

SB

132

HOUSE COMMITTEE REPORT

(9)
 Date Referred: April 14, 1993 FURTHER REFERRALS: Finance

Date of Committee Action: 2/4/94

The RESOURCES Committee considered: CSSB 132(RES) am
 CS FOR SENATE BILL NO. 132(RES) am LOANS FOR IFQ'S

"An Act relating to loans for the purchase of individual fishery quota shares; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with HCS CS SB 132 (RES) a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: House Resources letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
 fiscal impact Dept. of Commerce & Econ. Dev. fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>W.K. Williams</i>	<input checked="" type="checkbox"/>	<i>(Signature)</i>		<input checked="" type="checkbox"/>	
		<i>(Signature)</i>		<input checked="" type="checkbox"/>	
		<i>(Signature)</i>		<input checked="" type="checkbox"/>	
		<i>(Signature)</i>		<input checked="" type="checkbox"/>	

W.K. Williams
 CHAIRMAN'S SIGNATURE



Alaska State Legislature

HOUSE RESOURCES COMMITTEE

P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3715

HOUSE RESOURCES COMMITTEE

LETTER OF INTENT

HCS CS SB 132(RES), "AN ACT RELATING TO THE PURCHASE OF INDIVIDUAL FISHERY QUOTA SHARES"

It is the intent of the House Resources Committee that the Commercial Fisheries and Agriculture Bank (C-FAB), within its existing authority under AS 44.81.210, make financing available for the purchase of quota shares for fisheries in or off Alaska.

It is also the intent of the House Resources Committee, that passage of this bill in no way implies either legislative support for, or opposition to, the IFQ program, only a commitment to ensuring that Alaskans have as much opportunity as possible to acquire quota shares if-or-when the IFQ program is implemented.

Signed,

A handwritten signature in cursive script that reads "Bill Williams".

Rep. Bill Williams, Chairman

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 132(RES)

Revision Date: January 24, 1994
 Title: Loans for IFQs

Department Affected: Commerce and Economic Development
 BRU: Investments
 Component: _____

Sponsor: Senator Jacko
 Requestor: House Resources

COMPONENT SERIAL NO. 0384

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	46.2	138.8	138.8	138.8	138.8	138.8
TRAVEL	2.0	6.0	6.0	6.0	6.0	6.0
CONTRACTUAL	11.3	33.9	33.9	33.9	33.9	33.9
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	13.5	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	
TOTAL OPERATING	74.5	180.2	180.2	180.2	180.2	180.2

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()						
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other C/F LOAN 1036	74.5	180.2	180.2	180.2	180.2	180.2
TOTAL	74.5	180.2	180.2	180.2	180.2	180.2

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Martin J. Richard
 Division: Investments

Phone: (907) 465-2510
 Date: January 24, 1994

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 1-27-94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 132(RES)

ANALYSIS: (continued)

This fiscal note assumes that the IFQ program will go into effect on March 1, 1995 as estimated by the United States Department of Commerce. The operating expenses for FY 95 have been adjusted accordingly.

PERSONAL SERVICES

The passage of HCS CSSB 132(RES) will require the addition of two Loan Officer I positions and a Loan Closer I position. The loan officers will process loan requests generated as a result of this legislation. They will also handle inquiries, outreach, loan extensions and other collection activity associated with these loans. The loan closer will develop the documentation used to complete loans processed by the loan officers and will obtain signatures, record collateral documents and disburse loan proceeds.

TRAVEL

It is estimated that loan officers will make an average of six outreach trips to rural Alaska each year, at an average cost of \$1.0 per trip. In FY 95 a total of two trips are anticipated.

CONTRACTUAL

The office space rental for three additional employees is estimated at \$8.9 per year. In addition, the Department anticipates spending an additional \$25.0 per year on outside contractors to help in its outreach efforts in rural communities throughout the State.

SUPPLIES

The Department estimates \$1.5 per year to cover costs of miscellaneous office supplies and printing of application packages and brochures.

EQUIPMENT

The Department estimates a one-time cost of \$13.5 to cover the costs of office furniture and computer equipment for three new employees.

Position Title Loan Officer I		No. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Anchorage		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		4.1		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		26.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
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Other				
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Travel				
Contractual		1.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
I-A Receipts 1007				
CIP Receipts 1061				
Other C/P Loan 1036				
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Premium Pay				
Other				
Total Personal Services		12.2		
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Contractual		1.9		
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Other				
Total Cost		18.8		
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Request For New Position

AGENCY Commerce and Economic Development
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FY 95

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 Revised Date: Jan. 24, 1994

Position Title Loan Officer I		No. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		2.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		25.6		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

Request For New Position

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TYPE OF EXPENDITURE		AMOUNT		
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		2		
Equipment		4.5		
Other				
Total Cost		18.8		
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Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Jan. 24, 1994

8-LS0628V ✓

Utermohle

1/13/94

HOUSE CS FOR CS FOR SENATE BILL NO. 132(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR JACKO

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to loans for the purchase of individual fishery quota shares;
2 and providing for an effective date."

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

4 * Section 1. PURPOSE AND LEGISLATIVE INTENT. It is the purpose of this Act to
5 provide an opportunity for resident fishermen to participate in the sablefish and halibut
6 fisheries and other fisheries in and off Alaska by authorizing loans for the purchase of quota
7 shares for those fisheries. It is the intent of the legislature that the authority granted by this
8 Act be implemented without adversely affecting the availability of funds in the commercial
9 fishing revolving loan fund for loans to purchase entry permits and to purchase, repair, restore,
10 or upgrade vessels and gear.

11 * Sec. 2. AS 16.10.310(a) is amended to read:

12 (a) The department may

13 (1) make loans [TO]

14 (A) to individual commercial fishermen who have been state

1 residents for a continuous period of two years immediately preceding the date
2 of application for a loan under AS 16.10.300 - 16.10.370 and have had a
3 crewmember or commercial fishing license under AS 16.05.480 or a permit
4 under AS 16.43 for the year immediately preceding the date of application and
5 any other two of the past five years, and who actively participated in the
6 fishery during those periods, for the purchase of entry permits;

7 (B) to an individual for the repair, restoration, or upgrading of
8 existing vessels and gear, for the purchase of entry permits and gear, and for
9 the construction and purchase of vessels, if the individual has been a state
10 resident for a continuous period of two years immediately preceding the date
11 of application for a loan under AS 16.10.300 - 16.10.370, and either

12 (i) because of lack of training or lack of employment
13 opportunities in the area of residence does not have occupational
14 opportunities available other than commercial fishing; or

15 (ii) is economically dependent on commercial fishing for
16 a livelihood and for whom commercial fishing has been a traditional
17 way of life in Alaska;

18 (C) for the purchase of quota shares for fisheries in or off
19 the state by individual commercial fishermen who

20 (i) have been state residents for a continuous period
21 of two years immediately preceding the date of application for a
22 loan under AS 16.10.300 - 16.10.370;

23 (ii) for any two of the past five years, possessed a
24 crewmember or commercial fishing license under AS 16.05.480 or
25 a permit under AS 16.43 and actively participated in a fishery for
26 which the license or permit was issued;

27 (iii) qualify as a transferee for quota shares under
28 applicable law; and

29 (iv) are not eligible for financing from other
30 recognized commercial lending institutions to purchase quota
31 shares;

- 1 (2) designate agents and delegate its powers to them as necessary;
- 2 (3) adopt regulations necessary to carry out the provisions of
- 3 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
- 4 services provided;
- 5 (4) establish amortization plans for repayment of loans, which may
- 6 include extensions for poor fishing seasons or for adverse market conditions for
- 7 Alaskan products;
- 8 (5) enter into agreements with private lending institutions, other state
- 9 agencies, or agencies of the federal government, to carry out the purposes of
- 10 AS 16.10.300 - 16.10.370;
- 11 (6) enter into agreements with other agencies or organizations to create
- 12 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
- 13 the state;
- 14 (7) allow an assumption of a loan if
- 15 (A) the applicant has been a state resident for a continuous
- 16 period of two years immediately preceding the date of the request for an
- 17 assumption; and
- 18 (B) approval of the assumption would be consistent with the
- 19 purposes of AS 16.10.300; an applicant for a loan assumption may not be
- 20 disqualified because the applicant does not meet the loan eligibility
- 21 requirements of (1) of this subsection;
- 22 (8) prequalify loan applicants for a limited entry permit loan or a
- 23 quota shares loan and charge a fee not to exceed \$200 for prequalification;
- 24 (9) charge and collect the fees established under this subsection;
- 25 (10) refinance a debt obligation incurred by a borrower or borrowers
- 26 under this section if the borrower or borrowers otherwise qualify for a loan under
- 27 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination
- 28 charge of one-half percent of the amount of the debt obligation that has been
- 29 refinanced when the first refinancing payment is due.

30 * Sec. 3. AS 16.10.320(d) is amended to read:

31 (d) The total of balances outstanding on loans made to a borrower under

1 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding
2 on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000.
3 The total balances outstanding on loans made to a borrower under
4 AS 16.10.310(a)(1)(C) may not exceed \$300,000.

5 * Sec. 4. AS 16.10.320(i) is amended to read:

6 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent
7 loan may not be made to the borrower under AS 16.10.310(a)(1)(B). If a loan is made
8 to a borrower under AS 16.10.310(a)(1)(B), a subsequent loan may be made to the
9 borrower under AS 16.10.310(a)(1)(A) if the total of the balance outstanding on loans
10 received by the borrower under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.310] does
11 not exceed \$300,000.

12 * Sec. 5. AS 16.10.325 is amended to read:

13 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
14 borrower has insufficient collateral to secure a loan for the purposes described in
15 AS 16.10.310(a)(1)(B) or (C). The loan agreement shall specifically describe the
16 property of the guarantor to be used as collateral by the borrower and shall be signed
17 by the guarantor and the borrower. The department shall provide the guarantor with
18 a copy of all notices sent to the borrower by the department. If the loan is for the
19 purchase of an entry permit or quota shares, the guaranty by the guarantor may not
20 constitute a lien, mortgage, or encumbrance on or pledge of the entry permit or quota
21 shares.

22 * Sec. 6. AS 16.10.338 is amended by adding a new subsection to read:

23 (c) If a limited entry permit is pledged for security for a loan made under
24 AS 16.10.310(a)(1)(C) for the purchase of quota shares and the borrower thereafter
25 fails to make a payment or defaults, the commissioner shall, in addition to the notice
26 provided under AS 16.10.335(a), notify the borrower that subject to the commissioner's
27 acceptance the borrower may sell the quota shares, apply the sales proceeds to the
28 debt, and renegotiate payment of the balance due on the loan to avoid the immediate
29 loss of the limited entry permit that has been pledged for security for the loan.

30 * Sec. 7. AS 16.10.360 is amended by adding a new paragraph to read:

31 (5) "quota share" means a transferable license, permit, or right issued

- 1 by the federal government that conveys a right to engage in a fishery in or off Alaska
2 and to take a specified portion of the annual harvest quota for that fishery.
3 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).

DRAFT ***** DRAFT***** DRAFT***** DRAFT*****

HOUSE RESOURCES COMMITTEE

LETTER OF INTENT

HCS CS SB 132(RES), "AN ACT RELATING TO THE PURCHASE OF
INDIVIDUAL FISHERY QUOTA SHARES"

It is the intent of the House Resources Committee that the Commercial Fisheries and Agriculture Bank (C-FAB), within its existing authority under AS 44.81.210, make financing available for the purchase of quota shares for fisheries in or off Alaska.

It is also the intent of the House Resources Committee, that passage of this bill in no way implies either legislative support for, or opposition to, the IFQ program, only a commitment to ensuring that Alaskans have as much opportunity as possible to acquire quota shares if-or-when the IFQ program is implemented.

SENATOR GEORGE JACKO

STATE CAPITOL, ROOM 125 JUNEAU, ALASKA 99801-1182 (907) 465-4942 FAX: (907) 465-2997

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DM&VA, Chair
Revenue, Chair

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Fish & Game
University

MEMORANDUM

TO: Representative *Bill* Williams, Chair
House Resources Committee

FROM: Senator *George* Jacko, Sponsor
Senate Bill 132

DATE: January 19, 1994

RE: Position Paper - CSSB 132 (Resources)

CSSB 132 (Resources) changes the Commercial Fisheries Revolving Loan Fund Program so Alaskan fishermen can have opportunity to finance the purchase of Individual Fisheries Quotas (IFQs).

The issue of IFQs finds many fishermen on opposing sides. It should be emphasized that CSSB 132 (Resources) is not intended as a vehicle to comment for or against the merits of the IFQ program.

Barring a substantive legal challenge, the IFQ program for halibut and sablefish appears on it's way to being implemented. With this in mind, it is also anticipated that many Alaskan small boat fishermen will have difficulty competing against non-resident (outside) fishermen who have access to other lending sources. Subsequently, many Alaskans may not have the ability to purchase IFQ shares.

CSSB 132 (Resources) attempts to address this problem by restructuring the state fisheries loan program.

Page Two
Representative Bill Williams
January 19, 1994

It is important that Alaskan small boat fishermen have the opportunity to participate in the lucrative bottomfishing industry. Having said this, I would appreciate your support on SCSB 132.
(Resources)

If you need further information please contact my office at 465-4942.

GJ/be

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 132(RES)am

Revision Date: December 14, 1993
 Title: Loans for IFQs
 Sponsor: Senator Jacko
 Requestor: House Resources

Department Affected: Commerce and Economic Development
 BRU: Investments
 Component: _____
COMPONENT SERIAL NO. 0384

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PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Martin J. Richard *Levin J. Thejoda (or)* Phone: (907) 465-2510
 Division: Investments Date: December 14, 1993

Approved by Commissioner: Paul Fuhs *G. S. S. Rose*
 Agency: Commerce and Economic Development Date: 12/15/93

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 132(RES)am

ANALYSIS: (continued)

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The office space rental for three additional employees is estimated at \$8.9 per year. In addition, the Department anticipates spending an additional \$25.0 per year on outside contractors to help in its outreach efforts in rural communities throughout the State.

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FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Dec. 14, 1993

Position Title Loan Officer I		No. of Positions 1	Range / Step 16A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		12.1		
Benefits		4.9		
Premium Pay				
Other				
Total Personal Services		17.0		
Travel		1.0		
Contractual		2.9		
Commodities		.2		
Equipment		4.5		
Other				
Total Cost		25.6		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			
Justification This position is necessary to process loan requests generated as a result of the passage of this legislation. This position will also handle inquiries, outreach, loan extensions, and other collection activity associated with these loans.				

