the permit, and if for five consecutive years at any time, he fails to pay the annual renewal fee, he has the option at the end of that time of either paying up or he gets out and his permit reverts to the commission. Our reasoning there is again that we don't want people collecting and holding permits. We don't feel they should ride for free, yet a person can suffer severe economic hardship in a few years, such that he can't pay the permit fees, and there ought to be a grace period, but even a grace period has to have reasonable limits after which you either pay up or we cash you out. Now, another provision that we put in here is transfer or sale of permits. Once, in any area for any particular kind of gear, it's brought down to be the desirable level, those permits, which I said are

like property, can be sold to anyone else who is ready, willing and able to fish, The procedure isn't just simply that you meet at the corner and exchange money and you hand them a piece of paper. It does have to go through the commission so that the commission can satisfy itself that the sale is being made to another person who is going to participate in the fishery. This helps to eliminate the possibility of people closing out fishing in a certain area and controlling who does or does not fish by buying permits and keeping people out of the fishery through the control of those permits. So, while we have limited the number of people in a particular fishery for a particular type of gear we have not frozen the entire class and locked it in so that only those people forever more can fish. If someone wants to get in, he can attempt to contact someone who is in the fishery and buy him out. Those permits are for sale. So, you can buy in and you can buy out of the fishery. Now we know that transfer and sale does work from the British Columbia experience with limited entry, because you can look through the newspapers and you can see that these sales are going on. There is movement in and out of a class even though the level of gear has been set. And we feel that this will be a legally sustainable means of allowing mobility without freezing it into one particular group of people and protecting ourself from a court attack at the same time by creating a completely closed class. Another thing about these permits is that we have set them up so that they would attach to a person, not to a boat, and the permit can be fished only by that person. It can't be held by a corporation. The right to fish can't be delegated

to an agent, and our purpose behind this is to prevent any moneyed interest from trying to buy a block of permits again and gain an excessively large control over any particular fishery through the control of all of the people who fish.

We feel that by putting the permit--attaching the permit to an individual, it gives the individual more strength in league with other individuals in the fishery than if we were to allow any company or group to accumulate a whole handful of those permits and decide in a given year whether or not they would pass a permit out someone to let him use it. Now there are many other aspects to the bill, and we'll be happy to answer questions about all of them. The machinery, for instance, for deciding what an optimum--or a maximum allowable level of gear is in a particular area and things like that that we can discuss. We'll be happy to answer any questions you have about the entire proposal. Our concern in putting together the bill was to come up with what we felt would be a fair method of limiting entry so that you set a limit level and bringing fisheries where that level was too high down to the level that was arrived at.

CHAIRMAN: Why don't you go ahead while you have the floor, Allen, and explain about the commission and how it would work and function and such.

SENATOR KAY POLLAND: Mr. Chairman?

CHAIRMAN:

SENATOR POLLAND: Could I ask one question? I noticed that through the chair they didn't mention the income tax issue.

MR. ADASIAK: Fine. The--once the number of units of gear is established and the commission is set up, the series of standards, regulations,

qualifications within that number to decide in a given fishery who would get the permits, then as a separate stage after that it takes applications. We split this apart into two sections to try to reduce the amount of pressure and influence that would be put on the commission. It will set up regulations that define priority classes, boxes from top to bottom, taking these standards that we have of degree of economic dependence, past participation and present ability and intent to participate, and the commission will make a statistical study of each area and each type of gear, so although they don't know individuals they do know in terms of gear, and terms of the economics of the area, what's in there. And they will evaluate those, and say according to these standards, we know that this groups meets these levels, is definitely in this group which the levels are a little lower is in, and set classes down to one, which as I said before, may be a doubtful class, because they know the total number of people of people in the fishery and there might come a point where, in one group, some will make it, some won't, and that is resolved by lottery. There are hearings held on these regulations before their adopted so that the people in the area have an opportunity to comment on them, review them and satisfy themselves that it is a fair way of looking at their situation in their fishery. Then, and only then, before anybody knows anybody's name, then the applications are taken and the commission can require whatever information it feels is necessary in order to evaluate accurately which people go in which classifications. It was suggested in the Governor's transmittal letter that the commission may well request income

tax records. Now that, it seems to me, is a matter of convenience since most people file income tax records and income tax records contain a great deal of the information that the commission would probably want to look at. It doesn't have to. It's not in the bill. The commission can set up whatever information requirement it feels it needs in order to evaluate the different applications. There's also a provision in there for people who, for one reason or another, cannot furnish the particular kind of information that the commission has required, and it allows the person to come before the commission and to present alternate evidence, whether it's a testimony of associates or separate records, fish tickets instead of income tax records, or whatever, to build his own case if he has, for one reason or another, an inability to meet the information standards the commission set out, so that he has a fair opportunity to put his own case of proof on to demonstrate with whatever he has at hand that he should be considered, and that this is the grounds with his application. So, income tax records are, as I say, a likely choice because of the kind of information they yield, but there is nothing in the bill that requires the commission to require applicants to produce those.

SENATOR KAY POLLAND: There was one other item I had in mind, and that was that I thought there was consideration being given to the idea that if they had failed to pay Alaska income taxes (indisc.).

CHAIRMAN: Do you want to answer that, Dave?

MR. JACKMAN: Mr. Chairman, if might respond to that question. An applicant that was asked to produce income tax information and

was delinquent in his taxes, would clearly be liable for non-payment of taxes, and I would think this choice: either he would go to the Department of Revenue and try to strike a settlement and bring himself current so that he could then go in and make application and provide this kind of information without clearly opening himself to prosecution under our tax laws, or he would disinclined to apply. Now, there are probably a large number of people who've evaded taxes in the past who might decide, you know, we won't apply. There seem to be nearly between 25 and 30 percent of the people in the fishery that consistently the past few years failed to file income tax returns. So, that's a fairly substantial number of people. That's how I see it as working at the present time.

CHAIRMAN: Allen, let me back up a minute and introduce the members of the committee and some of the other legislators. Some of you people may not be familiar with them. Starting on the other side of Senator Polland is Senator John Sackett, and I think maybe you do know John, Senator Kay Polland here, Senator Hohman from Bethel, Senator Lowell Thomas from Anchorage, and (indisc.) is Senator Grove from Anchorage who is not a member of our committee but he is sitting in with us. I think I saw Ernie Haugen. Did Ernie leave? Okay. And I think maybe that's all the legislators that we have for the privilege of those people that... Okay. I'm Senator Palmer, and, oh, I'm sorry, Senator Hensley is here from the Senate also. Okay. Kay do you have another question at this point? Does that answer yours as far as income tax is concerned? In other words, that will be one of the means used to determine

the economic dependence. Does that...

MR. JACKMAN: It would be one of the forms of evidence mostly, probably the most useful forms of evidence in establishing some of those factors, yes.

CHAIRMAN: Yeah, fine. Are there other questions? Lowell?

