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TRANSCRIPTION FROM:

THE LIMITED ENTRY STUDY GROUP
COMMITTEE MEETING

December 12, 1979
Anchorage, Alaska

Committee Members:

Representative Nels A. Anderson, Jr., Committee Chairman
Representative Margaret Branson
Representative Terry Gardiner
Senator Bob Mulcahy
Senator John C. Sackett
Senator Bill Sumner

Project Director: Ella Anagick, thru December 15, 1979.

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Mr. Jack Kreinheder.....	pages 49 thru 56

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Representative Nels Anderson Jr.: This is the Committee on Limited Entry. We have Senator Sackett with us sitting over there, Representative Branson, Senator Mulcahy, and Speaker of the House, Representative Gardiner, and I'm Nels Anderson for those of you who don't know me.

The purpose of this meeting is to hear staff reports on various alternatives that they have been working on over the interim, plus economic and social studies that various contractors have been doing for the committee. Again, the primary purpose of this meeting is to bring the committee up to date on the work that they're doing. The last meeting we had some preliminary data presented to the committee. At this meeting we are going to be looking at some of the final recommendations that the staff has for the committee to consider and recommend to the legislature in 1980. As time permits we will be able, I think, to allow members of the public to participate, but, I think, I'll ask that they keep their presentations to a digestable minimum, if possible. I know the subject is quite complex in areas, and we may be getting into some controversial areas.

The committee has still yet to decide whether or not the recommendations by staff are really the way to go and whether or not they are going to put their names on the line for the next legislature. But we have a...one, two, three, four, five, six,...six presentations and there is one of the staff people that is not here yet. If he doesn't come we will just put the next one up that appears on the agenda. The first presentations,...maybe I should introduce staff too. Ella Anagick is our project director, she is from Unalakleet. She has been directing the efforts of the committee when we haven't been meeting. We have Donna her who I believe is our secretary. We have Dr. Steve Langdon over here to my right who will be making the first presentation. We have Dr. George Rogers, sitting here. He is the guy with the walrus mustasch. I think most of you know him already. And then sitting to his right is Mr. Jack Kreinheder. And if I've left any of the staff out please hollar right now. We also have members of the Limited Entry Commission with us. I'm not sure who is the chairman is right now, is it you Mr. Simons?

Mr. Simons: I'm the acting chairman, yes.

Anderson: And we have the new commission member, welcome, Mr. John Williams, who is a former researcher for legislative affairs, and now he is a commissioner with limited entry.

So I would like to thank all of you committee members for attending the meeting today and I think without further delay I would like to go right into Dr. Langdon's presentation.

Dr. Steve Langdon: Thanks alot Nels.

I'd like to, for those people who were not able to sit in on the October meeting....I would like to outline a little bit of what the report on the transfer patterns research, I've been doing since the end of August, for Limited Entry Study Group. What the objectives of that research were.

The first objective was to identify the kinds of transfer patterns which have occurred in the limited entry salmon fishery. With regard to the age, residency, sex and family relationships of the people whom permits were, and since that time obtained or transferred their permits.

The second objective of my research was to identify patterns of new entries into the fishery. That is how people getting into the Alaskan limited entry fishery thru a particular route, and to meet this particular objective we have sent a survey to processors, bank presidents, credit associations, in Alaska and Washington for information on the numbers and amounts of permits they had hoped finance in specific years. I've also engaged in an analysis of Alaska's commercial fish loan program to see what Alaskans were able to make use of that program to enter into the fisheries.

The third objective of the research was to assess the socio-economic impacts of these transfers on various categories of state residency. I have used some of the data collected by Dr. George Rogers and Jack Kreinheder for 1977 to make some estimates of what kind of net earning impact these transfer patterns have on certain segments of Alaska's population. Let me point out that 1977 is the latest data that we have available to us, because of lack of funding for the Alaskan fish and game computer people who simply are not able to keep up with the kinds of data needs. I think that the government needs to be able to manage the fishery so I urge you, those of you on the scientific end and the management end,....I urge you the public, the general public to be cognizant of the fact that these people need money to get information so they can make decisions...they really do. And I would like to see them be able to get it. More current data and a little more money and they will be able to do it.

I'd like to turn now to examine some of these findings which regard the data that I have collected. First of all, with regard to the transfer patterns of the permits I would like to first of all talk about age of permit holders. One of the important things, of the more important controversy surrounding limited entry is whether or not people will actively transfer their permits or will you have a group of issues stealthily getting older. They will hang on to their permits and you will have a gradually declining fishery in terms of efficiency of the fisherman because they are getting older and older. Well, this is not the case in Alaska's limited entry fishery. Our analysis indicated that the...in fact that in 22 out of 25 of the salmon's limited entry fisheries the mean age of permits at the initial time of issuance have in fact dropped. In other words if the mean age started in 1975, of the people who received permits, let say at 48 years old that the mean age accredited is 44.4. Usually in that range some are between 42 and 48. There are several fishery, set gill net fisheries in which the mean ages are lower than that for a number of reasons. In those, I would like to make a brief comment about those 3 fisheries that which ages have in fact increased. One of those is the Chignik purse seine fishery in which ages have in fact....there have been very few transfers in that permit in other words...in this case the net earnings are higher in terms _____precluded initial issues from transferring their permits and the so...the entire _____is getting older.

However, the second, ...the other two cases are a little bit different. They are set gill net fisheries, the Bristol Bay set gill net fishery and AYK fisheries. They also show and increase in age but for a different reason, that is, in these fisheries a large cohort of young individuals between 11 and 20 have received individual permits and apparently they had transferred those permits to older individuals so that we see a net increase in the age of permit holders in those areas. So, in some limited entry fisheries are, provided for some of the younger people the mean age is down from the initial issuance. Let me make just a couple of brief comments. This is in fact, probably in the large part, an artifact of the people getting permits based on a participation between 69 and 72did not receive permits until 1975. At this point they could transfer them so that we all ready had a number of older individuals who were semi-retired or moving out of the fishery income. So, this is another fact to be considered.

Let me turn now to examine a different kind of sexual distribution of the permit. It might be expected males are the overwhelming predominate holder of the permit in Alaska's fisheries. Holding overall between 90 and 95% of all the permits. Women predominately, in only one fishery around the state, that is, they have more permits than men in the Bristol Bay set gill net fishery. However, they do have a significant portion of permits in different fisheries, that is set gill net. There are significantly fewer women involved in drift gill netting, and in power trolling and there are virtually no women holding purse seine permits. The pattern seems to be that the more technologically sophisticated, and the more remunerative, the fewer female participants you find in a fishery.

I would like to turn now to what I call the index of stability. This is what I mean by stability...what portion of people who have got permits have held on to those permits. This index is arrived at by dividing the number of permits transferred by the total number of permits in each given fishery. So that you take the total number of permits that have been transferred, and you divide by the total number and you come up with the index for stability. There is tremendously wide variation in the Alaskan 25 salmon limited entry fisheries in terms of stability. You move from low, extremely stable fisheries such as most of the AYK fisheries, ...are very stable in which permits have been transferred. We must also indicate that this is an artifact of the fact of permanent permits were not issued in these fisheries until March of 1976. A year and 3 months over the other fisheries, and there has been a continual issuance in these fisheries. At any rate the lower the state in terms of a figure is 10.4 in the Lower Yukon, in other words only 10.4% of these were initially issued permits have in fact transferred. On the other end of the scale we have a high of 60.6% in Kodiak beach seine fishery, in other words 60.6% of these who were initially given a permit have in fact transferred that permit. Overall in the purse seine fishery that figure comes out to a little under 40%. So that you have between 35% and 40% of the initial issues have in fact transferred their permits. The drift gill net fisheries averages a little over 40%.

OK, I would like to turn now to,...first of all in terms of the Commercial Fishery Entry Commission uses data on transfer on the basis of residents and non-residency. An individual is deemed either a resident or a non-resident for purposes of the commissions record keeping. I have defined those measures using the commissions data on residency into what I call a number of local areas. This map represents what the geographic areas which I have used to determine the local residents of permit holders. In the next table, a table that you will see later on, the categories that I'm using here are Alaskan rural locals, Alaskan urban locals, let me give you an example. An urban local involved in the Southeastern drift gill net fishery lives in a community over 2,000 in this particular region...an Alaskan urban local. An individual who holds an Southeastern drift gill net fishery who lives ...let's say in Anchorage, or Fairbanks, is an Alaskan urban non-local. What I have done infact is defined the residency criteria for residency categories into these different categories for purposes of analyzing transfer patterns. Now each of these categories,...you have a particular handout which indicates the residency of initial permit holders by fisheries. Like NR refers to the individuals who are not residents to the State of Alaska. ARL refers to Alaskan rural locals, rural residents in that local region, AUL refers to Alaskan urban locals, again people living in communities over 2,000, in the local geographic region, ARN refers to Alaskan rural non-locals, that is rural in other parts of the state, and AUN refers to Alaskan urban non-locals, urban residents in other parts of the state. Now each of these categories I have called, just for purposes to put a label on, a cohort, in other words there each of these initially read, amount to a cohort, depending on what fishery you want to look at. I like to talk a little bit about the nature of cohort transfers. The transfers back and forth between different cohorts. One of the most important things to come to grips with is the fact that intra-cohort transfers. That is Alaskan rural locals transferring to and Alaskan rural local, a non-resident transferring to non-resident, an Alaskan urban local transferring to Alaskan urban local, are by far the predominate categories transfers occurring. Only 3 fisheries in the state have less than 60% of intra-cohort transfers. Most have the range of between 65 and 75%. How do you translate that into....what that means is if you transfer your permit to someone else, to somebody you know that you have fished with a long time, or the guy you lived next door to, or somebody who is in your own home community. Again, 65% to 75% that still leaves us with 25 to 35% that are transferred inter-cohort rather than intra-cohort.

I would like to talk now about intra-familial transfers. By this,...the methodology involved here...you have to be very simplistic because I don't have the time or money to go out and find how many people are transferring to their in-laws. So the basic methodology here evolves, from the CFEC's people in terms of sir name. If you transfer to somebody who has the same sir name that would be a intra-familial transfer. The data on intra-familial transfers are again like the data on stability, are tremendously variable throughout the state fisheries. There is no predominate pattern and you have to go upon fishery to fishery basis. We find a low, in terms of intra-familial transfers among the Prince William drift gill net fisheries, where only 9% of all transfers are intra-familial. In addition, another very low end of the continuum is the state wide power fisheries, where only 13% of all transfers are in fact intra-familial transfers.

You have _____ to determine the transfers again in your AYK fisheries which are very, very predominately intra-familial transfers...again here you have a low rate of transfers as well. But 67% of the transfers in the Kuskokwim fisheries are intra-familial, and 66.7% in the Lower Yukon are intra-familial transfers.

Representative Gardiner: What's the average rate?

Langdon: The overall statewide rate is 24%.

I turn now to examine the nature of the shifts in terms of permits held by residency. I'm sorry that the _____ isn't showing up well. The title is the Residency of Initial Permanent Permit Holders by Fishery. As far as I've got...here is one of the problems in the interim report that I submitted in October is _____ to use a June 30th deadline each year to try to spot transfer patterns. Well, that is very difficult. It runs out and I had to go back and revise the methodology because there have been continual issue of permits since that first year. So what I've done here, in this particular table, is take initial issues in 75 and 76 and right up to August of 1979 in terms of the residency of the initial issuee, who got the permit, what was there...initial issuance. I don't know, you may or may not be able to see here at the bottom this is the basic distribution.....

(Pause to adjust the overhead for better viewing)

Can people now get a better sence of the bottom line. I don't know the red did't show up to well.

Taking all of the fisheries,...I don't want to run through them all,...I'll give you copies, for those of you who want them, I can make them available. But in terms of your statewide totals, they all stem from your initial issuance, 22.4% of the permits were issued to non-residents, 39.5% were initially issued to Alaskan rural locals, 27.4 to Alaskan urban locals, 4.4 to Alaskan rural non-locals, 6.3% to Alaskan urban non-locals. This is for everybody who got a permit from 1975 to August of 1979. What the residency of the first person to get that permit was. That gives you an index of what the potential holdings were at any particular time. Some of that is not at any particular time, you see...like for example in the power troll fisheries it is expected to get, when you have a number of old guys who were initialy permits in the first 3 or 4 months and transfer that permit, so if you go on June 30 of 75 you never see what that initial issuance pattern is. So that is why the methodology of the report shows up. What this table does,...there is a whole sheet and series of tables that break this out for each fishery and each year. What the types of transfer patterns among these different cohort classes have been.

These are the summaries of all the transfers by residency from 1975 to present. Again, the bottom line,...the bottom line on these fisheries. 1st of all, I'll talk about the bottom line and then I'll go thru and talk a little bit more about a couple of important cases we have to address, question..... are these significant, are these important. Is

this data something that we need to address legislatively. The bottom is that since 1979 there has been a net decrease of 25 permits or 1.1% of the non-resident holdings. There has been a net decrease of 137 or 3.5% of all Alaskan rural holdings, there has been a net increase of 97 permits, or a 3.6% increase in the Alaskan urban local holdings, there has been a net decrease of 8 permits or 1.9% decrease in Alaskan rural non-locals, and there has been a 73 permit increase or 11.8% increase in Alaskan urban non-locals.

Let me now go and discuss a couple of things that I think are important. One of the important things is that if you throw out the power trollers, permits have shown a gradual increase to non-residents, and the predominate area in which those increase have occurred are in your purse seine fisheries. You sum all the plusses and minuses in the purse seine category you will find out that non-residents have in fact gained in about 20 permits in the purse seine fisheries. Most of them obviously occurring in the southeast purse seine fisheries.

Another important aspect that I think needs to be addressed is the decreases that have occurred. The tremendous loss of permits is primarily in the rural holdings, ...are primarily due to the southeast purse seine fisheries and the Bristol Bay drift gill net and set gill net fisheries. They have demonstrated a high rate of out movement of permits in those fisheries.

The question now that I would like to address briefly, has to do with the.... first of all does anybody have any questions

Jordan Bogdinoff: I have a couple of questions. You mentioned permit holders between the ages of 11 and 20. What was the age of the youngest individual who was issued a permit? Or more specifically, who was the youngest individual in the summer of 1972 that qualified for a permit?

Langdon: The summer of 1972 goes back quite a bit, I don't have..probably somebody 5 or 6 years of age. There are some initial issues under 10 years of age.

Bogdinoff: I have a file on individuals, that show the age of 3 and alot younger than that. I have one individual that was born 1/26/70 and that individual has to be 1 1/2 years of age.

Langdon: Well, you have to remember that,...correct me if I am wrong, that one of the decisions was that participation in 73 and 74...some and if it is an AYK fishery it goes all the way to 75. It depends on the fishery to which that individual was given a permit. What is the exact situation in the AYK area? How far has that participation happened.

NOTE: comments following are not audible.....

Mr. Simons: When I was with the Dept. of Fish and Game we regularly issued gear license to 18 month children, so that the family operation would have another gear license to include in a beach operation. In addition to that the so called....sliding gear scale was established as a method, to not only to reduce the amount of gear in the water but also to make it advantageous for the locals to license the whole family and

get their 25 fathom increment of gear and the whole family...I think this was in 73 and the Isakson decision by the Supreme Court subsequent to that required _____ to accept applications from people who fished with gear license holders for the first time in 73 and 74. Some of these fisheries as John said _____ you got permits, at the fact...with zero points because of studies of _____. The number was greater than the number of applicants. These things all together did allow _____ to some people, who that common sense would tell you that they weren't out there hauling gear in.

Anderson: May we have your name for the record?

Bogdinoff: My name is Jordan Bogdinoff, and I did fish in Bristol Bay, and I fished in 66, 70, and 71. In 72 I was unable to fish because of problems I had with my vessel. I was never issued a limited entry permit. _____ not audible _____. The permit I was referring to was a permit that was issued in Cook Inlet. I even have in my letter here. I would like to give this letter to this body so they can look at it. In this letter I have documentation of individuals, families _____ not audible _____ and I still fail to see where these qualified...would have qualified.

NOTE: section not audible.

Anderson: Before we get too far off, I would like to hold this to a minimum, because we are running on schedule. If you would like to get together with Mr. Langdon or Ella Anagick a staff member they could sit down and talk to you. And I would like to have a copy of that letter.

Bogdinoff: I would like to distribute a copy of this, I do have 20 copies here.

Anderson: Thank you very much.

Mr. Doug Pope: Senator and I have 2 meetings going on at the same time and _____ not audible _____.

Langdon: I would like to turn now to the question...to new entry into the fisheries, and give a little on the information on the summary that the survey has turned up. We sent the survey to 202 institutions, 54 processors, 110 Alaska banks, 29 credit unions, and 9 Seattle banks. We received a reply from 74% of 149 responses. Of those responses 97 or 64% have indicated that they have not financed, in any fashion, purchase of permits and the banks specifically stated that as a matter of policy that they do not finance that type of loan. 7 credit unions and 6 processors gave an indication of this. In the responses there was also indications of indirect financing by 2 banks. That is, they give loans on expenses and they have no idea how those finances are used. But they did feel they could be being used for permit purposes. One of the difficulties in using this information in what I would call a framework that we could make some meaningful judgements about with regard to fisheries. The banks don't necessarily keep the records which regard a particular fishery that the permit was given a loan for. They can tell you which branch of the bank, and how much the loan was, but they don't know what fishery. It would require a significant amount of effort on

their part. So therefore, the problem in terms of really understanding this form of capital, has been used to get into the fishery on a fishery by fishery basis. But we can get some overall natural analysis on...terms of the amount of dollars.

The second category that I would like to address in regards to entry into the fishery has to do with the state loan program. _____ not audible _____ and in the response to the Wilkerson audit in the spring. I guess, the entry indicated that they were, at that time, 33 loans from the state that involved permits in some way. That individuals had been able to obtain, thru them, thru May of 79. By August of 79 the implementation of new legislation with regard to 90% collateral _____ of the permit. The state loan program had jumped to about 66 and since all this the loan program has jumped up to 95. Now this tremendously rapid rate of permit use, mind you,...let me comment on that briefly...In the loan program, I haven't been able to get at this, all the data, because of the rapid rate. And I should be able to finish that all up within the next _____.

Gardiner: When you say 33, that was the total of the program, and now it is 95.

Langdon: At the end of August, Terry, there were 66 and now there is an excess of 90.

Gardiner: That is all total, there wasn't 66 new ones.

Langdon: no, there was not 66 new ones.