**Request For
New Position**

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Dec. 14, 1993

Position Title Loan Closer I		No. of Positions 1	Range / Step 10A	Barg. Unit GGU
Time Status Full-Time	Staff Months 4 months	Location Juneau		Election District
TYPE OF EXPENDITURE		AMOUNT		Justification This position is necessary to develop the documentation used to complete loans processed by the loan officers. This position will also obtain signatures, record collateral documents, and disburse loan proceeds.
Salary		8.3		
Benefits		3.9		
Premium Pay				
Other				
Total Personal Services		12.2		
Travel				
Contractual		1.9		
Commodities		2		
Equipment		4.5		
Other				
Total Cost		18.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	C/F Loan 1036			

Request For New Position

AGENCY Commerce and Economic Development
 BRU Investments
 COMPONENT _____

FY 95

Page 1 of 1
 Revised Date: Dec. 14, 1993

SB 132 --- HALIBUT IFQ LOANS

- * simply adds purchase of IFQ quota shares to the list of things that the fisheries revolving loan fund can be used for.
- * IFQ's are a federal program being imposed on Alaska. Quota shares will likely be on the open market by next fall. Without ability to finance purchase of shares, ALaskans will lose out on this first major window of opportunity to keep the halibut and sablefish fisheries Alaskan. These loans will help to offset some of the potential negative affects of this new federal IFQ program.
- * Eligibility requirements of applicant (residency, fishing experience, etc) -- see Page 2, lines 20-31.
- * House version aims at small-boat fishermen, and crewmen, who are most likely to miss out without this financing.
- * Will not compete with private sector lending institutions as bill says the applicant must be turned down by a bank first. Loan program has tight criteria so will not lend to "bad risks" but will help out those without access to traditional financing due to lack of collateral. Likely example: someone who has a salmon entry permit which the state can take as collateral but a bank can't.
- * Does not require any new appropriations. Revolving loan fund brings in approx. \$5 million more than it lends out each year. That surplus is what will be available to fund these IFQ loans (and the other types of loans for fishermen and hatcheries under the recently passed SB 251)

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 34159
3032 VINTAGE BLVD.
JUNEAU, ALASKA 99803-4159
PHONE: (907) 790-2693
FAX: (907) 790-2781

February 2, 1993

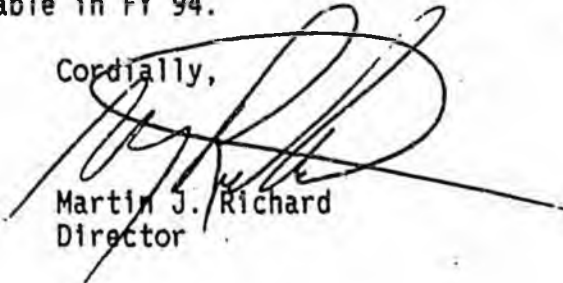
Honorable Fran Ulmer
Attention Margaret Pugh
House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Ulmer:

We are projecting excess funds available for appropriation from the Commercial Fishing Revolving Loan Fund to the General Fund in the amount of \$5,002,800 in FY 94 (HB 55, Section 20, January 15, 1993). The Governor has requested a General Fund appropriation to the Fisheries Enhancement Revolving Loan Fund in the amount of \$2,068,200 (HB 55, Section 29, January 15, 1993).

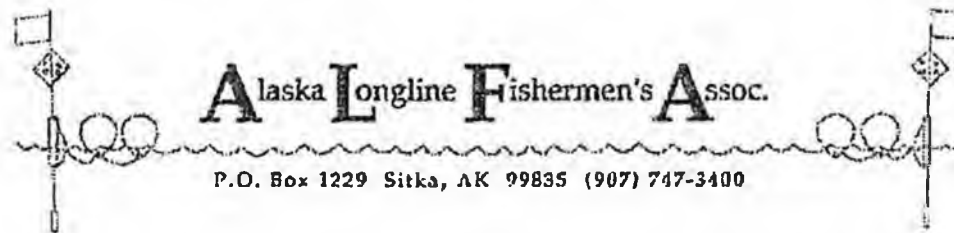
The net effect for these two fisheries funds is approximately three million dollars, available in FY 94.

Cordially,



Martin J. Richard
Director

cc: Paul Fuhs
Commissioner



Chairman Williams
House Resource Committee
Juneau, AK 99801

January 27, 1994

SENATE BILL NO. 132/ QS BIDCOs

Dear Chairman Williams and Members of the Committee,

On behalf of the Alaska Longline Fishermen's Association (ALFA), I would like to take this opportunity to offer the following comments on the quota share loan program and the sablefish/halibut quota share program itself.

First, I would like to emphasize to members of the committee the importance of moving forward as quickly as possible with a comprehensive loan program. As you are no doubt aware, the sablefish and halibut quota share program has been fully approved by the Secretary of Commerce and the plan *will be implemented* in 1995. The time for debating the merits of the program is past; quota shares are the future management strategy for the sablefish and halibut fisheries. Now is the time for Alaska to seize the opportunity to maximize the benefits afforded by the program. Predictably, a significant amount of quota share will change hands during the early years of the program while fishermen adapt to the new fishing strategy. Providing Alaskan fishermen with adequate capital to purchase quota share during these early years will prove a long-term investment from which Alaska will benefit for years to come. Time is short; S.B. 132 must be approved during this legislative session.

Unlike limited entry licenses, quota shares will provide individuals with access to a certain percentage of the overall quota, which will translate into pounds of fish on an annual basis. Fishermen can plan marketing strategies in advance and enhance the value of the product, generate increased revenue for the fishermen, the processors, and the State. Quota shares can be used as collateral and will be treated as real property by lending institutions. In sum, quota shares constitute a far more secure and valuable asset than do limited entry licenses, and quota share loans a better investment for the State.

Expanding the existing loan program to allow Alaskan residents to borrow money from the State to purchase quota share is a first, and very necessary step. Again, on behalf of ALFA's membership, I urge Committee members to move S.B. 132 forward as quickly as possible. I am aware, however, that the loan program should be taken one step farther, expanded to increase the amount of capital available and to provide coastal communities, native corporations, Alaska processors, etc. with an opportunity to invest in the fisheries and thereby maintain or strengthen traditional delivery patterns. With this goal in mind, I recently met with members of the Commerce Department, representatives of various native corporations, and Municipal

League members to develop a regional, or community-based loan program. The following is a brief outline of the program being developed.

Regional Quota Share BIDCOs

In 1993 the legislature passed enabling language that allowed Alaska to establish Business and Industrial Development Corporations, or BIDCOs. Separate legislation appropriated three million dollars to be made available as matching funds. In other States, BIDCOs have traditionally been formed by investors who saw an opportunity to assist or establish businesses that could profit from the investors' expertise in production, marketing, advertising, etc.--creating, in effect, a mentor relationship. In some cases, the BIDCOs goal also included enhancement of employment opportunities in a depressed area, or some other social objective. Investors outlined the BIDCOs goal, pledged an amount of funds, and applied to the appropriate State government for matching or additional funds.

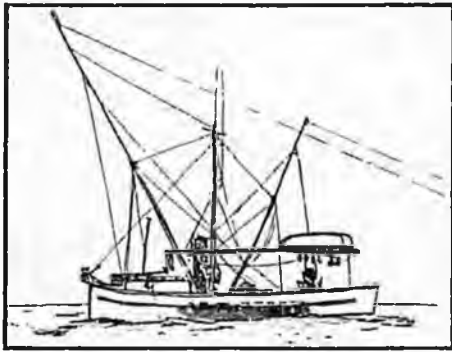
Both Commissioner Fuhs and Mr. Willis Kirkpatrick of Banking and Securities recognized the appropriateness of establishing regional Alaska BIDCOs to enable communities, native corporations, processors and other entities dependent on the sablefish and halibut fisheries to assist local fishermen in purchasing quota share. The BIDCOs will provide relatively low interest loans, but stipulate criteria such as residency within the BIDCO region, delivery to processors within the region, etc.. The regional BIDCOs will ensure that traditional seafood delivery patterns are maintained and that Alaskan communities derive maximum benefit from the sablefish and halibut fisheries. Money invested by the BIDCOs in the fisheries through quota share loans will ensure that funding for Alaskans is adequate, and that both State and local expertise is fully engaged in maximizing value from the fisheries. Quota share BIDCOs will be a win:win situation for resident fishermen, processors, communities, native corporations, and the State in general:

As mentioned above, enabling legislation for the BIDCOs passed last fall. It is my understanding that no additional action by the legislature is necessary at this time. If that understanding proves incorrect, then immediate action will be necessary to ensure that BIDCOs can be established before Fall '94 when quota shares will be issued. Clearly the potential benefits of the program call for committed action. Our association will do all that we can, but will look to the State for guidance and assistance. I hope the legislature will be supportive of these efforts.

In closing, ALFA's membership respectfully requests that members of the resource committee make every effort to expedite development of a comprehensive quota share loan program. S.B. 132 is an important first step; any assistance the legislature can offer in establishing regional BIDCOs will ensure that the critical second step is also accomplished. I will make every effort to keep the committee informed as the quota share BIDCO program takes shape.

Thank you for your time and attention. Sincerely,

Linda Behnken
Linda Behnken (exec. director, ALFA)



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

April 19, 1993

Representative Bill Williams, Chairman
House Resources Committee
State Capitol
Juneau, AK 99811-1182

Dear Representative Williams:

Alaska Trollers Association (ATA) would like to take this opportunity to comment on SB 132, relating to loans for the purchase of individual fishery quota (IFQ) shares. ATA supports the concept of the state making loans available for the purchase of IFQ shares by individual commercial fishermen. However, ATA believes that the \$300,000 limit per person is too high.

ATA requests that the loan amount be lowered to a maximum of \$100,000 per person. This will allow more small boat operators the opportunity to participate in the loan program, which we think is more in line with the intent of the bill.

With the above intent in mind, ATA questions the need to make loans for quota shares available to CDQ participants, since they already have financial assistance available for the purchase of IFQ shares. We suggest this section of the bill be dropped.

Finally, ATA finds the language in HB 123 superior to that of SB 132, as the intent and applications of the bill are much more straight forward. We recommend that the committee amend the bill to more closely reflect HB 123.

We thank the legislature for offering Alaskan fishermen the opportunity to expand thier operations or enter into the halibut and sablefish fisheries, and for considering our suggestions.

Sincerely,

Dale A. Kelley
Executive Director

Alaska Longline Fishermen's Assoc.

P.O. Box 1229 Sitka, AK 99535 (907) 747-3400

April 15, 1993

Representative Williams, Chair
House Resource Committee
Juneau, AK 99801-1182

Dear Representative Williams,

I was disappointed to hear that HB 123, Representative Ulmer's quota share finance bill, has been replaced by SB 132. Our organization worked closely with Representative Ulmer to develop HB 123 and consider it a well-worded, effective bill. I understand that your office was also involved with drafting HB 123, hence I expect that you share our disappointment. I hope that the House Resources Committee will make every effort to amend SB 132 to reflect the intent and application of HB 123. I have identified below specific language our organization believes must be addressed if SB 132 is to be acceptable to Alaska's longline industry.

1. The stated Purpose and Intent of HB 123 is clear and accurate. The Findings in SB 132 are erroneous and misleading. The quota share program will not create a "privileged class" of a few wealthy people any more than the State limited entry program created a privileged class. The cost of entering the sablefish and halibut fisheries will increase in the same manner in which the cost of entering the salmon and crab fisheries increased following limited entry. These costs were--and are--outweighed by the importance of protecting the productivity of the resource and the socioeconomic health of the fishing industry. For those fishermen who have not yet diversified into the longline fisheries, diversification will be more costly; however, under the quota share program the longline fisheries will be worth the investment. The make-it or break-it derbies are risky and wasteful of capital, not to mention lives. Quota shares will stabilize the longline industry, benefitting the people who work in that industry. Under the quota share program the longline fisheries will operate over a nine month season, hence Alaskan residents, rather than summer visitors from out State, will again comprise the work force. Contrary to the Findings in SB 132, the longline quota share program will provide a stable source of income for vessel owners, crew members, Alaskan processors in the State in general.

The Findings in SB132 also state that quota shares will eventually be concentrated in the hands of a few wealthy fishermen. The Council has taken steps to address that concern by limiting the amount of sablefish and halibut quota shares an individual may harvest; the proposed Block Amendments will further limit ownership. Supporting the Block Amendments would be a constructive effort toward safeguarding Alaska's interests under the quota share program; the Findings in SB 132 fail to offer a positive direction. In sum, the Findings should be deleted from SB 132 and replaced with the Purpose and Intent outlined in HB 123.

2. HB 123 includes an IFQ loan eligibility criteria which equates the program to the 'B' loans currently established under the State limited entry loan program. This criteria will ensure that deckhands and small boat operators who do not have ready access to



P.O. Box 1229 Sitka, AK 99835 (907) 747-3400

OUTLINE FOR A COMPREHENSIVE QUOTA SHARE LOAN PROGRAM

December 2, 1993

On November 9, 1993, the Secretary of Commerce published the Final Rules establishing the halibut and sablefish Individual Fishing Quota (IFQ) Plan. Implementation of the quota share program is scheduled for March, 1995. Predictably, a significant amount of quota share will change hands during the first few years following implementation as fishermen adjust to the new program. Ensuring that resident Alaska fishermen have ready access to capital for purchasing quota share will ensure that Alaskan communities and the State as a whole derive maximum socioeconomic benefit from the IFQ Plan. With this goal in mind, the Alaska Longline Fishermen's Association (ALFA) proposes that a comprehensive IFQ loan program, involving private, State, native corporation, and community sectors as lenders, be developed and established before the 1995 implementation date. Below is a status report on the development of the loan program to date along with suggestions for expanding the program to effectively incorporate communities and native corporations.

Private Sector

The private sector (e.g., banks and credit unions) will remain the primary source of loans for most Alaskans. The Alaska Department of Commerce and Economic Development, Division of Investments, recently sponsored a workshop to educate representatives from banks about the IFQ Plan and to identify changes that would facilitate loans. If acceptable to industry and managers, these changes will be incorporated into the Plan prior to implementation.

State Sector: Loans to Individuals

During the last legislative session, two quota share loan Bills were introduced to the House. Both Bills sought to expand the existing State loan program (which provides Alaskan residents with loans to purchase fishing vessels and limited entry permits) to include financing for quota shares. Although Representative Ulmer's Bill was effectively eliminated by Representative Jacko's Bill, the former is more widely supported by the longline industry. Our Association is willing to work with the legislature to resolve problematic language, and to move a quota share loan Bill quickly out of committee to the floor. Again, action during the 1994 legislative session is essential.

Community and Native Corporation Sector

In designing this aspect of the loan program, we are asking the Legislature to break new ground. ALFA suggests that communities and Native corporations throughout Alaska be given the opportunity to borrow money from the State to, in turn, lend to community residents or shareholders. The communities and



Native corporations would be required to develop business plans (similar to the western Alaska Community Development Quota (CDQ) plans) specifying loan qualification criteria (e.g., residency within the community, deliveries to processors in the community, etc.) and submit them to the State. State personnel familiar with the CDQ process would review the plans and work with applicants to ensure success. Thus financed, communities and Native corporations will be able to increase participation of residents and local processors in the longline fisheries, maximizing benefits of the IFQ Plan to Alaska. In effect, the loan program as describe will enhance coastal community stability throughout the State, providing additional jobs and increasing the amount of revenue generated by raw fish tax.

The annual ex-vessel (i.e., price paid to fishermen) value of the halibut and sablefish fisheries are approximately 50 million and 100 million dollars, respectively. Estimates are that quota shares will sell for approximately 2-4 times the ex-vessel price. The value of the longline resource and hence the value of the harvesting privileges associated with quota shares is substantial. For that reason, adequately financing the quota share loan program will demand a significant amount of initial capital. ALFA suggests that the State explore the possibility of issuing bonds through AIDEA, using the State's credit rating, then make that money available to communities and Native corporations. Since IFQs provide harvest access or privileges to a specific poundage of sablefish or halibut, the loans will be low risk, the quota shares themselves serving as valuable collateral--i.e., if an individual who borrowed money from a community defaults on a loan, the community will take control of the quota share until another buyer is found; similarly, if a community defaults on a State loan the quota share will accrue to the State.

Summary:

The potential socioeconomic benefits offered by IFQs provide compelling reasons for the State to actively vest itself in the quota share program. By providing capital to individuals, communities, and Native corporations, the State will optimize benefits afforded by IFQs, expanding the community development concept successfully implemented through CDQs. The existing Alaska loan program for commercial fishermen continues to generate significant revenue for the State; due to the nature of IFQs, the quota share loan program is a lower risk investment with potentially much higher returns. The comprehensive quota share loan program outlined above will increase Alaska's involvement in the longline fisheries, increasing employment opportunities, raw fish tax revenues, and socioeconomic stability in Alaska's coastal communities. By designing legislation during *this session* the State will maximize benefits. We urge immediate attention to the quota share loan program.