SENATOR THOMAS: Well, I have one right off the bat. It looks to me like you would probably eliminating the part-time fishermen most often, judging from what's set out in the three standards, least economic dependence, those who fished the least, and I just wondered about this. It would seem to me that many of those part-time fishermen, that that part is critical to their overall economic situation, and they farm part of the year, or perhaps go to subsistence hunting or something of this sort, and would this be covered by a study of their income tax situation, or are they going to be the ones likely to suffer?

MR. ADASIAK: Do you want to start an answer on that?

MR. JACKMAN: This is a point that we spent about three hours wrestling with last night at a local public meeting of part-time fishermen and moonlighters and whatnot. The thing--the point that's most often missed in thinking of this is to think of comparing, say, the hand troll fishermen in the Juneau area with the purse seiner in Southeastern Alaska, or with the Bristol Bay drift net fishermen. That's not the apparatus that's set up in the bill. You would be looking at each area and each type of gear independently, and you'd be comparing likes with likes. You'd be looking at, say, the hand troll fleet in Southeastern or the drift net fleet in Bristol Bay. Now some of those fisheries by their very nature are part-time fisheries. So there you're

only asking who is less of a part-timer or who is more of a part--if you follow me. Nobody in Bristol Bay fishes the whole year in terms of that salmon fishery. So, the commission would be establishing reasonable, stable levels of entry for these different types of gear, these different particular fisheries and then only within that group would it have to make a decision in terms of ranking people on priorities, so while you can make the generalization that the categories are basically designed to work, if somebody has to come out it should be that person least dependent. I think that the point that's most often missed is we're comparing likes with likes, we're not going to throw all the part-time trollers out so that we can let all the purse seiners in that fish for ten months. Does that partially answer your question?

SENATOR THOMAS: Yes, sir, it does. Mr. Chairman, but then within that particular category, then perhaps you might wind up penalizing the most skillful fisherman, the one who's techniques are a little better, who doesn't have to spend as much time to get the fish or to make the money that some other do. He may have better equipment to--perhaps he only has to go for one-quarter of the amount of time of somebody else. And it would seem to me too bad if you wound up penalizing efficiency in the fishery, too.

MR. JACKMAN: Well, Senator Thomas, the efficient fisherman is the very fisherman who is, as you say, probably going to catch more fish, make more money, is economically dependent. It's likely to be a larger share even though a small share. It's likely to be a larger share of his income. He's liable to be the

guy that makes a few thousand dollars rather than three or four hundred dollars, because he is a good fisherman, whether he spends a lot of time at it or a little bit of time at it, and that evidences a higher degree of economic involvement. You know, a closer relationship between his livelihood in the fishery than some casual fisherman who gets out on a few weekends and doesn't really catch any fish.

CHAIRMAN: Are there other questions at this time? Well, let's pursue that one a little bit further if we may then, Dave. Let's consider two individuals that may be equally skillful in the harvest of fish, may have an equal investment, and be equal in all other ways, except that during the off-season, one individual may have a little higher basic metabolic rate, if nothing else. He may not be able to sit still and do nothing during the winter, so because of that he's a--he actually is a carpenter, and I have some people in mind as far as that's concerned that fit this exactly. Because of his motivation, his extra amount of energy, his desire to have a better living for his family, he goes on and spends some of his other time doing these things which very considerably increases his living, his total income. Now, compared--one compared to the other, is the one that does do something else in his spare time, is he actually going to be penalized then when it comes to a choice between which of these two people stay in the fishery?

MR. JACKMAN: Senator Palmer, this is one of the most difficult aspects of this priority ranking system, but I think that if you look at the actual participation in the fishery, what you're

usually faced with are a large number of people who have other employment. Most of the fishermen have some form of other employment, so you're looking at people that maybe 20, 30, 40 percent of their income is fishing, something in that range. The people that we're talking about is the marginal people, are the people that have two, three, four percent of their income from fishing that are very--that either don't fish regularly or there is just a bare threshold of economic participation in the fishery. If the commission were faced with a choice between two individuals, if it really--I don't see many of the lines falling in that area, that's what I'm suggesting, if you look at how the fishery--who's really participating in it, but if the commission were faced with that choice, the way these standards are set up, it would seem that the person that had no other alternatives is most economically dependent, but I think we've given the commission sufficient flexibility that it still is going to be treating those people very similarly if they're both participating at about the same level in the fishery, even though one has a little more outside employment. But there are certain areas in the State where people don't have alternatives, fishing communities in Southeastern and some of the other areas, where there simply are no other economic alternatives available but fishing, and the commission can take that into account where it's appropriate, and can say, even though these people don't make as much in dollar terms their livelihood is absolutely dependent upon the fishery, whereas another man who fishes hard but fishes part of the year and lives in a big city, does have other alternatives,

and there would be a basis for favoring the one who's a hundred percent dependent on the fishery in that instance.

CHAIRMAN: I hope you're going to make it a lot more black and white than it really is. I think they're going to be many more shades of gray in here than...

MR. JACKMAN: I certainly would agree with that, Senator.

MR. ADASIAK: If I could also comment on that. We were posed in a meeting this morning with a similar question where, for sake of illustration, you had one person--two people who earn \$10,000 a year on the fishery, one of whom was also a carpenter and earned another \$10,000. And the question was: who stays in? And our answer is that if you look at the statistical studies that we've done so far, which we hope will be prepared in some final, hard form, other than IBM run sheets for you very soon, you'll see that you're not called upon to make that choice. The pattern over the fishery is such that there's a very clear group of people whom it's obvious because of the minimal amount of their economic dependence, would be removed from the fishery, and that taking those away, you never get high enough up into the complexities to have to make the kind of choice illustrated by that situation. We believe the levels can be brought down without even getting into something like that.

CHAIRMAN: Are you, even in light of the severity of the cuts that are being discussed, do you still think that your cuts will be restricted, or would be restricted, to those who--you have said earlier, 50 percent of their income.

MR. ADASIAK: The question of the severity of the cuts that are

being discussed is something that--this, again, is one of the reasons that we proposed a commission with a good, competent staff to analyze area at a time and by type of gear, what goes on in the fishery, because, frankly, 46 percent is out of the question. That's not going to happen. But what will happen is a more complicated problem to evaluate than--than we've been led to believe. If you turn to page six of the bill, in deciding how to figure what your maximum allowable--your maximum number of units of gear is for each type of gear and for each administrative area which, for salmon, is going to correspond to the registration areas pretty closely, I'm sure, because of the way the species define themselves, the commission looks at four things, and it doesn't just tick them off and say you have to meet all four and have 25 marbles in each pile, but it makes a reasonable balance of these things so that it's flexible enough to adjust to the different social and economic conditions in different parts of the State. One of the things that it looks at is the number of units of gear which will result in an average level of income for the fisherman in that fishery so that they have an adequate and sufficiently stable income to sustain a professional fishery. Now, the term, average level of income, contains in it the meaning, when you come to average, of combining high levels of earnings and low levels of earnings. The commission prescribing one figure. Everybody in this fishery must earn \$8,000. It's to come up with a conclusion when it balances out all of these things, that the average is going to be at whatever it determines is appropriate.