Langdon: Now I want to turn to the...Because of the program, because of the collateral of the _____ you are discovering people in the fishery are using the permit to collateralize to get into another fishery. This accounts for a possible 30% of the loans since July 1st. I would say another... It would appear to me from the records I have analyzed that it looks like another 15% of those are what I would regard as re-financed. Now we have a problem here because often times individuals will submit their applications to the state and then they will get interim financing from a processor or a bank. And it will look like the processor or the bank in getting paid off, when in fact the loan has been submitted already. So, the difficulty in categorizing which of these are re-finances. What I did,...what I would do conceptually is say that those, of which the permits has been owned over the years before the application is finalized, is in fact, aspect of the finance. Now the definition that the commercial fisheries loan division used for re-financing is that if 50% or more of the loan is in fact re-financing. Now what we might have is a permit holder paying off the final 3rd of his permit purchase with a lowered state interest rate and there are about...like I said about _____. This leaves about an additional of the loan that I would say are in fact new entries by individuals who have not held permits before. Again, these are preliminary figures, that I would not use them until my final report is together.

In the work that I have done in other sources of financing, I have made some inquiries from the Bureau of Indian Affairs, Mr. Halverson there, loan officer, said to his knowledge, no BIA financing has been used for permits. I have talked with a number of regional corporations executives and was here that there are some local corporations that have assisted in or in fact engaged in permit purchases but it is less than 10 on the statewide...

Let me turn now, as quickly as I can to regarding socio-economic impacts. This can only be raised upon the data that Dr. Rogers and Jack Kreinheder developed thru 1977. If we were to examine the gains and losses on a strictly Alaskan non-resident basis we would find that in 1977 net earnings of power troll,...for examples for Alaskans who make major gains, net earnings were 18,000 dollars. 69 permits times 18,000 dollars is or gives you a net return to state residents of 180 thousand for the power trollers. Another major gain area by state residents was in the Kodiak purse seine fishery. Kodiak purse seine fishery, 1977, had net earnings of 29,627 dollars. 9 times 29...627 dollars give us net return to state residents of 266 thousand dollars, based again on 1977 data. Looking at the other side of the ledger in the southeast purse seine fishery, where 23 permits have gone out-of-state, net earnings which were at a gigantically high level...I would point out for the southeast purse seine fishery, 56,560 dollars translated into a net loss of 1 million, 296 thousand, 880 dollars, and the Bristol Bay drift gill net permit, in 1977, net earnings were 10 thousand and 11 dollars. 29 permits came to a negative 300,000 dollars there. Those are just some of the major plusses and major minuses.

Let me talk just a little bit about the two major cases of impact on rural economies in the state. The southeast purse seine...we had a loss of 27 permits, translated to 1 million and 1/2 dollars. In net earnings based on the 1977 data and in the Bristol Bay drift gill net fishery a loss of 43 drift gill nets amount to a decline of 433,000 dollars in resident earnings.

I'm just completing, and again_____.

A couple of conclusions, as you can see there have been some shifts in the holders of permits which I think are the least significant. That they are not necessarily overwhelming at this point. The most important trend that I think, to the committee and the commission and the legislature must address the decline in the rural holdings of permits throughout the state especially in regions in which that is the major economic foundation. I think there is a couple...let me first make a couple of case examples. In the purse seine fleet in the Southeast and in the drift gill net fleet, the drift gill net in Bristol Bay..Bristol Bay_____ and it has excellerated since then. This is the same in as you see kind-of-a U shaped curve in terms of the rural residents in Southeastern Alaska,...that they lost the most permits in 1977 again when the permit was at it's maximum value. These have some important implications for the AYK fisheries..I think. I would guess and suggest that there is a threshold at about 15 thousand dollars when a permit price reaches above 15 thousand dollars..that the attractiveness of the windfall gain to rural residents was relatively low, annually becomes extremely high. Thus far in the AYK fisheries the permit prices are below 10 thousand dollars. That is what the CFEC's data has. I think there are a number of reasons for this, why this occurs, and I would divide them into 2 categories. There are selling reasons. Why and individual will sell and there is the aspect of the buying side. Why they cannot purchase. The reasons are for selling are as I have indicated, much lower average annual earnings out there. So that the marginal value of a permit windfall from the permit is much higher than to individuals in urban circumstances with higher earnings. It has a lower opportunity. In addition it would

appear that from the discussions I have had with a number of people in Southeastern Alaska that the windfalls are usually used for upgrading homes. In other words, there is a high degree of relative deprivation and the windfall is used to upgrade housing and upgrade the standard of living variable for people on the short term. So, when they have that high demand schedule the likelihood of selling is much greater. On the buying side, why are there...and the data from the state loan program it is very difficult for. Probably everyone knows that the people who handle collateral that enter into the private finance sector the new legislation should aide in that. The state legislature...but up until that new legislation people were required to have some collateral, some variety to be able to use the state loan program. Loan officers indicated to me that crewmen in these fisheries, particularly familial crewman, are often unable to indicate their own earnings history because the earnings as accrued to the permit holder they have no ability to display their own earning power, so that their capacity to meet state criteria for debt servicing is very low.

I would suggest one final important and interesting thing, to me that is very interesting and that is how in terms of how the permit is going... One of the things is that there is a certain amount of fit between certain permits in terms of the kinds of runs. That is, how does one permit fit to another permit. So for example, a Lynn Canal gill netter would be extremely attracted to a power boat permit so that he can fish the early season and go up and fish Lynn Canal. There are these kinds of patterns you can see emerging, but I didn't tell you them directly, that is what specific ways are people moving to diversify their permit holdings. There are there...but I can't give you any concrete data on that. But I would say that in those regions of the state in which you have alternative non-limited fisheries, Southeastern, Prince William Sound, Cook Inlet, to a certain extent, individuals are able to capitalize in other fisheries and use that collateral and debt services...to enter a limited entry fishery. In areas in which there are no other fisheries, that particular capability is unavailable. I don't think that we will be seeing many Kotzebue Sound gill net fishermen buying Prince William Sound drift gill net permits. On the other hand we are seeing Prince William Sound and Southeastern gill netters entering into the Bristol Bay fisheries, because of the earnings. In terms of the relative earnings of what is going on there not audible. That is the end of my testimony.

Bogdinoff: I have one question. With the loan program, do you feel that the loan program is inflationary in part or in buying a permit?

Landgon: Being, not a financial expert, I would say that it would appear to have some inflationary effect on...I would think that is probably true. The intent of the loan program is to enhance Alaska's residency, and I presume that most legislatures or public would assume that is a reasonable cost to enhance Alaskan residency.

Anderson: Any other questions? Any of the committee members have any questions? Go ahead, may I have your name please?

Josepheine MacLain: My name is Josepheine MacLain with the Southeast _____. When you were checking into financing of people who borrowed money to purchase permits did you have any method of checking on people who mortgaged other things to buy a permit?

Langdon: Well, I asked what kind of collateral was used. And yes, in fact in almost all cases, also in the State Loan Program, virtually you would always find real estate used as collateral items.

MacLain: But going to other _____, such as mortgaging other items.. if you just re-mortgaged you house, the might not know why. _____ not audible _____.

Langdon: All I have from the banks is what type of collateral they required. In almost every case they required unsecured collateral, _____ and it is usually in the form of real estate, or some other holding.

Anderson: I don't want the questions to go to long because we do have committee members that do have other commitments today and I'll take just one more question and that is it because we have other staff people that have to make their presentations. Steve does that rap you up pretty much?

Landgon: I'm done.

Anderson: Are you going to have something in writting for the committee?

Langdon: Yes, when I finish with this analysis.

Anderson: Yes sir, could I have you name please?

Ed Wingus: My name is Ed Wingus. You stated that the income for the _____ the net income was 1,800 dollars.

Langdon: Net earnings. I don't know if you have seen the document that Jack and George prepared, for the years from 69 thru 77. What they presentedgo ahead Jack.

Jack Kreinheder: _____ statement not audible.

Anderson: Thank you very much Steve. The next presentation for the committee is Mr. Doug Pope.

Doug Pope: Thank you Mr. Chairman. I am distributing a work draft of a bill that primarily deals with the Upper Yukon. A few changes in the lawin regard to limited entry permits. Statewide those changes are only to accomodate the matters directed to the Upper Yukon. Before I get into the bill I might discuss other matters first in order to sort of lead into it. Last time we met in Juneau the committee left themselves..... this time the question of researching the number of very serious constitutional questions that the legislature and the people involved in the fishery had to deal with if they want to address limited entry.

Last time I advised the committee that I was going to _____ necessary

to my perspective to regard the Upper Yukon, research these questions in order to accurately determine the perimeters of any change, and I felt it was necessary to retain consistence in doing that because it was such a massive project. One, question that we were concerned about is the limited entry not audible. After that meeting I began doing that research and it led me to a number of areas...to the point where I ended up analyzing the entire act. All the...and finding out what the constitutional deterrents were with various provisions of the act. The information is presently on the mag cards..right now, as far as a memorandum goes, it will be made available to committee members at a later date. I think the conclusion in those memorandums should be viewed by the committee members prior to me discussing them in particular in the public, in a meeting like this. I have made some preliminary conclusions and I would like to address those first, because the limited entry act is not in the senate resources. First of all, the question is whether the legislature should modify, or otherwise revoke of privileges of the limited entry permit. At the last meeting I was of the opinion that there may be some substantial problems. And I would like to advise the committee that I have completely reversed my position on that. The legislature has no limitations on the power to modify or revoke or otherwise effect in any way the by limited entry permit. I could lead you thru a long analysis to get there, but that will be contained in the memorandum that is coming.

Now in reaching that conclusion about whether limited entry permit is property the entire scope of the act. In doing so, we researched the entire history of the constitutional amendment, the entire history of the act. I read the economic that sort of considered the of the Pacific Salmon Fisheries. When you talk about the need for to achieve adequate biological management of the fishery. We researched all other limited entry acts that are presently in existence. We researched all known cases that are on limited entry situations, both state and federal. They are quite a few actually, probably about 25. So with regard to the retaining of Mr. Wagstaff, I..., he has spoken primarily in his...in conjunction with him...four key questions. Property questions, the initial question of does the state under the limited act...what are the limits of the states powers to set provisions on the number of permits. And we have concluded that it is unlimited. The state has unlimited powers to set the maximum number of permits. Consistent with...I would say that unlimited in the sense that, as long as it applies to the purposes set up in the constitutional amendment. I think there is a limit as far as the state pulling arbitrary numbers out of their hat. The present hardship definition is whether those had any constitutional problems and the question they do present, constitutional questions, whether they present problems I'm not prepared to say yet. I have not yet made up my mind. The filing.. that I think is the key question with regard to the purpose of the limited entry ...is whether it is a legitimate state interest..for the state to set a optimal number of permits based on the purpose of maximizing the..an economic yield. And I believe that, as I explained to the people before at breakfast, that there are limits on that power. I'm not sure exactly where to draw the line, but if at some point, the contracting, the number of permits at any given fishery in order to achieve that economic yield...I think will violate federal constitutional line is but intend to find exactly, and respond to the committee.

In the _____ with memorandum. Now after doing the research I identified the key areas of concern that the committee should be aware of. Now I don't want to sound alarming, but, because I believe in identifying problems that you also have to _____ in the solutions. I'm not prepared to say whether any of these problem areas are _____ constitutional, but I believe that they raise significant problems. But, I also believe that every problem that we have identified, there are ways to deal with the problem. I think the primary thing that we have to accept is that the ...any system that is totally static will likely meet constitutional problems after any given period of time. I think right now we are looking at some of the turmoil from _____ fisheries _____ not audible _____ were still in certain stagnants. So I think the key to all the problems is for the committee to pursue more information gathering so that we are prepared to _____ problems of the future whenever they arise. Now I will get into my recommendation...for limited entry, statewide.

So a key area of concern, free transferability does stand in the stature right now and I think the matter is substantially determined. The problem is you have a circular problem. When they passed limited entry in 1973, that is when the legislature did, some members are here who were in the legislature at that time...The legislature believed that free transferability was a way to avoid the problems of a closed class. And I believe that does avoid the problems of a closed class. But, the other problem you often have...you still address is the problem of creating a special privilege fishery which is not in any way abolished or repealed by the 1973 constitutional amendment. I believe that there is a ...some people...that there is a mistake in the impression that the constitutional amendment abolished that provision, and certainly did not. _____ not audible _____ and it did not. The fact that it specifically avoided...that issue, and _____ on much narrower ground. They have a circular problem ...to try to avoid a closed class and at the same time having to avoid a special privilege. And at this time I would say the one key within the problem of free transferability, quite likely the most, is the one situation that the court may look at as the most alarming, is the ability to transfer the permit thru the state without any particular qualifications of the transferee. There are other problems that we more specifically addressed in the memorandum, but I don't want to take up the committees time with them now.

The next key areas of concern are the hardship definitions. Now hardship is... the act conceives that hardship will give the original means of allocation and that free transferability will be subsequent means of allocation for transferability. If hardship, and there are some projections that hardship should be, should continue to be utilized somewhere in the apprenticeship program _____ not audible _____. There are some substantial concerns w'en we are addressing hardship and I would say first of all that I beleive that any definition of hardship is based upon community hardship rather than individual hardship. In fact it would stand constitutional challenge. I already think it has been ruled directly by one court. Hardship based upon the standard of living in any given community is in very, on very touchy ground. If you base hardship upon the standard of living or unemployment factors in any given community, then I believe you are going to run into federal problems unless you make that applicable in any community within the United States.

I think that is a lesson in both the court, in the local, the supreme in the local _____ indicated that they might be interested in _____ if they are based upon unemployment statistics in any given community. But they weren't restricting those to Alaska. In other words you can _____ in any rural community in Alaska because they have high unemployment.

Now hardship by exclusion, by the fishery, which is the present standard is probably ok, although some people question it. I have read one memorandum by a federal judge for the United States..I'm not sure, I can't remember.. _____ Louisiana State University by exclusion of the fishery is quite likely unconstitutional. I don't believe that memorandum is very well thought out. But I believe that we will _____ for a person who has hardship that has never fished. Getting back into the circular problem of closed class...now so far there has been no challenges in the hardship definition, most people want _____ not audible _____. I believe that quite likely the system of hardship chosen by the legislature, and subsequently implemented in the CFEC's ..will withstand a constitutional challenge and whether that definition of hardship could be used in the future to continue the _____ the question, because then you get back into the closed class question. But I think that that is a problem that can be worked out...and we are going to try to work out in this bill here. I have already addressed the options of the number of permits.

Gear licenses. My professional opinion that the Apokadat case is going to result in stricking down the gear license requirements. I am sort of laying my professional reputation on the line, due to the fact that I believe that opinion is coming down any day. Tomorrow if it comes down I might be looking for another job. I believe that is true, and I don't believe that it is going to make the havok that most people believe it will. But I believe it will require a fundamental analysis of the whole hardship definition which I think is healthy. Continuing the analysis will allow us to finally fashion a bill that will withstand future challenges.

One other key issue that we are very concerned about is whether any of these items I mentioned...free transferability, hardship, opting the number of gear licenses, are fundamentally the purposes of the act passed in 1973. Now this again is Supreme Court policy, a little bit when you start analyzing this kind of an issue...basically many courts once they let us say when they particularly look at a issue or a particular section of the matter, and then determine that that section is unconstitutional they next look to see if that section is fundamental in terms of the whole act. If they determine that it is fundamental, then they dump the whole act. And I think that... I have proceeded on the assumption that the committee desires to continue a program of limited entry in Alaska, and so I have been considering structures that would withstand constitutional challenges. I believe the courts were to eventually decide that free transferability had significant constitutional problems, that there would be very little room for the CFEC to administer the act as presently they do, and therefore the whole act itself would be endangered. So, I believe one of the...Yukon, Upper Yukon bill, that began to flush a structure, that I believe that probably..a particular...only to the Upper Yukon at this time, if there is a constitutional challenge in the controversial section that the whole structure can withstand the shock, ...and make subsequent decisions.

Now use it or lose it, has been thrown around. Qualified transferees has been discussed...the whole problem with qualified transferees is the definition of who is qualified, and I have already addressed that. But we have to be very careful there that we don't create a closed system or make a special privilege for the transferees or the transferors. face a constitutional challenge in the future. Use it or lose it, I've researched that and thought about that alot. I don't believe that has significant problems, but I believe it has significant administrative problems attached to landing, specifically, the salmon fishery. I think indicated by the salmon fishermen that I have talked to ther have been quite a few that...some fisheries use it or lose it requirement based upon landings...will not have a desirable effect, resulting in unjustly terminating those peoples permits. I believe there is an alternative way to reach the same policy _____ not audible _____, the Upper Yukon bill.

Now with regard to the apprenticeship program. I think the legislature should spend alot more time in evaluating. There are significant, substantial constitutional problems that have to be addressed, in order to avoid a closed class situation and to avoid a preferences to so called qualified transferees that exclude persons who on the federal and state level getting into the fisheries.

I don't think that any of the problems..I want to emphasize this...are insurmountable. Infact...as I said..I am much more optomistic about the.. than I was..about the ability for the system to withstand any challenge.. than I was a month ago, because..since I've identified the problems and looked at solutions.

Now with regard to limited entry statewide. Let me make a brief recommendation in order, as I said I believe we should look structures that can withstand the shock of contrary rulings of the court. If we don't then the legislation will continually be reacting in a crisis atmosphere. The limited entry bill, as drafted here for the Upper Yukon, is no...it needs alot of work. I believe that it can withstand the shock. For example, free transferability..whereever struck down by the state or cut over for it...it would be very _____ for the limited entry commission to roll over, to roll out the decision to continue to implement the act.

I think one might..when people passed the act in 1973 they considered it... Commercial Fisheries Entry Commission would have alot of work on their hands initially and then sort of wither on the vine. _____ not audible _____. I believe that that...and anyone continuing at present should re-think their thoughts. If the CFEC is to..if limited entry is to withstand the challenges in the future, the CFEC must have the flexibility to act as an ongoing dynamic institution. So one of my recommendations is that this committee should continue in effect to help the commercial fisheries, work with the CFEC to develop an adequate budget plan with any problem that we are seeing now and might see in the future..And I think the budget should include the gathering of information from both the fishermen and various experts with regard to some of the problems so that the legislature would not have to act in a crisis atmosphere. I think this committee should continue in formulating plans, and initiate and develop critical data base other than what we have. That goes hand

in hand with the recommendation about the entry commission. One... this bill in the Upper Yukon recognized that there are some fisheries in this State that are mixed with fisheries. And that commercial fishery is dealt primarily to supplement economy. The...we have concluded that part of the purpose of this bill...because if you went and researched the Upper Yukon..I think there are other areas of the State where I believe the commission should identify fisheries that are not in identity with the major fisheries in which limited entry was enacted. In conjunction with that, I think it would be very helpful if members of the committee and certainly key consultants sat down and perhaps worked out what information requirements we thought were needed for the future and then a decision could be made...how we wanted to approach_____.

Finally, as I said I believe the state should consider not audible_____. As I said I am going to sum all that analyzed and memorandum and I will supply that memorandum in doing that that research and diagnosed conclusion trying to prepare the work product for the Upper Yukon.

If there are any question with regard to that, I'll stop now and then begin to get into the Yukon itself.

