

HJR

50

HOUSE COMMITTEE REPORT

(9)

Date Referred: February 2, 1994

FURTHER REFERRALS:

Date of Committee Action: 2/9/94

The RESOURCES Committee considered:

HJR 50

HOUSE JOINT RESOLUTION NO. 50

NPFMC COMPREHENSIVE RATIONALIZATION PLAN

Relating to the North Pacific Fishery Management Council comprehensive rationalization plan.

RECOMMENDATIONS: the same title
 be replaced with CS HJR 50 (RES) a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) House Fisheries Comm. / 2-2-94

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hudson</i> Hudson	<input checked="" type="checkbox"/>	<i>Green</i> Green		<input checked="" type="checkbox"/>	
<i>Carney</i> Carney	<input checked="" type="checkbox"/>	<i>Finkelstein</i> Finkelstein		<input checked="" type="checkbox"/>	
<i>Mulder</i> Mulder	<input checked="" type="checkbox"/>				
<i>Williams</i> Williams	<input checked="" type="checkbox"/>				
<i>Bunde</i> Bunde	<input checked="" type="checkbox"/>				

W.K. Williams
 CHAIRMAN'S SIGNATURE

8-LS1529E
Utermohle
2/5/94

**CS FOR HOUSE JOINT RESOLUTION NO. 50(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION**

BY THE HOUSE RESOURCES COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE MOSES

A RESOLUTION

**1 Relating to the North Pacific Fishery Management Council comprehensive
2 rationalization plan.**

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

**4 WHEREAS the North Pacific Fishery Management Council (NPFMC) is considering
5 the adoption of individual fishery quotas (IFQ) as a management scheme for the groundfish
6 and crab fisheries off Alaska; and**

**7 WHEREAS the concept of IFQs means granting individual fish harvesters or boat
8 owners ownership of a share in the harvest of these offshore groundfish and crab resources
9 to the exclusion of others currently participating in the fisheries; and**

**10 WHEREAS the IFQ system provides no incentives or requirements for fish harvesters
11 and boat owners to sell their catch to shore-based processors and creates incentives to deliver
12 and to sell to offshore mother ships and factory trawlers; and**

**13 WHEREAS the IFQ system would greatly reduce the volume of groundfish and crab
14 sold to shore-based processors; and**

**15 WHEREAS the shutdown or reduction of shore-based processing operations will
16 greatly reduce the contribution that shore-based processors make to state and local taxes and**

1 economies and will severely and adversely affect local employment, taxes, and social and
2 economic stability in the coastal communities of Alaska; and

3 **WHEREAS** in 1992, according to the Department of Commerce and Economic
4 Development, Department of Labor, and Department of Revenue and the Alaska Seafood
5 Marketing Institute, the Alaska seafood processing industry harvested more than 5,500,000,000
6 pounds of fish; processed these fish in more than 500 large and small Alaska seafood
7 processors registered with the state; paid fish harvesters \$1,400,000,000; provided more than
8 35,000 shore-based jobs in Alaska; spent \$280,000,000 to support its activities; paid over
9 \$60,000,000 in taxes and cash benefits to the state and Alaska's coastal communities; paid
10 \$10,000,000 for salmon enhancement; paid \$700,000 in fisheries related and marine mammal
11 research and \$3,200,000 for domestic marketing of Alaska seafood products; invested
12 \$1,000,000,000 in shoreside plants; paid \$11,000,000 to local governments in municipal fish
13 taxes; and paid over \$3,000,000 in local real and property taxes; and

14 **WHEREAS**, in Western Alaska, the Aleutian Islands, and Kodiak, shore-based
15 processors pay over \$400,000,000 annually to fish harvesters; process 1,250,000,000 pounds
16 of crab, groundfish, salmon, herring, and halibut; employ over 13,000 people; pay over
17 \$90,000,000 in annual payroll; purchase \$45,000,000 in goods, services, and utilities; pay over
18 \$7,000,000 in local raw fish taxes; and in 1992 paid over \$900,000 in grants to nonprofit
19 organizations; and

20 **WHEREAS** the current open access fishing regime coupled with an onshore allocation
21 of a percentage of the groundfish and crab to the shore-based processors allows the continued
22 participation by shore-based processors in the groundfish and crab fisheries and the continued
23 contributions by shore-based processors to jobs, taxes, and social and economic stability of
24 coastal communities in the state;

25 **BE IT RESOLVED** that the Alaska State Legislature respectfully urges the North
26 Pacific Fishery Management Council to incorporate fairness, equal rights of access, and equity
27 to the current participants in the groundfish and crab fisheries in the comprehensive
28 rationalization plan it is now considering in order to ensure the continued participation of the
29 shore-based processors in these fisheries and the continued contributions they bring to coastal
30 communities and the State of Alaska.