CHAIRMAN: Or, Al, if I might even inject at this point. What it's looking is kind of--what--the fact that it's looking at under that number one standard is kind of the general income condition. In other words, is there so much over-capitalization and over-participation that people are operating right, then, on the margin where they can't make money and when there's no prospect in the future of making a decent living at fishing. It is in no sense an effort to guarantee people an income. It's only saying that we have to stabilize the level at an economically sensible level so that people can act efficiently, so that the pie isn't divided into so many small pieces that no one can keep their head above water, so it isn't a magic number. It's merely looking at an income condition and an acceptable range of income.

MR. ADASIAK: Now... Excuse me. Go ahead, Senator.

UNIDENTIFIED SENATOR: Okay. In that line then on page 5 of the Governor's cover letter we have a chart showing the various districts and the amount of gear registered in '70 and '71, and then optimum units required. Now, in our discussions, apparently, the levels that would be set are these optimum levels. Now, if that's correct, and we look at, for instance, Southeastern and drift gillnets, we have 420 in '70, in '71 it was built to 475, but optimum, apparently, is 250, so the question then becomes, how fixed a figure is that 250, and where's the reduction going to come from then?

MR. ADASIAK: That chart is not the answer. If that chart were the answer, we wouldn't need a lot of research staff to look at all the different areas of the State. All you'd need is

a few guys to figure out how to put the ax on particular individuals, and in coming to, first of all, a number of units of gear before even considering people, that chart falls into item number two on page six of the bill, which is the number of units of gear sufficient to fully harvest the allowable commercial take, and that is the one thing that that chart represents. It's strictly a biological harvest consideration.

MR. JACKMAN: I--Al, if I could just interrupt to make this point a little more clear, Mr. Chairman. That chart is nothing more than, I think, arm chair estimates by biologists asking the question on one factor alone. The only factor that they considered was, how many boats could harvest the allowable take in an area. You know, if you could have the best of all possible worlds and the most efficient fishery with their given type of gear. The bill sets out four factors, each one of them equally important. That's only one, and even that factor is only in the letter to give people an idea of the relative magnitude of the problem from area to area and type of gear to type of gear. That was the only thing it was intended to do, was just give people a feel for how many drift nets there really are in Bristol Bay, and that sort of...

CHAIRMAN: Well, I don't want to be contentious at all about this, but I think we do need to investigate it a little bit further. For instance, in Cook Inlet the optimum is set at 300 as I see it. I believe, according to our local management biologist, the actual number of boats fishing there in the last few years has been approximately 412. That right, Roy?

MR. RICKEY: Yes, I don't have those figures with me, but... I think

it's higher than that, as a matter of fact, Mr. Chairman.

Seven hundred and some registered and...

CHAIRMAN: Yeah, but there's only been just over 400 fish according to Loren. And I can't believe it would only require a reduction of a hundred to an optimum number there that could harvest all the fish adequately. Your own experiences in the last few years...

MR. RICKEY: Mr. Chairman, I'd like to go back even further. The area management people and the region supervisors were asked in 1965 when we were beginning to struggle with the previous step in this direction, as he said, standard two and part of standard three, we were asked what would be, not optimum, but maximum number of units of gear to harvest any run in any given year in any area of the State.

UNIDENTIFIED SPEAKER: Minimum.

MR. RICKEY: No, maximum.

CHAIRMAN: Okay. Optimum.

MR. RICKEY. In one case it's minimum, in the next case it's maximum, but we call it optimum.

CHAIRMAN: Adequate.

MR. RICKEY: In 1970, we were asked to revise their thinking and they didn't only do it out of their head, they talked to fishermen, they talked to processors, and talked to everybody they could encounter in this area. And this is where this came from and it is mostly concerned with standard two only. This was a misinterpretation in the first run through of this thing, so another question that parallels this is, there seems to be a feeling that the more gear you have the more fish you're going

going to catch, which is not true, simply because of the fishing period being shortened so that only a given amount is taken regardless of gear. There was no consideration given in this area of economic, (indisc.), fishermen or anything else. They were simply asked for this table. That was where it came from, and whether or not it's close to what the commission might do, I don't know, but this is one aspect of it. Another point, if I might for a second. I've explained this in every meeting I've been to, about five of them. This relatively low amount of gear in each fishery is capable of harvesting five to twenty times the amount they take now because of the restriction in time, and a great many people don't understand this. The limiting factor in every case that I'm familiar with has not been the amount of gear, but the process and capability when there are a lot of fish present.

CHAIRMAN: Alright, thank you, Mr. Rickey. Any other questions at this point? Well, let me continue with another one. If the commission on its own, then, is going to use these three criteria and a mix of those, to decide who is eligible for entry and who is not, then how do you prevent favoritism in this thing, since no third party is going to know exactly what mix there was, how these things were evaluated for any one individual and say yes he belongs here? Do you see what I'm getting at?

MR. ADASIAK: Well, first of all, the criteria, the three criteria of economic dependence, past participation, ready, willing and able. In a given area, administrative area, and for each type of gear, the commission analyzes the makeup of that area by gathering all sorts of data from different sources so that it

knows, in terms of income levels, in terms of types of gear, the character of that area and of the fishermen in that area. It then proposes regulations which will be applied to assigning priorities once individual applicants submit their application, and those regulations go out to public hearing and are adopted and it's only after that that the individual applicants are assigned. Now, if an individual applicant gets thrown into box four, which is the loser's box when he thinks he should go into box three, there are provisions in here for appeal, and there are also provisions that during the course of any appeals an entry permit is to be reserved for each person who is pursuing an appeal on the assumption that he will win it, so that he isn't sort of he loses anyway, even though he goes through his appeal. It's saved. And if he wins his appeal and demonstrates that he has been classified wrongly, then he has an entry permit.

CHAIRMAN: My question goes back to number one, though. Since number one is the least amount of economic dependence, that's going to be a somewhat subjective decision rather than an objective one, apparently. That's one of the ideas of the commission, that they're going to make an individual evaluation in each case. It seems that it would be somewhat wide open at least for favoritism to become involved. I'm not so much concerned about the guy that doesn't give in and feels he should, because you do have a procedure he could follow, yes, than about the guy that shouldn't be in that does get in because of this type of thing. Do you have anything there?

MR. JACKMAN: Mr. Chairman, if I could respond to that. This is

why--one reason that we've set this commission up as a quasi-judicial commission, once the regulations and the qualifications are established. That is the priority classifications, as Allen explained. The commission, in looking at individual applications, will make an evidentiary finding. In other words, acting sort of like a court on individual applications, either on the basis of the actual evidence submitted to it, or on the basis of the administrative adjudication, which it can be given at the request of an applicant, and the only thing they'll be determining is his qualifications, and it'll be determined in an orderly fashion in conformance with the regulations which are set out in advance, so that this should make it very difficult to abuse the system, because it will be a quasi-judicial evidentiary determination with the opportunity for hearing officers to get into and all of that, and alternative forms of evidence, so that any individual applicant is treated fairly, and if he's not treated fairly he can appeal it as provided in our Administrative Procedures Act to the courts, show an abuse of discretion by the commission, and as Allen said, his right to an entry permit will be preserved while he's pursuing that appeal, so we've tried to build in administrative procedures which will do as good a job as possible at protecting the individual applicant's rights to fair treatment.