Ella Anagick: I have a question Doug on the analysis..on the hardship requirement. Under the economic hardship eligibility requirement in terms of looking at the community base you did not eliminate the eligibility requirement aimed at the individuals.

Pope: All I am saying is that give anyway to a community hardship you have to, you cannot discriminate against communities in any other state.

Dr. George Rogers: I don't think we intend to.

Anagick: These are communities that are substantially dependent on fishing as a primary source of income.

Pope: I don't think that that is going to withstand much.

Rogers: I don't think the conclusion ought to fisherman who have to fish...not audible_____.

Pope: No, no.

Rogers: It could have an effect on some rural area in the State of Washington.

Pope: I'm not sure you are going to be able to focus on communities that have these substantial reliances on fishing either or persons who are..I think that is an area...that is an area that needs alot more research. Because that most certainly..that act is..anything that was passed in that nature would be challenged on the grounds of in any court...infringement upon state commerce..Those federal issues as well as equal protection. There are some cases that have dealt with the problem already. I'm not totally negative on it, I'm just saying we better look at it alot harder before the legislature signs off on it, or we will be right back in the situation that,...the first 3 times that

the legislature tried to some sort of limited entry scheme struck down. Like I said identifying these problems leads to the solution and we will be like ostriches if we don't spend alot of time thinking about other aspects of it.

Anderson: Are there any other questions? If not, Doug go ahead.

Pope: Ok, Mr. chairman with regard to this bill...The last time we met I promised the committee a rough draft of the report. I saw about 3 weeks ago that that was going to be..in order to have a report and at the same time have any kind of a working draft not audible draft a structure that would fit the specific needs of the people on the Upper Yukon, and at the same time made my final conclusions in the report as to whether the entry unjust discriminations against any persons that a be able to work that into the bill the way it stands. I guess what I am saying is that the structure is here but it needs alot of flushing out. I have discussed the structure with, the specific languages with members of the UFA, Limited Entry Commission, with various key legislatures, members of the Board of Fisheries, and it is clear in my mind that there are transitional measures that will have to be worked out, that there are definitions that will have to be cleaned up, and there are some definitions that are left blank, infact..but I believe that the underlying content behind the bill can be clear from reading it. The research on the Upper Yukon is complete. Fairly complete anyway, you might..it hasn't been enough to circulate a rough draft. I have one preliminary conclusion and that is gear license requirement with regard to the Upper Yukon, results in unjust discrimination against a number of persons who have yet to be identified.

That is somewhat on my agreement with Judge Carlson, in the Apokadak case that gear license requirement is in violation with equal protection clause and I believe that the gear license requirement for the Upper Yukon is even more acutely more unconstitutional than it is anywhere else, primarily because of the nature of the fishery an supplement to the economy recognize for example that the officially over the commercial until 1975.

Some of the key aspects of the bill are to develop a new formula for the maximum number of permits and to release the optimum number of permits required for the Upper Yukon. I don't think the concept of optimum effort to achieve maximum economic in the fishery, the..the..as I said not audible and is still economy. The other major aspect of the bill is that we don't have enough information to make any conclusions in regard to the Kuskokwim or Yukon. I have information that they are distinctly different than the Upper Yukon and perhaps that..the Kuskokwim... most certainly there is someplace on the Kuskokwim that we can draw a line where the commercial fisheries still supplements the economy. I don't know where to draw that line. I need more information to make that statement. The.. other key element is that for providing an opening period, provided new hardship definitions, the limited entry act the way it stands now has major hardship and minor hardship. This opposed bill poses 3 hardship classes. The new class that I refer to the bill not audible major hardship class, is the same class as the..with a few modifications, as the old hardship. There has been sort of a class in the middle between the not audible.

The act required a permit to requalify every 5 years. It doesn't have 5 years in the bill right now, but I believe 5 years is an appropriate time. You have to remember that the river has had every _____ total landings, fishing efforts, the only mobility is the _____ set net or to move a fish _____. At the same time the permit should be re-qualified every 5 years and I still recommend that the maximum number of permits be re-estimated during that 5 year _____, based upon provisions requirements that take into account not only the economic needs of the commercial fisherman and the subsistence necessary for the allocation of the river. I don't believe that the ...we will see any large increase in the numbers of the permits, but what we are trying to build into this process is the flexibility. As I said there is no optimum number of permits..provisions..the Upper Yukon is presently in _____ not audible _____ I have sort of already tried to fix those. I believe it may be necessary to re-define or to _____ not audible _____ by the Department of Fish and Game the purpose for breaking them down to a management area districts sub-districts _____ not audible _____.

The bill requires set net _____ be the only unit of gear on the Upper Yukon. The bill has a new provision which provides for family partnership permit. I think that section needs more flushing out, but the basic context is that if any member of a family who is denied a limited entry permit did not receive one then the members of his family can accumulate hardship in order to obtain the family partnership. They will provide for special interim use permits _____ CFEC...if they decide that there will be a large amount of fish for a year, for example, they will issue one year permits _____. Now, that dovetails together with the requalification of the permit, _____ not audible _____. And finally, the bill specifically gives power to the commission to set the maximum number of permits for biological units. I believe the commission thinks they have that power now. Biologically in it being either a different species, family or a different sub-species of the species. The reason I included that is the Fish and Game is really now just beginning to understand the fishery on the Yukon. Although they say they don't know much about it, and I agree, but they do know enough that just this year I discovered that a fall run of chum salmon _____ think biologically in it and that travelling different parts of the river, ruby and _____ were over on the other side. If you were to fish on the north side of the river in the fall, ...are fall chums, if you fished over on the south side of the river _____ not audible _____ and the...it provides both the opportunity to _____ not audible _____.

That is the major part of the bill, like I said it needs a lot more transitional measures. I think it needs _____ on the river, in order to accurately explain _____ on the river. Beyond that, the report, will conclude that what the state should take care of to improve the Yukon condition in regard to international fishery, fishing. There is an inappropriate catch...that I see salmon that are dying in the Yukon river by _____. There is a recommendation which regards that in a form of a resolution and also in certain budget matters, that the state would guarantee that there are some...at least one _____ biologist on the staff of the _____, going directly into the major _____ fishery and _____ programs in order to more accurately to identify biological units. There are going torecommend installation of what is known as _____ sonar systems on at least 4 major rivers. I am going to recommend installation of what is known as _____ sonar systems which I think hold a tremendous amount of promise for all fishermen, stimulation of fish quality of fish marketing, so to speak, that I think will probably be worked together. And finally _____ not audible _____.

Anderson: Any questions?

Gardiner: Doug, one thing I want to make sure of...if there is a family member, 1 member, that had already gotten a permit then there couldn't be another family permit.

Pope: That is true. The purpose, so to speak, is that if we are talking fishery that developes and still supplements _____ the it,...the family unit is so important, as far as fishing on the Yukon,...then what _____ do if family has an accumulative hardship in getting included in the fishery, then there can be one permit that has a partnership interest of all members of the family,...but if one person in the family has a permit then that would disqualify the accumulative _____.

Gardiner: Is that immediate then?

Pope: In the act it identifies, if you want to hear it.

Gardiner: I can read it.

Pope: I believe that section needs alot more work ,...in thought I'm sure that commission will have alot of problems with administration with a section like that. It is certainly not the intent of this bill or working _____ so far that _____ a program that creates an administrative headache or to the commission. I think they have enough now. I think that _____ is true of all sections, this is just the beginning.

Anderson: Any other questions?

Williams: _____ Mr. Simons comments are not audible.

Pope: Ya, I didn't point that out to you yesterday. I did somethings.. I didn't mean to imply that I just meant to make it very clear that I don't think the context of evern considering _____ is appropriate for a fishery, in fact _____ not audible _____. That whole concept, even if you are going somewhat less than maximizing, even if you are going halfway or whatever it is,...the definition in the act will save you, that does consider contracting the number of permits in certain fisheries, and that may be appropriate in the fisheries that have developed primarily from interstate markets that have a traditional and historic base. I don't think that it has any place _____ not audible _____. In fact it is my firm belief that, if the were, ...if the act of the commission were implemented that portion of the act for the Upper Yukon now _____ not audible _____ than the act has right now. _____ not audible _____.

Williams: _____ not audible _____.

public individual: I don't know if it is the way you presented it or whether it was the way it was drafted into the legislation, but there seems to be several areas where it looks like the commission may be _____ of Board of Fish, establishing the legal gear, apparently adjusting the maximum numbers based on our perception of the run forecast when I believe that the basis of the Upper Yukon catch should be established by quarter of the Board of Fisheries.

Pope: Sure it is.

Pope: This content invisions that,...and that is getting into the definition of the maximum number of permits is _____ if you set a ceiling on permits for a given 5 year period, and then it appears that you have an extraordinary run within that 5 year period, then there will be a much higher degree of commonwealth from the fishery not audible _____. In any event, if the commission can issue the one year permits in order to allow other people to partake in that commonwealth.

public individual: Excuse me, but it seems to me that before we can do that the Board of Fisheries would have to inform us that they are going to make more fish available up river.

Pope: Yes, that is true, except _____ not audible _____, but it is still going to require alot more cooperation between the department and the Board of Fisheries.

Anderson: Any other questions?

Mr. Ostroski: The reason I ask is that _____ not audible _____, Crutchfields senario carried through a total end, and the end would eventually put the resources of the fisheries, and allow different groups to bid on the fisheries. Now the context is as they put the _____ not audible _____ dollar value _____ not audible _____ is the 2nd step of the limited entry program that is they put the dollar value on it ..would push the people who aren't _____ out, the permits would fall under the control of a large cooperation and then the bidding procedure for the resources would then allocate the total resource including production, processing, and the marketing, and the whole aspect into a large corporate control. That was the staff commission report given to congress in 1959.

Pope: I agree with that. I think that the end product of trying to maximize that economic field islaying it right back where...in the early 1900's when the canneries wanted _____ not audible _____. But I haven't seen the legislature goint that far initially in 1973. This bill for the Upper Yukon takes us much further away from that.

Anderson: I would like to rap this thin up

public individual: _____ and it said that Mr. Ferguson, and he is from the Pelican...this is concerning Alaska's fisheries foundation which the state put 100,000 bucks into...and what he calls for here is that he advocates _____ not audible _____, which is probably commendable. But he wants to change the 200 mile law, which will allow any country with favorable relations status to make a written bid for the surplus stock within the 200 mile limit. _____ not audible _____.

Pope: Mr. chairman, one final comment. I would like to ...there is a defacto apprenticeship program in this bill, which is 3 parts _____ of the definition. The major hardship..the 1st and 2nd hardship is saying they are having a hardship now and they would be available for a permit. A person suffered significant hardship by being excluded from the fishery and that can be demonstrated during this 5 year re-evaluation...and he can demonstrate in 2 ways that is he has had an opportunity to fish on one of these special 1 year interim use permits, or he can participate in the operation of the _____ not audible _____. If during the 5 year

period the commission determines that the...that there should be more permits issued, or if at any time the permits are reverted to or revoked, by the commission the...those permits would be readily available to these people with significant hardship class. Now that concept still has...is bothered by a number of constitutional problems, but I think they can be worked out. But the intent is to provide an opportunity for people who continue to work in the fishing business to have some sort of preference to permits and that preference would be based upon hardship. That would be re-calculated on a 5 year basis.

I think the most significant problem is that....going to have to be dealt with preventing a closed class, so that in that sense I think that you might have to make _____ hardship for persons who want to fish in the fisheries and never have. _____ not audible _____. The other, I have chosen that...because I believe that is the simplest way to allow new people into...an opportunity to get into the fishery without stepping on someone else's...to paralyzing them in transferring permits freely. The other thing I would like to conclude with is, I don't believe that this particular structure is appropriate in any other commercial fishery other than the type very similar to the Yukon. So, I think, they should investigate the other fisheries and try to start them out. I think they probably pretty much know which ones they are _____ and can identify them. What the content _____ that I'm _____ is that tries to create a structure that hasn't quite the stability and also that can withstand the shock of contrary court cases, one that I think the committee should consider for all of the fisheries. But that is going to require a _____ of information.

Anderson: Yes sir. Could I have your name please?

John Dervan: John Dervan. You go back to the same thing of the old days of in the 60's...in any law, _____ 70 and 72 were recommended _____ and he has been in the fisheries ever since. He made a statement that limited entry had problems of the federal constitutional level. Looks like you got caught before the horse, you have to get a reading, what is constitutional, before you proceed, because it is going to cost the tax payers of this state a billion dollars.

Pope: How long have you been in this group?

Dervan: I have been in this room for approximately one half hour.

Pope: Ok, if you had been in here for an hour you would have heard me talk about it.

Dervan: I heard _____ of that. But, the main basic thing is for any program... should be addressed by the State of Alaska, _____ not audible _____, it can be done. If it's constitutional, before we spend another 10 years running around the court system.

Pope: Well quite frankly, this is a procedural problem,...impossible. You can't address questions, or rather current controversy in any court in the state or in the U.S. It has to be controversy, or happening at the moment.

Dervan: It should be...you asked the same question in _____, 6 years ago _____. I see people who were there when this business first

started, public testimony lasted 14 minutes. We were told whether we liked it or not that was what he wanted and that is what we were going to get. We will eventually end up in the Supreme Court. But it is the responsibility of the State to turn around and institute ...the case to the Supreme Court itself. Is what we are doing constitutional under this country.

Pope: I'm telling you that you can't do that unless you have already passed the law. No court will entertain a question that is not based upon a specific controversy. They dismiss cases like that all the time.

Dervan: But the basic thing is that it is the responsibility of the State to request from the federal government...is our law constitutional. That is not the responsibility of citizenship. It is the responsibility of the state to turn around and pass an unconstitutional law. Get it all over with, if it is legal under this country fine business, then we proceed from there. We don't want to spend the rest of our lives in court.

Pope: That is what we are doing here.

Dervan: You should at least have some room some where along the line that other groups....

Pope: I have told you 3 times now that you can't do that in this state. You can not pose a theoretical question to the courts _____. They won't even listen to us.

Dervan: But it is the responsibility of the state, not the individual.

Anderson: Mr. Dervan, thank you very much for your comments. We are going to recess until 1 o'clock. We intend to start precisely at one. And Mr. Williams I'm sorry we couldn't get to you. We'll take it right at 1 o'clock.

Anderson: Are we on the air. We will call the meeting back to order. I promised we would get going at 1 o'clock and we are only 7 minutes off, so...we are not doing too bad for government.

Our next speaker is John Williams, he is a commissioner with CFEC and he is here now, prepared and ready to give us his thoughts on late filers issue and all the commissions _____ addressing that particular issue. John you have got the floor.

John Williams: Thank you Mr. Chairman. There are a lot of facets to the late filers issue, whether than talk about all of the I'd just like to relay to the committee what the committee is doing so that hopefully we can bring more information to you during the next session. Because when you study this issue, hopefully, I will have as much information as there is possible to have to you as there is at the time. We have committed one full-time staff position, person to analyze all the available information that the commission can both obtain from the phone record and from various filing that have been made in various court decisions

and so forth, especially with Alaska Legal Services. What we hope to do by fiscal analysis, to estimate not only the number of new permits that would come into the fisheries if a new application period were established, but also to characterize those people by residency if they are residents, what part of the state they might be from. Inherent in that we are trying to do a probability analysis of how many permits would be issues if such _____ created worth establishing.

Public: We can't hear you.

Anderson: Please speak up a little bit.

Williams: Do you want me to run through it again quickly?

Anderson: Sure.

Williams: The commission hopes to present to the legislature this next session in summary form all of the available information regarding late applicants, non-applicants, how many there are, what their characteristics are in terms of residency and location of residency with the state. And some sort of a probability estimate as to how many permits might be issued into the various fisheries if a new application period were established. We can save discussions of the much broader issues of the application period for the legislative session.

Anderson: Do you have any idea, any rough estimate?

Williams: No, no we are still compiling the characteristics data on those people. We have a complete listing of those people who did not make application within the application period. Based upon our commercial fishery entry file, data which are the years 1969, well we will go 1969 thru 1974. We will have it ready for you by the time you are ready to talk about it..in the legislature...for sure.

Gardiner: How many applicants does that total up to?

Williams: I think we have a pretty good summary of the fishermen's file from Alaska legal services in your packet there. They have given me some gross numbers of the applications that were received versus the total number of potential applicants that appeared on commissions fishermen's history file.

Gardiner: Would you say like 360, I guess that's _____ figure. _____ not audible _____.

Williams: We will have it for all fisheries, and we can give you some rates for all fisheries.

Gardiner: Can you give us the number that would be, that if we opened it up would apply...and made an estimate...how many of those would actually qualify for permits.

Williams: We have no idea how many would apply in terms of...we would tell you how many were eligible to apply under present law.

Gardiner: But you are also going to give us an estimate of how many you think might qualify ____ not audible _____. There is 360 people who could qualify ____ not audible ____ and you estimate 25 people could qualify for permits.

Williams: And then we would give you those characteristics, those 25 people characteristics as to residency, non-residency or residency in the Bay area. That is all I have.

Anderson: Thank you very much. Is Ella going to be working with you on this Ken or do you have the..

Ken Vasser: Well I have the ____ not audible ____.

Anderson: Well is there anything you can handle right now.

Vasser: Ella did ask me to respond to Doug's comment about the community standards, the community hardship and in that regard I think that I can offer some response.

Anderson: Do we have something in our packet here from you?

Vasser: No, she just asked me just this morning, after it came up, if I would discuss that a little bit.

Anderson: I wonder if there would be any wisdom, waiting until Doug got here so he could hear your viewpoint on that and I don't know ...do you know if he is coming back?

_____: I know that Senator Sackett is going to return, but I don't know if Doug will be here.

Anderson: Would it do any great violence if we shifted the order of presentations. Right now we have got Dr. Rogers on the economic hardship area, and recommendations for further committee action, and I'm sure ready to proceed. If we wait until Ella returns, and hopefully Doug will return then we will get into your specific points about ...it will probably ...good for him to at least hear your views. Ok. Dr. Rogers do you have any objections?

Rogers: No not at all, as a matter of fact I think it would have been more logical if Steve and I ____ not audible ____.

