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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HJR 50

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

Expenditures/Revenues

(Thousands of Dollars)

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

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

(Thousands of Dollars)

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

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Cheryl Sutton, House Fisheries Committee Aide
 Division: Legislative / House Special Committee on Fisheries
 Approved by Commissioner: Caul E. Moses
 Agency: House of Representatives

Phone: 465-6848
 Date: February 2, 1994
 Date: February 2, 1994

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Alaska State Legislature

Representative Carl E. Moses

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SESSION:
CAPITAL BUILDING, ROOM 100
JUNEAU, ALASKA 99801-1
PHONE: (907) 465-4451
FAX: (907) 465-3445

INTERIM
716 W. 4TH AVE. #630
ANCHORAGE, AK 99501-2133
PHONE: (907) 258-8167
FAX: (907) 258-8468

MEMORANDUM

TO: George Utermohle
Division of Legal Services

FROM: Representative Carl E. Moses

DATE: January 13, 1994

I have attached a copy of a City of Unalaska resolution relative to the Comprehensive Rationalization Plan of the North Pacific Fisheries Management Council.

I would appreciate your drafting a resolution for my sponsorship that reflects the language contained in this resolution.

Cheryl Sutton (6848) will be my staff contact for this.

WORK ORDER REQUEST FORM

W.O. [18] LS-1529

KEYWORDS: FISH/GAME, FISHERIES

ASSIGNED: Utermohle

REQUEST FOR: Resolution

TAKEN BY: Utermohle

SUBJECT: North Pacific Fisheries Council - Rationalization Plan

REQUESTED FOR: REP MOSES

BY: Cheryl Sutton

PHONE: 465-6848

DELIVER TO: Rep. Moses, Attn: Cheryl, Cap 204

INSTRUCTIONS: Prepare SJR relating to the North Pacific Fisheries Management Council Comprehensive Rationalization Plan. See attached.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED []
AUTHORIZED TO CONFER WITH _____

RETURN _____

_____ TO REQUESTOR

APPROVED: X DIRECTOR, LEGAL SERVICES

REVIEWED _____

IN 01/13/94 DUE _____

TYPED: Draft _____ Date _____

Final _____ Date _____

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS to TYPING/PROOFING

Request for DRAFT

8-LS1529A ✓
Utermohle
1/14/94

HOUSE JOINT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MOSES

Introduced:
Referred:

A RESOLUTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Alaska State Legislature
Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL COMMITTEE FISHERIES

MEMBER FINANCE SUBCOMMITTEES ON:
DEPT. OF FISH AND GAME
DEPT. OF PUBLIC SAFETY



SESSION:
CAPITAL BUILDING, ROOM 104
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
FAX: (907) 455-3445

INTERIM
718 W. 4TH AVE. #630
ANCHORAGE, AK 99501-2133
PHONE: (907) 258-8167
FAX: (907) 258-8468

January 20, 1994

Mr. Frank V. Kelty, Mayor
City of Unalaska
P. O. Box 89
Unalaska, AK 99685

Dear Mayor Kelty:

I have introduced a resolution modeled after the City of Unalaska's resolution on the Comprehensive Rationalization Plan. I have enclosed a copy.

The resolution has two committee referrals on the House side -- the House Special Committee on Fisheries and House Resources. As chair of the House Special Committee on Fisheries, I have scheduled this resolution for a hearing on Wednesday, January 26.

At this time there is a slight chance that I may have a scheduling conflict and may have to reschedule this hearing. I will keep you informed on the progress on the resolution.

Sincerely,

A handwritten signature in cursive script that reads "Carl E. Moses".

Representative Carl E. Moses
Chair
House Special Committee on Fisheries

Enclosure

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 93-115

A RESOLUTION OF THE UNALASKA CITY COUNCIL URGING THE NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL TO CONSIDER THE CONTINUED PARTICIPATION OF THE SHOREBASED PROCESSORS IN THE COMPREHENSIVE RATIONALIZATION PLAN.

WHEREAS, the shorebased seafood processing industry contributes jobs, taxes, stability to the Alaska economy; and

WHEREAS, according to the State of Alaska Departments of Commerce, Labor, and Revenue and the Alaska Seafood Marketing Institute, in 1992 the Alaska seafood processing industry harvested more than 5.5 billion pounds of fish, processed this fish in more than 500 large and small Alaska seafood processors registered with the state, paid fish harvesters \$1.4 billion, provided a total shorebased payroll exceeding 35,000 Alaskan jobs, spent \$280 million to support its activities, paid over \$60 million in taxes and cash benefits to the state and Alaska's coastal communities, paid \$10 million for salmon enhancement, paid \$700,000 in fisheries related and marine mammal research and \$3.2 million for marketing Alaska's seafood domestically, invested \$1 billion in shoreside plants, paid \$11 million to local governments in municipalities fish taxes, and paid over \$3 million in local real and property taxes; and

WHEREAS, in Unalaska, Western Alaska, the Aleutians and Kodiak, Alaska's shorebased processors pay over \$400 million annually to harvesters; process 1.25 billion pounds of crab, groundfish, salmon, herring, and halibut; employ over 13,000 people; pay over \$90 million in annual payroll; purchase \$45 million in goods, services, and utilities; pay over \$7 million in local raw fish taxes; and in 1992 paid over \$900,000 in grants to non-profit organizations; and

WHEREAS, the North Pacific Fisheries Management Council (NPFMC) is considering the adoption of individual fishery quotas (IFQ) as a management scheme for the groundfish and crab fishery; and

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

WHEREAS, the IFQ system provides no incentives or requirements for fish harvesters and boat owners to sell their catch to onshore processors and creates incentives to deliver and to sell to offshore motherships and factory trawlers; and

WHEREAS, that result would greatly reduce the groundfish and crab sold to shorebased processors; and

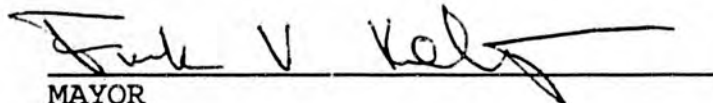
CITY OF UNALASKA
RESOLUTION NO. 93-115
PAGE TWO

WHEREAS, the shutdown or reduction in shorebased processing operations will greatly reduce the contribution made to state and local taxes and the economy by shorebased processors and, thus, severely and adversely impact the jobs, taxes, social and economic stability of coastal communities in Alaska; and

WHEREAS, the current open access fishing regime coupled with an onshore allocation of a percentage of the groundfish and crab to the shorebased processors was contained in the 1992 groundfish plan of the NPFMC and did allow the continuation of the shorebased processors' participation in the fishery and contribution they make to the jobs, taxes, social and economic stability of Alaska's coastal communities.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council urges the North Pacific Fisheries Management Council to incorporate fairness, equal rights of access, and equity to the current participants in the groundfish and crab fishery in the management plan it is now considering in order to ensure the continued participation of the shorebased processors in these fisheries and the benefits they bring to Alaska's coastal communities and the State of Alaska.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14 DAY OF December, 1993.