CHAIRMAN: Do you have further statements that you, you know... I'm sorry. Senator Grove.

SENATOR GROVE: I've been a D.A. in a defense counsel so, you know, I've been on both sides of the fence, but I don't understand why in the penalty section you don't have any imprisonment

provisions for violations.

MR. JACKMAN: We certainly--Mr. Chairman, Senator Grove, we certainly-- actually we had those in the form of draft, and we thought the most effective thing would be destroying a man's eligibility, after a multiple violation, to ever hold an entry permit again. That imprisonment in this kind of situation would be very--the courts would be very reluctant to impose imprisonment, maybe it would only be a matter of fine, and then a much more legal sanction would be to say to the man that if he violates the provisions of this Act, I think it's twice or three times, he never again will be eligible for an entry permit.

SENATOR GROVE: Yeah. Mr. Chairman. The problem is, though, that's the one thing the judge isn't going to take away from him. He may send him to jail for 30 days, but he's not going to take that permit away from him.

MR. JACKMAN: We certainly find nothing inconsistent with the imprisonment provision. I don't think it's something that, in putting this thing together, that really...

SENATOR GROVE: ... Mr. Chairman, but I do think that, you know, if it's going to be a misdemeanor, well we ought to treat it like all of the misdemeanors.

CHAIRMAN: I'm not familiar with that section of the bill. Does this allow the commission to...

SENATOR GROVE: No, sir...

CHAIRMAN: ...the eligibility, the entry requirement?

SENATOR GROVE: Note eleven, line 26. It says if a person violates the provisions of the Act he is guilty of a misdemeanor and punishable by a fine by up to \$5,000 for the first conviction,

\$10,000 for second conviction, \$10,000 for third conviction.

CHAIRMAN: If a guide, licensing and control board can rescind that guide license, why couldn't this provision rescind an entry permit given by the Legislature this power?

MR. JACKMAN: Mr. Chairman, if I might respond to that. There, I think, is a distinction in the thing we're trying to create with an entry permit system and a guide license. What I'm suggesting is we are dealing here with, if a man violates the Act, the determination of the violation, you know, made in court--I mean, we felt it was a very important thing. It should have all those kinds of protection with it. He should really be found of a misdemeanor if you're going to impose these penalties on him, and it's only at that point it might be giving the commission too much discretionary power to say that it can at any time destroy this very valuable right to participate in the fishery without the protections of the criminal procedures and sanctions.

CHAIRMAN: While it might not be advisable, still is there something illegal about giving the commission that power.

MR. JACKMAN: Certainly not.

CHAIRMAN: That's my point.

(End of one side of tape)

SENATOR THOMAS: Regardless of who the governor is or which party he belongs, the partisanship getting into it, I worry about the influence of fishermen around the State in terms of elections and all of those things, and although I see that the Legislature has to confirm, I don't know how you can--if there's any way you can relieve my concern over that angle that might come into

this thing. You've mentioned already, Allen, the enormous pressure or influences which could be brought to bear on the commission. I just really wonder how any commission can stand up under that kind of thing, the political pressures that would undoubtedly occur, it seems to me, in an election year especially.

MR. ADASIAK: Well, you can't deny that they'll be under pressure.

The people who are commissioners are going to feel the heat. They're going to have to have asbestos skin, but there are two things. One, in terms of the way we structured the procedures that the commission has to follow, I think they will be under less pressure having to make impersonal determinations first about categories of priority rather than dealing directly with individuals. I think that insulated them somewhat from an immediate, personal pressure. The other thing is argument by analogy in that we do have a transportation commission and a public utilities commission which have a similar scope of authority and they, too, face certain pressures and yet...

MR. JACKMAN: Mr. Chairman, if I might add just a couple of points to the question that Senator Thomas has raised. This is one of the great dilemmas, I think, of trying to come ^{up} with a limited entry program which can cope with the problem statewide, can cope with the problem for the various species and the various different fisheries, because you have to give it tremendous flexibility or you'll be cutting with too broad a knife across, you know, and unfairly treating the multitude of various situations we have in our fisheries. But at the same time, this is why we felt that a professional commission 365 days a year, people that will have to have a high degree of ability

and dedication to this job is the only way to set up a mechanism which can really be sensitive to the particular problems you're going to face in every area, but at the same time, the dilemma is, in doing that, in creating an institution which can be flexible and be sensitive, you're also creating an institution which has a great amount of discretion, and there's no denying that. It's a balance and I recognize the problem.

SENATOR THOMAS: Could I ask another question, Mr. Chairman?

CHAIRMAN: Sure.

SENATOR THOMAS: Has any thought ever been given, not only with this commission, but with others, of having one of the appointments come directly from the Legislature, another directly from the Judiciary, and the third from the Executive?

MR. JACKMAN: I don't think we've ever thought of that.

MR. ADASIAK: Not to my knowledge.

SENATOR THOMAS: Perhaps that would be unconstitutional, I don't know, but you mentioned the word lottery in here, and it's been a while since I read the cover letter. Has any thought been given at all to making the whole thing--putting it all on a lottery basis, leaving it all up to chance as to whose in and whose out?

MR. JACKMAN: Well, Mr. Chairman, Senator Thomas, we gave that some thought, but when you really think about it, there are some inequities with a lottery. There's an even more fundamental uncertainty and an even more fundamental instability. I think that we've used lottery as a last resort. If you get down to a class of applicants which can't be reasonably differentiated, clearly a lottery may be the only way out, but if there's any

of coming up with equitable standards of preference, I think the dislocation, the actual dislocations of people, will be much less severe than with the toss of a coin or the, you know, drawing of straws.

CHAIRMAN: Any other questions?

UNIDENTIFIED SENATOR: Mr. Chairman.

CHAIRMAN: Yes.

UNIDENTIFIED SENATOR: If--any idea what this is going cost, about \$400,000 to administer this program?

MR. ADASIAK: We estimate that the first year that it will cost that, and the real question of the cost of administration is one of how long it's going to take to analyze each area and arrive at the gear level determinations, because once those determinations are made, and your gear is down to the level that you want it, then the commission's responsibilities and the things it has to accomplish are far less and it's cost of operating drop down, unless it has to deal with another species. If king crab is added later, for instance, then it has to be funded in order to deal with that question.

UNIDENTIFIED SENATOR: Since these licenses are become a valuable asset really, the transfer or fee of \$50, what is that going to raise on an annual basis in round figures?

MR. ADASIAK: We estimate it would be about \$500,000.