I will quickly go over hardship. The contract that Jack and I are operating under is addressed primarily to that particular aspect of the limited entry program. In order to get some idea of the background of this economic research that we are doing. In 1972, when the board amended the State constitution to clear the way for the establishment of a limited entry program.. one of the reasons for doing this was stated in section 8 of article 15 to the effect that it was to prevent economic distress among the fishermen and those that depended upon them for livelihood. There are other things, conservation of the resource and the development of the fish aquaculture system, but this one of the three reasons for ____ to the ____ of a limited entry program. As Doug Pope mentioned this morning, the criteria, economic hardship criteria of

This is in terms of the economic law. _____ not audible _____ amount of investment you made in the fishery particular group of people, people who are qualified and license holders of the major years. If prior to the _____ limitation of the program. So we are talking about a special group of people, we are talking about economic hardship that this particular group suffers. And of course left out of that is economic hardship that is subsequently suffered by people who were later left out. Now in going over the legislative history of this there is considerable debate about what... so they directed the commission to study the free transferability alternatives in the year following. And the study was done... free transferability... that is the way to go. It was pointed out that the prices would rise, but it was assumed that they would not rise all that much. You must remember, going back into the late 60's that... and early 70's, that the fisheries in Alaska were in a recession and that the fisheries in particular were in very special conditions. The fish runs were down, the distress of the people, especially in the Bristol Bay area were acute and it was very difficult to think of the conditions we have today. And we talk about more fish than we can process in Bristol Bay and we talk about people trading permits at the prices that there are going for right now. So that the definition of economic hardship at that time looked, in the context taking people there at that time who qualified would assume that those that came after would be living in the same sort of environment and that there would be no _____ in the judicial act _____ fisheries, in the fish and gear operation thru crew membership or family ties.

The material that Steve showed, presented this morning, showed in a way that there are indications that, not because of limited entry program but because of the changed economic conditions, certain things that happened, the credit patterns are _____ in ways that were not anticipated, the type of permit effectively blocks the entry of young people and so on. So at the time our contract was drawn up, it was September, this year, not last year, it was decided that what was needed, by the committee and the legislature were some basic economic data. And so the contract was addressed to the assessment of _____ of economic well being of Alaska's fishing communities. Written on a data base of development of legislative solutions to the limited entry program, problems, to work with Steve on the study of what the impact of economic permit changes has been or might be, and otherwise to provide economic impacts of the whole amendment... to the legislation. What we have done is to look at something beyond the personal individual economic criteria of the 73 legislation. Let's say that might be _____ a given group of people, those that qualified to be applicants for permits. _____ upon that if you eliminated a number of people at that time and a number of people in the future. Those criteria were based upon economic loss, which is a legitimate form of hardship. But going back to the constitutional amendment, it talks about economic distress, which is something different. It talked about economic _____ of fishermen, and those who were dependent upon fishermen and their activities for their livelihood. In other words what they are talking about was a _____ centered around fishing activity. And this is the _____ of the constitutional amendment. I am not a lawyer, I am an economist, and I put these things in a logical sense of a way. What Jack and I have been working on is a compilation of data that we hope will eliminate this. And I've got to reiterate some of the things that Steve said this morning about data.

First of all they are guesstimate data. There is no official recognized _____ on the fisheries employment, for example...we have data on the number of permit holders, we have data on the value on the landings the fisherman made, that we assume is their gross income. We don't have any specifically on the number of people involved. So the first task we had was to estimate fisheries employment in a way that was realistic and that was also compatible with other employment data estimated by the Department of Labor. _____ not audible _____ contained in the _____. The other thing was we had to have some way of arriving at a net revenue. We had what we called a gross figure, it was an approximation based on taken the volume of fish and multiplying by the average wholesale price of the season at that time. But as Jack pointed out, was..... the only cost surveys that we had were ones that were done in 1973 by the CFEC. So we did the best we could with those. So those are 2 sets of data that we had to put together to fill the gaps. The second thing that Steve pointed out was the _____ in the data. Most of _____ not audible _____ in 76 was a few years back, and the _____ not audible _____ was in 1977. So this is the end of 79. This is something that _____ always corrected by adequate attention made to the needs, if we are serious about managing this sort of program....If we are serious about managing any program for that matter, of having timely data available, so we can know what is going on now, not what happened 3 or 4 years ago.

The other thing that we had trouble with, Steve had to, is that we are talking about a relatively short period of years, even if we had all the data. We are talking about something like, from 1974-75, when the program is said to be launched, to something like 1977 when our data stopped, to 1979 if we had everything. The _____ not audible _____ of trend that might emerge.

Anderson: You have brought this point up, and I think it has been brought up before, and I think it is something that the committee ought to be looking at...a...the 2 years that we don't know anything about...Where is the problem there, and why aren't we getting that data? Who is responsible for developing that data and why is it late?

Rogers: #1, is that the Department of Fish and Game is responsible for getting out, processing fish ticket data, which is what we generally work from. This is a sheer task of manpower and computer time, with a few other things. The CFEC has a certain responsibility that John, primarily you are dependent upon....

Williams: We have got to have the fish tickets...

Rogers: That is right. So the thing all gets down to the processing of fish ticket data.

Langdon: I talked to John about this in October, he is the Fish and Game guy and he said, give me two more people and I can be up to date by January or February after the fishing period,...he could have that data for us. In other words he could have the 79 season by January or February of 1980. He might want to revise what he said...but essentially what he needs is two more positions.

Anderson: He needs two more positions.

Langdon: He needs two more positions on his staff to process that, to enable him to process that fish ticket data, to bring us within a 5 to 6 month lag. And he explained it in terms of the legislature and...I won't quote him on that.

Gardiner: Has anyone looked at the system. Is there anything to prevent like...you know.. they develop fish tickets every week, they don't have to wait 9 months. Then they go into the regional office, and then they look, the regional managers, and they have people doing things with them and then they send them to Juneau and somebody else does something with them. Why couldn't they punch them in right there in the regional office? Right into the computer or whatever....

Williams: Well the North Pacific Capital, under the _____ act of Fish and Game set up 3 main computers for the 3 regional offices. There is no person that is specifically responsible in the regional offices for doing that. Somebody has to come off of other chores to do that. And I don't want to belabor the point, but if I may do that, I would definitely want the opportunity to speak to the legislature, not only about this problem, but also about the problem we have with funding. _____ problem, but the use of that data. The Fish and Game has a specific use for that data. They take it to a _____ not audible _____. When the commission then takes that data, we have to take it to a much higher level...which for the hand troll fishery alone...we are talking a 6 month _____ process. So I am glad this thing is coming up because we would like to take it to the legislature and explain to them some of the problems the commission has _____ not audible _____.

Anderson: When you say the problem of other funding, are you referring to the CFEC's problem _____ not audible _____.

Williams: Both.

Gardiner: I don't think there is a problem of...except that they are not doing it in a proper manner. It is just not that hard of a thing to do to get that data. I mean they have got all the basic _____ data and it is just the matter of somebody going in and giving them a system...to, since they haven't been able to figure it out themselves,...as to how to do it expeditiously. I don't think it is a problem of hiring more people to do this inefficient process faster, because there is still going to be a 6 month lag. They should know at the end of the week what they caught and they do, but they don't use that data. And you can go into the regional office and say what did we catch this week, and they know right then. And then somehow they tell you a year and a half later that they still don't know. They do know, but it is a matter that they don't have their system set up right. I think it would be better to figure out the right system, then just give them more people because I think if we give them the right people we will still have a 6 month lag and the season will be over.

Anderson: Who did you talk to?

Langdon: The gentlemans name was Don Wanie who was in charge of computer processing.

Anderson: How do you spell that?

Langdon: w a n i e

Anderson: Where does he work? Here in Juneau? What is his PCN number?

Langdon: He is at the Subport building _____ with the office building here in Juneau at the Fish and Game.

Anderson: What I would like staff to do, some of you to do, is to...I want this taken care of. We can give the Department of Fish and Game a little bit of direction of how we think the problem can be solved without adding two more people to the bureaucracy.

Simons: I worked with the Fish and Game for a number of years and I also worked with the type of reporting that Terry has referred to, and I used to keep regular schedules with the canneries and get their deliveries about 11 o'clock every night. When last _____ are delivered I could tell anybody at anyone date what the total catch for any number of fisheries were.

But there is a difference between that and to create an accurate archives.. to trace participants in the fisheries,...the time the fish were taken and the specific statistical sub-area and create a census _____ not audible _____ and I think on the one hand the Fish and Game knows what is going on, on the other hand creating this archives is where you are getting into _____.

Gardiner: Part of the problem is the structure. We are not necessarily structured to produce the kind of information you are talking about.

Simons: Basically they are. But you can't do research with fish tickets, in many cases. You just don't have that much data, but essentially Fish and Game wants to know how many units are out there and how much effort they have got. We have to know who..who, this is where our accuracy with Fish and Game is _____. Generally speaking it is the editing, keypunch to go back to the printout, go back to the _____ and edit and here is the biologist that is getting a presentation ready for the Board of Fishery _____ trying to edit fish tickets, and getting that back in a timely fashion _____ not audible _____.

Rogers: That is right. It is a matter of priority, that they have to get that...

Williams: _____ not audible _____ has to assign somebody from the research section _____ not audible _____ commission would be more than happy to contribute to some of the problems that we see _____.

Anderson: Well, I think it would be proper for the staff to sit down and talk with you people, if...you know what the problem is so that we can identify it and bring it to the attention of the department or whoever makes the _____ decision and try to resolve it because I've heard _____ is a very serious matter and I can understand because we can't make a decision without that information _____ not audible _____.

Rogers: I had to _____ because _____ for years. There are two sets of _____ that Jack and I put together, they will be in there final form before the end of this month. When the contract is due. We did submit

to you in October the rough specifics that we are using on the basis for this. If you want a chance to comment on those, we are now compiling them in a way that they will come up with measures which are generally recognized, not only by economists, but by other people too....as mechanisms of the things that we are concerned with here. One that we are setting up, a per capita, a personal income series for each of the census divisions in which fisheries are a predominate part _____, we are breaking this down, using _____ statistics on wage, selling, employment. Our estimates of fisheries employment, that is the CFEC's allocation of gross revenue received by permit holders, by place of residents, by transfer of payments, by place of residents, and a number of other things on this measure. So we get this measure of the amount of income received by the residents of each of these census divisions each year _____ not audible _____. On a per capita basis this given measure would compare the general economic well being of that area, with such measures as the national, state, poverty level standards or simply comparing these census divisions with the state averages, the national averages or some other measures, so you get the idea where each of these census divisions stands in terms of relative per capita income.

We also have done a second _____ of that which exclude defense and government workers because in rural areas like the Aleutians, _____ installation, the income received by that group of people can distort the figure that we are looking at. So we have those two series pretty well in hand.

The second set of series which is important in establishing the degree to which each of these areas is dependent upon fishing is primarily employment. We are using the industrial breakdown done by the Department of Labor plus our estimates of fisheries employment, and from this we get an idea of the economic structure of each of the census divisions. And by separating out what we call a primary and the support sectors of the economy, and then given the relative position of fisheries and fish related things such as fish processing, we can get a basis for comparing the census divisions as to the degree which fishing and fish processing and fishery related activities are important. So we got these two measures which I think are basic to this committee and any other committee that are looking at commercial entry activities... might be concerned about. From these we can get some idea, we can plot what _____ of the course the economic structure of these areas, we can predict with a reasonable degree of accuracy, what effects the shift of permits away from these areas might mean in terms of employment, structure, economy, in terms of income or shifts of any industrial category...for that matter. But what these two basic sets, or actually two of the sub-sets on personal income series...we will be in a position to answer a number of the questions that we will be concerned with. With the _____ that we are looking at data in most cases, will be out of date, but we can I think, make some estimates of what the current situation is from that base. But that will be the substance of our report to the committee...will be the not so much a report as data used, updated _____ in your deliberations and for considering further amendments.

Anderson: Dr., do you see any value in the committee for the resources committee or the commission continuing to accumulate this data as it...as we go down the line with limited entry program?

Rogers: Yes.

Anderson: As an ongoing process...so we're not back in the same situation. We were in May or June when we had absolutely...there were so many grey areas and we didn't know which way to go and we are still trying to get our feet on the ground as far as getting data and we finally get it and we are still 2 years behind time. And you can't really make any specific recommendation because of that lag in the information that we should be getting. It would help us make better policy.

Rogers: That was our intent. Jack and I looked upon this not as a one shot deal but something that once it is established can be updated, can be used as a means of monitoring what is going on. I'll say monitoring what's going on in the resource. We do need some statistical theory to monitor what is going on among the people who are active in the resource_____.

Anderson: What I would like you to think about is where would you recommend this responsibility should lie. Should it lie with the commission, or be elsewhere?

Rogers: I first dealt with the commission in the Department of Fish and Game. _____ I assume it is going to be with the Department of Fish and Game or with the commission...I'm not clear as to what that transfer really means.

Simons: It's taking over the administrative chores.

Rogers: Ok, I think it,,,that in this case it would lie with the commission then because the commission is primarily concerned with people and they are a resource too...They're getting those people and I think it also reflects the Department of Fish and Game, that is the _____ fishery counsel. Also you have to take into account these criteria and when they are making up a fisheries management act..the 76 legislation specifically requires that they consider the impacts upon fishing communities.

Anderson: Is there anything else?

Rogers: Well, I think that is the _____ not audible _____ but we will be making some effort based upon inadequate _____ but atleast we will have the system set up or concluding that in the future.

Anderson: Ok. One of the statements that you stated was that with the information available, despite the fact that you had a short period of years to examine, specifically 75 thru 77, you were able to detect some trends that were...that are occurring.

Rogers: Particularly, our data goes back...we have taken back to 73 and then I have _____ not audible _____ a bench mark to draw upon so I can see what the trends were before limited entry came up, what trends are probable due to economic and biological conditions.

Anderson: Yes, sir.

Kenneth Borum: My name is Kenneth Borum: I am a fisherman from Homer. This is the right time to interject this into..if it isn't tell me and

I'll sit down and I'm sure I'll have lots of opportunities later anyway. I just have one very basic disagreement, which responds there..is it Mr. Rogers. I've had something like 6 deckhands in the last 5 years, who were all young people who came to Alaska with nothing, and fished for me for quite a few years. Who did get into the fishing. All in the salmon and herring and other fisheries, which salmon and herring are both limited entry in the areas that they entered them in. And, where I certainly don't condone the high price of permits, I don't like it at all. But on the other hand I think one of the things that we are going thru right now, that we better not loose sight of,....is is easier right now, even with these high prices, to get started in fishing than it was when I did in 1966. Because you got a free license...we had no banks that would finance a boat, you had no economic base, to get started in fishing with. A young guy had almost no chance at all. I came here with nothing or close to it, and if I hadn't had a cousin who did have some capital to buy a boat, which he let me have half of, not interest free, but down payment free, I would have never gotten started in fishing. In the prior, I've been fishing for 14 years, prior to the last 5 years I had zero deckhands to get started in fishing because there just wasn't a way to do it, no economic base. Now I'm not saying that we should let permits exist at huge capital requirements, that they take, but I certainly don't think that we want to do anything to throw limited entry into such a turmoil by either taking the monetary value clear off or creating a situation where a person cannot acquire a permit by planning and by working. One of the things I am saying is just how easy should it be to get into the fishery? It was so easy years ago that you couldn't do it. It was almost impossible. Now it is hard, it is very hard. It is hard for a young man to get started, but it is still possible and if we take things and end up with some type of lottery system where a person can't plan their immediate future, as to what they are going to get into, and how they are going to do it, or a fisherman is starting in and he has got to start small because the money again. They are expensive, they were expensive when they were 14 thousand dollars to, back when I started in, if you didn't have any of the 14 thousand dollars. I guess what I am trying to say is, I lost my line of thought there...The whole basic thing is I think we can mess around with it and get it to where it was back to where it used to be again. If a guy starts in with a small boat and in a smaller type salmon fishery quite often he looks ahead and sees the Kodiak or someplace else possibly offers him very much...alot better life as you put it...as there are more fish to be harvested, but the requirement is for a larger boat also. But if he has no way to plan ahead and be able to buy a permit or some way to acquire a permit for that area, he is stuck right where he is. He is absolutely locked in. I guess that is all I have to say right now.

Rogers: I agree with you to that affect. There are alot of things that we have to weigh and we will be discussing this further when Ella starts to talk about alternatives to free transferability. At this point I was merely talking about the research we were doing which was on comparing the community economic hardship or well being, I think...

Borum: You just hit on that one thing after...

Rogers: Right, I mentioned that in the beginning, that the economic criteria in the written act was not addressed to people who are left out or feel they are left out.

Jack ____: I'm Jack ____ and I'm a commercial fisherman. Is alot of this responsibility, is it that these native corporations couldn't...I hear about this report here that only 10 votes or only 10% of the people...can't the native corporations help these people out?

Rogers: I suppose they could, but we are not addressing that in our work. That is a possibility.

Jack ____: They have got a pretty good chunk of money, the got, the corporations they could sell a hotel and buy a whole lot of permits.

Rogers: That is a corporate decision.

Dervan: One other thing that you hadn't addressed is the particular portion..however you get it worked out.. 15 years ago I seen a politician, a senator, walk into a cannery. Because he was a school teacher, turn around and get a ____ set net site, with nothing down. The same identical day I was there getting a ...paid off after the 64 season. He was the originator of limited entry. The same day, Kal ____, Kal Thermon, E ____ Blackburn, was in there looking for finance for 3,000 dollars on a ____ 12,000 boat, ____ walk out the door. He fished for them for 15 years. So you have to deal with who is going to end up with the system. Is the stock brokers, the school teachers, the beaucratic employees, or are you going to do something for youth? That you are gonna have to abolish and decide yourself. And the other particular portion will relate to the falacy of this mans statement over here, before the limited entry scare _____. There were many ____ not audible ____ and fished for one or two shackles. On the turn around I would basically say that there is twice as much gear in the water now as there was before this system started. Everything you find out where in that inlet, right now, you find 600 boats, each one with 3 shackles of gear each one every period. I would say around 20% fishing, double depth, Seattle gear, ____ efficiency. That's what you really drove in, you drove into the hands of the brokers the speculators, Taken it out of the people who had traditionally had a fisheries income. Such sources of employemnt around this area, but not in the bush unless you want your bush population. That is going to have to go into hock for this big amount of money to all move to Anchorage. That is a problem you will have to solve.

Anderson: Thank you. One more question. Have you in your looking at the ...trying to put a lid on the continuing increasing costs of permits. Do you anticipate or do you see as you predict your thoughts into the future that at some point in time the permit will level off and begin to decline, and if that is so, do you anticipate at any time what ____ of time that might occur?

Rogers: It is a reflection of what people expect ____ holding the permits. What it is tied to is what are the projections. Are of the fish runs, and fish prices...there are so many uncertainties there, ...The permit prices could take a tremendous drop without doing anything about it. If the price falls out of the market, or the fish dissappear. Both of these things might happen.

Anderson: One thing I see happening of course, and I'm sure everybody is aware of, is that the Japanese market has fallen flat on, and the problem next year is that there will be a tremendous problem marketing

any kind of salmon from Bristol Bay all the way up to...all the salmon fisheries, so that might have an effect...So I was just wondering if...are there other variables that are...

Rogers: Those are the principle variables, what we are getting with it is a permit that is a scarce thing. To fish something that is just _____ and the supply and demand is simple as that. If they nosedive, nobody will want the permit.