North Pacific Fisheries Association, Inc.

HEADQUARTERS:

BOX 796 * HOMER ALASKA 99603

TO : HOUSE RESOURCES COMMITTEE
FROM : NORTH PACIFIC FISHERIES ASSOCIATION
RE : SB 132

April 16th, 1993

The North Pacific Fisheries Association is on record of support for the loans for IFOs. The concept we feel is to gain as many shares as possible to the resident fishermen in the State of Alaska, and to help the small time fishermen and crew members that do not have the resources for acquiring loans through commercial banks.

We are opposed however, with SB 132s provision allowing for a CDO corporation to put up collateral toward a matching fund for getting money out of the State loan program. This takes away from the integrity of the loan program. If the CDO corporation has money for collateral, it certainly has money then for purchase of IFOs directly.

What we fear would happen is that a few well financed corporations could tie up a great portion of the State loan program funds. This would leave those that it was intended for out of the loop and unable to capitalize.

Also the CDO corporations and fishermen there of have been allocated the resource from the Bering Sea. The IFOs that will be made transferable will be in the Gulf of Alaska and purchased primarily by residents from Gulf communities. If a CDO corporate fisherman wishes to purchase and fish in the Gulf he may certainly do so, but it would be unjust to tie up State monies with corporate monies and leave a fisherman "on the beach" in his own back yard.

Thank-you for your consideration.

Sincerely,

Drew Scalzi
NPFA/pres

Petersburg Vessel Owners Association

P.O. Box 232

Petersburg, Alaska 99833

Phone (907) 772-9323 Voice and Fax

April 16, 1993

Representative Bill Williams, Chairman
House Resource Committee
Alaska State Legislature
Juneau, Alaska 99801-1182

Dear Representative Williams,

We were extremely disappointed to learn that HB 123, Representative Uimer's bill relating to loans for the purchase of quota shares, has now been replaced with SB 132. HB 123 has the strong support from many in the longline industry.

SB 132 is simply unacceptable in its current form. The findings in this bill are unfair and very misleading. It is our belief that the IFQ program will provide long-term stability for the resource, the fishers, and Alaska's coastal communities. The IFQ program will protect the health of the fisheries resources and the socio-economic health of the fishing industry and the communities dependent on the industry. The current IFQ program for sablefish and halibut has many safeguards in it that will prevent excessive consolidation of shares, keeps the shares in the hands of individuals, maintains the small boat fleet and the fleet's current complexion. In addition, it will increase safety, reduce bycatch, and improve product quality. The findings in SB 132 should be removed. The purpose and intent of HB 123 is very clear and accurate and would be a very appropriate substitute for the findings in SB 132.

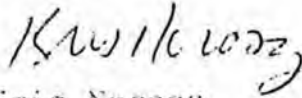
SB 132 allows for the expansion of the loan program to include CDQ recipients. We cannot support this expansion. The CDQ program provides disadvantaged western Alaska communities the opportunity to become players in the halibut and sablefish fisheries. They can then use the monies generated by CDQs to purchase quota shares. We believe it would be unfair to allow CDQ recipients to compete with individual resident fishers for quota share loans. We encourage you to remove this section from SB 132.

HB 123 contains eligibility criteria similar to that found in the State's limited entry loan program for the "B" loans. This allows individuals, who may not be eligible for loans from traditional lending sources, to have the opportunity to purchase quota shares. This could be the situation for many small boat owners or deckhands who are trying to enter the fishery as an owner/operator.

We clearly see the need for expansion of the State loan program to include loans for the purchase of quota shares for the halibut and sablefish longline fisheries. We respectfully request that the Resource Committee seriously consider the changes to SB 132 that we have proposed.

Thank you for your consideration.

Sincerely,



Kris Norosz
Director

cc: House Speaker Ramona Barnes
Representative Grussendorf
Senator Taylor



ALASKA CRAB COALITION

3901 Leary Way (Bldg.) N.W., Suite #6 • Seattle, WA 98107 • (206) 547-7560 • FAX (206) 547-0130

April 20, 1993

The Honorable Bill Williams
Alaska House of Representatives
Room 128
State Capitol
Juneau, Alaska 99801-1182

Re: CS for SB 132(RES)am

Dear Representative Williams:

The Alaska Crab Coalition is very concerned about many of the provisions contained in CS for SB 132(RES)(am). As it is presently drafted, and unless it is substantially amended, the Alaska Crab Coalition opposes SB 132.

Section 1 of SB 132 contains a findings and intent section. This findings and intent section addresses individual fishing quotas and purports to speak for the "commercial fishing industry" by listing a litany of impacts and problems with IFQs. Section 1(b). We are concerned that any attempts to speak for industry should come from industry, not the legislature. Instead of the polemical statements contained in the findings and intent section of SB 132, we suggest replacing the findings and intent section with more general purpose and legislative intent language such as that contained in HB 123.

The primary reason for bills such as SB 132 and 123 is to provide loans for the purchase of individual fishing quota shares. Yet the language contained in the findings and intent section of SB 132 as amended is far more expansive than necessary, and is much too complex to pass the legislature without a great deal more scrutiny by the commercial fishing industry, revision, and careful consideration.

In addition, SB 132 ignores the role that the North Pacific Fisheries Management Council's role, as authorized by the Magnuson Fisheries Conservation and Magnuson Act, to administer the IFQ program and to prevent many of the alleged impacts that the findings and intent section of SB 132 projects would occur. We suggest a more careful consultation with the

The Honorable Bill Williams
April 20, 1993
Page 2

NPFMC prior to adoption of any finding and intent language to insure first, that the findings and intent language is accurate, and second, that the bill not raise unnecessary fears, concerns, or erroneous opinions and positions in State policy.

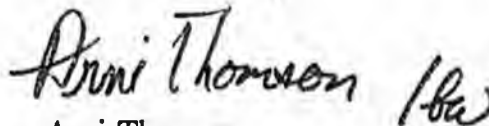
The IFQ program adopted by the Council is new. Any program by the State of Alaska to finance the purchase of IFQ's shares should be adopted by the State one step at a time. This can be done by first authorizing the State to make loans to individual fishermen for IFQs and to set limits on the amount that can be borrowed.

The Alaska Crab Coalition does not oppose the community development quota (CDQ) program for Western Alaska recently adopted by the Council. But relating the purchase of IFQs to the CDQ program, goes too far, too fast, does not consider the impact of the loan program on the future of the CDQ program, nor does it determine whether alternative sources of financing other than the State may be available for CDQ participants. For example, the Clinton Administration is proposing \$2.5 billion for Community Development Block grant programs, to assist economic development for disadvantaged communities. If these federal funds become available they would become a major source of financing for Western Alaska fishermen, without stretching limited State loan funds even thinner.

We will be pleased to work with you to discuss other specific concerns and proposed language that should be considered by the House Resources Committee in its deliberations on SB 132.

We appreciate the opportunity to provide this information to you. If you have any questions, please let us know.

Very truly yours,

A handwritten signature in cursive script that reads "Arni Thomson" followed by a stylized monogram or initials.

Arni Thomson
Executive Director

AT:ltr

JERE T. MURRAY, Ph.D.
P.O. Box 237, Seldovia, Alaska 99563-0237
(907) 234-7646 (Voice or FAX)
January 20, 1994.

Alaska Legislature
House Resources Committee

Via FAX Only: 465-3715

Dear Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify concerning CSHB 123, "An Act relating to loans for the purchase of quota shares for fisheries in or off Alaska."

You need to be aware that the Federal Rule establishing the quota shares" which would be the "value" underlying the loans proposed in this legislation is presently the subject of legal action in Federal District Court. This litigation and subsequent appeals are likely to remain unresolved at the time the initial "orgy of quota share transfers" (Phil Smith, quoted in Alaska Fisherman's Journal, January, 1994, page 10) takes place prior to the start of the IFQ fisheries in 1995. Thus, the State of Alaska fishery loan fund may end up loaning money on entities which turn out to have no value as a result of the court decisions. Should this be the case the State of Alaska may find it difficult at best to secure repayment of these loans.

Even without the cloud of the legal action these loans will be of an inordinately high risk. The ability of any borrower to service this debt through the income generated by the purchased quota shares is highly doubtful. The quota shares themselves have nil or limited intrinsic value as they "represent only a harvesting privilege that may be revoked or amended subject to [applicable law]." The viability of a loan program such as that envisioned by CSHB123 was addressed during the December 1991 meeting of the North Pacific Fisheries Management Council. Mr. Clem Tillion, whom I'm sure you all know, told me then "I wouldn't want to loan them money they won't be able to repay!" There it is - "right from the horses mouth."

The amount available for loan, last known to me to be \$9 Million, is a pitiful sum in relation to the expected market value of quota shares to be transferred during the first year. This expected value has been estimated to be 80% of the total allocation which will be in the \$300 Million to \$1 Billion range. If this program is to have any significant effect on the flow of quota share out of Alaska, it would appear that much more than 4/10% to 4% of the transferred market value must be available for loan to Alaskans at a very low interest rate for longer than customary loan life.

I believe that all this program can accomplish is increased market price of quota shares, lost money for the State of Alaska and promotion of a few bankruptcies.

Sincerely, Jere Murray



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

January 27, 1994

VIA FACSIMILE: 465-3793

Hon. Bill Hudson, Vice-Chairman
Committee on Resources
Alaska House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Hudson:

At last Friday's meeting of the Resources Committee, a number of questions regarding the distribution of benefits under the Pacific halibut and sablefish Individual Fishing Quota (IFQ) program were raised. At that time, I said that I would "revisit" the data assembled by the North Pacific Fisheries Management Council (the "Council") and provide it to you by no later than Friday, January 28.

Since that meeting, I have had an opportunity to review the data as published by the Council on March 27, 1992. The tables attached hereto are part of the Supplemental Environmental Impact Statement prepared pursuant to the requirements of the National Environmental Protection Act (NEPA).

As I understood your request, you were interested in knowing how the initial distribution of Quota Share (QS) under the program would impact various "regions" within Alaska. The attached tables, which contain estimates derived from fish ticket and vessel licensing files, may be useful for your purposes (though the data is aggregated and displayed by Census Area rather than by "region"). The tables are as follows:

<u>Table Number</u>	<u>Displaying</u>
3.14	Estimated numbers of Alaskans, disaggregated by Census Area, who will be awarded Quota Share upon initial issuance.
3.15	Estimated percent of total Alaskan Quota Share recipients, disaggregated by Census Area.
3.16	Estimated value of Quota Share that will be awarded to Alaskans, disaggregated by Census Area.
3.17	Estimated percent of total value of Quota Share that will be awarded to Alaskans, disaggregated by Census Area.



Please note that these tables include both halibut and sablefish Quota Share recipients, and that they are estimates derived from fish ticket and vessel registration files. Further, the estimated "value" of the Quota Shares that will be issued reflect estimated historic gross earnings in the fisheries -- the actual "market value" of Quota Shares is expected to be somewhat higher than the market value for the product.

From these data, we can see that approximately 5,579 Alaskans will receive Quota Share upon initial issuance. This represents 86.5% of all persons who will be initially be awarded Quota Share. The value of that Quota Share is estimated at \$144,660,000 (or, approximately 63.5% of the total).

These numbers may provide some comfort to those who are concerned that the IFQ program will provide disproportionate benefits to fishermen who reside outside of Alaska. Although the Federal government must implement this program with strict neutrality (with respect to the distributional benefits), it would seem to me that the challenge to those who wish to retain (or increase) those benefits on behalf of Alaska residents is to devise a system of information, capital, and cooperation that will insure that Alaskans do not involuntarily lose their Quota Share, and that will assist Alaskans to acquire additional Quota Share.

Now that the implementation of the program is under way and people are beginning to realize that it is "really going to happen," there are a number of suggestions being advanced to improve upon it (that is, to redistribute its benefits to one constituent group or another). What is not generally understood is that any programmatic amendments must be initiated through the North Pacific Fisheries Management Council.

Since the Council (which next meets during the week of April 18 in Anchorage) worked on the IFQ program for several years prior to final approval, there may be some resistance to attempts to redesign its major elements at this late date. Additionally, of course, any significant alteration in the "rules of the game" will result in a "time out" and could well derail the efforts that are currently being made to implement the program by next spring.

I hope this information has been helpful. Please don't hesitate to contact me (586-7344) should you have any additional questions.

Sincerely,



Philip J. Smith
Chief, Restricted Access
Management Division

Table 3.14 Number of halibut and sablefish vessel owners (1985-1990) and number of quota share (QS) recipients by year and census area of owner residence.

Number of halibut and sablefish vessel owners and QS recipients by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	QS
Anchorage	195	194	222	231	170	211	356
MatSu Borough	24	25	31	42	37	43	74
Kenai Peninsula Borough	384	503	620	715	604	728	1,051
Kodiak Island Borough	301	353	414	390	353	456	587
Valdez-Cordova	67	112	147	116	55	149	208
Fairbanks-North Star Bor.	9	14	15	19	19	21	36
SE Fairbanks	0	0	1	0	0	0	0
Yukon-Koyukuk	3	2	2	3	1	3	6
Nome	1	1	0	1	0	1	2
North Slope Borough	0	1	1	1	0	1	1
NW Arctic Borough	0	0	0	0	0	1	1
Haines Borough	43	50	71	77	79	73	95
Juneau Borough	154	195	184	222	232	221	315
Ketchikan-Gateway Borough	104	107	133	148	137	134	194
P.of Wales-Outer Ketchikan	80	103	125	154	161	166	236
Sitka Borough	201	233	268	292	296	286	406
Skagway-Yakutat-Angoon	178	198	205	243	237	225	320
Wrangell-Petersburg	324	373	393	448	415	397	575
Aleutians E. Borough	59	88	102	96	87	103	136
Aleutians W. Borough	37	29	37	45	47	50	72
Bethel	55	59	94	21	17	28	50
Bristol Bay Borough	0	1	1	1	0	16	16
Dillingham	1	1	5	3	4	45	50
Wade Hampton	0	0	6	2	2	3	4
Lake & Peninsula Borough	8	18	18	20	9	27	33
All Alaska Areas	2,507	3,028	3,531	3,704	3,406	3,916	5,579

Table 3.15 Percent of halibut and sablefish vessel owners and QS recipients by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	QS
Anchorage	7.8%	6.4%	6.3%	6.2%	5.0%	5.4%	6.4%
MatSu Borough	1.0%	0.8%	0.9%	1.1%	1.1%	1.1%	1.3%
Kenai Peninsula Borough	15.3%	16.6%	17.6%	19.3%	17.7%	18.6%	18.8%
Kodiak Island Borough	12.0%	11.7%	11.7%	10.5%	10.4%	11.6%	10.5%
Valdez-Cordova	2.7%	3.7%	4.2%	3.1%	1.6%	3.8%	3.7%
Fairbanks-North Star Bor.	0.4%	0.5%	0.4%	0.5%	0.6%	0.5%	0.6%
SE Fairbanks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Yukon-Koyukuk	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%
Nome	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
North Slope Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NW Arctic Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Haines Borough	1.7%	2.0%	2.0%	2.1%	2.3%	1.9%	1.7%
Juneau Borough	6.1%	5.4%	5.2%	6.0%	6.8%	5.6%	5.5%
Ketchikan-Gateway Borough	4.1%	3.5%	3.8%	4.0%	4.0%	3.4%	3.5%
P. of Wales-Outer Ketchikan	3.2%	3.4%	3.5%	4.2%	4.7%	4.2%	4.2%
Sitka Borough	8.0%	7.7%	7.6%	7.9%	8.7%	7.3%	7.3%
Skagway-Yakutat-Angoon	7.1%	6.5%	5.3%	6.6%	7.0%	5.7%	5.7%
Wrangell-Petersburg	12.9%	12.3%	11.1%	12.1%	12.2%	10.1%	10.3%
Aleutians E. Borough	2.4%	2.9%	2.9%	2.6%	2.6%	2.6%	2.4%
Aleutians W. Borough	1.5%	1.0%	1.0%	1.2%	1.4%	1.3%	1.3%
Bethel	2.2%	1.9%	2.7%	0.6%	0.5%	0.7%	0.9%
Bristol Bay Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%
Dillingham	0.0%	0.0%	0.1%	0.1%	0.1%	1.1%	0.9%
Wade Hampton	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%
Lake & Peninsula Borough	0.3%	0.3%	0.5%	0.5%	0.3%	0.7%	0.6%
All Alaska Areas	88.9%	87.9%	87.7%	88.8%	87.0%	86.5%	86.5%

Note: Total percent of owners may be less than 100% due to presence of non-Alaskan owners not shown.