UNIDENTIFIED SENATOR: It's a washout, in other words, or maybe you might even make a hundred thou. I see.

UNIDENTIFIED SENATOR II. I don't know if you've considered this, Mr. Chairman. Did you go into the question of why--I mean, what was the theory in making these transferable through sale?

You know, I'm a lawyer. I've been a lawyer for 20 years. I've got a license to practice law. I can't sell that license.

MR. JACKMAN: Mr. Chairman. Our reason for doing that is because our objective was to stabilize the fishery, not close the fishery, not create an exclusive class of fishermen as individuals, but stabilize the fishery at that level. We see that as the real purpose of the bill, not to decide--and secondarily, one of the real legal weaknesses in any effort to limit entry is when you start to close the fishery for a substantial period of time, so a person on the outside has no way of getting in and there isn't any movement in and out of the fishery, there isn't--a person can't shift from one area to another easily, and we felt that the only way to accomplish this without creating insurmountable administrative burdens was, once this right is conferred, it's not really property and it may be quasi property of sorts, unless the individuals transfer or sell these permits.

UNIDENTIFIED SENATOR II: In the British Columbia experience, what do they sell for nowadays.

MR. JACKMAN: Well, you can pick up the Fishermen's News that's published in British Columbia, and usually the permits are sold, or they're what they call A licenses, in their system they're attached to the boats, in our system they wouldn't be attached to the vessels, but clearly they'd usually be sold with the vessels, and it seems to have increased the price of getting into the fishery maybe 20, 30, 40 percent. I mean, you can run down and there'll be, you know, gillnetter with X equipment, an A license, \$16,000 or \$10,000, or maybe a much better boat \$30,000. So, we haven't analyzed it as closely as we should,

but it appears that the variest (sp.) entry will rise somewhat, but not--you know, not anything unreasonable. They aren't going to go out of sight.

SENATOR GROVE: Mr. Chairman, when I first came to Anchorage you could buy a liquor license, you know, for \$3,000. The last time that anybody inquired it, that I'm aware of, they're selling for \$20,000, and that's over a period of time, and they become terribly valuable assets. I'm wondering what, you know, what range we're talking about here. Are we talking about \$300, \$500, \$1,000, \$5,000?

MR. JACKMAN: Clearly we're talking about many, many ranges, because each type of gear in each area and each fishery is going to be very peculiar. An entry permit to fish a hand troll boat in Southeastern won't be worth nearly as much as an entry permit to fish a purse seiner or a--because the entry permit represents nothing more than the right to participate in the fishery, and the projected discounted income from that fishery will establish the market value of the permits.

SENATOR GROVE: Thank you.

CHAIRMAN: Is that what's actually happening in British Columbia, or did your--indicated a minute ago that's it's a function of the value than (indisc.).

MR. JACKMAN: Well, because they're transferred at the same time, it's like (indisc.) base and the dairy industry or anything else. Part of that value is attributable to the entry permit and part of it is really the value of the capital, the boat there. In other words, a boat wouldn't lose it's value totally just because it didn't have an entry permit attached it. It's

hard to separate them out, but I'm sure that part is attributable to one and part to the other

CHAIRMAN: On page five again of the cover letter, that same chart, I'm a little concerned about it. Reading the sentence above the chart it says, if existing levels of gear are substantially above the optimum levels necessary for an economically healthy fishery as this table indicates, then merely halting any further increase in gear levels will not achieve the basic objectives of the limited entry program. A moratorium alone will not work, but again, if we get down to, for instance, Cook Inlet with which I'm more acquainted, we find that drift gillnets 761 registered, but probably something in just in excess of 400 actually being fished, set net somewhat the same situation. We all know that there are great many gear licenses purchased each year that are not fished, and yet if those figures are the basis for the statement above the chart there, that simply a moratorium on existing levels will not work, then perhaps the statement is wrong, too, since the chart actually misrepresents the situation. Is that a possibility?

MR. JACKMAN: I think it is. However, a moratorium has frequently been conceived of as a license freeze, which would...

CHAIRMAN: In numbers.

MR. JACKMAN: ...in numbers, but which would let in a much larger number of people that the numbers you mentioned of who actually fished in a given year cause usually it's based on anyone who fished in the last three years or on the actual paper registration or those things. If you perceive of a moratorium as those people actually fishing, then--I'm not--it would modify this

statement. I still think in some areas it's clear we'd have too much effort.

CHAIRMAN: If we were to say something that we discussed the other night. Three--someone had fished three years out of the last five or even three years of the last ten, then you're getting down much closer to the actual fishing effort rather than ghost or paper licenses, and, well, alright... Roy, do you have something you'd like to comment on that?

MR. RICKEY: Yes. Senator Grove's question to go back to that for a moment. I think the value of these permits would depend on the optimum or maximum amount of gear for each area and the anticipated return or runs of salmon. For one thing that would have, I think, a big influence on it.

SENATOR GROVE: Yes, Mr. Chairman. Mathematically, then, depending on what the commission decided as the number of units of gear they were going to put in a region, they would affect the value of those permits, wouldn't they?

MR. RICKEY: I would think so.

SENATOR GROVE: And if the commission decided that there would be a very limited units of gear in a given area, the value of those permits on a theoretical basis would go up.

MR. RICKEY: I would anticipate that, yes.

CHAIRMAN: Go ahead.

MR. RICKEY: Mr. Chairman, I've just about lost my original thought here.

CHAIRMAN: The amount of gear.

MR. RICKEY: Yes, the amount of gear. Oh, yes. One thing that might be interesting. In 1966, between '60 and '66, we had a vessel

plate for each vessel, and...

CHAIRMAN: Vessel plate?

MR. RICKEY: A plate. It was a yellow and blue plate that you--it came with your license...

CHAIRMAN: We still do don't we?

MR. RICKEY: In '66 we had to renumber the fleets, primarily because the wrong application by mostly private vendors of licenses, not understanding the complex things involved in licensing and registration. Anyway, we renumbered the fleet. Many of the people got the same number. We had 20,000 plates. Last year in August we ran out of plates and there are only 10,000 boats in the fishery. Now, this will give you some idea of the turnover, and the paper licenses are not the same people each year, so when you talk about taking out paper licenses, in total you may, but they may not be the same people each year who do not fish, and further, peculiar to the set net fishery and perhaps some of the others, are family groups fishing and causing us to think there are paper licenses, but they're selling all of their fish under one boat's number, because of the nature of the fishery. I'm sure you may be familiar with Cook Inlet in this instance. Those people actually fish, but they don't reflect in having landed any fish. So the paper license thing is not as precise as it may look on the surface.

CHAIRMAN: Yeah. There's another variation of that. I can think of families there that have as many as five gear license holders in a set net family, each one licensed to fish three 35-fathom nets. However, out of the 15 that they could be

fishing, probably only fishing nine, each one fishing only a portion of what he's really eligible to fish and selling the whole thing under one name. This happens frequently, but it's, again, a family unit here, and there's no reason why it shouldn't. So it's that much more difficult to really assess what's going on.