MAYOR

ATTEST:


CITY CLERK

CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99685
(907) 581-1251
FAX (907) 581-1417



December 21, 1993

Representative Carl Moses
Room 204
State Capitol
Juneau, Alaska 99801

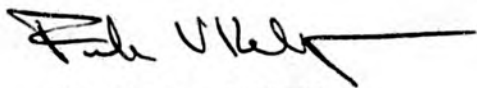
Dear Representative Moses,

Enclosed please find a copy of City of Unalaska Resolution No. 93-115 which urges the North Pacific Fisheries Management Council to consider the continued participation of the shorebased processors in the comprehensive rationalization plan. Similar resolutions have also been passed by the Alaska Municipal League and the Alaska Conference of Mayors.

This issue is a very important one to the community of Unalaska and we would request that a similar resolution be introduced at this upcoming session.

Thank you for your assistance.

Sincerely,



FRANK V. KELTY
Mayor

/dkm

enclosure

CARL-
WOULD YOU LIKE TO
HAVE A RESOLUTION
DRAFTED?

Green





ALASKA CRAB COALITION

*Cancel -
I'll file this
with the HJR 50
file (please
return to me
after reading)*

*CS: ✓
CM: ✓*

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

February 14, 1994

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

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

Dear Representative Williams:

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

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

DESCRIPTION OF THE BERING SEA CRAB FISHERIES:

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

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

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

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

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

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

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

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

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

POLICY CLARIFICATIONS ON COMPREHENSIVE RATIONALIZATION:

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

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

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

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

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

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

Sincerely,



Arni Thomson, Executive Director
Alaska Crab Coalition

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

Alaska State Legislature

Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL COMMITTEE FISHERIES

MEMBER FINANCE SUBCOMMITTEES ON:
DEPT. OF FISH AND GAME
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SESSION:
CAPITAL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
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INTERIM
716 W. 4TH AVE. #630
ANCHORAGE, AK 99501-2133
PHONE: (907) 258-8167
FAX: (907) 258-8468

TESTIMONY TO THE SENATE JUDICIARY COMMITTEE April 15, 1994

HJR 50 - North Pacific Fishery Management Council Comprehensive Rationalization Plan

Good afternoon, Mr. Chairman, and members of the Senate Judiciary Committee. I am Cheryl Sutton, aide to the House Fisheries Committee and Representative Moses. I will be testifying on behalf of HJR 50 today. Thank you for hearing this resolution.

HJR 50 reaffirms the importance of the shorebased processing industry to Alaska and asks the North Pacific Fishery Management Council to incorporate fairness, equal rights of access, and equity to this sector of the commercial fishing industry as it considers its current comprehensive rationalization plan.

I have distributed copies of two documents to you today. The first is the Executive Summary from a report entitled, "The Economic Impact of the Shoreside Processing Industry Upon Alaska During 1992." This report was prepared by Pacific Associates in conjunction with Capitol Associates. The report quantifies the economic impact of the shoreside seafood industry during 1992 upon Alaska, its communities and regions. Additionally, it substantiates the assertions of HJR 50.

The seafood industry is Alaska's largest private sector employer: more than 35,000 are employed in the harvesting and processing sectors of the

ADAK • AKUTAN • AMCHITKA • ATKA • ATTU • BELKOFSKI • CHERNOFSKI • CHIGNIK • CHIGNIK LAGOON • CHIGNIK LAKE
COLD BAY • DUTCH HARBOR • EGEGIK • EKWOK • FALSE PASS • IVANOF BAY • KING COVE • KING SALMON • KOLIGANEK • LEVELOCK • NAKNEK
NELSON LAGOON • NEW STUYAHOK • NIKOLSKI • PEDRO BAY • PERRYVILLE • PILOT POINT • PORT HEIDEN • PORT MOLLER • SAND POINT
SHEMYA • SQUAW HARBOR • SOUTH NAKNEK • ST. GEORGE ISLAND • ST. PAUL ISLAND • UGASHIK • UNALASKA • UNGA

industry. In some coastal regions of Alaska, the seafood industry generates nearly all economic activity.

The shoreside processing sector of the industry is composed of over 550 facilities. In order to acquire accurate information on this component of the seafood industry, the Pacific Seafood Processors Association provided detailed, confidential information from its members who identified in-state and local spending by plant location in Alaska. Municipal and borough governments, and various state and federal agencies also provided information.

In 1992, over \$64 million in goods and services were purchased directly by the shoreside processing sector in Alaska communities from local vendors and municipalities. This includes \$32 million for consumables, \$22 million for services, and \$10 million for water, sewer, and utilities.

In addition, the shoreside processing sector also paid over \$57 million in state and local raw fish taxes for their purchases of fish and shellfish. Of this amount, approximately \$36.5 million was paid directly to the communities and regions served by the shoreside processing sector; one-half of the state raw fish tax (\$21 million) and all of the local raw fish tax (\$15.5 million).

The total economic impact of the industry upon Alaska communities during 1992 was nearly \$4 billion. These are not economic contributions to be ignored.

The second document I have provided is a copy of the January issue of the North Pacific Fishery Management Council newsletter which addresses the comprehensive rationalization plan under consideration by the Council.

HJR 50 first expresses the economic and social value of the shorebased processing industry and then requests the North Pacific Fishery Management Council to equitably consider this sector of the seafood industry when allocating groundfish and crab under any comprehensive rationalization scheme it considers.

Representative Moses thanks you for hearing HJR 50 and respectfully requests your support and passage from committee. I would be glad to answer any questions you may have. Thank you.

SCRIPT

Testimony to House Resources Committee
February 9, 1994

HOUSE JOINT RESOLUTION 50

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL COMPREHENSIVE RATIONALIZATION PLAN

Good morning. For the record, I am Representative Carl Moses and am the sponsor of HJR 50 which addresses the North Pacific Fisheries Management Council's Comprehensive Rationalization Plan.

HJR 50 reaffirms the importance of the shore-based processing industry to Alaska and asks the North Pacific Fisheries Management Council to incorporate fairness, equal rights of access and equity to this sector of the commercial fishing industry as it considers its current comprehensive rationalization plan.

Rick Lauber from the Pacific Seafood Processors Association will update this committee on the recent actions of the Council. While they have changed directions slightly, this resolution is still pertinent and timely.

The investment of the shore-based processing industry in Alaska is substantial. Yearly contributions to the state through taxes, payrolls, goods and services, utilities and payments to fishermen add social and economic stability not just to coastal communities, but all of Alaska.

The Alaska shore-based processing industry must be considered equitably in any actions pursued by the North Pacific Fisheries Management Council and HJR 50 simply asks for this to be done.

IFQs - GROUND FISH AND CRAB

SPECIES FOR INCLUSION

- Option A:** All species under Council jurisdiction, including PSCs, excluding demersal shelf rockfish.
- Option B:** Under Option A, a percentage (either 45% or historical split) of BSAI Pacific cod would be set aside for a fixed gear License Limitation program.

AREAS

IFQs for all species and PSCs will be awarded based on current management areas.

CRITERIA FOR INITIAL QS QUALIFICATION

Initial QS will be awarded to vessel owners as of the date of final Council action, based on the catch history of their vessel(s). In addition, the Council is considering the following:

Suboption: For GOA fixed gear fisheries, allocate initial QS to owner at time of landing.