31 **COPIES** of this resolution shall be sent to the Honorable Ron Brown, Secretary of the
32 U. S. Department of Commerce; the Honorable Richard Lauber, chair of the North Pacific

- 1 Fishery Management Council; and to the Honorable Ted Stevens and the Honorable Frank
- 2 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
- 3 the Alaska delegation in Congress.

HOUSE JOINT RESOLUTION 50

North Pacific Fishery Management Council Comprehensive Rationalization Plan

SPONSOR STATEMENT

House Joint Resolution 50 reaffirms the importance of the shore-based processing industry to Alaska and asks the North Pacific Fisheries Management Council to incorporate fairness, equal rights of access and equity to this sector of the commercial fishing industry as it considers its current comprehensive rationalization plan. Under this plan certain allocations of groundfish and crab will be made. HJR 50 simply acknowledges the important role of the shore-based processing industry in consideration of these allocations.

The investment of the shore-based processing industry in Alaska is substantial. Yearly contributions to the state through taxes, payrolls, goods and services, utilities and payments to fish harvesters add social and economic stability to coastal communities in particular.

The Alaska shore-based processing industry must be considered equitably in any actions pursued by the North Pacific Fisheries Management Council.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HJR 50

Revision Date: _____ Dept. Affected: _____
 Title: A Resolution Relating to the North Pacific
Fishery Management Council Comprehensive Rationalization
Plan
 Sponsor: Representative Moses
 Requestor: House Fisheries COMPONENT SERIAL NO. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	.0					
TRAVEL	.0					
CONTRACTUAL	.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	.0					
CAPITAL EXPENDITURES	.0					
CHANGE IN REVENUES ()	.0					

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	.0					

Estimate of any current year (FY94) cost: \$ 0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Cheryl Sutton, House Fisheries Committee Aide
 Division: Legislative / House Special Committee on Fisheries

Phone: 465-6848
 Date: February 2, 1994

Approved by Commissioner: *Paul E. Moses*
 Agency: House of Representatives

Date: February 2, 1994

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ALASKA CRAB COALITION

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February 14, 1994

Representative Bill Williams, Chairman
House Resources Committee
Alaska State Legislature
State Capitol, Room 128
Juneau, Alaska 99801-1182

RE: COMMENT AND CLARIFICATION ON HJR NO. 50; THE BERING
SEA CRAB FLEET, AN INTEGRAL PART OF THE ALASKAN
SHORE-BASED SHELLFISH PROCESSING COMPLEX

Dear Representative Williams:

The Board of Directors of the Alaska Crab Coalition (ACC) have recently reviewed HJR #50, a resolution which calls for the Alaska Legislature to support inshore allocations of crab and groundfish and fairness and equal rights of access for all fisheries participants and to ensure the continued participation of the shore-based processors and the contributions they bring to coastal communities and the State of Alaska as the North Pacific Fishery Management Council moves ahead to develop a comprehensive rationalization plan.

After reviewing this resolution, the ACC feels it is appropriate to provide a description of the Bering Sea crab fisheries and to clarify a few misleading statements in regards to the comprehensive rationalization analysis underway within the NPFMC leading to not only finfish, but shellfish being processed offshore and potential economic disruption within coastal communities, unless some undefined measures are taken to insure that does not occur.

DESCRIPTION OF THE BERING SEA CRAB FISHERIES:

Bering Sea crab fisheries occur predominantly in the 200 mile EEZ, outside the Alaskan 3 mile limit. However, a federal oversight Fishery Management Plan delegates management authority to the State of Alaska. Crab harvests from this region alone presently account for 90% of Alaskan shellfish production and exports and 30-35% of all Alaskan seafood production, shared equally with statewide salmon and groundfish production.