MR. RICEY: That's correct.

CHAIRMAN: Al.

MR. ADASIAK: Senator, if I could point out in the criteria for arriving at your allowable number of units of gear in an area, one of the standards that relates to this is standard four which is the number of units of gear commensurate with the history and traditions of the particular fishery, which gives the commission a little bit of flexibility in circumstances like that. Again, we feel that the commission is going to be required to do an awful lot of research so that in every area it's aware of a lot of little subtle differences that separate that from the one they did five months ago. The judgments are going to be on an individual area basis.

UNIDENTIFIED SENATOR: Well, Mr. Chairman, it seems like you really got around to something here. I know it's been talked about. What about a moratorium on the people, and not let any more in and just let those who are there slowly die off or move away until that alone reduced the number of people and the number of gear and the amount of gear to the right level.

MR. JACKMAN: Mr. Chairman, if I might respond to that. We considered that and rejected it primarily because it's on extremely weak legal grounds we think. Any attempt to really close the class

of fishermen for a substantial period of time to wait and let attrition take effect has the real practical effect of saying to anyone on the outside that there is absolutely no way that you can get in, and it does amount, if I can borrow words from the constitution, to a sort of exclusive right, whereas we're talking about a stabilized level, but not a closed class, and I think--I'm not--you know, you can't predict what the courts will do in a particular situation, but we felt that kind of an approach would be on extremely weak legal grounds. The courts have--you may remember the language from some of the decisions on previous limited entry programs, they've spoken of medieval guild systems and apprenticeship systems and there's been a reluctance to go along with programs like that.

CHAIRMAN: While we've gone that far into it, we might mention some other proposals then that we may be coming up with. We have discussed informally these things, and one of them is this, this moratorium on any additional numbers of gear licenses, first, perhaps, reducing somewhat by those licenses that have not been fished at all, et cetera. But then, giving this a property right right from the beginning and allowing a fisherman to sell it when he desires and trying to arrange things so that the State will be the purchaser in as many of these as possible, so that in this method we do reduce amounts of gear without forcing anybody out that's really been in the fishery fishing. Now, you might want to carry further on that if you want to elaborate, Dave.

MR. JACKMAN: Well, this would essentially amount to a voluntary buy-back program which, depending on what the starting level

was and how far you had to move to get back down to your optimums would be more or less expensive. It certainly is compatible with the basic structure of the administration bill, although it's not a feature of it. In other words, as you explained it, we'd still be stabilizing numbers and creating the property right at the outset, not closing the class, but we'd be moving back to the optimum by buying out--by offering market value plus five dollars or whatever it took to get people to sell their entry permits back to the State.

CHAIRMAN: One extreme advantage that this has, as I can see, is that we do not, at that point, we do not period force out who has been in the fishery. If we allow him in for one reason or another and he wishes to get out, his license is bought and hopefully by the State, and we reduce numbers that way. There's of thinking and a lot of work to be done on the proposal and it's not in finished form at all, but it's one of the things we--we've met a couple of times, some of us, with the A.G.'s office and so on, trying to work these things out, so... Other questions from the committee? I threw that last in, incidently, because we do have some people from the audience, from the public, that wish to testify and it might be one of things they wanted to comment on, that's the reason I brought this last subject up. If there are no other questions from the committee members or other legislators. Senator Meland.

SENATOR MELAND: (Indisc.), Mr. Chairman:

CHAIRMAN: Alright. I do have some names of people that would like to make comments, and Allen, would you mind moving on the other side of Rich there and we'll let people come up and take that

seat there so they're in front of the mike, and will start with Jim Austin, I believe. I believe that's the name, or do I have it correct? Alright, would you like to sit over here please and we can get it on tape then. I'm not going to promise that we're going to have time to hear everybody. This was--we're running out of time pretty rapidly, but we'll do the best we can.

JIM AUSTIN: My name is Jim Austin, and I'd just like to make some comments. Being a former commercial fisherman myself, I do have some thoughts on the bill, which most of it is not included in the bill per se. Limited entry fisheries is nothing new really. After the Statehood Act of 1958 the cry was to eliminate fish traps, and fish traps were eliminated, but also the fishermen--commercial fishermen, themselves, were limited to a day and a half sometimes in fishing, so it's the worst limited entry fisheries I ever saw. When I was seining--I was a seiner, we fished six days out of a week and we barely made. We made some money to survive on, but six days a week we had to really work. The bill, in my mind, does not really go far enough. This Resource Committee, and the Resource Committee will be considering other resources in Alaska, and a resource, we have to think of the fishermen themselves. They're one of our human resources. Why is it that every time we think of limiting something we limit the humans, so we're limiting the fishermen. We will be getting into the area of forestry. Every stream that I know of, for I've up to and into a lot of streams, is located in a forest, and being located in the forest sometimes, or most of the time the Forestry gives out permits and they could

care less about the fishing streams, and they pollute the fishing streams. The loggers bring their logs down. They anchor it in the front of the fishing streams, which sometimes, as I understand, it creates a chemical reaction in the water, and that pollutes the water to a point where the fry can't get out and the salmon can't get in. So the limited entry fisheries on fishermen themselves is caused by one of these. The recent example is Silver Bay where all the crabs, salmon, halibut, everything floated to the surface because the logs were in Silver Bay. And I'm thinking in terms of economic dependence that they mentioned. It's a very broad--it's a very broad term in my mind. We have depended on picking up salmon for dry fish to supplement our regular diet, or it becomes and regular diet most of the time. The economic dependence should also mean giving us the opportunity to catch fish for dry salmon. We all know that after a salmon spawns up in the river, it's no good any more. It's dead, really, and they go up there to die and we're not allowed to catch them. Going further, the herring is the main diet of a salmon. It doesn't say anything about the herring. The herring is--being the main diet of a salmon and also the 1958 Statehood Act eliminated traps, we still have traps that catch herrings, but they name it herring ponds, but no matter how I looked at it, I've been around canneries ever since I was a small boy, herring pond is a fish trap, so we're taking herring ponds so--herrings away from the salmon which, in essence, is also killing it with our--besides other pollution. They're starving to death, and what we offer them sometimes is bait, and we catch them with it. The salmon, as I understand it,

is also an aquaculture. Being aquaculture, you get down to the farmers down below when they tell them not to plant alfalfa. You pay them not to plant alfalfa. A lot of times the Fish and Game Board has told their fishermen to stay home and they were not being compensated to stay home. Okay, to go a little further, it states something about compensation in this bill and I can't figure it out, so where this will compensate the fishermen not to fish, or--I don't know. One of the concerns I had, or thoughts I had in my mind, about the bill is the difference in powers between the Fish and Game Board and the commissioners. I believe it states that this chapter does not limit the power of the Fish and Game Board. And, if I was still commercial fishing, I have in mind that I can go and get a license from the Fish and Game Board. Legally I would be licensed to fish, whether they gave me a permit or not, or do I have to get a permit, too. I don't know about this, sir.