The Council also is considering the following recent participation requirement for QS qualification:

Vessel must have fished in three-year period before June 24, 1992 and/or 3-year period before date of final Council action. If vessel is lost during this period, owner at time of loss is still eligible.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating QS to current vessel owners, the Council may make initial allocations to CDQs as shown below:

- Option A:** No allocations to CDQs.
- Option B:** Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species; but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

IFQs - GROUNDFISH AND CRAB

SKIPPER CONSIDERATIONS

The Council is also considering the following options for including skippers in the IFQ program.

Option A: No allocations to skippers.

Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' skippers (based on landings attributable to each skipper, or based on time spent in a given fishery).

Suboption A: For the purposes of initial allocations, a 'bonafide skipper' is any skipper who ran a vessel and landed groundfish or crab in a relevant fishery.

Suboption B: QS allocated under Option B shall form a separate QS pool. Subsequent transfers of QS in this pool shall be restricted to 'bona fide skippers.' For the purposes of subsequent transfers, a 'bona fide skipper' is any individual who received an initial skipper pool QS allocation or any individual who meets an industry approved 'professionalization qualification scheme.' (The intent is to provide for an entry-level access mechanism and to promote safety through professionalization. The qualifications cannot be overly restricting so as to create a closed class.)

PROCESSOR CONSIDERATIONS

The following options are being considered relevant to processors:

Option A: Assign separate processor QS (2-pie system). See separate description for elements of this program.

Option B: Require a minimum percentage of harvest IFQs to be delivered shoreside (% will be based on last two years' average for each species for BSAI & GOA separately).

Option C: Direct allocation of harvesting QS to catcher boats, catcher-processors and shorebased processors (1-pie system).

Note: The analysis will include the impacts of providing no protection to onshore processors.

IFQs - GROUND FISH AND CRAB

INITIAL QS CALCULATION

The following primary options are being considered for calculating QS of qualified recipients (all options will be analyzed on the basis of retained (when available) and reported catch):

Option A: QS based on catch of vessel from 1976 to either June 24, 1992 or date of final Council action (pre-1984 JV catch assigned based on average by fishery, by year, for vessels which participated).

For Option A, the following suboptions are being considered for weighting factors:

Suboption A: No weighting by sector.

Suboption B: Weight DAP 3.5:1 JV.

Suboption C: Weight DAP 2:1 JV.

Suboption D: For JV before 1986 and for DAP before 1989, weight at 2:1.

Option B: QS based on catch of vessel from date of full DAP (by species) to either June 24, 1992 or date of final Council action.

Option C: QS based on catch of vessel from 1993 only.

Option D: Analyze QS based on catch for 1990-91-92.

Option E:

- (1) To qualify, vessel must have fished in 1991, 1992, or 1993.
- (2) Owner chooses best year from 1991, 1992, or 1993 as base for QS calculation (BSAI and GOA separately.)
- (3) QS credit then weighted based on length of involvement of vessel in each fishery since 1983. Base QS would be multiplied by length of involvement to determine total QS credit.

Suboption: The length of the involvement period multiplier may be further modified for the BSAI longline cod fishery to account for the relatively recent opening of that fishery. (Using 1983 as the base, each year in the fishery may be multiplied by 1.0, 1.5, or 2.0.)

In addition to the options shown above, the Council is considering the following possible alternatives which are specific to Pacific cod in the BSAI. If either of the options below is chosen, the calculation alternatives shown above would still apply for the remaining fisheries.

Option A: Allocate Pacific cod QS at 45% for fixed gear recipients/55% for trawl gear.

Option B: Allocate Pacific cod QS by gear types based on historical split. We will examine: (1) back to 1976, (2) back to date of full DAP for Pacific cod, and (3) 1993 only to determine historical split.

Unless otherwise directed, same initial QS calculation options apply to divide QS among participants in each sector.

IFQs - GROUNDFISH AND CRAB

TARGET/BYCATCH CALCULATIONS

For the QS calculation alternatives described above, the following species will be considered target species:

BSAI
pollock
Pacific cod
Atka mackerel
yellowfin sole
other flatfish
rockfish
squid (fixed gear only)
rocksole
turbot

GOA
pollock
Pacific cod
deepwater flats
shallow water flats
Atka mackerel
rockfish

Whichever option is chosen, QS amounts for each species will be calculated based on catch, then adjusted based on average bycatch rates (or industry-derived bycatch rates) to achieve initial 'bundles' of target/bycatch species and PSC species. The Council has discussed the issue of basing QS calculations on retained, as opposed to reported, catch. As noted earlier, options will be analyzed on the basis of retained, when available, and reported catch.

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A: No restrictions.
- Option B: Two year restriction on sales only (could lease).
- Option C: For groundfish only, non-transferable between fixed and mobile gear categories.
- Option D: For crab fisheries only, non-transferable across catcher vs. catcher/processor categories.
- Option E: IFQs will not be tied to a particular gear type after initial issuance.
- NOTE: Normal legal gear regulations will still apply, i.e., unless the Council changes its regulations, trawl gear could not be used to harvest crab.*
- Option F: Restriction on QS transfers between inshore and offshore sectors. Range (of duration) for analysis to include 5 years, 10 years, and no transfers. This applies to both groundfish and crab.

With regard to PSC QS/IFQ, 3 options are being considered:

- Option A: PSC QS/IFQ are tied to initial bundles and are not transferable.
- Option B: PSC QS/IFQ are tied to initial bundles and must be transferred with bundles.
- Option C: PSC QS/IFQ are transferable separately from the initial bundles.

LICENSE SYSTEM FOR GROUNDFISH**NATURE OF LICENSES**

A groundfish license system would not apply to longline sablefish, halibut, or demersal shelf rockfish.

Alternatives include:

- Option A:** A single groundfish license applying to all species/areas.
- Option B:** Licenses for each species.
- Option C:** General license with endorsements for each species/area.

Suboption A: separable endorsements

Suboption B: non-separable endorsements

In addition to the options above, the Council is considering the following suboptions:

Suboption A: Separate licenses for catcher and catcher/processor operations.

Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.

Suboption C: Licenses would be designated inshore or offshore based on 1993 activity.

Additionally, the Council is considering the following option, which is related to the IFQ alternatives described separately:

Licenses for BSAI Pacific cod fixed gear fishery only; would apply to 45% (or historical split) of the TAC set aside for fixed gear.

WHO WILL RECEIVE LICENSES

Alternatives include:

- Option A:** Current vessel owner is defined as date of final Council action and must be a U.S. citizen pursuant to Title 46.

Suboption A: Vessel owners at the time of landings.

Suboption B: Permit holders.

These two suboptions are only relevant if license is not attached to vessel.

Additionally, the Council is considering the two-tier skipper license program. (Under this option, at least one skipper license holder must be onboard the vessel when fishing.)

LICENSE SYSTEM FOR GROUND FISH

CRITERIA FOR ELIGIBILITY

Alternatives include issuing a license to any vessel (or person) who made landings between:

Option A: January 1, 1978 and December 31, 1993.

Option B: January 1, 1990 and December 31, 1993.

Option C: Vessel must have fished in the three-year period before June 24, 1992 and/or the three-year period before the date of final Council action. If a vessel is lost during this period, owner at time of loss is still eligible.

In addition to the options above, the Council is considering the following:

Suboption: Must have made at least 2 landings (per area/species combination) or made total groundfish landings of 5,000, 10,000, or 20,000 pounds (3 options) in any one year. (In addition to #1 or #2 above).

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

Option A: Licenses could be transferred (sold or leased) only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S.-owned corporations.