Table 3.16 Estimated value of catch of Pacific halibut and sablefish, in thousands of dollars, (1985-1990), and calculated value of IFQs, by year and census area of owner residence.

Halibut and sablefish value and IFQ value by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	IFQ
Anchorage	967	1,733	4,945	3,647	2,180	3,126	3,063
MatSu Borough	120	167	232	326	461	545	410
Kenai Peninsula Borough	6,078	12,820	17,109	22,281	21,184	20,896	19,446
Kodiak Island Borough	13,812	25,684	25,115	23,621	21,837	18,569	24,111
Valdez-Cordova	720	3,067	2,024	2,569	2,930	3,461	2,142
Fairbanks-North Star Bor.	7	39	34	40	48	56	40
SE Fairbanks	0	0	*	0	0	0	0
Yukon-Koyukuk	*	*	*	*	*	*	2
Nome	*	*	0	*	0	*	*
North Slope Borough	0	*	*	*	0	*	*
NW Arctic Borough	0	0	0	0	0	*	*
Haines Borough	354	671	1,181	1,136	906	951	920
Juneau Borough	1,548	3,703	4,499	5,444	7,317	7,024	4,763
Ketchikan-Gateway Borough	1,670	3,157	3,317	3,168	4,438	4,063	2,543
P.of Wales-Outer Ketchikan	257	913	1,463	1,387	2,064	2,816	1,470
Sitka Borough	5,178	8,092	11,532	17,695	15,394	14,907	12,012
Skagway-Yakutat-Angoon	1,854	3,790	4,930	6,710	6,062	4,838	4,015
Wrangell-Petersburg	5,869	13,746	14,808	16,490	17,471	18,765	14,193
Aleutians E. Borough	1,167	2,730	3,014	1,372	1,251	3,197	2,450
Aleutians W. Borough	412	314	1,051	1,328	630	552	849
Bethel	22	63	106	12	24	38	98
Bristol Bay Borough	0	*	*	*	0	11	7
Dillingham	*	*	51	*	306	47	31
Wade Hampton	0	0	4	*	*	*	4
Lake & Peninsula Borough	122	211	607	442	80	544	374
All Alaska Areas	66,046	123,853	149,210	173,052	174,555	160,457	144,660

Price/pound figures came from the Commercial Fisheries Entry Commissions' Condensed Gross Earnings data for halibut and sablefish for 1984 through 1990, from Pacific data for 1991 sablefish, and from a conversation with the IFQC for halibut 1991.

*Due to confidentiality restrictions, this information could not be released.

Table 3.17 Percent of halibut and sablefish catch value and IFQ value by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	IFQ
Anchorage	1.5%	1.4%	3.3%	2.1%	1.2%	1.9%	2.1%
KatSu Borough	0.2%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%
Kenai Peninsula Borough	9.2%	10.4%	11.5%	12.9%	12.1%	12.4%	13.4%
Kodiak Island Borough	20.9%	20.7%	16.8%	13.6%	12.5%	11.0%	16.7%
Valdez-Cordova	1.1%	2.5%	1.9%	1.5%	1.7%	2.1%	1.5%
Fairbanks-North Star Bor.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SE Fairbanks	0.0%	0.0%	*	0.0%	0.0%	0.0%	0.0%
Yukon-Koyukuk	*	*	*	*	*	*	0.0%
Nome	*	*	0.0%	*	0.0%	*	*
North Slope Borough	0.0%	*	*	*	0.0%	*	*
NW Arctic Borough	0.0%	0.0%	0.0%	0.0%	0.0%	*	*
Haines Borough	0.5%	0.5%	0.8%	0.7%	0.5%	0.6%	0.6%
Juneau Borough	2.3%	3.0%	3.0%	3.1%	4.2%	4.2%	3.3%
Ketchikan-Gateway Borough	2.5%	2.5%	2.2%	1.8%	2.5%	2.4%	1.8%
P. of Wales-Cutler Ketchikan	0.4%	0.7%	1.0%	0.8%	1.2%	1.7%	1.0%
Sitka Borough	7.8%	6.5%	7.7%	10.2%	8.0%	8.8%	8.3%
Skagway-Yakutat-Angoon	2.8%	3.1%	3.3%	3.9%	3.5%	2.9%	2.8%
Wrangell-Petersburg	8.9%	11.1%	9.9%	9.5%	10.0%	11.1%	9.8%
Aleutians E. Borough	1.8%	2.2%	2.0%	0.8%	0.7%	1.5%	1.7%
Aleutians W. Borough	0.6%	0.3%	0.7%	0.8%	0.4%	0.3%	0.6%
Bethel	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Bristol Bay Borough	0.0%	*	*	*	0.0%	0.0%	0.0%
Dillingham	*	*	0.0%	*	0.2%	0.0%	0.0%
Wade Hampton	0.0%	0.0%	0.0%	*	*	*	0.0%
Lake & Peninsula Borough	0.2%	0.2%	0.4%	0.3%	0.0%	0.3%	0.3%
All Alaska Areas	60.8%	65.3%	64.9%	62.3%	59.9%	62.0%	64.3%

Note: Total percent of value may be less than 100% due to presence of catch to non-Alaskan owners not shown.
 *Due to confidentiality restrictions, this information could not be released.

Phil Smith Takes IFQ Challenge

Former Limited Entry Commissioner to head RAM division

by Laine Welch

"It's a tantalizing challenge." That's how Phil Smith summed up the Herculean task of implementing the individual fishing quota plan for Alaska's halibut and blackcod fisheries. The IFQ program, hotly contested by fishermen and managers for seven years, made it onto federal law books in early November. The plan will grant approximately 5,000 fishermen annual quotas of sablefish and halibut based on the landings they made during specific qualifying years. The system is scheduled to be in place by March 1995.

As director of the new Restricted Access Management division (RAM) for the National Marine Fisheries Service in Alaska, Smith takes the reins from those who have only conceptualized the complex workings of the IFQ plan. The long-time Alaskan, who grew up in Cordova and now lives in Juneau, has plenty of experience in the limited entry

records. Among other things, the system will maintain processor reports, keep track of quota transfers, and determine when a vessel has reached its caps.

Also under development is an electronic credit card system that fishermen will use to automatically check their IFQ balances. Smith said that task was contracted by NMFS to Computer Services Corporation, which has created major data systems for the Defense Department and other major users. "We've impressed upon our consultants that the system has to be bulletproof," Smith said.

In January, the RAM division expects to begin sending out application notices to those who may be eligible for IFQs. When an application is received by NMFS, the agency will send back a form showing the amount of IFQs compiled from its "official" data base. If an applicant agrees with the NMFS numbers, there

records. For eight years, Smith was one of three commissioners with the state's Commercial Fisheries Entry Commission. In late October, he was busy carving out space in NMFS regional headquarters for himself and his staff of three. When the offer came to pull together the multi-faceted IFQ program for the feds, Smith said, he simply couldn't turn it down.

From the moment the IFQ rule was published in the Federal Register, NMFS was prepared to begin implementing the program, though certain aspects will continue to be developed or fine-tuned for years. While publication provides a 30-day window for people to file lawsuits against any new federal law, Smith was doubtful that the IFQ program could be stalled or derailed.

"Something unexpected can come out of the woodwork on any new policy decision, but the plan has been adopted at all levels of the government. Unless someone can come up with compelling arguments to convince a federal judge to put it on the shelf, we're prepared to go forward," Smith said.

The monumental computer data base needed to track the IFQ program was nearing completion when Smith came onboard in October. Data requirements include fish ticket and landings information, individual permit files from the CFEC, Halibut Commission reports and other official

records. An issuance of IFQs to that individual.

If the numbers from the data base don't jibe with an applicant's records, there will be opportunities to dispute the numbers. "Applicants can provide copies of fish tickets, partnership agreements and other information that demonstrates their records are better than the official record at NMFS," Smith said. "That will be evaluated, and we'll either confirm or amend the record, or ask for more information."

If an IFQ claim is denied, an applicant can request an administrative hearing. If that doesn't settle the issue, he or she may appeal to the NMFS regional director who can affirm, reverse or modify a decision of the hearing officer. Ultimately, an unhappy IFQ applicant can file a lawsuit in Federal District Court.

Smith said he is personally committed to making the IFQ application process equitable to everyone who applies. "I want to be as open as possible with the public so everyone knows what's going on. I want to ensure that even though people may be unhappy with the overall program, or with a specific allocation decision, they'll still feel like they've been handled as fairly and efficiently as the system allows," he said.

The new RAM director admitted it's

continued on page 23

continued from page 20

inevitable that many "nunces" to the IFQ program will be discovered and result in changes along the way. "Lots of things still have people scratching their heads, like the block proposals that are designed to protect the small boat fleets," he said. "These kinds of questions will continue to challenge us, because there's no comparable model anywhere in the world. Nothing like this has been attempted on such a large scale before."

"I know many feel it's like fencing in the open range, and that rubs

against the grain of many rugged individualists," Smith said. "But the potential benefits of ending the 'range wars' are so great."

Two weeks into the job, Smith said he was "upbeat" about the hands-on work ahead. "There's a lot of support at the regional level, and we'll work with the industry and the bureaucracy to try and make the IFQ program as good as we can." He added with a laugh, "I may be beat to a pulp in six months, but I think we're going to put this off." □



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

January 20, 1994

MEMORANDUM FOR: Hon. Bill Williams, Chairman
Hon. Bill Hudson, Vice-Chairman
Members of the Committee on Resources
Alaska State House of Representatives

FROM: Philip J. Smith, Chief *Phil Smith*
Restricted Access Management Division
Alaska Region, National Marine Fisheries Service

SUBJECT: **Status Report: Implementation of the IFQ
Program for Pacific halibut and sablefish**

Thank you for the opportunity to provide you with this summary of the steps we are taking to implement the Individual Fishing Quota (IFQ) program for the Pacific halibut and sablefish fisheries. A lot has been happening during the past few months, and it is entirely appropriate that you should be kept apprised of the progress we are making to move this program forward.

It remains our goal to complete the implementation stage of the program by early next year, with the expectation that fishing with IFQs will commence on March 1, 1995. To reach that goal, we must implement an applications process, receive and process applications, award Quota Share to eligible applicants, provide for transfer of Quota Share, determine Individual Fishing Quota (based upon the allowable catch levels established for 1995), issue that IFQ, and provide for reporting and monitoring of the use of IFQ during the open fishing periods.

The time-frame we are following to accomplish those tasks is set out in the Attachment ("A") appended to this Memo. The functional organization of our office is likewise displayed on another Attachment ("B").

Applications Process

On December 31, we distributed over 8,000 copies of the "Request for Application" Package to every vessel owner and/or permit holder who owned or leased a vessel and/or who held a permit card and recorded legal landings during the qualifying years. Included in the package were forms for the potential applicant to complete and return to us. To date, more than 1,000 have been returned to us. At this point, we are preparing pre-printed applications that will display data (from the computerized database -- the "NMFS official record") of vessel ownership, landings by year, etc. That document will become the formal application, and



be sent to the applicant. When it is signed and sent back to us, and if no challenges to the information are lodged by either the applicant or another party, we will issue the quota.

Applicants may, of course, dispute the "NMFS official record" by submitting their own information. If their information is clear and convincing on its face, we will alter the official record and issue quota based upon the new information. If not, the applicant will be given one more opportunity to perfect his/her application prior to final administrative denial and being instructed on how to file a formal appeal (see, Attachment "C" for a display of the flow of applications through the system)

Application Assistance and Public Information

It remains our intent to hold IFQ Workshops in major longline fishing ports -- and, additionally, to provide applications assistance throughout the applications period. We expect that the workshops will commence next month, and we are currently working of schedule them. At the very least, we will work with fishermen in Kodiak, Homer, Cordova, Kenai, Soldotna, Anchorage, Juneau, Sitka, Petersburg, Ketchikan, and Wrangel. Additionally, we will monitor the return of both pre-applications and applications from the smaller communities and offer assistance as may be needed.

In a good faith attempt to "spread the word" about the program, I have accepted invitations to speak to various regional groups (for instance, I am speaking to the Southwest Alaska Municipal Conference tomorrow morning).

We are also taking steps to make our office very accessible to fishermen and other members of the industry. By the end of this month, we will have a "1-800" phone line in service (1-800-304-4846) in order to expedite our ability to respond to questions and to provide assistance to QS applicants.

Regulations

1. Regulations to govern the appeals process have been submitted to Washington and the "Draft Proposed Rule" is now being finalized. Since these regulations must be final by late spring (at which time we will begin to deny applications), we will move rapidly to get a final rule published as soon as possible following the comment period.

2. We have conducted a detailed review of the regulations that govern the transfer of QS and IFQ. Since there are some areas that are unclear and/or internally inconsistent, we are developing some technical amendments that will make this section of the regulations more consistent and workable.

3. Related to "2" above, we are also moving quickly on regulations to implement

the "block" restrictions as adopted by the Council in early October. These rules will directly impact transfer decisions.

Conclusion

As noted, it is our intent to have this program fully implemented by March of 1995. Getting from here to there will present challenges, but none of them presently appear to be insurmountable. We hope to maintain good communications with the industry throughout the process, in order to put in place an efficient, responsive, and "user friendly" implementation effort.

Attachments: A - Implementation Time-Lines
 B - Division Organization
 C - Applications Flow Chart

IFQ Implementation Projected Time-Frames

What Happens?