CHAIRMAN: We'll let Dave respond to that.

MR. JACKMAN: Mr. Chairman, Mr. Austin. The Fish and Game Board is charged with developing a regulation to protect the sustained yield of fisheries. In other words, the common conservation measures of closures and deciding what the allowable take may be in an area, gear restriction on size of mesh, things of that nature. The commission that's being proposed here would not change that in any way. In other words, a person that had an entry permit would also have to have a license, as you suggest, and would also be subject to all the regulations of the Fish and Game Board. There would be a pretty close relationship, I suppose you might say, between the commission and the Board, but

the Board is charged with managing the resource, the commission's job is to look to the fisherman, the livelihood of the fisherman. Does that clear it up at all?

MR. AUSTIN: No, it doesn't.

MR. JACKMAN: It doesn't clear it up?

MR. AUSTIN: If I--after watching the politicians at work, there's going to be a lot of power play there as far as I'm concerned.

MR. JACKMAN: The Board--I might make one other point. The Board doesn't issue licenses. They're issued by the Department of Revenue. A person would have to have an entry permit and would also have to have all necessary licenses under the...

MR. AUSTIN: Normally--normally, a commercial fisherman, when it comes to buy licenses, cannot afford a license sometimes. He has to get an advance or borrow money, and buying a \$50 permit besides a license would also throw him way off, as far as I'm concerned. I'm talking about the commercial fisherman. Not too long ago I owned a boat, and I might add that I'm one of the best conservationist's that ever lived around here, I guess, by not catching any fish really--to really make any money, but I was being employed twelve months out of a year. I was able to maintain the boat, able to pay for the boat and pay it off, and pay for the insurance. If I was depending upon fishing with that boat, I'd never be able to maintain it at all in the first place. Now, to think about the compensation for fishermen not to fish, I notice the State of Alaska is now paying our old timers for being 65 years of age, and they are already paying a special set of people, and to me, fishermen are a special set of people. When you come right down to

fishermen, they do have creditors right at this time. They cannot wait until they're 65, so they will have to go and fish. I'm just bringing these points out for your consideration, that I think it has to be a close relation with the forestry people, it has to be a close relation with the mining people. As I understand, the mining people have no restriction whatsoever, and they can go and tear up the land, especially in Glacier Bay they have 250 mining claims right now, and there's a lot of salmon creeks in Glacier Bay. I'm done.

CHAIRMAN: Are there questions of Mr. Austin? Well, if there are none, why we thank you very much. We appreciate your comments. Mr. Chuck Porter.

CHUCK PORTER: Mr. Chairman, Senators. My name is Chuck Porter. I was very happy to hear you in that statement you made about a moratorium. We had a meeting last night of local people, normally what we call, or what are called, moonlighters and part-timers, and we have 124 people sign the register. I would guess that probably 110 actually there that were interested. They all went on record as opposing this bill in it's present form. They also all went on record as favoring some kind of a limited entry bill. Basically, the problem seems to be in the qualification section, although the commission and a few minor items are subject to conversation, also, but basically the qualification is the problem. Now, the people that are fishing part-time are 99 percent 12-year residents of this State. If you allow this economic degree of dependability on the fishery to go through, it's the consensus of the group that many of these people that live here 12 months out of the year will forfeit

their right to fish in a fishery at the expense of people that come in from the outside because they are going to be hard to prove--it's going to be hard to prove whether or not they are actually dependent upon the fishery, and if they are, of course, fishing in the fishery, they're going to get the permit. Because of the quota system, you want to reduce it down to the point where these people that are part-timers are going to be out of it. Now, for example, I've fished commercially for 40 years in this State, part-time and full-time, and presently I'm part-time, and I feel I'd be knocked out of the fishery if this bill with the qualifications went in the way it is. Now, I could a suggestion out to you that possibly you could reword the qualifications to say that any two out of the following, and if you've got more than three qualifications, if you had two of those qualifications, you would be issued a permit, or perhaps, write a new bill as you suggest, on the basis of a moratorium for everyone that has had a license and has used it. That's just about all I have to say, sir.

UNIDENTIFIED SENATOR: Mr. Chairman, he's a point there, a very good one about the outsider being hard to really figure out what his dependence is. You won't be able to get his tax reports from another state, surely. How would you go about that?

JACKMAN: Any--Mr. Chairman, any fisherman that catches fish in Alaska waters, I believe, is obliged to file State income tax returns here to report that tax if he's been in the past a fisherman in Alaska waters. We're talking about dependence on, when we talk about dependence on the fishery, we're talking

about the fishery for which entry permits are being issued, and that is an area of the State of Alaska. We're not trying to assess his dependency on Puget Sound fisheries or on halibut fisheries on the high seas, or things like that that may be beyond our reach.

CHAIRMAN: A rather significant number of the Bristol Bay fishery and even (indisc.) number in the Cook Inlet, for instance, are more or less full-time fishermen. In the Puget Sound area, Astoria, and so on, they come up here and fish for two to three weeks during the summer, and what you're saying is that dependence would be dependence on this fishery.

MR. JACKMAN: That's right.

CHAIRMAN: Not on fish in total. I see.

SENATOR THOMAS: Mr. Chairman, didn't they earlier say that they would also, in some cases, want to look into the man's overall economic situation?

MR. JACKMAN: The capacity would be there to do that. In other words, I think again, Mr. Chairman, Senator Thomas, that we--it's easy to slip into thinking of dependency only in terms of income, or percentage of income. The--that is why we used the broader term, because the commission clearly can look beyond that to the individual's relationship, kind of economic relationship with the fishery. Income, capital invested, savings, all of those factors, and I suggest, though, that more often than not the non-resident who has alternative and participates in lots of other fisheries, may be less dependent upon the fishery than the person in that area who's most--more dependent on that particular fishery.

CHAIRMAN: Are there other questions of Mr. Porter? If not, why, thank you very much. The next one in line is Clancy Hinkins. Clancy?

CLANCY HENKINS: No, I didn't have nothing to say, Bob.

CHAIRMAN: Oh, you didn't. Alright. Ray, did you? Ray Matthews.

RAY MATTHEWS: Well, Mr. Chairman, I'm Ray Matthews, and I just thought I'd bring up something I haven't heard mentioned here, is the possibility of, particularly of some areas in particular where it might be necessary to make some kind of compensation to the fishermen who are ousted and have to take a considerable loss. Some areas, it's more likely that the expenses will be a greater cost, or else by having the licenses like a freeze where they can stay in if they want, but they have an offer, rather than buy the boat, an offer to--by the State to buy their license. I was thinking in terms of compensation, either through buying the boat where they really have to use a (indisc.) or buy their license, and preferably, give them a choice of staying in. That's all, sir.

CHAIRMAN: Questions?

SENATOR GROVE: Yeah, one quick question. What do you think the licenses would be worth?

MR. MATTHEWS: Well, you mentioned that they went from \$3,000 to \$20,000 on liquor. I don't know. It might be worth \$5,000 if I was ousted, to get back in. I don't know.