Gardiner: Will there, really _____ alot, because thought because when a person that assumes that the supply and demand situation, where the person holding onto the permit is suffering some, like the ...loss of opportunity. It is not like the...If I had a house and I am renting it out and all of a sudden I can't rent it anymore, then I am losing money because I got to make my bank payments...In most cases the permit, at this point in time are still held,...nobody...they don't necessarily have to make a bank payment. So they can just basically wait.

Langdon: About 40% of them _____ and have changed hands..we don't know. Those are the family transfers, we are talking about 35 to 45%.

Gardiner: My question is, ...is doesn't seem even if they were all transferred it still doesn't seem to be a straight supply and demand relationship.

Rogers: No, no, the type of permit..Is that what people are willing to pay for it. However, we get this, the loss is still,...it depends on who pays what for the permit. If you got the permit for a nominal fee you have lost very little, because in the mean _____ not audible _____. But if you just bought it last year for 50,000 dollars and the bottom goes out, then you are out. You really have taken a loss.

Gardiner: _____ not audible _____. If it doesn't cost you anything
....

Rogers: If you didn't have to finance purchasing that permit _____ you could do it, fine..but most people don't.

Langdon: Terry, I think one of the critical cases here is _____ the Cook Inlet fishery this next year. _____ not audible _____ a handout in October by the entry commission on the _____ of the permit said, the line said insufficient data. So we don't know what has happened in other words what I would predict is that if we _____ hear the cases which alot of people have mortgages their homes and bought a permit based on 76 or 77, in the Cook Inlet at inflated rates...now those are the people who are faced precisely with what you are talking about. When they are faced with a declined yield in the fisheries, 30,000 maximum gross,...is what's gonna happen to those permits. _____ not audible _____. Thus far there is no data that has come thru the voluntary survey at CFEC, _____ not audible _____ stable as _____ in terms of the permit value. Let me make a ...I want to make one other comment, on George's point about the importance of the price of fish here. Everyone is talking about fish here...I think we are getting to take all of the salmon that is available. It is a question of market integration there. Those fish are available. _____ was up here, he is research specialist, economic specialist for British Columbia. He was up here last year, and George and I were

talking about the impact of increasing fish over time. Well, British Columbia does econometric analysis, and they came out over the rest of the century, ... again I am fairly speculative ... the government went with the prognosis that the price of fish is not going to drop. So they will go whole hog into their aquaculture rehabilitation based on econometric model that says increasing demand of the resource, no matter how many fish you put on the market, the price will stand _____. George am I quoting him right?

Rogers: That is right. That was a couple of years ago and it is alot _____..I mean _____not audible_____. I am a bit skeptical about it continuing forever.

Senator Mulcahy: I think when we are discussing the issue of permits, the value of permits, we have got to and maybe we are, assume that it goes hand in hand with the cost of the boat. We might be looking at, let's say a Bristol Bay permit, that costs one hundred or a hundred and twenty thousand and maybe even a little bit more on the market today. But to utilize that permit somebody is going to have to go into hock for a boat, and it is going to be a like amount of dollars, so that that boat and permit costs go right along together. If you can look at a seining permit and a seiner, and I don't have to tell you gentlemen what a seiner costs. You are looking at two things people have to go into hock for, not just the permit

Anderson: Very good. Well, if there are no other questions I'm just going to go to...Thank you Dr. Rogers. We will go to a...Ella Anagick and Ken Vasser on their alternative options and...you have the floor.

Ella Anagick: I think the first option that I'll address is the economic hardship eligibility. Dr. Rogers just got thru _____. I would like to indicate to the committee members that all the options are going to be sent to Professor John Gunther, in the Stanford Law School. He is one of the top constitutional professors in the country. But because of the fact that he is currently revising the legal text that is used in the law school, he will not be able to spend the time throughly analyzing these options. He did state however, that if there is anything that is blatantly unconstitutional, that he would comment on this. I believe that the material will be _____Nels. _____not audible_____.

Anderson: Have you sent the material out to him already?

Anagick: No, but Donna will be sending it this coming monday.

Now with respect to the economic hardship eligibility, this piece of paper has been drafted to supplement the apprentice option. The apprenticeship alternatives was _____ at the last committee meeting and I think all the relative provisions, within the option were stated at that time. If you would like me to run through those I could very briefly run thru them again.

Now basically the purposes of the apprenticeship standards are to encourage entry and selection of younger persons into the Alaskan limited entry commercial fisheries with regard to their health, physical fitness, predisposition and other fishery related attitudes. The second major _____ it will purpose is to terminate the monetary value of the permit,

through adoption of one of the transferability alternatives, which would be implemented under this option. The third major purpose is to favor the supply of permits to people who are responsible for the support of their families not audible of a limited asset, the entry permits over as many families as possible. Now with respect to determining the of apprentices which will be related to the critical number of permits determining have made available to that particular administrative area not audible in that determination. Later during the course of the meeting, Jack Kreinheder will be addressing the pros and cons of each of these options and I think he will probably address this.

The last major purpose is to provide the public with the necessity to the entry into the commercial fisheries of young Alaskan residents in conformity with practices of safety and craftsmanship. And this is considering the hazardous waters in Alaska encountered in commercial fishing. The apprenticeship eligibility requirement is further expanded within the ...supplementing the apprenticeship option and the economic hardship eligibility requirement. On the second page, the eligibility requirement states that to supplement the apprenticeship option there is an either or approach which may be favorable, that is, that the current purposes...the eligibility requirements. That is a 3 to 5 year experience necessary for crewmembers and/or helpers to qualify, must have already have been accrued. For future purposes the eligibility requirements, for the issuance of permits, under the economic hardship option should be seriously considered. And as Dr. Rogers mentioned before, this entails 3 criteria to look at...that is the per capita personal income received by residents, from a subject community area or region. The second is the level of employment and regular participation of the total population in the work force. And 3, the industrial composition of the subject economy and the degree of its diversification of its basic or primary factor. In the supplement to the apprenticeship eligibility requirement, that is enunciated within the proposed apprenticeship option. That deals with experience, the gear license holders, or interim use permit holders, and possibly institutional training under this option.

Again, the method of implementation would be to hold a lottery, based upon a list of fishermen, from that particular administrative area. From this lottery a fisherman's name will be drawn to take on an apprentice. Should reason be given that a fisherman is unable to take on an apprentice, then the name will be returned to the pool and another name drawn. The major incentive for the implementation for this option would be the positive incentive, that is to get a tax credit or deduction for the labor costs or salary apprenticeship to tax credit or deduction for the estimated monetary value of on the job training. And 3, a tax credit and/or deduction for use of the vessel and gear for on the job training purposes of such apprenticeship, during the term of apprenticeship. Now this new...has been indicated, shall include but not be limited to meet the and any other operating expenses in order to successfully commercially harvest salmon resources. These incentives were developed in order to, ...in order for the state not to delegate responsibility to select or to choose an apprentice, to the individual fisherman. Because of that Bosanovich decision, I think this which was decided in 1968. Again the selection of apprentices, under section 7, selection of apprentices, there is priority language given to those crewmembers and/or helpers who are heads of households or who are members of families, who presently

don't own permits, and who substantially depend on fishing as a source of livelihood. Under this option, should the number of qualified applicants exceed the number of slots available, then a lottery would be drawn up, based on the names of such crew members..and the number of names drawn from the lottery would correspond to the number of apprentices set for that particular administrative area. Under the economic hardship option, which I will go into in a little more detail after discussing the current apprenticeship option. Should the economic hardship option be combined with the provided more equitable issuance of permits, because it would make more definite issuance of permits _____ to particular communities. So actually the lottery method would not be used under the economic hardship option but the eligibility would determine both be aimed at the individual ...basis the criteria that would be used possible during the initial issuance of the permit in conjunction with those permits..or in conjunction with those standards used _____ for those communities that substantially depend on fishing as a source of livelihood.

Now stated under section 8, the effect of the apprenticeship program would be...the apprenticeship would not be the only route to obtain the status of a qualified transferee. That is one who has fished as a crewmember and/or helper for a permit holder or another formerly situated _____ not audible _____ or whatever term the legislature decides shall determine a qualified transferee for purposes of issuance of that permit, by the permit holder to such qualified transferee. The other ... the reasoning for this was to conserve the intra-family transfer of permits aside from permits going into the apprenticeship option. So there is restricted transferability in that sense.

I think there is a basic provision for the apprenticeship option. Now, going back to the economic hardship, I think under economic hardship eligibility there is a _____ for further users, for further economic studies to be done in order to implement this. The reason for looking at economic hardship is that because of prices of the permits, there appears to be a trend of permits leaving the rural areas, and this poses a danger flag, or warning in that it underlines the basic economic structure or wellbeing of those communities, which substantially depends upon fishing as a source of livelihood. And if this trend continued in the urban areas of Alaska, we will be subsidizing those areas either thru welfare or transfer payments unless the economic wellbeing of those communities is maintained. And it stated further..in order to maintain the economic wellbeing of these communities.. the _____ a certain number of permits remain in the _____ communities. _____ not audible _____ on outgrowth of permits because of the high prices. leaving the rural communities, this underlines the basic economic structure of those rural communities. Now, like I have indicated the more direct and beneficial approach may be to further develop and treat the economic hardship eligibility requirement as a separate and distinct option, and I think that Dr. Rogers would probably be able to assess what would be needed or the committee members may have to determine the sense of direction to go with respect with...to this option. Now I know that Doug Pope addressed this economic hardship option as having substantial hurdles, but I would like Ken Vasser to possible address the issue.

Anderson: Before you start Ken..Who...I have a document here that says current options available for getting permits. Is that part of the package here in supplementing the apprenticeship option and so forth..is that part of it?

Anagick: Yes, those options were drawn up and presented at the last committee meeting.

Anderson: Ok, are you in the process of having these examined by the constitutional lawyer as well? Is this going out too?

Anagick: Yes, we can have that sent out to Professor Gunther.

Anderson: Ok, one other question before we go...The apprenticeship option that you have given us to consider has been described by some as an administrative nightmare. Have you looked at the administrative end of it to see whether or not the administration of such a program could be streamlined a little bit so that the objection could be sidestepped?

Anagick: Yes, Jack Kreinheder will address the pros and cons.

Anderson: Ken...

Ken Vasser: Thank you. The use of community standards of hardship. Doug this morning kinda saw a constitutional problem. I have not considered the specific problems he raised this morning, which is the _____ the base of the hardship standard on fishing _____ as opposed to a more general type of economic hardship or economic _____ that that would have a heap of problems in another kind of economic _____. I have considered the use of community hardship standards in general and I agree with...to a certain extent that he said that he could use the community hardship standards, but would have to be used in the matters that any community in the United States... _____ and he judged that _____. And I think that Dr. Rogers mentioned the data _____ compiling now can be used in a _____. I don't know why we use the fisheries in particular would create the problem and the use of poverty guidelines for _____ standards. In fact, the privileged of the communities questioned, in the extent that that question arises, is very much like an equal protection question and it seems to me that if you use the fisheries intended, anything that is closely related to the purpose of it, you would have establishment standards, provided that the data you can get is fair and reliable and can be fair and reliable throughout the United States.

Like I said before I think Dr. Rogers has indicated that that can be done. So...I have only heard that objection this morning raised. I would certainly be willing to look into it in greater depth in my office. However, off the top of my head I can't see why the _____ it will provide any greater problem than any other general standards and I don't think it will _____.

Gardiner: I'm not clear on what you are saying. You are saying you think it is ok..I don't know if I can state this correctly. The idea I get from reading this is that what you do is..you are basically tuning in on fisheries as the predominate economic characteristic to gauge whether communities are dependent on the fisheries...and then if it is a suffering community economically, because of the people not being able to fish in that fishery or whatever, and that, and you are saying that you don't see any problem with just using fisheries as a definitional factor.

Vasser: I think...that's right...I think that the fact that using the fishery dependence as a type of economic hardship standard is very closely related to what you are trying to do _____ trying to establish what communities are going to be hurt most if the permits are not allocated to _____.

Rogers: If I might add...What we are talking about here is the survival of a community and if, if I can give you a silly example, if Detroit _____ if you took all the fish out of Detroit, Detroit would not collapse. But if you took all the fish out of Bristol Bay there wouldn't be anything left. So exactly the thing we are looking at is the survival of a community ...what happens to the fishery component of the economy. Is that important to that community, some cases yes, some cases no. _____ not audible _____.

Gardiner: _____ not audible _____ question about the difference in the impacts. What I am looking at is the in the transcript, sub-section C, here on the industrial composition of the subject _____ not audible _____ also in the limited entry and the qualifying... _____ not audible _____ you look at alternative sources of employment, when you look at a community so right there with our own definition of characteristics we are talking about other _____ groups just like fishing, so we ourselves are not limited ourselves to fishing,...so if you...I can see somebody going into court and saying well look alot of people who are now fishing in Alaska were in big cities, they did not grow up fishermen, they came from someplace else and they were farmers, factory workers, or carpenters and they became fishermen, but yet you tell me because I come from a ...I don't know what ...from another community that is more credible than Detroit...Olympia, Washington, there is not fishing in that town, it is a government town just like Juneau. Because I come from a wrong kind of a _____ then this other guy gets _____ not audible _____ because there is a whole bunch of fishermen in _____ then lives in Olympia, even though neither one of them fishes in Anacordia or Olympia..they ought to have fished in Alaska. Within our own criteria we kind of...we are using other things just like the fisheries to qualify people already and this standard here would look at other economic sectors besides fisheries.

Rogers: Again, in the present _____ not audible _____, we are looking at the individual again if he is deprived the right to fish. He can become a factory worker or an oil worker or something else, but he is in an area were there is only fish. He has no alternative except to migrate. But in this case we are looking at the effect on a community reducing the number of fishermen in the community.

Gardiner: But to qualify community we are looking at the industrial composition of the _____.

Rogers: Right, that would include fisheries of course. The wording of this particular case is that...I might be changed a little bit.

Anderson: Ok, how much does Kodiak rely on their fishery? Roughly,

Mulcahy: I would say 80% and, if you moved the Coast Guard out I would say 100%

Anderson: So you are looking at it in both terms then, you are able to measure very quickly...It depends on which community relies on the specific industry and even if you weren't thinking or talking about fishing, in this case it happens to be that. But, you could make a real quick..like you just did right now...it doesn't take too much analysis to realize but if you didn't have the Bristol Bay fishing _____ have permits who are no longer fishing ...what would that do to Dillingham and other communities...that would be total welfare state system over there.

Anagick: I just want to make one quick comment with respect to looking at communities as a factor. These communities are...I think the _____ of the factor to consider is that they do derive primarily for their income from the fisheries and in order to maintain that economic structure that there would be a certain number of permits or a percentage of permits required. I think that the _____ of factors to consider as a form of eligibility, in conjunction with considering the eligibility requirement, on an individual basis, _____. Looking at those communities _____ on their source of income.

Gardiner: I have sort of a different question in terms of definition of community...I'm not sure I have thought of an example,...How does a community like _____, but a...What happens to a community that kinda in a way is a ...you have a community that is like a sub-community, within a community and the predominate economics of that community as a whole are not fishing but in reality they are a group that really _____ to fishing...say the Kenai Peninsula. If you examine the economics of Kenai, _____ area. Their economy is based on oil, they are not...just because they had a bad fishing season that doesn't really effect their economy...but there has always been a group of people who have been very dependent upon the fishing because that is what they did for a living and now maybe there happens to be at this point in history some other economy that _____ not audible_____, but you kinda got a community within a community.

Rogers: Now, on a military base you need a _____ not audible_____. What we consider a community by _____ what the court will accept. What you are talking about is an occupational community and of course you do have to study that... you do have sub-communities but we can't really measure those with specifics... you have to make surveys _____ not audible_____, but we do have data on the census division basis.....What I have been doing is that I have been limiting myself to things that are derived directly or indirectly by estimating from statistics that are regularly collected for general purposes. So like the community in this case would be _____ and the census can _____ in several places, but generally the census division probably is _____ every 10 years to reflect what it considers to be an economic and social unit., with certain geographic dimensions. But what you are talking about is something else...that is a social definition with regards _____ not audible_____. We could do it but it seems very difficult right now...to develop something that would stand up. That would not be challenged. But you right....there are communities in the sense of an ethnic community within a larger geographic or political community, or an occupational community _____.

Anderson: I note the time is 2:20 and the schedule says we are to get into discussions and questions at 3:00. Representative Gardiner has a meeting at 4:00 o'clock and I do want to get through these presentationsand proceed with the options.

Anagick: The second option that I am considering is the Capital Gains Tax option. Basically this option is _____ with both the _____ and the low interest long term financing of the state loan program based on financial need. Basically, the capital gains tax approach places a statutory value on the permit...at the time it is sold. Now _____ to sell a permit so the statutory set value of the tax has a normal capital gains tax rate that the seller would be subject to. The penalty to the seller is that all gain is realized in the sale of the permit in excess of the statutorily set value would be subject to a 100% tax payable to the state. Substantial _____ with the statutory set value return to the buyer with _____ not audible _____ true value would be 10% of the penalty _____ not audible _____ that would be allowed the buyer for disclosure purposes. The method of implementation of this option would be, 1. A _____ with the intent to sell, with the respective parties involved, that is the buyer and the seller, 2. A declaration of the sale and purchase value of the permit is mandatory _____ not audible _____ that the monetary or inkind contribution. 3. The seller and buyer would meet to sign documents for the sale of the permit under oath and subject to perjury. If violation is found on the part of both parties, then revocation of the sale transaction of the permit is mandatory with the following consequences, 1. If the seller violates then the consideration furnished by the buyer is forfeited to the state or a certain percentage thereof, and 2. If the buyer violates, then revocation of the permit shall be _____ and subsequent reversion of the permit to the state. Now this is...the method of implementation is put harsh, but, in other words it should prevent under the table of a transaction...hard _____ measures will have to be taken. A grace period of 60 days would be allowed both the buyer and the seller to amend the documents. To conform to the actual value or the sale price of the permit. And the last method is that statutory consent for a full scale audit of all financial records of those parties and access to all tax records is necessary in order to verify the accuracy of the permit sales transaction.

The potential problem that is expected that is in conjunction with the loan program. The fact that more money is going to have to be available under the loan program may have an adverse impact on the developing fisheries, either herring or bottomfish.