Option B: Vessels must be transferred with license.

Option C: License may be transferred without vessel (can apply to "new" vessel).

Suboption A: Non-transferable across size categories identified above (Nature of Licenses).

Suboption B: Licenses may be combined in a manner similar to that described in the Pacific whiting fishery.

Methods for effective license caps will also be examined.

BUYBACK PROGRAM (OPTIONAL)

An industry funded buyback program, using funds collected through a fee assessment of exvessel of groundfish, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

LICENSE SYSTEM FOR GROUND FISH

COMMUNITY DEVELOPMENT QUOTA

Option A: ~~No~~ allocations.

Option B: ~~CDQs~~ ~~of up to 15%~~ of up to 15% (range of 0% to 15%) of any or all groundfish TACs, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

Option C: Would grant CDQs in the form of additional non-transferable licenses (3%, 7.5%, 10% and 15% of initial licenses).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

NATURE OF LICENSES

Alternatives include:

- Option A:** A single crab license applying to all species/areas.
- Option B:** A separate license for each species.
- Option C:** Separate licenses (permits) for each species and each area.
- Option D:** A general license with endorsements.

The following two suboptions (to be applied to the above) are being considered:

- Suboption A:** Separate licenses for catcher and catcher/processor operations.
- Suboption B:** Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.
(These can be matched with pot limits.)

WHO WILL RECEIVE LICENSES

Current vessel owners as of Council final action. ("Persons" are defined as in Title 46.)

- Suboption:** Permit holders: Each permit holder not receiving a permit, could receive a fractional share of a license. Only full shares may be fished, and these must be utilized on a "moratorium qualified vessel."

Additionally, the Council is considering the two-tier skipper license program. (Under this option, at least one skipper license holder must be onboard the vessel when fishing.)

CRITERIA FOR ELIGIBILITY

A vessel must have made landings between:

- Option A:** January 1, 1978 and December 31, 1993.
- Option B:** June 28, 1989 and June 27, 1992. (This corresponds to the existing fall/winter crab seasons in the BSAI, and includes the 1989/90, 1990/91 and 1991/92 registration years.) A vessel (person) must have made at least 1 landing in the red and blue king crab fisheries, (3 landings in each of the brown king crab, *C. opilio* (snow crab) and *C. bairdi* Tanner crab) fisheries during the qualifying period.

The qualifying period for the Dutch Harbor red king crab fishery would be June 28, 1980 and June 27, 1983.

The qualifying period for the Pribilof blue king crab fishery would be June 28, 1985 and June 27, 1988.

(NOTE: a fish ticket is considered a landing. During longer seasons, Tanner or brown king crab catcher processors fill out weekly fish tickets).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

Option A: Licenses could be sold only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S.-owned corporations.

Option B: Vessels must be transferred with license.

Suboption: Replacement/upgrades will be restricted as per the language in the moratorium regulations.

Option C: License may be transferred without vessel (can apply to "new" vessel).

- Suboptions:**
- (a) Non-transferable across size categories identified above.
 - (b) Transferable across size categories.
 - (c) Species/area licenses will be non-transferable.
 - (d) Transfers of vessel license may occur only within the classification of the vessel (Catcher vessel v. Catcher processors). Catcher vessel licenses may be traded to catcher vessels, catcher processor licenses to catcher-processors, catcher processor licenses to catcher vessels (as a catcher vessel only), but not catcher vessel licenses to catcher processors for catching and processing.
 - (e) Replacements/upgrades will be restricted as per the language in the moratorium regulations.

POT CAPS

Alternatives include:

Option A: No caps on the total number of pots.

Option B: Caps are established on the total number of pots.

An Individual Transferable Pot (ITP) quota is initiated, such that the number of pots equates to the existing pot limit relative to the number of vessels with licenses for each fishery. An ITP would allow stacking of pots to occur, where a person owning multiple vessels could combine pots and vessels as they wished. Effort reduction could occur in each fishery, if necessary, by reducing some percentage of the number of individual pots over time until an optimal fishery pot cap is obtained.

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

BUYBACK PROGRAM (OPTIONAL)

An industry funded buyback program, using funds collected through a fee assessment of ex-vessel of crab, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

COMMUNITY DEVELOPMENT QUOTAS

- Option A:** No allocations to CDQs.
- Option B:** Initially allocate 3%, 7.5%, 10% or 15% of the GHIL by species and CDQs may apply to any or all crab species, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with sunset provisions.
- Option C:** Would grant CDQs in the form of additional, non-transferable licenses (3%, 7.5%, 10% and 15% of initial licenses).

IFQs - GROUND FISH AND CRAB

USE/OWNERSHIP PROVISIONS

The following options are being considered relative to accounting under the IFQ program. These options will affect an operator's ability to match IFQs to catch, and also relate to the ability to manage the program effectively within the overall TACs.

Option A: Must control IFQs to cover expected catch before fishing.

Option B: Overage program as with sablefish and halibut program.

The following use/ownership provisions may also be considered by the Council:

Option A: Require a percentage of harvest IFQs to be delivered shoreside (% will be based on last 2 years' average for each species). This option was also included under 'PROCESSOR CONSIDERATIONS'.

Option B: Ownership caps would be set at .1%, 1%, 5%, 10%, or any number in that range and would apply to the BSAI and GOA separately. Same caps would apply to the skippers' quota share pool. Skippers' shares keep their identity after initial distribution. Initial allocants would be grandfathered.

GENERAL PROVISIONS

- Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.
- The U.S. ownership definitions used in the Halibut/Sablefish IFQ regulations should be used in analyzing both the initial issuance and the subsequent transfer of QS/IFQs. Would examine the implications of foreign ownership including an analysis of the Pacific Council's foreign ownership provisions.
- An analysis of the impact of various fee collection levels and mechanisms is required. This analysis will differentiate between administrative fees and rents.

PROCESSOR QUOTAS - GROUNDFISH AND CRAB

SPECIES FOR INCLUSION

Option A: All species for which IFQs are issued, except longline sablefish, halibut, demersal shelf rockfish, and PSQs.

AREAS

Processor shares/individual processor quotas (PS/IPQs) are not area specific.

CRITERIA FOR INITIAL PS QUALIFICATION

Initial PS will be awarded to current processor (shorebased or at sea) owners as of the date of final Council action, based on the processing history of their processor(s). In addition the Council is requiring that a processor must have processed groundfish/crab in the three-year period before June 24, 1992 and/or the three-year period before the date of final Council action. If processor is lost during this period, owner at time of loss is still eligible.

Option A: PS designated by inshore and offshore sectors.

Option B: PS is not designated by inshore/offshore sectors.

In addition, the Council is considering the following suboption:

Suboption: For all GOA fixed gear fisheries, allocate to processors at the time of processing.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating PS to current processor owners, the Council may make initial allocations to CDQs as shown below:

Option A: No allocations to CDQs.

Option B: Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species, but only for communities meeting CDQ eligibility requirements patterned after the current BSAI pollock CDQ program, with no sunset provision.

PROCESSOR QUOTAS - GROUND FISH AND CRAB

INITIAL PS CALCULATION

The following primary options are being considered for calculating PS of qualified recipients. Whichever option is chosen, PS amounts for each species will be calculated based on fish tickets and weekly processor reports, then adjusted based on average bycatch rates to achieve initial 'bundles' of target/bycatch.