There are an estimated 270 boats harvesting king and tanner crab and 18 companies involved in the processing and marketing of these species of shellfish. Within the fleet, an estimated 250 of the vessels deliver their products to either shore-based plants or to floating processors, anchored inside the Alaska 3 mile limit. The other 20 vessels, which all have ADF&G certified observers on board, catch and process crab on the high seas within the EEZ.

The exvessel revenues for Bering Sea crab fisheries over the past four years have rebounded and average over \$300 million dollars per year. The catcher boat/shore-based component has been contributing an average of 4% of their revenues to the State General Fund and 1.5 - 3% additional taxes to municipalities and boroughs, a total of 5.5 to 6% in resource taxes alone.

Presently, the catcher boat fleet harvests an estimated 87% of the king and tanner crab and the catcher processors are harvesting and processing the balance of 13% of the quotas. Recent analysis of the catch share by the NPFMC shows that the catcher processor share has been declining in recent years.

The catcher boat fleet, accounting for 87% of the harvest of crab, is contributing over \$15,000,000 per year in fish tax contributions to the State of Alaska and to municipal governments in Southwest Alaska. The offshore catcher/processor fleet will begin paying a 3.3% landing tax for its share of the catch, effective January 1, 1994.

Although approximately 65% of the fleet is comprised of boats from Washington and Oregon, it is apparent they are making significant economic contributions to the State of Alaska, particularly when consideration is given to fees paid for non resident licenses and fishing permits, marine fuel taxes and expenditures for repairs to vessels, groceries, hotels, restaurants, air fares and other goods and services purchased in Alaska.

In addition to the direct tax contributions and expenditures in the State of Alaska, both the inshore sector and the offshore sector of the industry pay more than \$2.5 million dollars for observers stationed aboard floating processors and catcher processors, to insure minimum size limits are enforced and to collect catch and biological data for management purposes.

The State of Alaska presently invests an estimated \$1,000,000 on Bering Sea crab management, most of which is expended on administrative staff within the Westward Region Office in Kodiak.

From the description above it is clear that the Bering Sea crab fisheries are an integral part of the shorebased economic complex of the Alaskan seafood industry.

POLICY CLARIFICATIONS ON COMPREHENSIVE RATIONALIZATION:

The ACC membership supports the development of the comprehensive rationalization program, as the crab fisheries are becoming increasingly overcapitalized. The ACC is supporting the analysis of two alternatives at the NPFMC, license limitation and an IFQ proposal. It is up to the Council and the industry to decide the outcome.

1. IFQ allocations represent a use privilege; however, the Council can alter or rescind the allocations without compensation. It is clear that IFQs do not convey ownership rights to fishery resources. This has been recognized by the North Pacific Fishery Management Council and Senator Stevens who has stated this in a Congressional Hearing in 1993.

2. The IFQ proposal for crab is being structured to create incentives and requirements for fish harvestors and boat owners to sell their catch to shore-based processors.

The ACC has publicly testified to the NPFMC that in the event an IFQ program is established for Bering Sea crab, the boat owners do not intend to enter the processing business. They intend to continue in their present mode of business, delivering product to shore-based plants and floating processors inside the Alaskan 3 mile limit.

The ACC has also endorsed non-transferrability of catcher boat quotas to offshore catcher/ processors. This will freeze the level of crab that is caught by catcher processors and it is one requirement that will help insure that crab will be processed onshore.

If there is an incentive for crab to be processed offshore, then offshore processing of crab would be increasing now, since there is no restrictive onshore/offshore allocation program in place for crab. Instead, offshore processing is declining, due to the economics of the industry and the catcher boats preference to remain harvestors within the shore-based complex.

Sincerely,



Arni Thomson, Executive Director
Alaska Crab Coalition

cc: Carl Moses, Chairman, House Special Committee on
Fisheries



HOUSE RESOURCES COMMITTEE

DATE: 2/9/94

PLACE: Capitol, Room 124

SUBJECT OF MEETING:
 HB 333 - MINING LOCATIONS ON STATE SELECTED LAND
 HJR 50 - NPFMC COMPREHENSIVE RATIONALIZATION PLAN

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Jack Phelps	Rep. Kett	Rm 409		3	3777	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 333
REPRESENTATIVE MISES		Room 204			6348	<input checked="" type="radio"/> Y <input type="radio"/> N	HJR 50
Kick Lambert		374 Highland Dr. Jensen				<input type="radio"/> Y <input type="radio"/> N	HJR 50
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
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