Now with respect to the loan program. With this option what I basically did was to look thru the current commercial fisheries loan statutes and also the Alaskan student loan program and integrated the two to come up with relevant provisions that would deal with the long term loan. The purpose of Alaskan limited entry permits and with respect to eligibility the loans may be made to individual fishermen who have been state residents for a period of one continuous year immediately preceeding the date of application for a loan and had a crew member or a commercial fisheries fishing license for any one of the past 5 years, and who actively participated in the fishery, as such, during that period. 2. Priority that would be given to those applicants who can demonstrate substantial financial need and who substantially depend on fishing as a source of livelihood. 3. An individual fisherman, _____ a purchase of a limited entry permit would qualify... would have the same qualifications as is presently used by the commission...that is establish eligibility to participate actively in the fishery. The limitation on the loan may not exceed \$100,00, may

not exceed a term of _____, may not bear interest exceeding _____ secured by a first priorities _____ and an appropriate securities _____ and may not exceed 100% of the statutory set value of the permit. And not _____ 10%, that is 90% shall apply to the purchase of vessel and gear at a new or used...provided that there is an appraised value or cost _____ lower of the vessel and gear as collateral to secure the loan. There have been some separate provisions developed under repayment of loans _____ not audible _____. The last major portion of the loan program is that for Alaskan residents and this is something that Jack Kreinheder will be addressing... _____ is eligible to have a 40% of this total loan and accrued interest treated as a grant if he continues his Alaskan residency and 1. Continues to use the entry permit for atleast 3 years or will be eligible for a grant in the amount which will be 20% of the total loan plus interest. 2. Continues to use the entry permit for atleast 4 years then he will be eligible for a permit grant in an amount which will be 10% of the total loan plus interest and 3. And continue to use the permit for atleast 5 years, and he or she will be eligible for a grant in the amount of 10% of the total loan plus interest, which is on the condition that the residency be continuously maintained during this period. That basically deals with the capital gains tax option.

The 3rd option is the placing of a time limit on the permit or amortization of the permit itself. The first _____ treat the entry permit as a capital investment, tied in with the average of maximum amount a fisherman may invest for his vessel and gear in a particular fishery. Now this average or maximum amount would constitute the capital investment value of the permit which would be amortized at 10% over a period of years until the value reaches base zero. The permit would then revert to the state who would then re-issue the permit to another...who presumably would be a qualified transferee either the apprenticeship option or the economic hardship eligibility option. However, the original permittee would have the right of renewal of the permit when the capital investment value reaches base zero based upon the use it or lose requirement _____ in further depth.

The second alternative is to _____ and this is probably the more practical alternative, would be to treat the entry permit as a capital investment where by the capital investment figure could be amortized over a period of years determined by the following method: The capital investment figure is the price originally paid for the permit or, 3. A current market value is _____ amortized at 10% over a period of years until the value reaches base zero. Again, the permit would revert to the state and then release the permit to another who presumably would be a qualified transferee either under the apprenticeship option or the economic hardship eligibility option. However, the original permittee could have a right of renewal to the permit when his capital investment reaches base zero based upon the use it or lose it requirement. The other alternative is to treat the permit as having a fixed life of 10 years or possibly the average number of years a fisherman would commercially fish within a particular administrative area. However, the conditions of use it or lose it, non-transferability, and the right of renewal would still remain intact. I think under this option _____ on the permit is quite clear that non-transferability of the permit, meaning implicate _____ not audible _____. The second use it or lose it requirement

42.

is based largely in part _____ the State of California _____ an limited entry system. Under the use it or lose it requirement the permit is non-transferable. It must be consistently used based on the maximum number of pounds landed and or the maximum number _____. 3. There permit must be annually renewed, and 4. Based on the use it requirement the permit owner has the right of renewal. If the permit holder loses the right of renewal or fails to exercise it then, the permit reverts to the state and _____ to a qualified transferee either under the apprenticeship option _____ not audible _____ eligibility option to a lottery basis or the state....may sell the permit. The _____ requirement will make allowances for hardship during the fishing season in those categories that satisfy the criteria necessary in the current definition of emergency transfers or possibly for economic hardship....that the current standards may be considered only on showing good cause _____ if the permit is not actually used during that particular fishing season. Basically, the options that have been devised...and I think in the final analysis, the economic hardship eligibility requirement will have to be further considered seriously by the committee and acted upon.

That is all I have to say.

Anderson: I have a question for the commission. Do you people still issue interim use permits?

Williams: Yes.

Anderson: Under what conditions?

Williams: In unlimited fisheries...king crab...to persons who are above the denial level from the old issuing _____ in the fishery to those people who are in an administrative hearing or judicial appeals group, have claims which they can verify, would allow the commission to issue them a permit.

Anderson: How many...approximately?

Commission: I don't have any idea. We had it at one time, but I have given it away.

Anderson: The reason why I bring this up is that for some of you to consider, is the possibility of issuing a interim use permit under the hardship conditions...where _____ to consider now the....You don't consider hardship. Ok, that is something we have got to look at...Let's say that this person has exhausted every other means by which to be considered as a potential person who is going to have a permit but he has no other alternative, he cannot do anything else, but he is not eligible for a permit, but for some reason he missed the boat, he was in the service or she was in the service, or out of state, at school or whatever other conditions... The person is a resident of the area the person is living in the area, doesn't have any other occupation but under these conditions he could consider the issuance of a interim permit under a hardship case. I haven't even thought about that until you brought that up.

Commission: In all the limited fisheries, salmon fisheries, throughout the state you have got a total of 470 interim use permits. I can give

43.
you a copy of that. 7511 resident permits plus 428 _____ interim use permits in the salmon fisheries, 2123 non-residents plus 42 who had interim use permits.

Gardiner: we have...what 96000...

Commission: 10 30 total, including interim use. I can give you...for example...let's see drift gill net fishing, there are 72 people who..residents and non-residents, who currently who have interim use permits duing 1978 season _____ not audible _____.

Anagick: There are just a couple of other things that I would like to bring up and that is for Ken Vasser to address the legality of the _____ options that were presented to the committee members, plus the memorandum drafted to Mr. Bill Berrier with respect to the requirement of a closed _____ of a permit holder _____ the permit and to _____. There are any violations of state laws or regulations by a fish buyer or a fish processor _____ the permit _____ not audible _____ and 2. A permit holders permit will be revoked with _____ compensation for any violation or condition...this is what Ken Vasser _____ addresses.

Gardiner: Is that what we talked about...some of those constitutional issues...I don't know ..one of them...if you have any answer to this one that I brought up last _____ the question I asked about the ...the restriction we are putting on people, the qualification restriction we are putting on.

Vasser: _____ not audible _____. The only think I can tell you is that I've been pretty _____ about the research as to apprenticeship type programs, including apprenticeship programs in resource related areas in other states and on the federal level...and the apprenticeship context has had a checkered history in the courts. In some cases the courts uphold it..in other cases the courts struck it down. Sometimes on almost trivial differences. And it is really hard to say what will cause the courts to uphold _____ not audible _____. I would also note that there are _____ assets. There are a number of apprenticeship programs that are _____ in other areas, that have been around for sometime and to the best of my knowledge they haven't been challenged so there are some _____ not audible _____ that have been to court, but they are not very good challenges, _____ not audible _____ lawyers _____ not audible _____ funeral directors, embalmers, _____ not audible _____.

Gardiner: My specific question went to the fact that..to qualify to be an apprentice you have to have this experience. Ok, Now that is different than whether we allow an apprenticeship program to exist. While I might sense that there might not be a problem with, per say, with an apprentice where anybody could apply to be an apprentice and then you let them in, but if you throw down the qualifying...you say you got to be x, y, z, to be an apprentice and one of those is that you have had to gone fishing in a boat, you get into the problem of _____ skippers determining who will be the apprentices and eventually...you have just removed it one layer. That was my original question right there.

Anagick: Terry, under the supplement for the apprenticeship option with the _____ hardship eligibility requirement, _____ under the eligibility, under 1. Current purposes of the eligibility requirement, that is the

44.

not audible necessary for crewmembers under qualify must have already been crew and for future purposes the eligibility requirement for issuance of the permit under the economic hardship option should be considered with the criteria that announiated not audible based on looking at communities inconjunction with individual eligibility requirements.

Gardiner: Ok. You are saying that those would be...those would replace those?

Anagick: Right. No, for future purposes those would supplement the apprenticeship option with the economic hardship eligibility requirements. I think as Jack Kreinheder will be giving the pros and cons of each of these options, it may be more beneficial to treat the economic hardship eligibility requirement as a separate and distinct option with the act further developed by the committee members based on what would be necessary in terms of the economic research.

Langdon: Terry, are you away from that apprenticeship thing now...I just want to make that...do you still have some questions about that?

Gardiner: No.

Langdon: I just want to say that there is a fishery apprenticeship program in the State of Wisconsin. But it doesn't have the . I mean as soon as you have set foot on boat you have began to accumulate credits in the apprentice program. are some eligible for a certain degree in terms of the lottery. So they don't have the first things to get into apprentice you have to not audible have a job on the boat, you immediately begin obtaining points in the apprenticeship program.

Gardiner: And then you enter your name in the lottery when you get enough points.

Anderson: Yes, mame.

Roselyn Moore: not audible . My folks fished in Alaska as far back as and I have got some problems that I don't think . My children fish with me and have since they were tykes. My daughter fished. What is gonna happen to her in the future? What I think what you are getting at is going to every permit in the state of Alaska out of the State and into somebody elses hands instead of holding them in the residents hands. The natives have moved away and of the New York somebody or the California somebody, and my kids aren't going to have a chance for a license and I don't know...and I am really concerned. Everyone of my kids fish only two of them have a license and I think they are doomed. They are going to be out of the fishery the way you are gonna set it up on an apprenticeship lottery program and they are very concerned. Now the best thing is they're women. Most they won't have other jobs so they go marry somebody and make them become economic dependents resource, not that that happened to me . I had another income and I got a license, but I fished for 7 years too. I got economic dependence on the thing because I get half of my husbands income, but I did have 7 years of my own . The that

they're gonna come down, if somebody had gone to tim-buck-two or some women with no other income is gonna end up with a license and your gonna end up with more of them out of the state than you ever are going to...and my kids ar gonna hurt. They are not going to get the licenses.

Anderson: Doug.....

Pope: Mr. Chariman, I have researched this issue and I don't believe you can give a preference to..first of all, regardless how it sounded in an apprenticeship program _____ eligibility requirements would violate the federal and constitution in number. I don't know whether you could even give preference to people who have fished 5 years of experience in any fishery, but it is pretty clear in my mind that you are not going to be able to give preference to people who have fished 5 years of experience in Alaska. I also... there's a certain preference for gear license holders, I think Apokadat will expect to take care of that. I don't know whatI think the problem with the apprenticeship program is the setting up a specific apprenticeship program, who can be a qualified applicant and soon as you start giving preference to anybody in Alaska and you are in fact giving....I read the _____ the Supreme Court held _____ contrary to the way the federal court ruled. There is no doubt in my mind that it is coming back up to the federal supreme court and _____ not audible _____. I hate to say that...and I'm just as chauvinistic about Alaska as anybody else... _____ not audible _____.

Langdon: I would like to make a comment. I don't know if you ever wrote to this Wisconsin program and they, and I've looked at their requirements and they say with _____ to residents, they say you have to be an apprenticeship in that specific fishery and you have to accrue experience in that specific fishery _____ not audible _____.

Pope: There is no doubt in my mind that...

Langdon: And it has been in existence for over 15 years.

Pope: Well, I don't know what the answer is, it hasn't been challenged yet, _____ not audible _____. The few cases that the U.S. Supreme Court _____ not audible _____, and it is very clear resident preferences, it is very clear to me.

Anagick: Well, I would like to make another comment before Ken gives his presentation and as I have stated under the option to place a time limit on the permit, the use it or lose it requirement withing their limited entry system. However, their system has not been challenged in court, and California requires 10 years of half participation in the fisheries and also 10 years of having held a California commercial fishing license. With all these _____ criteria annouciated under the use it or lose it requirement.

Anderson: How do you respond to this ladies concern.

Anagick: Ah...

Anderson: She said that her kid is not gonna get a permit under the systems that you advocate for this committees consideration.

Anagick: I believe that she is... towards the apprenticeship option.

Anderson: Right

Anagick: I think that will have to be up to the committee to decide which options presented...

Anderson: Yes, I understand this...but does she have a legitimate complaint? Will it turn out..in your opinion turn out that way that outsiders will have a better chance to really get the majority of the permits?

Anagick: No, I don't think so because under the apprenticeship scheme we have tried to make firm the intra-family transfers of permits. As I have stated, the affect of the apprenticeship program would not interfere with that intra-family exception although it is stated differently. However, the _____ would have to have atleast 4 to 7 years of fishing experience with the permit holder in order to qualify for that permit.

Anderson: This gentleman over here.

Bill Kreger: My name is Bill Kreger and I've fished for 20 years and as far as the apprenticeship program is concerned, as far as I know we have always had a self administered apprenticeship program. I know myself in the last...our family in the last 7 years, we have had 9 different people working for us. They ranged in age anywhere from a family group of 7 years to 62 years and everything inbetween. Some of those people that worked for us have gone on an acquired permits and got into the fisheries. But fishing is not for everyone, and some people discovered that it is not for them and they get out. Ok, that is fine. But why do we want to go into some form of system that is gonna be an administrative nightmare. We already have a system that works fine. here are 10,000 entry permits in the state right now. I believe, and of those permit holders how many of those permits represent an apprentice. Whether you call them an apprentice, a deck hand, a helper or whatever, they are gaining the knowledge of the fishery. It is working right now, and the people who get a taste of the fishery are so inspired to continue they will. They will find the means. They will continue in the fishery or whatever. But the structuring of this apprenticeship program and a lottery system, I don't want any part of. I don't want someone telling me who I'm going to hire next year to earn my livelihood for me. They may be good fishermen, they may be poor workers. I want to be able to choose. But it's up to the system now, and I don't hear the fishermen complaining, I don't know who is complaining, but I think....Leave it alone.

Moore: In the last few months this has come up quite a bit, so I personally have tried to talk to every fisherman that I know. Not only permit holders but many of the young men that do not have _____ not audible _____. And I _____ not audible _____ or not to purchase which I would have to say several of them were previous deckhands of ours. They did not want a lottery, they said that they had got experience working for good fishermen, and that was _____ not audible _____. They were state residents, the loan program _____ not audible _____, and they could participate by _____. They were quite concerned by having a hat thrown in after putting 7 to 9 years on a boat, in a lottery of a 1,000 people and having to maybe, someday, get

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their name pulled out. This way they should go to the state program, which I do believe is good. Maybe it does need more of an improvement, _____ not audible _____ why _____ should go up to the cannery who sometimes who would even help put up the down money for the licenses for the boat and they have a chance. I agree with you, I think we have an apprenticeship. We hire many men off the docks, many a young man, and every year _____, there are alot _____ and they get jobs, if they are not, no. But they come to the state _____ not audible _____, and most of the time in Homer we try to hire the local people, they try to hire their residents of the area. They try to hire the guy who grew up in the area and I think that happens throughout the state. I don't think the fishermen in Alaska _____ not audible _____. I think they are hiring residents, I would prefer that much more.

Anderson: Ok, I tell you what. Terry is not going to kick this around anymore. I planned tight for opening this whole thing and we'll have you attack him after the..and leave him fend for himself. But, I think we do have to continue here. I would like to hear your presentation. I want you to rap this up Ken, and then get into Jack Kreinheders. Then we will go into discussion and questions. Ok, we'll just open up the ballgame, if it get's to rough I'll duck out and just leave staff here. Ok, go ahead and finish up the staff reports.

Vasser: Basically, there are only 3 more things that I need to discuss. One of them is withing the _____ capital gains tax option, which provides for 100% tax on the balance of the sale in excess of the statutorily set value, plus the 10% _____ bonus to the buyer. I can _____ bonus to the buyer constitutes and unconstitutional criminal penalty in the guides of tax in that it a..if you were going to..if you wanted to establish that kind of penalty you will have to put into _____, so that the person would have the opportunity to extent _____ not audible _____ at a hearing, and simply defend himself.

Gardiner: To what extent...what is the limits on making some sort of civil penalties?

Vasser: Pardon me.

Gardiner: What is the limits on the civil penalty?

Vasser: Well, I think that on thing we should _____ of a given amount is as probable as far as we could go. I think that I could see 100% but that is still a civil penalty. When you start exceeding that then you start _____ not audible _____.

The other two things are these bills that are in the package, one of them _____ the taking and sales of fish without an entry permit or an interim use permit. Officially what that, what this bill tries to do is to make sure that people who fish initially, do so with interim use permits or entry permits. Have appropriate..and _____ from two directions. On the first page, the direction the bill takes is by attempting to force processors to enforce the law by penalizing them if they should purchase fish from the fishermen that they know do not have an entry permit or interim use permit. And on the next page the second, that this bill sets a _____ to of course is that requiring is by establishing a series of penalties for fishermen who are caught fishing without the

permits. Those are included in section 5 of the bill, on top of page 2..on top of page 3. The most extreme penalty which could be imposed is after the 3rd violation, would be forfeiture of the vessel and gear and imprisonment of not less than 3 months or more than 1 year.

The other bill requires, is an act requiring identification on entry permits and that is also an attempt to enforce this requirement on people. That fishermen fish only if they have permits. It will assist the processors to enforce that law by requiring the photographs of the permit holders to be on the permit, so that if the processor has any questions _____ to see if that is the actual holder or not. That is the extent of what I've got.

Anderson: Are there any constitutional problems with these?

Vasser: None that I know of.

Mulcahy: Mr. Chairman, I wonder if we could ask Bob if there would be any ...I like the tone of, administrative problems with the pictures on the permits and stuff. I know I.D., credit cards have some real problems with getting a picture on a Sears credit card or something and keep them up...

Williams: We've looked into this and we've talked to Vern Roberts with the _____ who is in charge with the type of _____ photography and also _____ not audible _____ and the reason that we introduces a trial in the last legislature for supplemental identification other than the plastic card that we issued instead of that was that we had _____. Was that we felt that there are people who are buying the 15 dollar poverty level, renewing it at 15 dollar poverty, were probably the people who would have to spend the most money to charter a plane ticket someplace to _____ ticket. Off the trap line or fish camp or something like this. And _____ need an addition to the expense of administration _____ would be a tremendously expensive program for fishermen themselves to take part in. Trying to get a fisherman on an _____ of course you run into...a card gets pretty thick after a while trying to run it through one of these machines that prints the picture _____ not audible _____.

Mulcahy: I can see alot of administrative problems in particular the village areas and going out westward...just brought the question to mind.

Williams: In leiu of the photographic requirement the commission will have requirements. The commission will have regulations in affect throughout the year requiring all fishermen to carry I.D., that must be presented to an enforcement officer to identify himself as the actual holder of that permit _____ not audible _____. We are hoping the big problem _____ not audible _____. We are hoping that that requirement will alleviate necessity of the photographic requirement. Our position is, we will try that and see if it works, and if it doesn't work then we have to talk about getting a photo requirement. But we see alot of financial costs for those people who cannot afford it.

Anderson: How big of a problem,...how many people do you think are out there selling fish that are not the real owners of the permit?

Williams: We have heard stories, like you guys have. I'm sure. About buyers who buy fish and don't issue tickets. We hear stories about situations where there are set nets..set net fishermen go up to a barge and deal fish illegally and deliver under somebodys elses permit. But we have no way of documenting anything. We did go thru a ticket by ticket edit of all _____ tickets in Cook Inlet _____ not audible _____ trying to trap violations that might appear on paper and there were possibly 4 situations where there were sufficiently questionable activities _____ not audible _____.