- Option A:** PS based on activity by processor from 1984 to either June 24, 1992 or date of final Council action.
- Option B:** PS based on activity by processor from date of full DAP (by species) to either June 24, 1992 or date of final Council action.
- Option C:** Based on retained catch rather than reported catch, where data available.

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A:** No restrictions.
- Option B:** Two year restriction on sales only (could lease).
- Option C:** Non-transferable between fixed and mobile processors.
- Option D:** Transferability between inshore and offshore processors to be limited such that inshore processing is not less than the current inshore proportion of total processing ("current proportion" to be based on last two years' average processing activity by species, for BSAI and GOA separately).

PROCESSOR QUOTAS - GROUND FISH AND CRAB

USE/OWNERSHIP PROVISIONS

- Option A:** Must control IPQs to cover expected processing before activity.
- Option B:** Overage program as with sablefish and halibut program.

GENERAL PROVISIONS

- Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.
- The U.S. ownership definitions used in the Halibut/Sablefish IPQ regulations should be used in analyzing both the initial issuance and the subsequent transfer of PS/IPQs. Would examine the implications of foreign ownership including an analysis of the Pacific Council's foreign ownership provisions.
- An analysis of the impact of various fee collection levels and mechanisms is required. This analysis will differentiate between administrative fees and rents.

**NORTH PACIFIC FISHERY
MANAGEMENT COUNCIL
P.O. BOX 103136
ANCHORAGE, AK 99510**



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TESTIMONY TO SENATE RESOURCE COMMITTEE
March 25, 1994

**HJR 50 -- North Pacific Fishery Management Council Comprehensive
Rationalization Plan**

My name is Karen Brand, legislative aide to Representative Carl Moses, and will be testifying to HJR 50 today.

I apologize on behalf of Representative Moses and Cheryl Sutton, the House Fisheries Committee aide, for their absence. They are both attending the Spring Fisheries Conference in Bristol Bay. Representative Moses wanted to thank the committee for scheduling a hearing on this bill and HJR 34 today.

HJR 50 reaffirms the importance of the shorebased processing industry to Alaska and asks the North Pacific Fishery Management Council to incorporate fairness, equal rights of access, and equity to this sector of the commercial fishing industry as it considers its current comprehensive rationalization plan.

I have distributed copies of two documents to you this morning. The first is the Executive Summary from a report entitled, "The Economic Impact of the Shoreside Processing Industry Upon Alaska During 1992." This report was prepared by Pacific Associates in conjunction with Capitol Associates. The report documents the value of the shoreside processing industry and

substantiates the assertions of HJR 50.

The second document is a newsletter from the North Pacific Fisheries Management Council which addresses the comprehensive rationalization plan under consideration by the Council.

HJR 50 first expresses the economic and social value of the shorebased processing industry and then requests the North Pacific Fisheries Management Council to equitably consider this sector of the industry when allocating groundfish and crab under any comprehensive rationalization scheme it considers.

Representative Moses respectfully requests your support of HJR 50 and passage from committee. Thank you.

**THE ECONOMIC IMPACT OF THE
SHORESIDE PROCESSING INDUSTRY
UPON ALASKA DURING 1992**

prepared for the

Pacific Seafood Processors Association

by

Pacific Associates

in conjunction with

Capitol Associates

March, 1994

Executive Summary

The purpose of this report is to quantify the economic impact of the shoreside seafood industry during 1992 upon Alaska, its communities and regions. The report is organized into several chapters that address purchases of fish and shellfish (in pounds and ex-vessel value) on a statewide and regional basis, purchases of goods and services within regions, the generation of revenues to the state, local municipalities and boroughs through taxation, the economic impact of employment, and a review of the regional economic impacts of the shoreside industry.

The seafood industry is Alaska's largest private sector employer; more than 35,000 people are employed in the harvesting and processing sectors of the industry. In some coastal regions of Alaska, the seafood industry generates nearly all economic activity. The shoreside processing sector of the industry is composed of over 550 facilities. Although the bulk of the industry consists of approximately 100 plants, the huge impact of the industry in Alaska is reflected by the large number of small processing facilities; many families throughout Alaska derive a substantial portion of their livelihood from small scale, shoreside seafood processing.

This report identifies the economic impact of the direct and indirect expenditures by the shoreside seafood processing industry upon various regions within Alaska. The indirect expenditures constitute a multiplier. Since there is no commonly accepted multiplier for the seafood industry, we have used a factor of 2.5 to determine the total direct and indirect expenditures (for every \$1 spent in directed expenditures, an additional \$1.50 is generated). This seems reasonable given the conservative estimates of direct expenditures and the very substantial impact the industry has on coastal Alaska.¹

The expenditures identified in this report were generated from a number of sources, including detailed, confidential information from members of the Pacific Seafood Processors Association, who identified in-state and local spending by plant location in Alaska. Municipal and borough governments, and various state and federal agencies, also provided information.

The information received from state and federal agencies on harvests and landings in Alaska conflicted at times. This was due to confidentiality provisions that restrict the type of information available to the general public. In some instances, the data generated by this report (with regard to landings) will vary from the total harvest levels of a species. In part this is due to the data, and in part it is due to the transfer of fish and shellfish outside of Alaska for processing.

¹ A 1987 report by Matthew Berman and Teresa Hull for the Institute of Social and Economic Research, University of Alaska, Anchorage, entitled The Commercial Fishing Industry in Alaska's Economy, identified a statewide multiplier of 1.73 (for every \$1 spent, an additional 73¢ is generated) for the seafood industry. The authors cautioned that this could easily be a conservative estimate based upon several variables; additionally, they reasoned that changes in the industry during the near future could generate an increase in the multiplier.

Executive Summary

The regions used in this report consist of the following:

Alaska Peninsula: Chignik and the Aleutians East Borough (minus Akutan).

Bristol Bay: The Bristol Bay region.

Bering Sea/Aleutian Islands: Unalaska/Dutch Harbor, Akutan, villages in the Aleutians west of Unalaska, and the Pribilof Islands.

Kenai/Cook Inlet/Anchorage: The Kenai Peninsula, including Seward, and Anchorage.

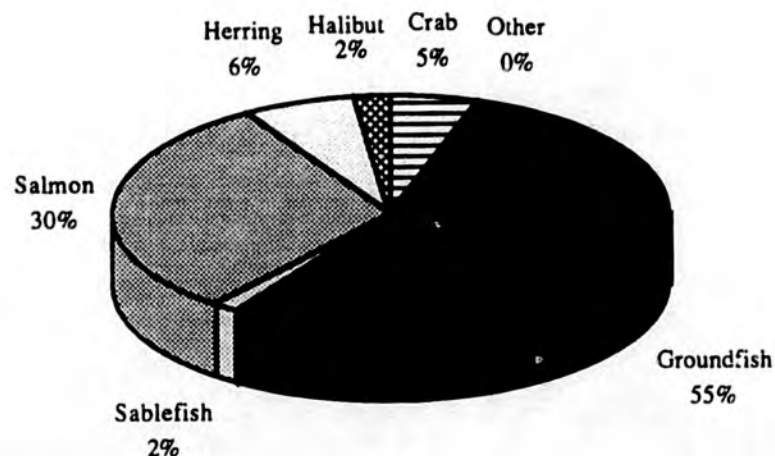
Kodiak: All communities in the Kodiak Island Borough.