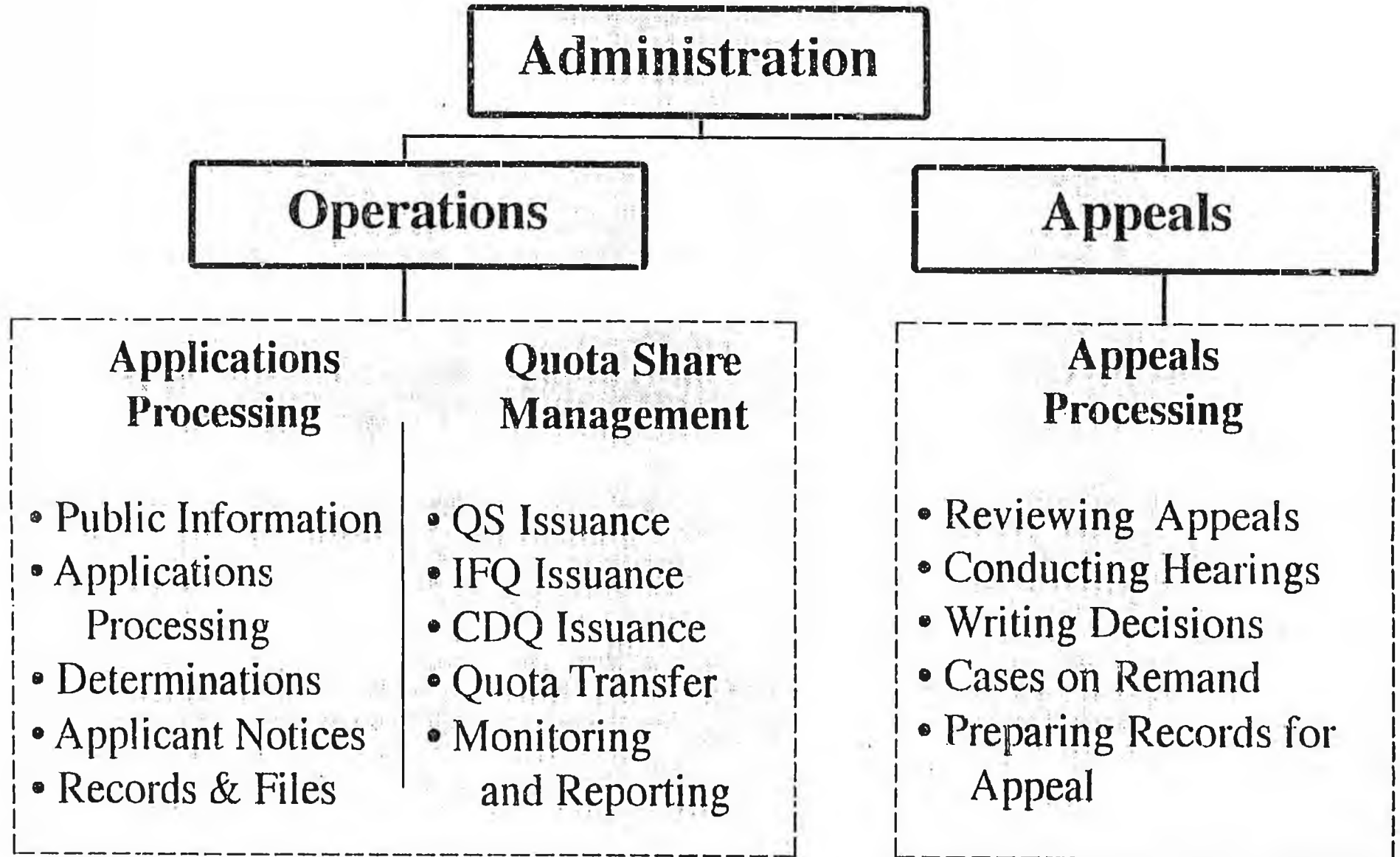
- Pre-Applications Mailed
- Application Period
- Town Meetings & Assistance
- Applications Processing
- Appeals of Determinations
- Quota Share Issued
- Quota Transfers Begin
- 1995 TAC's Established
- IFQ Issued
- IFQ Fishing Begins

When?

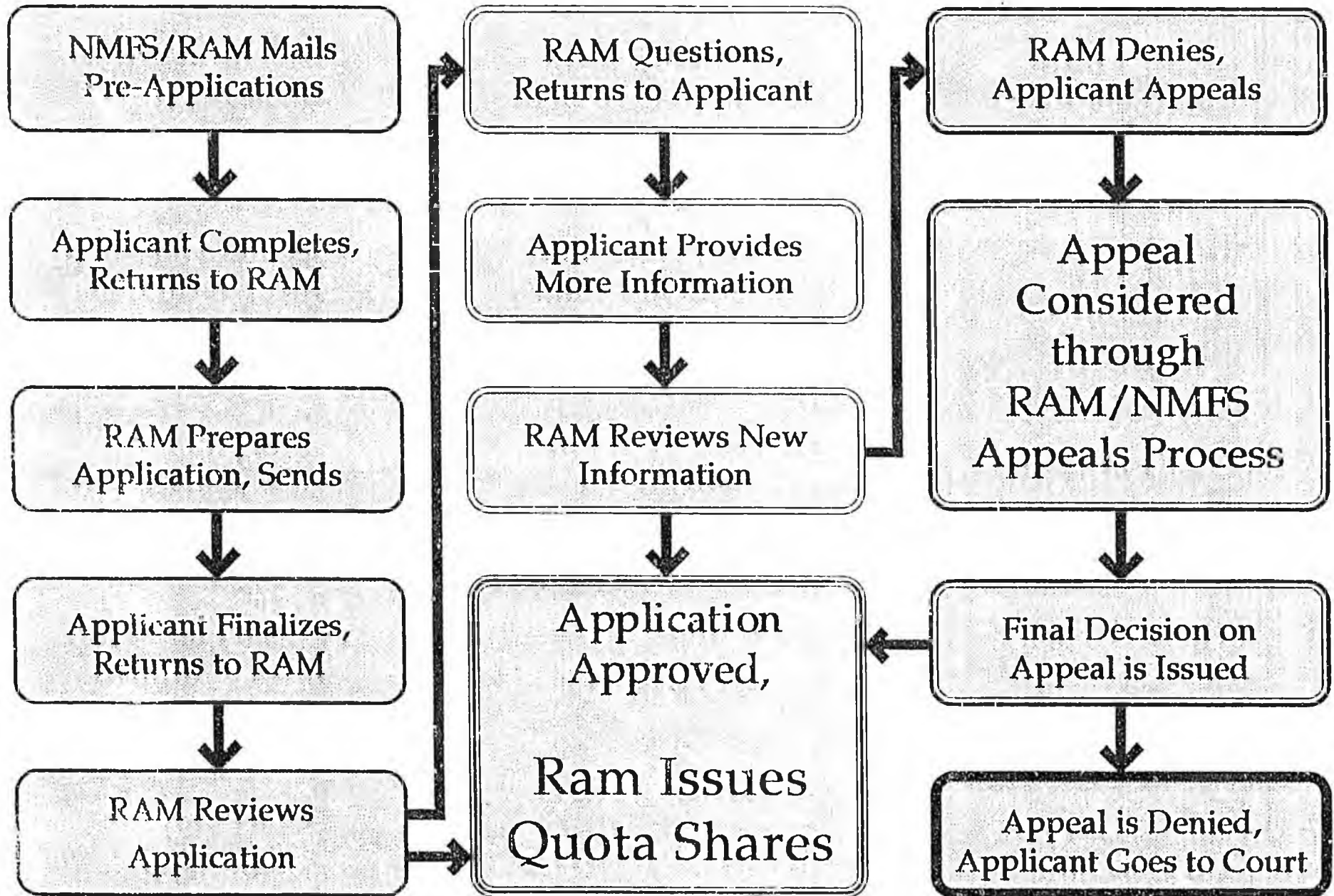
December, '93
Jan - Jun, '94
Feb - Mar, '94
Feb - Oct, '94
Apr - Nov, '94
Nov - Dec, '94
December, '94
January, '95
February, '95
March, '95


Functional Organizational Chart


Restricted Access Management Division



Quota Share Applications Process





T H E
I F O 
P R O G R A M

INSIGHTS
and
UPDATES

This publication is intended to provide a simplified explanation of the Individual Fishing Quota program as adopted by the Secretary of Commerce. Although it has been carefully reviewed for accuracy it is not intended to be a legal guide to the program. Those seeking legal guidance should consult the Federal Register, Vol. 58, pg. 59375, published on November 9, 1993.

For more information call the National Marine Fisheries Service Restricted Access Management Division at 1-800-304-4846

February, 1994

THE NUTS & BOLTS of the NEW SYSTEM

The North Pacific Fishery Management Council (Council) designed it, the Secretary of Commerce approved it, and on November 9, 1993, the Federal Register put it in print and it became law. For the Pacific halibut and sablefish (blackcod) fisheries of Alaska, the management plan for the future is Individual Fishing Quotas, or IFQs. This decision was by no means an easy one. The IFQ program was approved only after some tough years of debate and discussion between the Council, concerned fishermen and women, and other industry representatives. With access to these multi-million dollar fisheries at stake, everybody involved had a strong opinion. The Council provided a place where those opinions could be expressed, and the arguments were forcefully presented.

Now that it's law, it's time to work together. To do that we must understand the system, answer the questions and move ahead. This booklet will help

you understand the basic workings of IFQs. We'll walk you through the application process, talk about who's eligible and who isn't, and lay out the path to follow if you want to appeal.

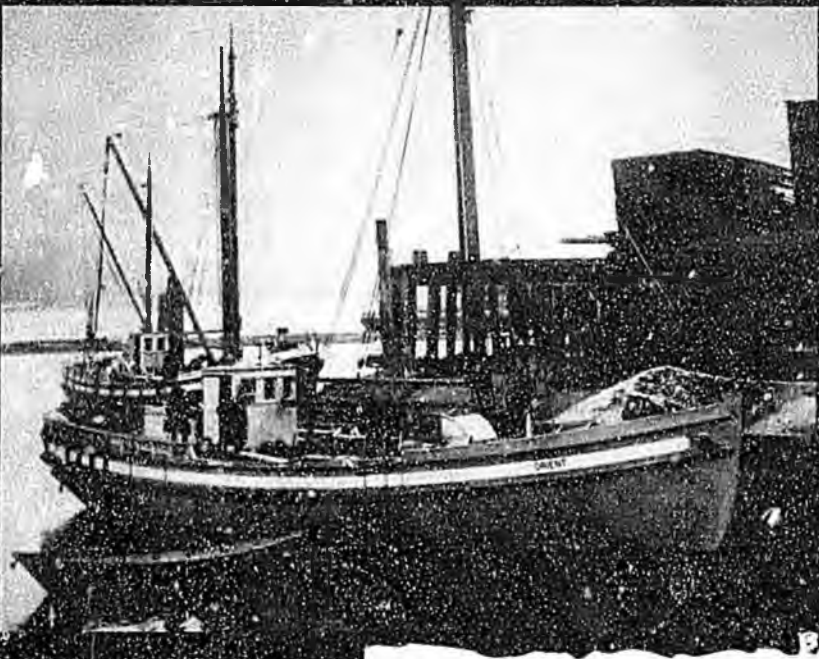
We'll explain how to

receive quota shares by transfer and the restrictions which apply. We'll also explain why the restrictions are in place and why the Council, the National Marine Fisheries Service (NMFS), and the Secretary felt that they were necessary. If you have any

questions that you feel aren't answered clearly here, please give the NMFS Restricted Access Management (RAM) Division a call at 1-800-304-4846. We'll be happy to help.

The Council began considering options other than traditional open access management in the late 1970's. They asked for ideas from the public, and ultimately examined limiting license numbers, using annual fishing allotments, and distributing quota shares (QS) under an IFQ plan. They also considered working within the existing management system. They looked at solving some of the problems without restricting access, simply by tightening or adjusting regulations. But a clear message was coming from the fishing industry. It came from processors, marketing specialists, from fishermen and women, and from management as well. They all described fishing seasons being shortened into "derby" fisheries, where fishermen's safety, care of the gear, and even the quality of the product suffered. The short seasons contributed to bycatch loss and caused targeted fish to be handled poorly. Open access management allowed the fleet to overcapitalize and to grow larger than was economically sensible or easily manageable. Fishermen were spending more money to catch fish which were worth less, and fisheries were becoming increasingly difficult to control. The demand for change became overwhelming: **something** had to be done.

It's never easy to turn from an era of open access, where everyone has an equal opportunity to fish or hunt or use the public resource, to more restrictive policies. It's been called the "tragedy of the commons", when the



limit of the resource at last begins to be reached. Cowboys faced it when the open range of the Wild West was fenced. And now, for the groundfish fishermen, we have IFQs.

HOW DOES THE SYSTEM WORK?

HOW DOES IT EFFECT YOU?

Under this system, if you qualify, you will be awarded quota shares for halibut or sablefish (or both species), based upon your experience in the fishery. If you do not receive an initial quota share allocation, or if you do not receive quota shares by transfer in the future, you will not be able to participate in the fishery. The quota share is a permit, which awards you the privilege to fish the common property resource.

By a formula which will be explained further, your quota shares will determine your Individual Fishing Quota, or IFQ, which is the amount of halibut or sablefish that you are entitled to catch each year. You will be able to catch this quota at any time during the appropriate open season. Since concerns about overharvesting should lessen as the IFQ program gets underway, it's anticipated that seasons will lengthen. They may be seven to nine months long as opposed to a matter of weeks or hours. More care can be given to the gear, to handling the fish and to marketing them at the best price. There will be less pressure to fish in rough weather and safety should improve.

If you don't qualify for an initial quota share allocation, you may buy

quota shares if you meet some basic requirements. If you have at least 150 days experience working as part of the harvesting crew in any U.S. fishery, you'll probably qualify as an IFQ crewmember and be allowed to receive quota shares by transfer. "Harvesting", in this case, means work directly related to catching or retaining fish. If, for example, your experience was only as a cook or an engineer, you would not be eligible. On the other hand, if you seined salmon in Prince William Sound or drift gillnetted Bristol Bay for the necessary 150 days, you would.

The IFQ program was designed to retain the character and size of the fishing fleet as much as possible. For this reason the system includes restrictions designed to prevent too many quota shares from falling into too few hands (ownership caps) or from being fished on too few vessels (vessel use caps). Other restrictions will prevent the fishery from being dominated by large boats or by any particular vessel class. This is the system of assigning quota shares to vessel categories and then restricting transfers between different categories. We'll look at all of this in greater detail later on.

IFQ'S AROUND THE WORLD

Similar changes have already come to other countries and other fishermen, though none of the programs across the world oceans approaches the magnitude of the North Pacific IFQ plan. New Zealand has more than 1.5 million square nautical miles in the Exclusive Economic Zone (EEZ) off her shores. In 1983 a non-transferable quota system was in place over the country's deep-water fisheries, and then in 1986 a quota management system was adopted, with shares freely transferable. Thirty species of commercial fish are covered, and the Government has suggested extending the concept to New Zealand's recreational fisheries.

Some consolidation and downsizing of the fleet was necessary, as several of the fish stocks were in trouble, and safeguards to prevent over-consolidation were less stringent than those outlined by the Council for Alaska's IFQ program. Criticism has also been levelled that one or two corporations have gained control of much of New Zealand's fisheries, and the Council considered this carefully when drafting ownership caps and restrictions on quota share transfers.

Canada brought halibut and sablefish under Individual Vessel Quota (IVQ) management in 1991, and did the same for rockfish a year later. It seems to be working rather well off British Columbia's coast, with high-grading less of a problem than anticipated, prices climbing higher for halibut and a solid effort at cooperation between fishermen, processors and the Department of Fisheries and Oceans.

Iceland was an early entrant into IVQ management, placing Pacific cod under this system in 1976. Since that time, in testimony to the success of the program, almost all of Iceland's groundfish are under IFQs.

Here in our own country Atlantic fishermen have seen Individual Transferable Quota (ITQ) management over wreckfish and surf clams. Participation in the wreckfish fishery had burgeoned from two boats in 1987 to 40 vessels three years later, and had become a classically dangerous derby fishery. The South

Atlantic Fishery Management Council, southern sister to the Council overseeing the North Pacific, responded to fishermen's pleas with the ITQ program. ITQ management over surf clams was set in motion in 1991. Reports from these fisheries are largely positive, and this innovative management concept appears to be a change for the better. Our IFQ program addresses all of the problems the Council identified with the halibut and sablefish fisheries, and leaves a lot of room to respond to future development in the fisheries. As fishermen, processors and others within the industry experience just what an IFQ plan will mean, and how it will affect your fishery, you can give valuable suggestions for making IFQs work smoothly. And we have the experience of other limited access fisheries to use as a guide. This will help us avoid the problems that sometime come with limiting access to a resource.