Unknown: I believe they made several cases last year where a permit holder just gave his card to another person who offered a chance a share or something like this, and a ...and upon looking at the card he noted his birthdate and asked for identification _____ not audible _____ and the person operates without having an appropriate permit.

Mulcahy: I do think Mr. Chairman that these violations are growing and I think they are becoming more and more problems.

Rogers: It would help if more people could have access to fishing _____ not audible _____.

Anderson: For the publics information, Representative Eliason is sitting over there. I haven't seen him in a long time..since May. Good to see you again Dick.

Ok, are we done?

Moore: Mr. Chairman, he wasn't saying they were requiring ID's on anyone. What do you do about the child younger than 16 holding a license. Usually they don't have any other ID..Now, I'm not saying that I don't like the idea, I like the picture idea.

Williams: One of the options that is available, especially in the urban areas is, that if you go down to the public safety office and get a personal ID card from it. If you are worried about that. I think the cost is \$5.00.

Anderson: Ok, let's go to.. Are you done? Ok, thank you very much Ken... Mr. Kreinheder.

Jack Kreinheder: Ok, you have a paper in your packet that is entitled Analysis of the Legislative Options and Considerations. And what I have in here are summaries of the four major options, the capital gains tax option, the _____, the loan program, the apprenticeship option, and amortization option. And I have placed a brief summary of each of those at the beginning to get the main point and in the following pages it is in more detail discussion and explains some of the reasoning.

I should also say that they have been fairly general because most of the options are fairly general, and some of the impacts would depend on how they would be specifically implemented.

Studing the Capital Gains Tax. The main advantages of it are that the system would still have the right to do what they wished with the permits.

The permits would still be freely transferable, inter-family transfers aren't interfered with and another advantage is fishermen aren't restricted. They aren't locked into one fishery. They can still change from fishery to fishery. And.. compared to some other alternatives, that would have the permits revert to the state, with the capital gains tax option the fishermen could still recoup part of their investment and the possibility _____ state compensations would provide for a more complete recovery of the purchase price. From an administrative point of view..I don't have any experience myself, in price control..George here came up in the 40's trying to control the price of canned salmon..I guess it was. He might be able to give a better impression of that. I did run across a transcript of a conversation between a former commissioner and Jim Crutchfield, who has been mentioned earlier, and who was a former price control economist and he said that he could think of a dozen ways to get around and not even try, and he didn't elaborate..and to me what his _____ not audible _____. Like I say I am not an expert so _____ it seems reasonable that the committee would want to hire someone who was very familiar with this. Price controls are common in other industries. So if any of you want to look into it in more detail....

As far as the disadvantages...The major one is that there would be an uncertain effect on the unexplained when you reduce the permit prices and depending on how much you reduce them by, fewer people are going to transfer their permits..so that _____ make your permits more affordable you may just not be able to purchase one because something..when you place a price limit on something and they get..sell for less than they are worth..there just aren't gonna be many permits around, they will be snatched up as soon as they are for sale. So, it is hard to qualify that because there are so many variables involved, a quater of the permits are transferred for free and some of the other ones are transferred and transferred for market value...so it is hard to say just how much of an effect that would be, but the committee should consider that reducing permit prices by half won't be any easy solution because alot fewer permits are going to be sold when the permit holders get less of a profit.

I already mentioned the black market problem that a strict system with alot of enforcement would be necessary which would have some costs and if you go thru the transfer documents and audit peoples taxes if necessary. Another problem is that...is just in the determination of what the statutory price would be. You are going to have a whole lot of view points, people who got there permits for free and who are trying to get into the fishery, would favor lower prices, while people who just bought there permits would obviously have an inclination to favor higher prices, and..you could work out..try to work out some sort of scheme where the price of the permit would be based on _____ economic return and tht would be desirable, but it would be complicated in _____ estimates. So there is a problem there as well.

Are there any question on the Capital Gains Tax?

With regard to the loan program..and I'm not sure if it was clear, just when Ella did her presentation, just what the modifications were, because some of the provisions which she described are part of the current law. The major changes in the proposed option were that preference towards such loans would be given to such applicants with substantial financial need

and dependence on fishing and a provision was also made for hardship and loan repayments...repayment schedule would be more flexible. And one of the major ones would be to place a greater emphasis on the purchase of permits with the loan program rather than vessel upgrading. Steve initial looking into the loan program revealed that while a fair number of loans were issued to low income people, most of those loans were for vessel upgrading. That is not permit purchases..so that option for providing grants based on the length of use of the permit would provide a greater incentive to use that program for permit purchase. The major advantages are that the loan program would almost certainly be the most acceptable because the permit holders...the one way it wouldn't is that it would place a greater emphasis on acquisition of permits you are necessarily gonna have less funds available, so there is some trade off, but by and large it does the least monkeying with the current system by that it would be accessible and it does offer ..apparently with a few constitutional means of opening of favoring Alaska residents over non-residents because it is not to be completely excluded from the program without being taken to court. And if you want to read..I won't go into much detail.as far as time is concerned..I did suggest, in the more detailed analysis a possible means of further increasing by providing preferential terms of the purchase of non-resident permits to resident permits not audible purchase to the state is much greater because the not audible and his crew is more likely to be Alaskan residents. Among the disadvantages are the facts that....I'm not sure how easily how to accomplish these objectives you want with the loan program by legislation since the loans are administered by a case by case basis and they have to have quite systematic guidelines if you want the loan program to have a certain emphasis. For instance, purchase of permits..so that is one thing to consider. The problem has already been mentioned that the loan program may have an inflationary impact on the permit prices and with..somewhere in the 90's of loans being issued for permits out of the thousands of transfers so far..that shouldn't have been to much of an influence but if you do loan money and you get hundreds of these permit loans out than it could bid up permit prices substantially and it is just a consideration to take into account whether that cost is worth the increased resident participation in the fisheries. It will also partly negate the value of the loan program if theres substantial inflation, even though the loan receipts can afford to pay more. The permit prices are substantially higher than to get a permit.

And then the last problem is that by placing emphasis on the acquisition of entry permits you might stir diversification into bottom fish and the unlimited herring fishery or any of the other developing fisheries around the state. Since by and large the limited fisheries are fully exploited and you have to consider the chaos between encouraging more people. You are not getting more people into these fisheries, you are encouraging more resident participation rather than those same people going out and developing a new fishery that might have greater economic benefits to the state.

Any questions on that?

Gardiner: There are two problems, inflating price permits. I know this is one that has been brought up every time. We just got this in order to.. I mean it is obvious that what the state loan program has had

nothing to do with it _____ to this point, up until a year ago only _____ three thousand...whatever. So we probably still don't know. On the second count of preventing people _____ it is in a sense the people who go into other fisheries...I wonder if...are loan program now is not harder. It is just whoever meets these qualifications which are very simple, you have to have been a resident of the state of Alaska for five years and fished for one year _____ part of 20,000 people have done that. So the real fault relates to if you can pay the money back or something like that.

Because if we are mythical the fisheries then..won't that _____ would lessen what had been placed _____ and lessen whatever _____ effects there are because the people diversified to. Generally, the people diversifying are existing fishermen. It's not somebody new who just owned a boat. They are not going to go out and look for a new fishery because they have so many other things to learn about.

Kreinheder: They still tell _____ us that..now take yourself for instance. You might have a choice for getting a loan for a Bristol Bay drift gill net permit or getting a combination for..alot different...So given a choice like that, if you had preferential terms for entry permits.

Gardiner: That is what I'm saying. Because of that though..so for instance I can't get existent fishermen that have the drift net permit in Bristol Bay. I don't see any big reason why the state is worried about him and giving him a seine permit in Kodiak, where he might not even have a very high priority where somebody who is twenty years old, living in Bristol Bay, who wants to go fishing. Maybe he is somebody to be concerned about. The state ought to give that person a priority. Like now, we are just saying whoever and we are not giving any priorities but we are talking about reducing the requests like we did in 75 to 79% and we are talking proposals here for some type of forgiveness like you have on student loans. Well any of these _____ economic advantages that we are going to try to give people to get into the fisheries. Maybe we should only target those to new people..residents to the State of Alaska rather than existing fishermen. If you did it for everybody you probably will drive that... if you do it for those persons who really need it, you wouldn't have as much inflationary effect and you certainly wouldn't effect their diversification factor.

Because I don't think new people who never fished..aren't the guys who are gonna go out and buy a 2 million dollar trawler and a trailer to haul it. That is gonna be practically _____ experience and they want to convert their crabber or combination.

Kreinheder: Ya, that would get them out if they did have some type _____ not audible _____, people who had fished but don't personally hold entry permits.

Langdon: Jack, I would like to concur with that and that was certainly with professor Bishop for the University of Wisconsin who felt one of the major changes we should look at was _____ not audible _____ that we just discussed.

Kreinheder: Any other comments?

Moore: I think that it is not the loans that is the loan program that has raised the price of the permit, but market. I think if you look at

the Cook Inlet permit which sold at ____ not audible _____. I heard the other day it is up to ____ not audible ____ that I know of and they are not selling. So, I think it is the market and the resource. If you have got a good market and you got a good resource the price will be up and if that goes down..I think ____ not audible ____.

Kreinherder: Yes, what I was just saying is that ____ caused small.. ____ not audible ____ small number of loans, but if you did get to the point where a substantial number of permits we ____ of the loan program, then you can ____ not audible ____.

Moore: No, you can borrow ____ not audible ____ loan department and they are not even selling for ____, so I don't think it has kept the price up.

Kreinherder: As far as the apprenticeship option, Ella made the impression that I had some solutions to the administrative nightmare...my thoughts generally are..Yes, there are alot of administrative problems. Our contract was to mainly look at the problems and ____ come up with solutions. That is no the easy way out ____ not audible ____, but as far as the apprenticeship program I haven't, so, I just let you know what I have seen as the major problem. First, the advantages, on the surfact it is a good idea because fishermen who don't have substantial financial resources can have an opportunity to get a permit at little or no cost and ____ of permits would be based on peoples fishing experiences or dependent criteria or hardship criteria rather than on just the whims of the market and who has the money to buy one. People would have some assurances. People would be trained and qualified when entering the fisheries rather than accountants or school teachers going out there for the first time. And, hopefully it would allow for the continuous of the natural progression of ____ that we had before. This gentlemen said that this is still happening which would negate some of the desirabilities ____ as it really is happening now that people can make that direct ____ with the skipper with the current system.

The legal problems still don't seem to be resolved. Terry brought up the same point that you still have togear license are ____ as controlling entry just one step removed, that they are controlling entry into the apprenticeship program and it appears that you can get around this requirement by just eliminating that fishing experience. But there is a ____ to eliminating that because the people you do want to give active permits to are the fishermen. So, that is not ____ just develop other eligibility requirements that don't consider fishing experience because that does seem to be an important criteria. So, that is one area that doesn't seem to be ____ in. The apprenticeship would have the problem that permit holders wouldn't be able to switch to one fishery to another as the ____ as the ____ is currently drafted without completing a whole other period of apprenticeship. Even if you did have some provisions for permit trade, those trades would never happen unless you could use the latter for monetary compensations because permits would naturally be of more value in one fishery than in another. And with that monetary compensation you would get this oneway flow of permits and the only permits ____ would be in those fisheries where nobody is making any money. So that is another unanswered problem

And with the permits reverting to the state under this program, you

would either have current permit holders losing the purchase investment for those people who did buy permits, or they would have to compensate people which could run into millions of dollars. I will get more specific than that, and... Finally, this gentleman, I forget your name, mentioned before a lot of the fishermen are going to object strongly to the requirement of taking on a complete stranger. The courts didn't seem to indicate that the fishermen can't choose the apprentices and yet there is a big problem when fishermen are going to have to take on who they don't know when it is not only their business but their personal safety depends on it.

Gardiner: Are you going to go on to the next?

Kreinherder: Yes, do you have a question?

Gardiner: No, I just wanted to point out, or bring up... I think since the last meeting... I thought about another big problem with the apprenticeship program. I think one of the problems that we all see in the and did _____ point out in the statistics today, is lots of permits in rural areas and in lots of the villages. I think for instance... is what happened in Southeast Alaska in the same fishery where you saw the permits... what happened... well at the cannery they saw a bunch of big years coming on and they said... we are gonna go get those permits and we are gonna put our guys on them. So they went and bought those permits up out of the villages and stuck some guy from Puget Sound on one of their boats that the cannery owned and sent him out there and hence that is what has happened to a lot of those permits in the Southeast seine fishery. But the point was somebody came and bought these permits up....

NOTE: comments that follow are not audible from staff, public, and committee..

Gardiner: They're still a lot of seine permits locked up _____ and _____ and anyway I don't think anybody thinks that is a good idea that I know of for those permits to be lost at _____ not audible _____. So I think one of the ideas behind the apprenticeship program is to try to help the people who want to come up who would normally go into the fisheries, so they are not like far out... like other people who have more money from outside of the State or professional people... you know. But we create... that isn't only gonna be complicated for the Limited Entry Commission. It's gonna be complicated, I think for somebody out there who is a young kid who wants to go fishing and doesn't really know what this is all about. He just knows he wants to go fishing, and he doesn't know about... he goes to do this thing and he has got to fish that many years and whatever, and especially for those younger people out in the villages who are sitting in on all those meetings and don't have lawyers and accountants and other advising services on telling them how to play the game and how to get into the system. We saw the same thing happen when permits were issued. Sophisticated people had the best chance of getting in because there were complicated rules. And I worry that we are setting up another system that has the same basic faults. What the legislature had to do with limited entry, we had to especially hire people to go out to villages to explain the program and to work with the people to make sure that they weren't overwhelmed by the complications of the system and we are assuming that more or less that everybody is gonna know how the game is played. And I think what is gonna happen is

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that the more sophisticated people and the people who have access to services and money. They are gonna have the best chance of playing the game. So, I think that is a different problem that I had thought of before...that. I now see, as one where we maybe kinda putting somekind of hurdle in front of the very people we think we are trying to help.

Kreinherder: Yes, and I wish there was an easier way to try to streamline it but I can't think of any at this point and it is possible that further work could streamline itself, but the reason that limited entry is just as complicated as it is is because you are trying to help a certain group of people and the only way to do it seems as a rather false criteria ___ not audible ___ a catch 22 situation.

Pope: I would like to say that I don't know if the solution will work, anywhere else. But if you go on the Yukon that's where ___ not audible ___ hardship class in this bill. Especially if the requirement made to administer the program, ___ not audible ___ either trying one year interim use permits or ___ of the fisheries. That also ___ not audible ___. Then the permits come up. If you are fishing in the fishery or the commission sets new maximum numbers in ___ available to that second hardship class. I don't see any other reason ___ not audible ___.

Kreinherder: Ok, as far as the amortization option and the compensation in general here. I don't understand the basic purpose behind this option. And for amortization which would allow people to recover their investment in vessel and gear. What you are dealing with and what you are devising..evaluating, is a permit value. Not the vessel and gear value. I don't think any of the options, both in consideration and in the realm of possibility with ___ vessel and others, vessel, gear and truly would no longer be able to sell the vessel with the permit. But combinations have been in the minority. Also, the purpose behind the ___ is unclear since a permit holder would be able to renew his permit indefinitely, which would be desirable for people who would be able to plan but ___ not audible ___ seems unnecessary in a simple use or participation plan which will be the same thing. I think as far as giving permits back to the state. I also questioned persons who were initially issued permits by the state...should be allowed to have compensation for the fair market value of the permit since they were given to them for just...I think a 20 dollar administrative fee. And, also, the amortization proposal for entry permits, which is option B, doesn't seem to be equitable in the ___ not audible ___. And I proposed that an alternative be for amortization that would tie in an amount of compensation to the income which a person has derived from the permit. I'll leave that...it is rather involved. I'll just go through it briefly in a minute. As far as compensation goes. The consensus and ___ statement tends to be that there is no legal requirements. Compensation for entry permits and that the only needs of compensation would be from equity and political feasibility kind of a stand point. And as far as the possible cost of compensation...I just worked up some tentative estimates and ___ average market value of all the permits...entry permits including herring as of June 79 was estimated to be about 360 million dollars and it seems that it is pretty clear that ___ question to compensate people for the fair market value.

I already addressed the question whether it is desirable to compensate people who received their permits for free. But if you only compensated those persons who paid for their permits. I should add a footnote that

all this information is based on the CFEC's permit transfer survey which is a 50% response rate, which is good for a survey. But these are only estimates. But as far as the amount that people have paid for permits in 75, I came up with and not including multiple purchases of the same permit where someone bought it and then sold it. That figure came out to be about 38 million dollars, so you are still looking at big sums of money if you decide to pay people back for their purchase price of their permits.

As far as the alternative compensation plan I developed. The proposed would allow a 10% amortization each year and it doesn't seem that this takes a very good account of the different economic situations that people have whether they bought the permit just last year or they bought it back in 75 when they were a lot cheaper and had a lot of time to make substantial earnings off of it. So, if the committee does decide to pursue this compensation question, and I did mention the whole compensation is _____ unless some scheme some plan is adopted that would _____ not auditable _____ apprenticeship or re-issue it under some other alternative or criteria. But if the _____ is pursued it would seem more desirable to tie in the _____ people received to the amount they had earned from their permit and this gets complicated. I'll run thru it if people are interested in the details. I suggest they read it, it is a lot more understandable that way. But the way it was worded was is that permit holders whose net fishing earnings after they have paid for their fuel and food and all the other expenses, if those net earnings _____ of the permit equal _____ of the purchase price of the permit plus a determined reasonable return on the investment...that is one _____ in their permit vessel, and gear. These people will be considered to have received their money's worth out of the permit. They have made their reasonable return and they wouldn't have anything coming from the state of their permit _____ is when the people no longer want to fish. On the other hand permit holders who have not recovered their permit investment, most reasonable return, would be allowed to amortize the difference between the value and the purchase price of the permit. So what in effect you are doing is just concentrating on people who haven't had a chance to make a reasonable living and earn back the price they paid for the permit. Which seems like a more equitable way to do it rather than to hand everybody the same fixed amount regardless on how much they made.

That's about all for now, unless there are more other questions.

Anderson: Yes, sir.

Unknown: I have a question. My name is _____. It sounds to me that limited entry has definitely some problems and has some vague inequities. And I think what is being attempted is covering one inequity with another and you came up with the apprenticeship program. Has any studies been done on totally eliminating limited entry all together? And what impact it would have on the State of Alaska, and its citizens?

Anderson: I don't believe so.

Same individual: If not, I appeal a study should be done on it and should be an alternative. Thank you.