Prince William Sound: Cordova, Whittier, and Valdez.

Southeast: All communities south of, and including, Yakutat.

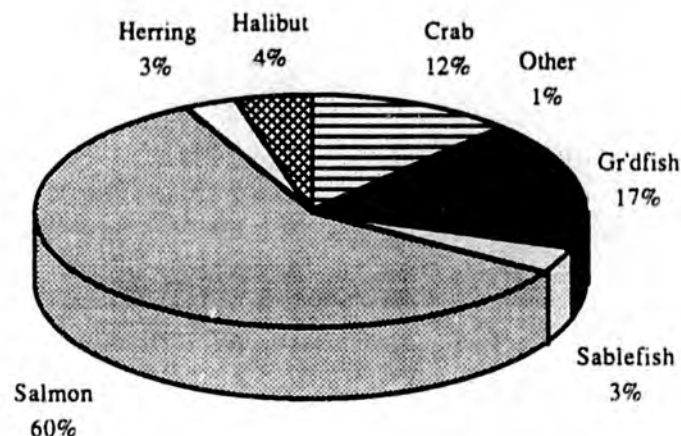
In 1992, the shoreside seafood industry processed 2.26 billion pounds of fish and shellfish in Alaska communities — an average of 6.2 million pounds per day. Each day's production by Alaska's shoreside processing sector produced enough food to feed 774,000 people.

Figure 1
Distribution of Fish & Shellfish by Major Species Category Purchased by the Shoreside Processing Industry in Alaska during 1992 (in percent of total pounds)



The ex-vessel value of the species harvested was over \$1 billion. On a quarterly basis, 15% of the value occurred during the first quarter, 34% in the second quarter, 44% in the third quarter, and 7% in the fourth quarter.

Figure 2
Distribution of Fish & Shellfish by Major Species Category Purchased by the Shoreside Processing Industry in Alaska during 1992 (in percent of total value)



The Bering Sea/Aleutians region accounted for \$215.5 million of total fish and shellfish purchases, followed by Bristol Bay with \$220.5 million, Southeast Alaska with \$165 million, the Alaska Peninsula with \$124 million, Kodiak with \$110 million, and Prince William Sound with \$56 million. (See Figure 3.)

An average of 11,233 individuals per month were directly employed by the shoreside sector in Alaska during 1992; at peak employment, over 16,000 individuals were employed in processing facilities. The total direct payroll during 1992 was \$271 million; an additional \$101 million was spent on employee fringe benefits and other related costs, bringing the total directly expended for shoreside processing employees to \$371.5 million. (See Figure 4.)

The seafood industry is the economic engine for many communities and regions within coastal Alaska. The purchase of fish and shellfish by shoreside processors sets in motion an entire economic structure that affects all ways of life in each community. In preparation for the fishing season, harvesters employ crew members and purchase goods and supplies; following the delivery of the harvest and production, the products must be transshipped to the market. Each individual employed and each dollar expended in the community, contributes to another job in the community — which, in turn, generates additional employment and expenditures within the community.

Executive Summary

Figure 3
Distribution of Fish & Shellfish Purchased by the Shoreside Processing Industry
in Alaska during 1992 by Region (in percent of total value)

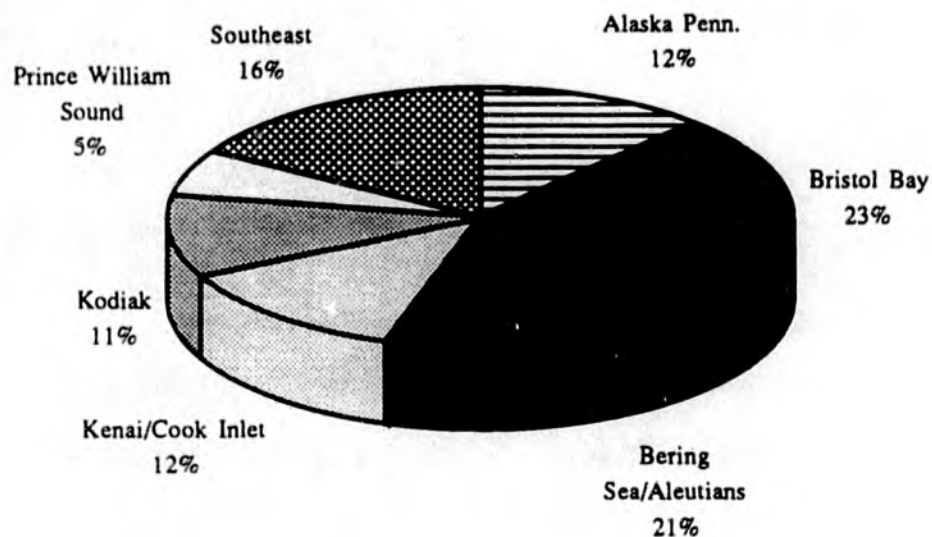
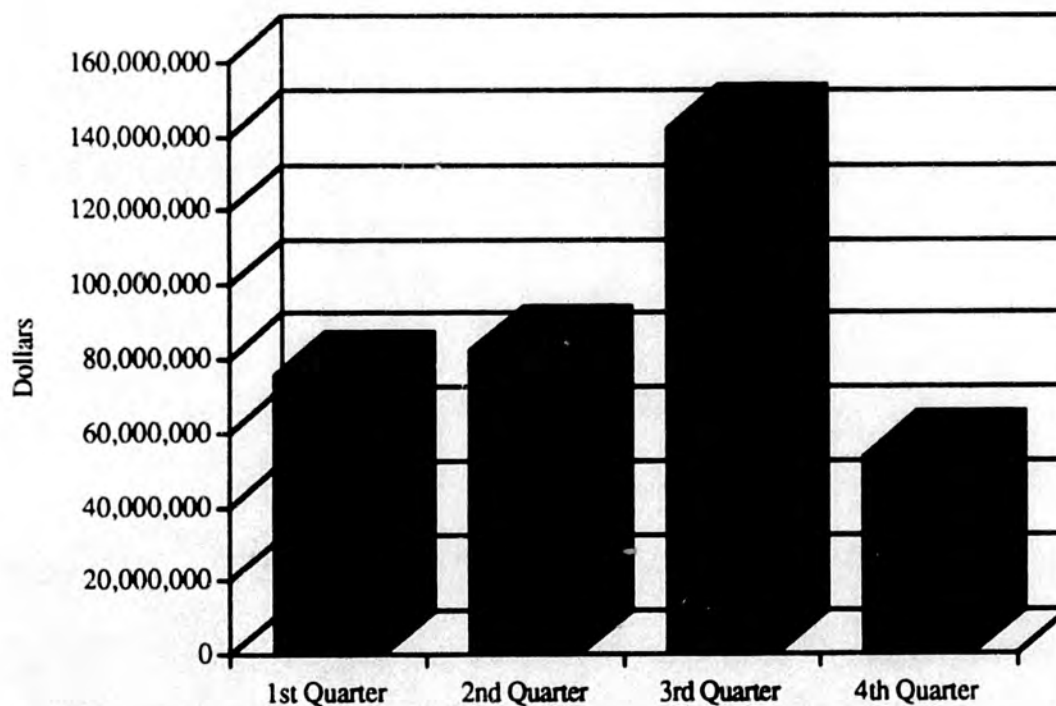
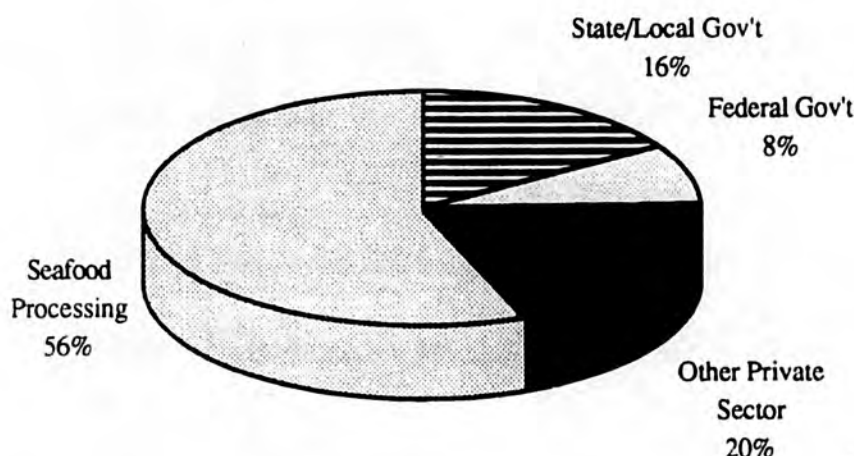