CHAIRMAN: Alright.

UNIDENTIFIED SENATOR: Mr. Chairman.

CHAIRMAN: Yes.

UNIDENTIFIED SENATOR: I have a question for the Attorney General's

office. What did you propose being done with those people that have an economic decline and, say, had a boat or had just purchased a boat and were taking on (indisc.) industry?

MR. JACKMAN: You're talking about a person who has not participated in the past at all, but has just now purchased a boat?

UNIDENTIFIED SENATOR: Correct.

MR. JACKMAN: ...that has no record of past...

UNIDENTIFIED SENATOR: A person that purchased a boat last year, for example, is making payments on that boat and paying insurance, this year, this year, after--on passage of this Act, you state that he cannot fish.

MR. JACKMAN: No, the bill doesn't state that. Clearly, he has been less involved than someone who's been fishing and had a boat for many years, but the very fact that purchasing a boat and having sunk capital costs, evidences a degree of economic dependency. Whether it's enough for an entry permit depends entirely on the area, the type of gear, and so forth.

UNIDENTIFIED SENATOR: Assume that it isn't enough to qualify.

MR. JACKMAN: Assuming that it's not. There's no provision here to compensate him, that's correct.

CHAIRMAN: Thanks again, Ernie. A Charlotte Siberly. I've got one more I can't read, and I'll give it to you.

CHARLOTTE SIBERLY: My name is Charlotte Siberly and I read this bill and I think that it would against a certain class of people, and it sounds like it would do fine and it would cut out the stateside people, or it would bring the fishery level back to a good normal way of living, but I have a very strong feeling that the people in the villages who live from hand to mouth,

who don't have a steady income, who don't have a savings account, who don't even own their own boats, but are very dependent on the fishing industry. Now, these people, I feel, you know, if the bill goes through and they receive a permit and they're allowed to fish it, I can see the companies from Seattle or whatever coming in and using that as a threat. You would think of it as an advantage, but I don't think it will work that way. I think it would work against the person who is working every season and trying to pay off last summer's sets, and at the same time trying to continue to feed his family. Now, I have a feeling that if the guy loses his permit he's not going to have any alternative. If he has to sell that permit, he not going to have--be in a position to be able to buy it back, so he's not going to be able to fish, and in a sense, you're forcing him into a form of welfare, because, you know, that's the last resort. There's nothing else for him. I think the commission or the legislature, or whoever it takes, should look into a subsidized program and allow the people to build up some kind of equity where they can begin to support their families, they can begin to save money, and they can begin to look ahead without having to lose that permit, because they've got to feed their families, say, next week or next month or next summer. The other thing was, possibly a loan program. Now, many of our fishermen in Alaska at one time owned their own boats. True, they were small, but they owned them, and today with the problems in fishing and everything, they've had to turn to the companies, the large companies, to provide them with the boats, and this is something that just--you know, if they don't own their own

boats, how are they going to fish? And if you don't have a program to allow them to be able to buy a boat and stay in their line of work, then I think this is going to work against the village fishermen, and the guy that really needs that kind of work, and to stay out of the welfare category, and anything else along that line. I think you have to have at least two other bills to go along with this one. I don't see how it could benefit the Alaskan fishermen as it is now.

CHAIRMAN: Thank you. Questions? Thank you very much.

MS. SIBERLY: Thank you.

CHAIRMAN: I have one other name here that--I've called all the others. This one I can't read, so, alright. Bill Randall, maybe, huh?

BILL RUHLE: Oh, no.

CHAIRMAN: No? Alright.

MR. RUHLE: My name is Bill Ruhle.

CHAIRMAN: I see. Alright.

MR. RUHLE: Pronounced R-u-l-e, and I am classified under the cover letter as part-time commercial fisherman, a troll fisherman. I'm concerned about several things in this bill. I'm concerned about the elastic standard of the application of the economic dependency of the fishery, how in one instance we will apply it, or the commission should apply it, if I have to amortize the payments of a boat and my investment in a vessel over a period of years, then I become economically dependent upon the fishery then to pay for my boat, but then, in the other instance, if I come into the fishery and apply for an application or permit to fish because I'm going to become a full-time fishermen, my

investment has nothing to do with it at that time. Only my dependency to earn an income from that fishery, then, becomes part of that elastic standard. I'm worried about how that's going to be applied equally to everyone. I'm also worried about, in the deletion of fishermen. I'm concerned about the actual economic impact to the State of Alaska and the areas that we're talking about, because these figures have been banted around, we don't know what the true figure or the elimination of the fishermen is. But I see this as a very large economic problem that will be established very quickly on the State, and what economic impact is that going to be? Has there been any study into the realm of that? These are some of the things that I'm concerned about.

CHAIRMAN: Would you like to expand a little bit on what you mean by economic loss to the State. Now, there's only a certain number of fishermen--a certain number of fish going to be caught. If they're caught by a fewer number of people, a smaller number of people, nobody would see the economic loss. Would you expand on that for me?

MR. RUHLE: Well, I'm concerned--when I mean economic loss in this, I'm talking about the amount of money now that is being spent in the fishing--in the fishery, being spent for boats, being spent for gear, equipment and relative supply that is involved in the fishery. Now, I feel that I'm probably the world's worst fisherman, but if I decide that I want to spend ten dollars to catch a three-dollar fish, that's my business, that's my money. Now that money goes into the economics of the community that I come from, as well as any other community that is involved

in the fishery.

CHAIRMAN: Questions? Okay. Thank you very much. Are there others who have not--on the list here that would like to be heard? We do have a little bit of time yet. Any questions from the committee of the former people that have spoken? Allen, do you have anything you want to add?

MR. ADASIAK: I'd like to clarify one thing that has perhaps confused in some people's minds, and that is, that an entry permit is not needed by everyone who will be fishing. Entry permits-- David can correct my language to make it more precise, but basically, entry permits relate to gear. The crewmembers of a particular boat have to have commercial fishing licenses, but they do not require an entry permit. The person who needs an entry permit is the person who is going to be--what's the proper term, David?

MR. JACKMAN: Well, the gear operator, if you want to call it that, but, clearly, it'll be a self-regulating thing, once you stabilize that level, and these are--somebody who holds an entry permit has to be participating in the operation of the gear. We don't want them to be able to hire agents, hire people to go out and fish their entry permit, but the crewmembers that are fishing with them don't have to have entry permits. That's what Allen's trying to say.

CHAIRMAN: Thank you. Yes.

UNIDENTIFIED SENATOR: I have a technical question. On page eight, line 27. You say, when an applicant is unable to establish the qualifications for an entry permit by submitting (indisc.) verified evidence required, he may request and obtain an

administrative adjudication. Why did you put it negatively?

Why wouldn't it--it appears to me to be negatively. When

he's unable...

(End of tape)

TESTIMONY ON SB39
1/24/73 - LIM ENT.

SP. COMM. ON FISHERIES

Contains background
reactions of fishermen
to Gill's proposal -