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Anderson: I tell you the issue of limited entry has come up several times in the past with recommended by representative Naughton and I don't know if you were involved in that or not. Richard, were you with limited entry back in the old days? Anyway _____ one of the guys back there, when I was resources committee chairman, I _____ passion and kept that issue coming to the floor. I think there was several times...brought us as an alternative to the existing system even before it did. This _____ not audible _____ but you might know _____ limited entry has not been examined as an alternative in other words the _____ you have issued...no.

Same individual: I think everyone here is in agreement that limited entry is _____ and has serious defects and I think also _____ that are being discussed every day are ways of trying to _____ these inhibitions. These _____ the defects with limited entry. But, I think all this here should be addressed to the possibility of researching what effect it would have if limited entry was totally eliminated.

Anderson: We will definitely put that in front of the committee and see what they will decide...nobody knows the outcome.

Moore: Mr. Chairman, I would like to thank the committee for being so thorough in their investigation. I have heard about your committee and definitely have to say I had some bad feelings. It seems like everybody has done a very thorough job and every subject has come up and I would personally would like to _____.

Anderson: Well, thank you. I was going to say the same thing about staff but you've saved me the trouble. I don't like to say anything good about them because they ask for more.

Yes, sir.

Dervan: I would like to..not to drag it out but just to cover ground..there was so much different variations in testimony, so many different things. I just made notations. So you don't fall into the track of the legislature...Senator _____ made the statement that we are gonna have, that _____ not audible _____. I would assume there is gonna be some change, not exactly the way he _____. I believe that is what industry _____. You _____ not audible _____ to answer Representative Gardiner question. There is no doubt in your mind W.C. Arnold _____ statehood and almost threatened..._____ not audible _____ your answer particularly in the Bristol Bay...you wanted to turn around and start out of Fairbanks, go down to _____ not audible _____ Ruby _____ not audible _____. All those villages in the Central River had so many people each year _____ turn around and go down to Bristol Bay, but half of _____ would _____ W.C. Arnold and the processors turn around and you would say what happened to that segment. You know that they are there but there is no _____. That was a good central part of the river...going to Bristol Bay each year to fish. I would say that some of the villagers had as many as 6 or 7 boats. That took 14 people roughly. That was money coming back into the villages when it was all over. When the Half Moon Bay and Seattle _____ got finished with them the village people were reduced to cannery help and thru the progression of the years and still to this day, all of those ones who worked that _____ backup into the Central River to go thru the winter. What happened to them? They became cannery help. They might have got home. The last year I seen it... you were lucky to get home with 600 dollars if you could get past _____.

The other question. In those years the young...the only legitimate fisherman on the Central River was Jimmy Huntington. He used to freeze fish and ship it out PNA. The last time I talked to him he had 94 fisherman fishing in this area and he got one king salmon.

The California case on Abalone is mentioned by the constitutional, The Sencere women and the research staff which I assume is the California school of thought, paid _____ that Alaska has a constitutional limited entry program. I would assume that any system that they had devised might ...might have worked out with the unconstitutionality of Alaska's limited entry program..since theirs came years after ours.

Basically the _____ paid _____ license, like it is in Southeastern. We don't have traditional fishermen. We have business investors.

1972. If you were on welfare and caught 1 fish in Cook Inlet, it was strictly a fisheries income, you had 21 points and a license. Hereditary participation was overlooked.

The question on the Bering Sea. There is alot of Bering Sea herring money going back into Homer. Well, the question is I don't think the whole rest of the state should pay these 100 thousand licenses as the _____ of that Bering Sea herring money.

The particular portion that guides the aims of the commission, basically is on the back of the presentation where two things happen. #1. A fund to raise 100 thousand dollars to _____ the effort of the legislature to straighten out the limited entry program is being raised by the United Fishermen. That is on the back page of that brochure that I gave you. That was on page 3. Now undoubtly you have the Daniels and Co., and Roger Painter embarked with 100 thousand dollars to turn around and _____ the gains of the legislature. However, on the 1st page of the newspaper is a piece by Mr. Simons...that limited entry doesn't work.

Back to the question of the finger print business. The finger print business.. people say that licenses, you have to remember that the processor that is looking for fish, particularly the independent. He is gonna look the other way...he needs fish. _____ not audible_____. You have to remember you are talking about a fishermen or a tender operator that gets 600 dollars a day and you are talking to another. One who needs to get fish because he only gets 6 cents a pound. And so consequently he has the tendency of overlooking the required...of which you think might iron out that problem.

You have one affair that we see here in Cook Inlet, and undoubtly it goes on in different places. You are _____ and investor, a real estate speculator, insurance man...sits in the _____ background, sits on the sidelines as he plays one boat against another. It's like fishing Russian boats for 50% of it's catch and this Russian boat is for 60% of it's catch. Those are fishermen who are experienced in Cook Inlet _____ cut off by limited entry. So what you are really talking about. The same thing goes on in Bristol Bay. You have to realize that there is many a 10 thousand dollars _____ that can turn around and catch just as much as the latest Marco 120 thousand slab. It's the fishermen in that boat. You are not gonna change...80% of the fish that some of you caught pay about

25 to 30% of the fishermen...No matter what you do. It didn't work any different in Canada. By your own limited entry statistics...it's not gonna work here. The one part that is real blood thirsty is this idea of competing. I have got a license. I'm gonna fit the _____ and run down and find the _____. Now you give 50% another guy without a license. You're over there bidding him for 60% because there are profiteers in this room..gentlemen, look around.

Now to deal with another one. The _____ problem. The 100 thousand dollar a year beaucrocat muscling in the fisheries at Nelson Lagoon. They need the money. Gentlemen, you know yourself, 2 salaries and 1 family, 100 thousand dollars. That is 100 dollars a day for wondering the state....that's about a 120, 140, 150 thousand dollar income. But you have to go out there and displace the youth of Nelson Lagoon with the hot Thompson licenses and they are hot...they have always been hot.

A question you asked...Crutchfield. Mr. Crutchfield had been a real backer of limited entry. He was appointed North Pacific Council and _____. I was at the boat meeting when he came up here and he wanted public participation. He had 2 many meetings up here and in a nut shell for all he wanted, all the _____ not audible _____ was shut right out the window. He turned around and resigned, because his idea of limited entry was a management tool, and when he got up here it wasn't.

In Washington D.C., I met with Jim Kristi, Resources for the Future, the old Ford Foundation, and they pushed this since 54. It's answer to me was that they told me they invisioned it as a true management tool, but what happened to it, it was the worst from of management that could be evolved.

The question you asked. How do you inflate _____. If you look at todays paper you turn around and see Alaska's Fishermen Journal, you'll see Cook Inlet license for 78 thousand dollras yet the state bases them at 94 and they _____. Now the same day, October 22 the State _____ the limited entry licenses, at 94 thousand, there was one for sale in the Anchorage paper for 65 thousand. So you ask yourself, how does the inflation really happen. One I offer _____ not audible _____ Cook Inlet and go to the Aleutians and muscle in, _____ not audible _____ jack up. You question one other thing, you talking to a group of _____ you talk about the level of wealth _____ not audible _____. A dollar for a pound of fish against 600 lb. fish. The same thing with crab. When you talk about people moving from fishery to fishery the limitation is there, and if you remember Sid Jader made the statement, that a million and a half dollar boat will command a 4 and a half million license.

If you really want...we talk about the licenses graduating outside. Alright last week Fred _____ turned over a license he made the statement and this is _____ meeting the other day, he turned over a license at 84 for 145 thousand, Bristol Bay drift net, however, the state loan values the total value of the license at 68 thousand. I was in Seattle at the fisheries meeting, we found out down there that the vice president of _____ paid of 125 thousand a week before. Laying it on the line, if you have a reputation, for particularly in the halibut salmon fisheries, and you are known around _____ you can go in the back door of the _____ and drag licenses out of Alaska and get the finance. It's there. It may eventually turn around and end up in the Title Bank or the Bank of

Tokyo, Seattle Branch, but it is there.

The question on the licensing. You will have to remember next year the licenses in Cook Inlet are advertised at 100 thousand dollars. With 500 thousand reds, 70 thousand dogs, and 1.3 million pink and 70% of those pinks will be on the beach anyway. They command a 100 thousand dollars for a license, which you would like to see...you would like to see the investors steamed up. I've seen an investor with a 115 thousand dollars _____ boat this year, and another investor with a 85 thousand dollar _____. They made a total of 1200 dollars, 500 in their fish. Now you see that is gonna drag the licenses down. That's in a highly regulated...What you want to do is you want to go around to the outside, to the seine fisheries, and you want to watch them drag the fish out of the stream, to make up the crudy _____. You want to watch them come in and _____ down, stern down on monday morning, when the fisheries open at 6 o'clock and they are looking for _____. This drive to recoup the money. You deal with one other one, the people who _____ lost their lives. That you cannot repay. When the dollar sign overrules the common judgement of when to fish and when not to fish. It is like fishing out of _____ in the old days. The guy comes in packed heavy _____ on his boat, came back to fish again. The ones that turn around and have _____ mortgage payments they are still sitting on the bottom on the other side.

Two other questions...Mr. _____ made the statement in Boston that the state intention of selling additional licenses at the fair market value. Is there any of you in Bristol Bay that can come up with 150 grand against the business investors or somebody with a tax _____. I don't think so. The other gentlemen's question here. Someone at the Boston seminar...this went on in Boston at fisheries Expo in 78..at the Boston seminar. Most of the legal minds of the country were there, and the general consensus...and I do have the records that were actually recorded of that meeting...is that the state will pay for the unconstitutional licenses when they come out and some of the foremost brain oriented lawyers were sitting on that panel.

I disagree with the 360 million value, since legislative budget and audit already turns around and says the license value is 840 million. I went to Washington D.C. a couple years ago, and when I went there the license value was 213 million. In my own book it was over 500 million. The legislature turns around and says 840 million. Now a solution has to be arrived at. That is one reason that I keep insisting that before you proceed any further. That somewhere some legal mechanism, be used is _____ legal limited entry as you envision it constitutional in this country. Then we can all go back and start from scratch and go where you want to go, and not burden because these windfall profiteersand in that letter I state one other...a _____ straight fact right down the line...everyone talks transferable...transferability to the son, to the kid, it is an old squeel that UFA has used, they have worn it out. But laying it on the line, what happened to the rural areas, does the wife have a 100 thousand dollar license, those that bet you to love them.. go to the kids, if the _____ not audible _____. You are talking transferability, you're talking to an old argument that they wore out years ago.

The other question, when the father, the mother doesn't want to quit you can go down there and talk to George Brown in Hoonah, _____ not audible _____, what does he have 6 boys. The boys _____ playing up there ..native

beaucratics, or they are down in Seattle knucklebusting because when they get to a certain age there is no place for them in the fisheries, and he don't have 50 grand to turn around and give them a license. So where do they go, they branch off into other areas and they are hereditary fishing families. The main mistake of limited entry, hereditary participation was not the criteria it was filled on the day that Palmer Daniels fish Cook Inlet. And mind you, if you think the legislature who owns permits that have a value of 180 thousand, now I'm talking of Willy's 8 thousand dollar seine permit and I'm talking 100 thousand dollar drift gill net permit. And if you notice amongst the other, Palmer has sold 6 of the 9 licenses, and I believe that there is 2 of the licenses hidden in the computer or withdrawn from the computer. So when these people originated limited entry, they originated not heritary participation, but on the magic gear concept. And these are prevalent...I didn't stick to...I would like to go to one other fast one, and I'll get out...if you would like to Yukon turn around and help with a little marketing help...

Anderson: How much more are you gonna be going

Dervan: That's it..

Anderson: I wanted to react to one thing you said..though, and I would like to discuss it. You brought up about 37 different points here and I can't react to all of them right now and I think you have done a very good job. But regarding the prices and the amount that is being honored as far as the loan is concerned...can you address that John because you do have a point there with the million drive up the cost and...

Williams: not audible a situation up to this year a situation where permits increased in value, the purposes of the state loan program the commission supplys average price values from our voluntary price to the commission business office. As of Jan. 1, that voluntary price survey goes out the window because of mandatory price of not audible. We have also, so that when prices are rising the state loan program will always be behind a bit, it will never be pushing the market, and also when prices are down, rather than going on quarterly surveys. The commission of business and loans have the power to request and more current price by the commission so that we can rapidly the loan program value down, quicker than not audible prices are up we not audible prices are coming down we will do it as often as business loans will do. Stay with the market or stay ahead of the market.

Anderson: Could you repeat that testimony that you made.

Dervan: The basic think I gave was the states on October 22 put out a limited price survey, which turned around and said that the price of a Cook Inlet, excuse me, a Prince Williams, A Bristol Bay drift permit was 68 thousand dollars, however, they are selling between 100, 125... has about 5 of them in ther for 140. not audible asking price is 150, but limited entry says it is down to 68 thousand. However, on the same day that the limited license was given out, and you can go check the Anchorage Tiems, October 22, you'll find out that there was a Cook Inlet drift permit in there for 65 thousand and at the same time

the limited entry commission said the licenses were at 94 thousand that they were only 86 thousand so there is probably some type of a relationship. Normally the way it has been done in defense of limited entry, is UFA brokers turn around and start out with a license, with never the intention of selling.. that is particularly the way it went in Prince William Sound. You advertise it for 12 and 12 is met, you advertise it for 16, 16 is met, you advertise for 20 and 20 is met, and you keep that period up for as long as 6 or 7 months and your _____ turn around and drive those...never with the intention of sale, only to drive the licenses up where it would be to hard for the legislature to turn around and revoke them. It was a very good, excellent plan, but we have known about it, infact we were told about it prior to the 1976 election, of how the license raise would be accomplished.

Anderson: Thank you sir. Thank you John. Yes, mame.

Moore: Yes, I would like to ask something about the license. The _____ said that the belong either 90% of the sale value _____ not audible _____ and maximum being 6 thousand, so the permit sells at 55, they are not gonna loan you 65 like that. They will make you put a 10% down. I could have sold one the other day for 55 but I bought a _____ for 60 last year....so you know I think that they are _____ not audible _____.

Dervan: Then what basic fund did you utilize...the state system of advertising licenses for sale.

Moore: _____ liar.

Dervan: Did you tell them to go ahead and publicize it.

Moore: Oh....ya.

Dervan: What did you get the insurance man, banker, broker or somebody on...

Moore: I had _____ not audible _____, even if you say so, I've been quite involved, the _____ permits that you were talking about going into Nelson Lagoon. I got these Nelson Lagoon _____ because they don't like me and plus I don't think I'll find a place for my net because it is full and so...

Dervan: Wait a minute...the Johnson license went to Macotney.

Moore: I bought Clinton Johnson....

Dervan: Set or drift?

Moore: Drift.

Dervan: If you bought drift net you turned around and bought the _____.

Moore: No, _____ not audible _____ I think I made a fare trade by _____ my Cook Inlet for one price and buying _____ and I don't plan on _____ fish of Nelson Lagoon because I don't think I have to and you were saying something about driving up the prices...now some of the prices have gone

high, but like I said _____ not audible _____ going to the bottom _____ not audible _____ give them away next year and I think you better reseach....

Dervan: Well, I have researched it and my source of records is the records put out by limited entry commission which is in this gentlemans possession, now.

Moore: Well, I think both of you better go _____.

Dervan: I was there.

Anderson: Let's drop this off before we get into a fist fight..now.

Simons: I just had a few things to saywhen we have no new data from one quater to another we carry the average from the previous quarter forward and note that there is no new data and that is where this 92.5 comes from on Cook Inlet. The second statement that I would like to make...as long as _____ record is that as far as they went. I was quoted relatively accurately in that _____ article but they didn't quote all the things and I never....The headlines that were attached to it were rather a whimsical interpretation of what I had said, by the newspaper _____ apparently the _____ of that.

Anderson: Ok, are there any other burning questions before we..before I make my final statement, before we adjourn? Go ahead sir.

Mitchell: I would make the suggestion as far as the Upper Yukon and you investigate ...having the state loan program take a look at that area because in the last 2 years there have been numerous permits sold basically in crisis situations by village people and they have gone to outside people.

Anderson: Where are you talking about?

Mitchell: 4,5, and 6 of the Yukon River, basically from _____ River up and including the Tananaw River area and I can't give you all the details on it, but there are individuals in Ruby, Galena, _____ and all _____ sold to Fairbanks people...an it is a situation where you have individuals where husbands run off and they are trying to support the kids. Soembody comes to town, real quick, and says I'll give you 7 thousand dollars for it. You know it is to good to be true because you need the cash, your son is in jail and that is what is happening up there and I don't think you statistics pointed ou....

Pope: _____ not audible _____ and I'll to that in the final report. I think one of the problems is that it is pretty hard to _____ fish wheel _____. I know the gear up there is alot different.

Anderson: Ok, maybe you should get together with Mr. Pope and go into this a little deeper and get a report later on. Ok, Thank you. Are there any other comments from the public...questions.

Dervan: I would like to make the note that as a father of four daughters, I have finally figured out how to get them married off.

Anderson: Ella, did you have a final comment before we close it up? I

have a couple of announcements to make before...

Anagick: I guess Donna will be transcribing the tape.

Anderson: Ok, very good, we will have somebody do that...that is for sure.

The three things I wanted to say is #1, for the record we had Doug Pope do some statewide reserach on a various questions regarding limited entry that did run up to some costs and we have some unobligated funds in our budget and I've authorized the transfer of funds of the Limited Entry Study Group to the freshwater fisheries contract, in the sum of 76 hundred and 62 dollars. I would like to mention he has developed for us...has supplemented the work we are doing and I felt it is pretty important that we have access to it and I just want to state for the records that I have approved it and authorized that transfer.

The other thing is that the Limited Entry Study Group will be meeting in Juneau on January 21st, 1980. We will be meeting at 12 noon, either in the Butrovich Room or the House Resources committee room. The purpose of the meeting will be to finalize and consider the options made by staff, look at the final reports that have been developed and make our final recommendations to the legislature. By law the Limited Entry Study Group deactivates on January 24th, 1980 and before we go I would like to thank Ella Anagick for the work she has put into this. This has been extremely a complex issue to get into, with...we had some very good people working with us, we've had the cooperation of the Limited Entry Commission, the UFA have been working with us, we've had George Rogers, Mr. Kreinheder, and if I've left anybody out please forgive me, but I've got _____ and other people that have been very helpful in gathering information. It's been a difficult job because there has been so many grey areas. Like Ken Vasser has been complicating things with his interpretations of the law and constitutionality of questions and mucking the waters, but we appreciate it, and that of course is necessary too. But, anyway, we do appreciate the work staff has done and I do want to give special recognition to Ella who has done a tremendous job under some very difficult circumstances...where she has been kicked out of her office about 3 times and I don't know if she is finally situated, but she is going to be leaving our employ on December 15th, and is going to be studying for taking the bar...of course we wish her luck and hope she passes her ...and starts practicing law in the State of Alaska.

So until January 21st, 1980, we will adjourn.