WHEN WILL IT START? WHO IS AFFECTED?

Beginning next spring, the fixed gear fisheries for Pacific halibut and sablefish in and off Alaska will be managed under the IFQ plan. Fixed gear means hook and line gear of all types: longlines, handlines, jigs and troll gear, as well as pot gear for sablefish. Pot gear will be legal gear for harvesting sablefish under the IFQ plan, but **not** in the Gulf of Alaska. The fish you caught with pot gear, even in the Gulf, however, can be used to determine an initial quota share allocation. Sablefish harvested legally

receive the application package. Before we go further with the application procedure, let's define some terms and look at just how the system will work.

DEFINITIONS: TERMS WE'LL BE USING - AND WHAT THEY MEAN

An Example of Figuring Your Quota Share

	1984	1985	1986	1987	1988	1989	1990
	Halibut Landings						
	2,000 lbs.	5,000 lbs.	5,000 lbs.	3,000 lbs.	8,000 lbs.	6,000 lbs.	6,000 lbs.
	Sablefish Landings						
Not Applicable	2,000 lbs.	4,000 lbs.	6,000 lbs.	3,000 lbs.	4,000 lbs.	4,000 lbs.	6,000 lbs.

Halibut

2,000 (drop)
5,000
5,000
3,000 (drop)
8,000
6,000
6,000

30,000 lbs.

Qualifying Poundage
(Best five of seven yrs. total)

Sablefish

2,000 (drop)
4,000
6,000
3,000
4,000
6,000

23,000 lbs.

Qualifying Poundage
(Best five of six yrs. total)

Actual quota share will be slightly smaller after CDQ adjustment, we'll decrease the amount by 3.5% as an example

30,000 lbs. → 28,950 QS

23,000 lbs. → 22,195 QS

with trawl gear are not part of the IFQ program. Sablefish fisheries regulated by the State of Alaska within State waters, (those in Prince William Sound, Chatham Strait and Clarence Strait), are not considered under this federal IFQ program.

Qualifying years - You must have owned or leased a vessel on which fixed gear landings of sablefish or halibut were made during the qualifying years 1988, 1989, or 1990 to qualify for an initial quota share allocation. These fish must have been legally caught in IFQ regulatory areas.

Base years - These are the years used to determine the amount of your quota share. For halibut they are the best five of seven years; 1984-1990. For sablefish they are the best five of six years; 1985-1990.

The application period for quota shares began on January 17th, 1994. You have six months to apply for an initial quota share allocation. Applications must reach the

Total Allowable Catch or TAC - Each year the Secretary of Commerce, in consultation with the Council, determines the sablefish TAC for the different management areas. The International Pacific Halibut Commission (IPHC) annually sets the figures for the halibut harvest in its management zones. Regulatory areas for halibut and sablefish are different and should not be confused.

Quota Share or QS - This means a permit, the amount of which is used as a basis for the annual calculation of your IFQ. The size of this permit is determined by landings in the base

NMFS/RAM Division Juneau office by the close of business on July 15th, 1994. The NMFS/RAM Division has already mailed out almost 8,000 Requests for Applications to those who might be eligible to apply for quota shares. Only those who return a completed Request for Application will

years. Your initial adjusted quota share is the sum of your best five year's landings. The adjustment is a slight decrease because some fish will be allocated to the CDQ program (which we'll explain shortly).

QS are calculated independently for each IFQ regulatory area and vessel class. You would not add your best five years' catch over all areas to come up with qualifying poundage. It is reckoned area by area.

Quota shares allocated or permits issued do not represent an absolute right to the resource. They are, rather, a harvesting privilege which may be revoked or amended subject to the Magnuson Act or other applicable laws.

Quota Share Pool or QSP - This is the total of all quota shares for each respective IFQ regulatory area. Again, regulatory areas for halibut are distinct from sablefish regulatory areas.

Individual Fishing Quota or IFQ - This is the amount of fish that you are allowed to harvest each year. It is calculated annually by taking the quota shares you hold and dividing them by the total quota share pool. The resulting figure is the percentage of the harvestable fish to which you have harvesting privileges for that IFQ regulatory area and vessel class. This percentage is then multiplied by the TAC, as determined annually by the Secretary (for sablefish) or the IPHC (for halibut). Mathematically it looks like this:

$$(QS/QSP) \times TAC = IFQ$$

The Secretary and the IPHC can change the TAC in response to changes in the fish stocks, so your IFQ will vary from year to year. The QSP can also change as appeals are decided and additional quota shares issued, or as quota

shares are revoked due to violations.

Community Development Quota or CDQ -

This is a program which compensates the communities of western Alaska which are directly affected by the assignment of fishing privileges. Some of these communities have largely been bypassed as the fisheries developed in their own waters, and the Council has decided to take some quota shares from each regulatory area in the Bering Sea/Aleutian Island (BS/AI) region and give them to the appropriate villages. This will **only** happen in the BS/AI region.

To make it fair for non-CDQ BS/AI region fishermen who fished in the CDQ areas and whose IFQ will be reduced by the CDQ allocation, the Council will award you small amounts of quota shares from the other areas, in the same proportion as the amount allocated to the CDQ program. This is why your initial quota shares are a little bit smaller than your qualifying poundage. This adjustment will only happen once as part of your initial allocation of quota shares.

Vessel length overall or LOA -

This is the horizontal distance, rounded to the nearest foot, between the foremost part of the stem and the aftermost part of the stern, excluding bowsprits, rudders, outboard motor brackets, and similar fittings or attachments.

IFQ crewmember - This means any individual

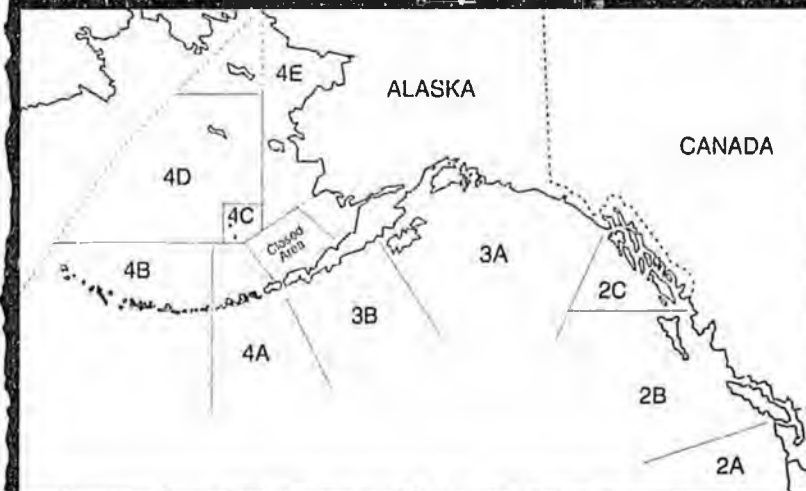
Sample IFQ Calculation

$$(QS/QSP) \times TAC = IFQ$$

Using our halibut landings as an example - we have 30,000 lbs. (less 3.5% for CDQ adjustment) to give us 28,950 for our QS. Our QSP is 60,000,000 which is the rounded total quota shares for area 2C, and, in our example the TAC is 12,000,000 for 2C. Putting that in the equation, we have an IFQ of 5,790 pounds.

$$(28,950 / 60,000,000) \times 12,000,000 = 5,790$$

Halibut Management Areas



who has at least 150 days experience working as part of the harvesting crew in any United States commercial fishery, or any individual who receives

an initial allocation of quota shares. For purposes of this definition, "harvesting" means work that is directly related to the catching and retaining of fish. Work in support of harvesting but not directly involved with harvesting is not considered harvesting crew work. Only those who receive quota shares by initial issuance, or IFQ crewmembers, may receive quota shares, and the IFQ which

results from it, by transfer.

HOW TO APPLY

First let's see who is eligible. To be eligible for an initial quota share allocation you must:

- be a U.S. citizen at the time you apply for quota share. A corporation or partnership qualifies as a citizen if it would have qualified to document a fishing vessel as a vessel of the United States during the QS qualifying years of 1988, 1989 and 1990.
- have owned or leased a vessel that made legal and verifiable landings of halibut or sablefish in the IFQ regulatory areas during 1988, 1989 or 1990.
- apply for your allocation.

Applicants may be individuals, corporations, partnerships, associations, or other entities (or their successors in interest). A former partner of a dissolved partnership or a former shareholder of a dissolved corporation may apply for quota shares in

proportion to his or her interest in the dissolved corporation, partnership or business. Estates of deceased fishermen are successors in interest and may also apply.

As mentioned earlier, the NMFS/RAM Division has sent out close to 8,000 Request for Application packets to those who are likely to be eligible. If you have not received a packet and still wish to apply you must first obtain one and return the Request for Application forms to the NMFS/RAM Division. Packets are available throughout Alaska and Seattle at NMFS offices, the offices of the Alaska Department of Fish and Game, Native Corporations and fishing organizations.

When the NMFS/RAM Division receives your completed and signed Request for Application forms, they will prepare your personal application. This will be based on state and federal landings and catch data and documentation of vessel and permit ownership. This information, compiled by NMFS, is called the **NMFS official IFQ record**. The NMFS official IFQ record is important because it is the first indicator of whether you are qualified for an initial quota share allocation. It is also the basis from which the amount of your quota share is calculated.

When your personal application is ready it will be sent to you. If you agree with the NMFS official IFQ record, you need only sign and return it to the NMFS/RAM Division by July 15th, 1994. If you disagree with any information, such as landings, areas, vessel classes, or with the years listed for recorded landings, or with any of the data printed on the application forms, you should correct the informa-

tion, provide documents and notarized affidavits supporting your position, and return it. If NMFS/RAM is convinced by these documents, then the official IFQ record may be changed and your application will continue to be processed. If not, you will be notified and given 90 days to provide additional information.

If, after a review of this new information, NMFS/RAM personnel are still unconvinced, then your application will be denied, and you will have the opportunity to appeal the disputed portion (under a process which will be explained later). Now let's discuss three issues which may arise as you complete the forms necessary to apply for quota shares. These are leasing, confidentiality and evidence.

LEASING

Let's suppose the official IFQ record held by the NMFS/RAM Division shows that you were the permit holder, and that you made legal landings of Pacific halibut and/or sablefish during the qualifying years for the IFQ program (1988, 1989, and/or 1990). However, since the records do not show that you were the owner of the vessel on which qualifying landings were made, it is presumed that you are not eligible for initial issuance of quota share.

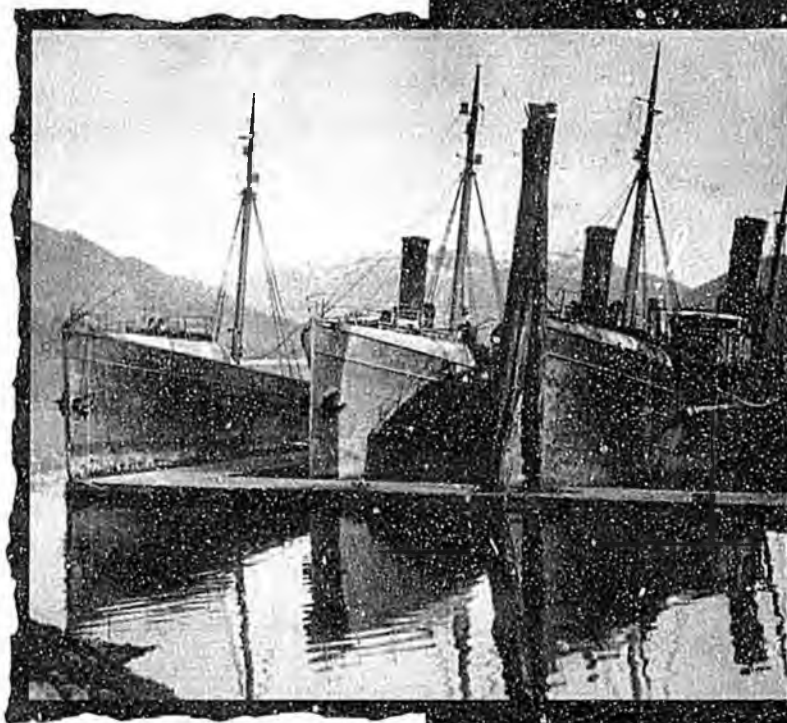
If you were not the vessel owner, but if you believe that you held a legitimate lease on the vessel you operated during one or more of the qualifying years, you may apply for quota share as a lessee. If you and the vessel owner agree that a lease was in effect, you must supply either: a) a copy of the lease document itself showing that you


were the leaseholder during the time period(s) in which you are claiming credit; or, b) a statement, signed by both you and the vessel owner, attesting to the fact that a lease was in effect during the time period(s) in which you are claiming credit. The statement may be in any form, but both signatures must be notarized.

If you do not have a copy of the lease document, and if you cannot submit a notarized statement signed by both you and the vessel owner that attests to the existence of a lease during the qualifying years for which credit is claimed, NMFS/RAM will presume that you were not a leaseholder. You may rebut (overcome) that presumption if you submit evidence in the form of authentic documents to prove that you, not the vessel owner, shouldered the financial burdens and risks of the fishing operation during the time period(s) for which you are claiming credit. Examples of such documents may include:

- the receipt(s) for purchase of the license(s) used aboard vessel during the time period(s) for which you are claiming credit;
- tax returns which show that you claimed a business deduction for vessel lease expenses during the time period(s) for which you are claiming credit;
- tax returns or other documents which show that you paid the crew expenses during the time period(s) for which you are claiming credit; and/or,
- other authentic and contemporary documents which demonstrate the nature of your investment in the fishing operation during the time period(s) for which you are claiming credit.

For any of these documents to be considered, you **must** provide a notarized statement, attesting to the authenticity of the documents and explaining,





in detail, the business relationship between you and the vessel owner during the time period(s) for which you are claiming credit as a lease-holder.

After receipt of this information, the NMFS/RAM

Division will assess it and make an initial administrative determination on your eligibility for quota share. We may return the application to you and request that you submit additional information to support your claims. If the information you supply is not sufficient to establish your claim that you were a lease-holder during the time period(s) claimed, your application will be denied. In that event, you will be allowed to appeal that determination.

Please note that, if the owner of the vessel which you claim to have leased also applies for quota share credit during the time period(s) for which you are claiming credit, both applications will be denied. In that case, either or both of you may file an appeal. Since the appeals process will surely be time-consuming, both you and the vessel owner could experience delays in receiving the quota share (and the resulting IFQ, which will only be calculated and issued on an annual basis) to which you believe you are entitled.

Therefore, it is clearly in your interest to resolve all disputed facts with the vessel owner BEFORE submitting your application for quota share!

— CONFIDENTIALITY —

Under state and federal confidentiality laws, NMFS/RAM may not release catch data or landings data to anyone other than the person who signed the fish ticket. Therefore, even though the

NMFS/RAM Division wants to provide you with a record of your landings during the relevant years, they cannot do so. To address this problem, the Division began the pre-application process. On the Request for Application forms which you received earlier, you are asked to sign a waiver of the confidentiality of your data. This waiver allows the Division to use your confidential fish ticket information to properly allocate quota shares to eligible applicants. Since no waiver means no access to the necessary information, every applicant is required to sign the Request for Application form and the waiver which it contains. Once that waiver has been received NMFS/RAM will preprint landings information on your application. The information will be presented as a summary, by year and by total pounds, of the total landings made on your vessel during the relevant years. If someone other than you made those deliveries, a waiver from the person who made the deliveries must be received (unless four or more persons made the deliveries, in which case the data can be summarized) before the summary can be printed and released. This is important if you want to examine the information used by NMFS/RAM to determine your total qualifying pounds. Also, even if you own the vessel and are otherwise qualified, if the total quota share allocation cannot be revealed for lack of waivers, you may not receive the quota shares to which you are entitled. To be on the safe side, it's a good idea to get waivers signed from every skipper who fished on your boat and signed fish tickets during the quota share base years (1984-1990) and to submit those waivers with your applications.