Figure 4: Distribution of Shoreside Processing Employee Wages & Benefits during 1992 (all regions combined)



For example, in the region encompassing Kodiak, Bristol Bay, the Alaska Peninsula, and the Aleutian Islands during 1992, 56% of total employment opportunity during 1991 consisted of seafood processing — the remainder was split between other private sector employment (20%), and government (24%). (See Figure 5.) Bear in mind the 56% seafood processing figure does not include crew jobs or captain positions on fishing vessels. Most of the other private sector jobs are in industries that directly provide services to the shoreside seafood processing industry; as processing employment increases, so does employment opportunity elsewhere in the private sector.

Figure 5
Percentage of Available Jobs in the Region Encompassing Kodiak, Bristol Bay, the Alaska Peninsula, and the Aleutian Islands during 1992



Over \$64 million in goods and services were purchased directly by the shoreside processing sector in Alaska communities from local vendors and municipalities. This includes \$32 million for consumables, \$22 million for services, and \$10 million for water, sewer, and utilities. (See Figure 6.)

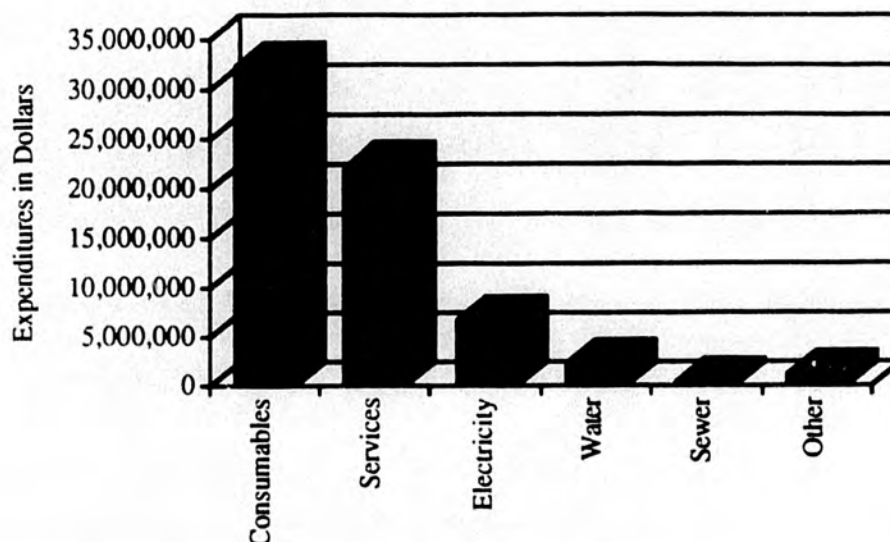
The shoreside processing sector also paid over \$57 million in state and local raw taxes for their purchases of fish and shellfish. Of this amount, approximately \$36.5 million was paid directly to the communities and region served by the shoreside processing sector; one-half of the state fish tax (\$21 million) and all of the local raw fish tax (\$15.5 million).

Payments of taxes and other fees made by the shoreside seafood processing industry constitute significant contributions to the overall revenues available to most municipalities and boroughs in coastal Alaska. In the Aleutians East Borough, for example, 80% of total revenues during 1992 were composed of fish taxes paid by the shoreside processing industry. (See Figure 7.)

Executive Summary

Additionally, the shoreside processing industry contributed over \$1 million to local charity, scholarship, and other programs.

Figure 6
Distribution of Expenditures of Goods & Services Made by the
Shoreside Processing Industry in Alaska during 1992 (in dollars)



The total economic impact of the industry upon Alaska communities during 1992 was nearly \$4 billion. On a regional basis, the total economic impact consisted of the following:

Alaska Peninsula	\$ 526,127,727
Bristol Bay	\$ 708,301,858
Aleutians/Bering Sea	\$ 959,740,898
Kenai/Cook Inlet/Anchorage	\$ 418,255,167
Kodiak	\$ 424,491,064
Prince William Sound	\$ 182,081,210
Southeast	\$ 546,556,690
Other Alaska	\$ 120,762,976

<u>Total</u>	<u>\$ 3,886,317,589</u>
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Figure 7
Comparison of Revenue Sources for Aleutians East Borough 1992 Revenues
(in percent of total dollars)