— EVIDENCE —

If you believe that the NMFS official IFQ record does not fairly reflect your situation and that you would therefore not receive the quota share which you think you deserve, you will have an opportunity to present evidence to support your claim. "Evidence" is a general term which applies to any and all documents or statements which you provide in support of your application. Documents might include pilothouse logs, original copies of fish tickets, vessel purchase documents, tax returns, cancelled checks, or anything else which you think will support your claim. Written statements, in the form of affidavits (sworn and notarized statements attesting to a set of facts) may also serve as evidence. The NMFS/RAM staff will require that you submit an affidavit with all documentary evidence. The affidavit should state what it is you're trying to prove, what the documents mean, where they came from, and any other facts which you wish to present. And one last word about evidence - **tell the truth!** Fraud is a criminal offense and anyone suspected of knowingly submitting false information on their application will be investigated and, if the facts warrant it, prosecuted.

PROGRAM RESTRICTIONS

One of the goals of the Council in adopting the IFQ program was to preserve, as much as possible, the nature and size of the fleet. The Council kept this in mind when they designed the

quota share, ownership and transfer restrictions. These restrictions are designed to prevent excessive consolidation of the fleet and to prevent the fisheries from being dominated by one vessel size. Even with these restrictions in place, the Council expects that the total number of vessels involved in the halibut and sablefish fisheries will decline.

With quota shares being assigned to vessel categories and regulatory areas, the current make-up of the fleet can then be preserved by restricting transfers of quota shares among categories and areas. For instance, the quota share issued in vessel Category B, area 2C, will remain in vessel Category B, area 2C, no matter how many times it may be transferred. As a result, the same percentage of quota share will remain in the categories in which they were originally awarded.

VESSEL CLASSES — AND IFQ — REGULATORY AREAS

Quota shares are issued specifically to a vessel class and to an IFQ regulatory area. With six areas and three vessel categories for sablefish, and eight areas and four vessel categories for halibut, this means that 50 different "types" of quota share will be issued!

Quota shares for halibut are independent of quota shares for sablefish. Quota share allocations will be assigned to a specific vessel category, based on the length overall (as opposed to register length). Vessel categories are described by both length overall and the kind of operation.

- Category A - a freezer vessel of any length;
- Category B - a catcher vessel greater than 60 feet in length overall;
- Category C - a catcher vessel less than or equal to 60 feet in length overall for sablefish, or a catcher vessel greater than 35 feet but less than or equal to 60 feet in length overall for halibut; and
- Category D - a catcher vessel less than or

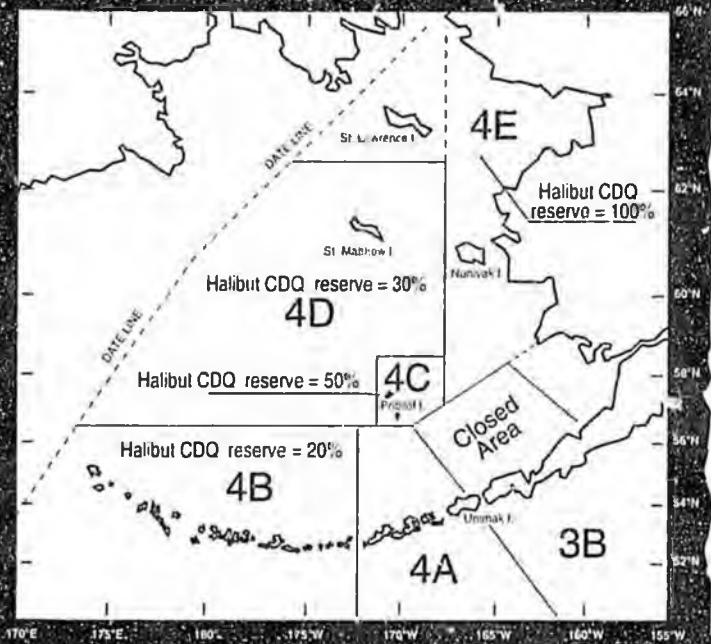
Vessel Categories

Vessel length	Freezer Vessel (any length)	Catcher Vessel	
		Sablefish	Halibut
Over 60'	A	B	B
35' to 60'		C	C
0 to 35'		C	D

Freezer Vessel - Any vessel used to process its catch during any fishing trip

Halibut Management Areas

(showing percentage of quota reserved for CDQ program)



equal to 35 feet in length overall for halibut.

To determine the category to which quota share will be assigned, NMFS/RAM will look at the vessel you used in the halibut or sablefish fisheries. We will look at the last vessel which you fished during the years 1988, 1989, 1990 or 1991 up to September 25th. If, during the most recent year, you fished more than one vessel, and those

vessels fall into different categories, the quota share will be assigned to each vessel category in proportion to the landings made on each vessel. **It is important to take note of the higher priority placed upon groundfish in these calculations.** Groundfish records are examined first. If the most recent year of your fishing participation involved groundfish, whether it was sablefish or even rockfish, that will take precedence in the assignment to a ves-

year fished (1988, 1989, 1990 or 1991 up to September 25th) the quota shares issued will be freezer/longliner shares, or Category A.

This is the basic outline for vessel categories and how they're determined. **This is a rather complicated part of the regulations. For further clarification on any point here, call 1-800-304-4846.**

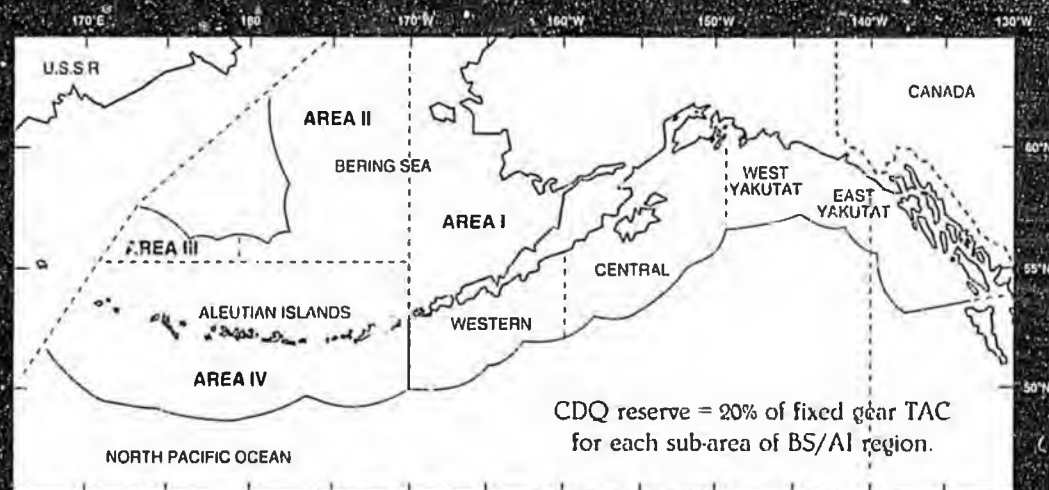
WHO MAY FISH THE IFQ's?

TRANSFER AND — OWNER-ON-BOARD — RESTRICTIONS

As noted earlier, the Council and the Secretary have taken steps to ensure that the current make-up of the fleet is not unduly disrupted by the IFQ program, and that most vessels in the fishery are operated by their owners. To maintain this predominantly "owner-operated" nature of the fishery, the program provides:

- * Only quota share holders who receive their quota upon initial issuance may hire masters to fish the resulting IFQ. In Southeast Alaska (halibut area 2C and the sablefish area east of 140 degrees west longitude), only corporations or partnerships may hire masters.
- * When quota share is transferred, it may only be transferred to an entity that received an initial award of quota share or to an individual who is a qualified IFQ crewmember. If quota share is transferred to an individual, that individual must be on board while the IFQ is being fished.

Sablefish Regulatory Areas



sel category over halibut. If no groundfish were harvested, then halibut landings will be considered.

If your vessel froze or processed any fish, whether halibut or sablefish, during the most recent

* Though an individual who receives quota share by initial issuance may incorporate his or her business and transfer the quota share to that corporation, the requirement in Southeast Alaska, area 2C and east of 140 degrees west longitude, that the owner is on board while the IFQ is being fished, remains.

* Quota share may be pledged as collateral. In other words, it can be financed by an entity other than the transferor or the transferee, and it can be repossessed. However, if it is repossessed, the financial institution may not receive IFQ and fish it; that institution may only sell the quota share to a qualified IFQ crewmember or to a person who received quota share upon initial issuance.

— OWNERSHIP AND — VESSEL HARVEST CAPS

• Unless it was part of an initial quota share allocation, no one may own or use sablefish quota share greater than 1% of the combined sablefish quota share for the Gulf of Alaska and the BS/AI region. A similar limit is placed on the amount of sablefish which any one vessel may harvest, except: no more than 1% of the total sablefish quota share for the area east of 140 degrees west longitude may be owned or used by one individual or harvested by one vessel, unless the amount in excess of 1% was received in the initial allocation of quota share.

• For halibut, no more than 1/2% of the total halibut quota share for combined areas 2C, 3A and B may be owned or harvested unless the amount was given initially. The same 1/2% limit applies to combined areas 4A,B,C,D and E. For vessels, no vessel may be

used, during any fishing year, to harvest more than 1% of the halibut catch limit for this area. To reiterate, no more than 1% of the total quota share for area 2C may be owned or taken by one individual or harvested by one vessel.

— RECOMMENDED — BLOCK RESTRICTIONS

In addition to these limits, the Council has recommended block restrictions to further guard against excessive consolidation of quota shares. At this point the regulations for block restrictions are still being developed. They will be put before the public for comment, and then submitted to the Secretary for approval. At present, there are four basic elements of the block policy.

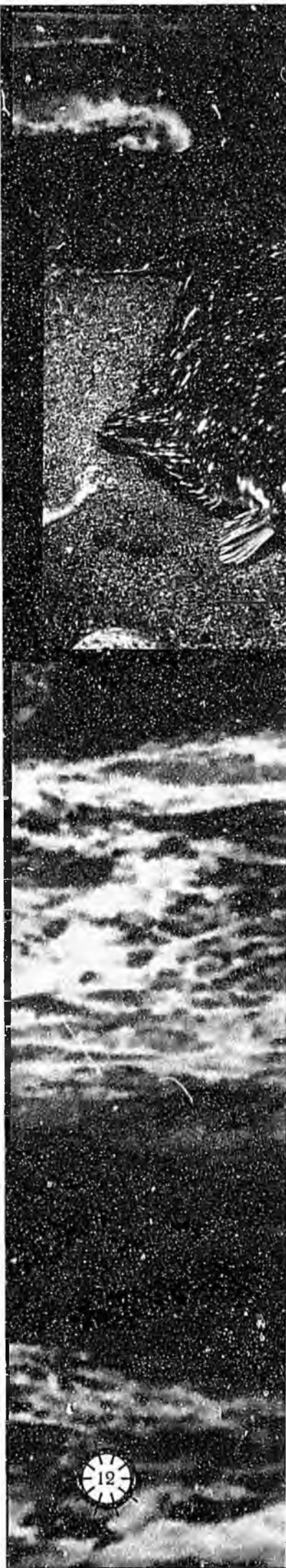
• All initial quota share allocations, for both halibut and sablefish, which would yield less than 20,000 lbs. of IFQ in 1994, would be placed permanently in a **block**. Blocks would not be divisible and could only be bought or transferred in their entirety.

• A **sweep-up provision** would allow very small blocks to be combined into a fishable amount. For halibut, blocks with quota share which would yield less than 1,000 lbs. could be combined if the sum total would not amount to quota share which would be worth more than 1,000 lbs. of IFQ in 1994. The same provisions would apply for sablefish, except that the poundage cap is set at 3,000 lbs.

• Ownership restrictions would apply to both halibut and sablefish. You could hold up to two blocks of quota shares per IFQ regulatory area, if you do not hold any unblocked shares in that area as well. If you hold unblocked quota shares for one area, you may hold, in addition, only one block of quota shares for that area. If you qualify and want to buy unblocked quota shares for a particular area, you could do so. The only limits imposed would be those spelled out in the vessel use and cap restrictions (the 1/2% and

Ownership Caps

	Area	Cap
Halibut	2C	1%
	2C, 3A, 3B	1/2%
	4A, B, C, D, E	1/2%
Sablefish	Gulf of Alaska and BS/AI Region	1%
	East of 140°W	1%



1% caps for the different areas).

- Initial quota share allocations which would yield greater than 20,000 lbs. of IFQ in 1994 would be **unblocked** quota share, and could be bought or transferred in any amount. This quota share could be divided up piecemeal as

you saw fit.

THE APPEALS PROCESS

Now that we have looked at the IFQ program and the restrictions which accompany it, let's explain how the appeals process works. Appeals can be made for any number of reasons. Let's suppose that your records don't agree with the official IFQ record, or you feel that you're eligible for an initial allocation when NMFS does not. You may want to transfer blocks of quota shares and be denied the chance to do so, or you may feel that you deserve more quota shares than were initially awarded. Whatever the dispute, once the NMFS/RAM staff has made a final determination, there will be an opportunity to appeal. Let's look at the mechanics of the appeals process.

If your application has been denied, or (what is more likely) an amount of fish which you claim to have legally landed is in dispute, you will be given 90

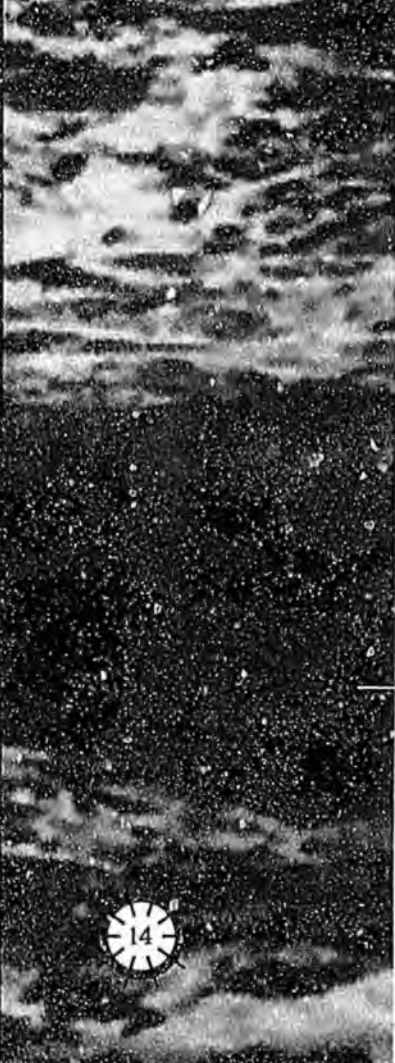
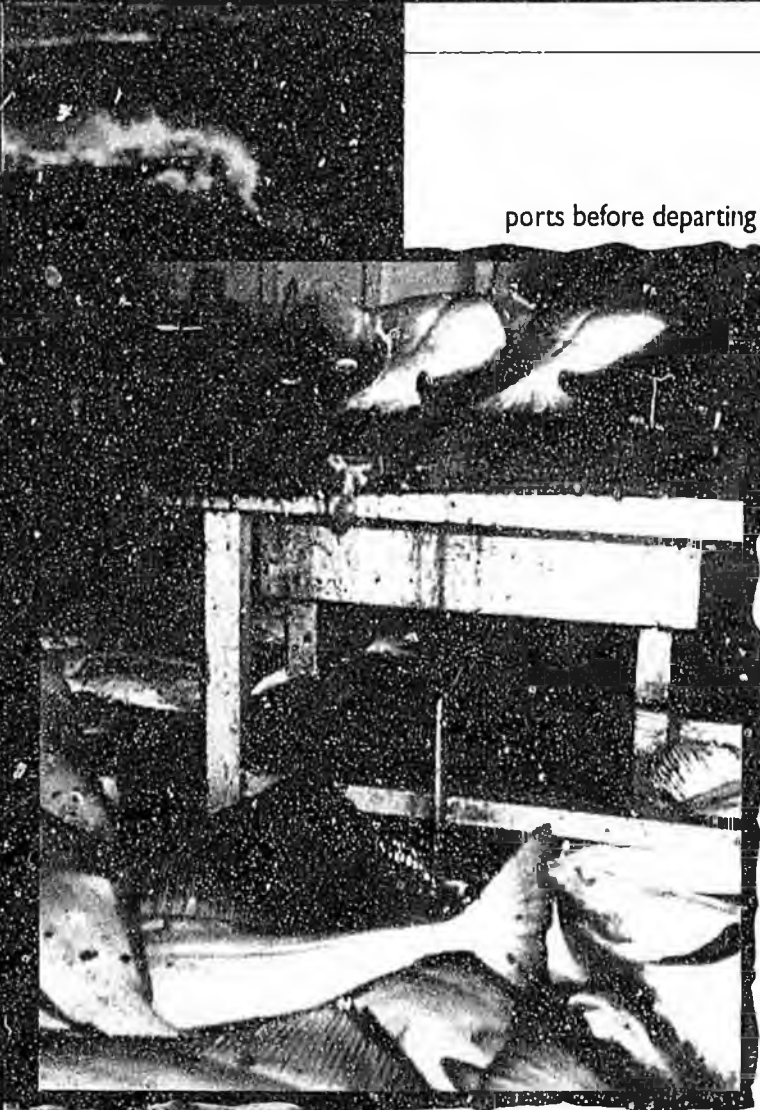
days to file a written appeal. In your appeal you must spell out in detail why you believe the NMFS decision was in error, and what additional documents - such as skipper's logs or affidavits from crew - you can provide as further evidence.

Your appeal will be reviewed by a NMFS appellate officer within the RAM Division. The officer may grant your appeal, deny it, or order an administrative hearing. Ultimately, the appellate officer will prepare a written decision which will be sent to you.

If your appeal is still denied and you wish to appeal further, you have 45 days to file an appeal to the NMFS Regional Director. The Regional Director may also order a review of the appellate officer's decision, if he feels there are reasons to do so. After his review the Regional Director may uphold the decision, reverse it, modify it, or ask the appellate officer to consider the case once more. If after all this you are still in disagreement with the decision, you may appeal to the Federal District Court.

One important way in which the IFQ program is different from the State of Alaska's Limited Entry program, is that no "interim quota share" will be issued while disputes are being settled through the appeals process. If you feel that you are due 20,000 lbs. of quota shares and the NMFS/RAM Division agrees with a lesser amount, and issues you 15,000 lbs., you may harvest only the IFQ amount based on a 15,000 lbs. quota share, until the remaining 5,000 lbs. dispute is resolved.

The system has been set up to provide ample opportunities for everyone



ports before departing waters in or adjacent to the State of Alaska. For vessels obtaining clearance at a port in Washington or another state, the vessel must report to NMFS, Alaska Region, the estimated weight of the IFQ halibut and/or IFQ sablefish onboard and the intended date, time and location of delivery. Such reports must be submitted to NMFS, Alaska Region, prior to departing waters in or adjacent to the State of Alaska, and in the manner prescribed by the registered buyer permit.

All fish harvested under the IFQ program must be sold to a registered buyer. This helps to track how much fish is caught and where it's going. You may bring your catch to port and sell it dockside to the public if **you** hold a buyer's permit, and follow all the reporting rules.

— REACHING THE LIMITS —

While setting catch limits is easy to do on paper, it's more realistic to acknowledge that you might aim for your IFQ limit and yet come up a little bit short or a little bit over. If you take too much, this is called **overage**, and a downward adjustment will be made in the following year to your IFQ amount. **It is your responsibility to avoid overages greater than 5% of your IFQ amount.** Beyond that, you will have committed a violation and invited the attention of the enforcement authorities. A harvested amount under the IFQ limit, called an **underage**, is not reallocated in subsequent years.

IFQS UNDERWAY

We've looked at the conditions which have been built into the IFQ program to ensure that in the future the fleet remains similar to what it is today. These ideas - the ownership caps, the harvest limits for vessels, the proposed block restrictions - have all come from looking at previous IFQ programs and learning from their experiences.

The Tlingit and Haida people of Southeast Alaska evolved a culture which let different clans own the fishing rights to particular streams or rivers. They defused the "tragedy of the commons" by this system of ownership. Claims to streams or particular localities on a river were widely recognized and respected. Protection of the resource was a high priority. If they caught too many fish, or abused the stream itself - they might starve.

We've come a long way from the days when our fish resources were harvested only for subsistence. Our methods for catching fish are now highly efficient and make use of 20th century technology. But as we've learned in so many ways over the last few decades, technological advances must be tempered with a real concern for the resource. The IFQ program does this. It taps the wisdom of an earlier people. Hard work, flexibility and cooperation are essential to make this program successful. We're confident that we can work together with fishermen and women to make this a reality.

to be heard and to present their case. The many steps in the process are necessary to make sure that fishing privileges are extended to those who deserve them and that every applicant receives "due process".

USE AND ISSUANCE OF IFQS

The plan is for skippers to be pulling away from the docks by next spring, with IFQ cards hanging in the wheelhouse. These cards will be issued early in 1995. As we've mentioned, the application process has already been set in motion, and in the following months applications will be examined, appeals determined, quota shares issued and transferred, 1995 TACs established, and finally, IFQ cards issued.

These cards will identify the person holding the permit and the assigned vessel and area category. They will be much like a credit card. We'll call them debit-cards. When you make a delivery, you will give this card to a representative of the registered buyer and (s)he will pass it through a machine similar to one used with credit cards. The poundage delivered will be entered and a receipt printed with the date and the pounds landed. Just like a credit card, if you have more quota share left, you will be advised of your "credit balance", or the remaining poundage which you may harvest.

BYCATCH, LANDINGS AND DELIVERIES

Enforcement of fisheries regulations is by its nature expensive and difficult.

The IFQ program will give you as fishermen a very personal stake in the health of the resource. If the sablefish stocks go down sharply, your IFQ will drop just as sharply, because the total allowable catch, or TAC, will have to fall.

Some rules have been added to help you fish clearly. Pacific cod and rockfish must be kept on board if they are taken as bycatch while fishing under the IFQ program, since they are not likely to survive if thrown overboard. As long as you have not harvested your IFQ amount, you cannot discard any legal-size halibut or sablefish. This practice of high-grading catch is wasteful, and in the long run is not in your best interest.

Any activity which will ultimately harm the resource will degrade the value of your quota share and jeopardize future fisheries.

Some aspects of the hailing and landing requirements may be adjusted in the future. At present, landings may be made at **any** port. There has been some controversy and confusion over this, so it bears repeating; landings may be made at **any** port. The Secretary has designated 16 Alaskan towns and Bellingham, Washington, as **primary ports**. There may be a NMFS enforcement officer at each of these 17 ports to record IFQ landings. You must call in over the radio at least six hours before making port, and give an estimated time of arrival as well as estimated poundage aboard.

If you wish to deliver in a town which is not a primary port, you must still radio in six hours ahead of time, but you would then be free to deliver. Spot checks may take place in non-primary ports. For vessels leaving Alaska with IFQ product on board, clearance must be obtained at one of the primary

Estimated Quota Share Pools

Species	Regulatory Areas							
	2C	3A	3B	4A	4B	4C	4D	4E
Halibut	57,575,000	175,411,000	50,180,000	13,107,000	8,262,000	3,743,000	4,258,000	165,000
Sablefish	East Yakutat	West Yakutat	Central Gulf of Alaska	Western Gulf	Aleutian Islands	Bering Sea		
	59,944,000	48,039,000	100,932,000	31,299,000	27,997,000	14,742,000		

These are preliminary estimates devised by Council staff. It is expected that the actual Quota Share Pool will likely be less, depending upon the number of applicants.

This publication is intended to provide a simplified explanation of the Individual Fishing Quota program as adopted by the Secretary of Commerce. Although it has been carefully reviewed for accuracy it is not intended to be a legal guide to the program. Those seeking legal guidance should consult the Federal Register, Vol. 58, pg. 59375, published on November 9, 1993.

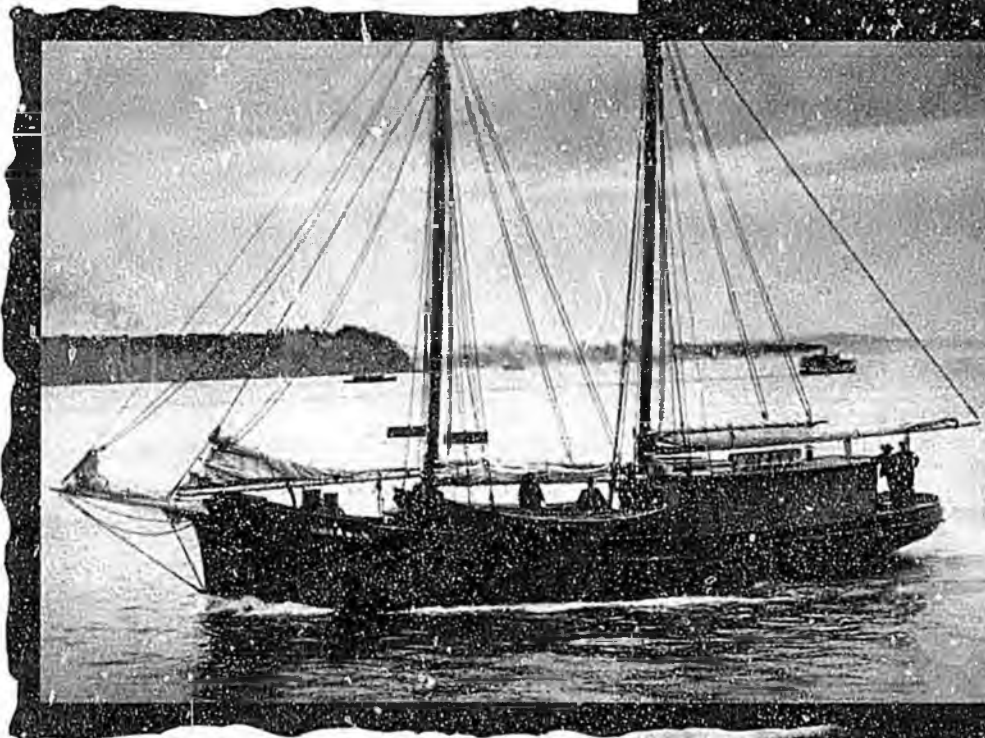
*For more information call or write the
National Marine Fisheries Service
(Restricted Access Management Division)*

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International Pacific Halibut Commission.*

**U.S. Department of Commerce
National Oceanic and
Atmospheric Administration
Alaska Region - National Marine
Fisheries Service
Restricted Access Management
Division**

**PO Box 21668
Juneau, Alaska 99802**

**1-800-304-4846
or 586-7202**



ACRONYMS AND ABBREVIATIONS TO KNOW

CDQ	Community Development Quota
Council	North Pacific Fishery Management Council
EIS	Environmental Impact Statement
EEZ	Exclusive Economic Zone
IFQ	Individual Fishing Quota
IPHC	International Pacific Halibut Commission
ITQ	Individual Transferable Quota
IVQ	Individual Vessel Quota
LOA	Length overall
MFCMA	Magnuson Fishery Conservation and Management Act
NMFS	National Marine Fisheries Service
QS	Quota share
QSP	Quota share pool
RAM	Restricted Access Management
SEIS	Supplemental EIS
TAC	Total allowable catch

TIMELINE

- * **Late 1970's** - Council discusses limited entry options
- * **1983** - Council recommends a moratorium on entry into the halibut fisheries
- * **Mid-1980's** - Council considers limited entry for sablefish fisheries
- * **1985** - Council asks industry to suggest management alternatives to open access
- * **1987** - Council adopts a Statement of Commitment to "develop strategies for license limitation or the use of individual transferable quotas in the sablefish fixed gear fishery"
- * **Early 1988** - Workshops are held to get industry and public input, in order to further develop feasible options to the derby fisheries
- * **Mid-1988** - Council directs staff to develop five management options for the sablefish fixed gear fishery; 1) continued open access without modification, 2) modified open access, 3) IFQs, 4) license limitation, and 5) a combined license/quota/open access system
- * **December 1988** - Council declares status quo unacceptable. Wants to look further into IFQs and license limitation
- * **November 1989** - Council analyzes four options for future management of the sablefish fisheries off Alaska; 1) continued open access, 2) license limitation, 3) IFQs, and 4) a combination system called annual fishing allotments
- * **April 1990** - Council weighs IFQs against open access management
- * **May 1991** - The revised supplement to the Supplemental EIS for sablefish fishery management is released for public review. Also, an EIS is in preparation to look at IFQs for the halibut fisheries
- * **September 1991** - Council provisionally recommends IFQs for **both** halibut and sablefish fisheries
- * **Late 1991** - Draft Implementation Plan made available for review. A public hearing is held
- * **December 8th, 1991** - Council recommends IFQ alternative for the halibut and sablefish fixed gear fisheries
- * **January 1992** - Council calls for more study of potential effects of the IFQ plan
- * **March 1992** - Supplemental analysis made available to the public
- * **May 15th, 1992** - A 45 day public comment period announced
- * **December 3rd, 1992** - Proposed rule is published. Subsequently receive 92 letters of comment
- * **January 29th, 1993** - Secretary of Commerce approves the recommended IFQ program
- * **November 9th, 1993** - Final rule is published in the Federal Register, Vol. 58, pg. 59375
- * **January 17th, 1994** - Six month application period for initial quota share allocation opens



LEADERSHIP DEVELOPMENT NEEDS
DATE 4/21/73

NAME: [Name]
ADDRESS: [Address]
CITY: [City] STATE: [State] ZIP: [Zip]

TELEPHONE: [Phone]
FAX: [Fax]

DATE: [Date]

BY: [Name]

FOR: [Name]

REASON: [Reason]

DATE: [Date]

BY: [Name]

FOR: [Name]

REASON: [Reason]

DATE: [Date]

BY: [Name]

FOR: [Name]

REASON: [Reason]

DATE: [Date]

BY: [Name]

FOR: [Name]



HOUSE RESOURCES COMMITTEE

DATE: 1/21/94

PLACE: Capitol, Room 124

SUBJECT OF MEETING:
Briefing by Phil Smith
SB 132

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
GREG WINGGAR	DEPT. COMMERCE & ECON. DEV.	P.O. Box 34159 JUNEAU,	99801	465-2625	465-2510	(Y) N	SB 132
Linda Belinkem	Alaska Longline Fishermen's Assoc	403 Lincoln St 237	99835	747-3400	747-3400	(Y) N	SB 132
Dan FAWCETT	w/ "A"	Box 6083 SITKA	99835	747-1307	"	Y (N)	SB 132
Phil Smith	National Marine Fisheries Service	Box 21668 Juneau 99802		586-7344 →		(Y) N	"
Geron Breen	ADF+G	Bt 25526 JUN 99802		465-6143 586-2149	465-6143	Y (N)	SB 132
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	