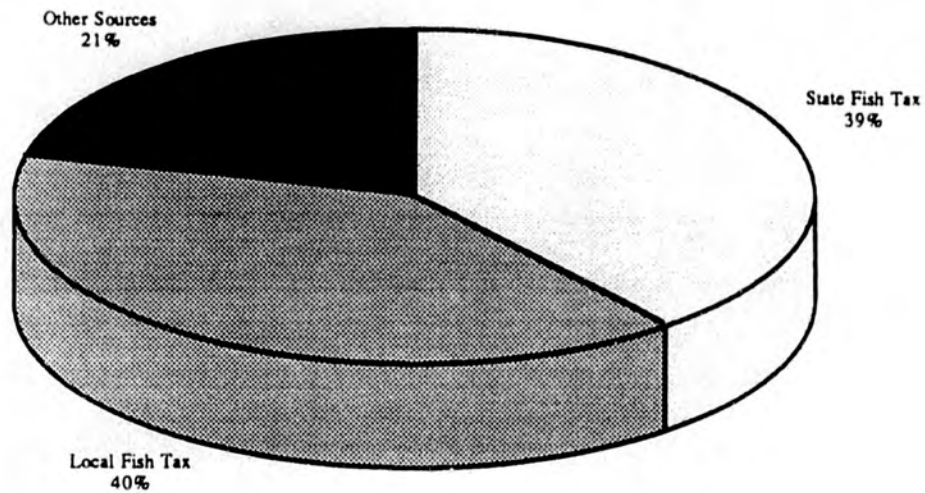
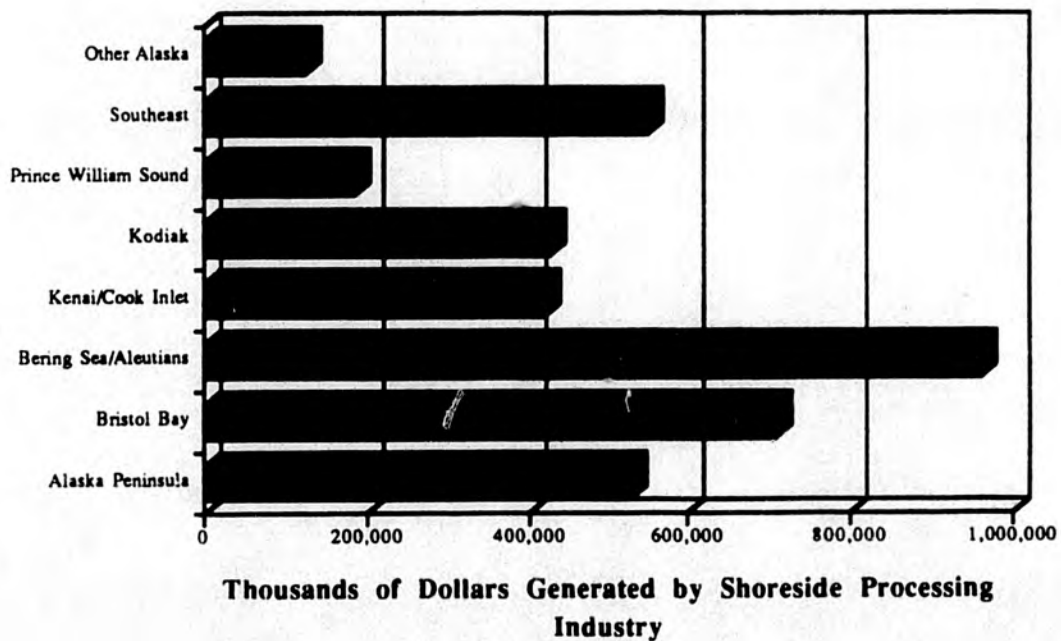


Figure 8
Economic Impact of the Shoreside Processing Industry in Alaska during 1992
(by region, in thousands of dollars)



North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

605 West 4th Avenue
Anchorage, Alaska 99501



Mailing Address: P.O. Box 103136
Anchorage, Alaska 99510

Telephone: (907) 271-2809
FAX (907) 271-2817

#1-94

NEWSLETTER

01/25/94

North Pacific Fishery Management Council Meeting Summary

Discussion of comprehensive rationalization of the groundfish and crab fisheries dominated the agenda for the Council's January meeting held in Anchorage. The Council directed staff to concentrate on a license limitation management system for those fisheries at this time. Analysis of individual fishing quotas have not been completely abandoned but will be pursued more slowly. The Council also approved a regulatory amendment which will establish an early season "set-aside," with trip limits for halibut Area 4B. Superexclusive registration was also approved for the Norton Sound red king crab fishery. In addition, the Council received recommendations from its Halibut Charter Working Group on management measures for the halibut sports charter industry, and initiated an analysis of measures to monitor the high bycatch of chum salmon in the Bering Sea/Aleutian Islands groundfish fisheries. Details of these and other actions are included in this newsletter.

The Council will meet next the week of April 18 at the Hilton Hotel in Anchorage, Alaska. A draft agenda for that meeting should be available by April 1st. It is expected that issues on the agenda will include: final action on proposed management measures for the scallop fisheries, final action on proposed trawl closures around the Pribilof Islands, final details on the Sablefish/Halibut IFQ program, further discussion of a potential moratorium on entry to the halibut charter boat fisheries, potential increases in observer requirements to monitor chum salmon bycatch, a report on total weight measurement in the groundfish fisheries, and, further discussion of progress on the comprehensive rationalization program.

SSC Elections Held

The Scientific and Statistical Committee elected Terry Quinn as Chairman and Keith Criddle as Vice Chairman for 1994. Dr. Quinn, Professor of Population Dynamics at the Juneau Center for Ocean Sciences, University of Alaska, has been a member of the SSC for seven years and served as vice chairman for three years. Dr. Criddle, a Professor of Economics with the University of Alaska-Fairbanks, was appointed to the SSC in December of 1992.

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Sablefish/Halibut IFQ Program

The Council was scheduled to discuss details of the sablefish/halibut IFQ program at the January meeting, but postponed this agenda item until the April 1994 meeting due to lack of time. The unresolved details will not affect the application and appeals process currently underway, and will be addressed by the Council in April.

Comprehensive Rationalization Program (CRP)

The Council devoted considerable time at the January meeting to the CRP issue, spending nearly four days discussing the specific elements and options for both Individual Fishing Quota (IFQ) and License Limitation alternatives. The specific alternatives and subalternatives identified by the Council at this time are detailed in Attachment 1 to this newsletter. A major directional decision was made by the Council concerning the timing and priority of the potential alternative management systems. The Council adopted a recommendation of its Advisory Panel, which voted 17-2 to identify License Limitation as the priority management system for both groundfish and crab. This action does not abandon IFQs as a potential management solution in the future, but does, at a minimum, indicate a step-wise process whereby License Limitation would be a necessary first step. There were several reasons the AP advanced this recommendation to the Council. First, a license system would bound the fleet and would be more straightforward and faster to implement; second, any form of IFQ system would be very complex and require extensive analysis and implementation time; and, third, the sablefish/halibut IFQ system will not be up and running until 1995. The original timeline for comprehensive planning assumed that IFQs for sablefish and halibut would be implemented earlier than 1995 and allow for observation of changes brought about to the fisheries. Many industry members are wary of moving ahead too quickly with IFQs for all fisheries until IFQ-related changes in the sablefish and halibut fisheries are more closely studied.

Over the next several months the Council staff will devote the majority of their time toward an analysis of the various License Limitation alternatives identified by the Council in Attachment 1. Some of the groundwork for these analyses, such as data bases and economic models, will be similar to those which may be used in a detailed analysis of IFQs in the future. The current workplan developed by the Council does not include a formal analysis of IFQs against License Limitation. Again, the charge of the Council is to develop, as expeditiously as possible, a License Limitation program for the groundfish and crab fisheries. Such a system could be up for initial review in June 1994.

As part of the License Limitation analysis, the Council also directed staff to begin examining two proposals related to the Full Utilization issue. Full retention of all groundfish as well as a 'Harvest Priority' proposal will be looked at as possible management measures to be implemented in conjunction with a License Limitation program. The Harvest Priority proposal would grant harvesting priorities to those operators who demonstrate low bycatch rates.

Council Documents Available for Public Review

Draft Scallop Harvesting Plan

Deadline for Comments: April 6, 1994

Council will consider final decision at their next meeting the week of April 18.

Analysis of Proposed Trawl Closure around Pribilof Islands

Deadline for Comments: April 8, 1994

Council will consider final decision at their next meeting the week of April 18.

Norton Sound King Crab

In September, the Council initiated an analysis of a proposal to establish the Norton Sound red king crab area as a superexclusive registration area, under Council authority as a Category 1 management measure in the crab fishery management plan (FMP). That fishery has the smallest biomass and quota of the Bering Sea/Aleutian Islands crab fisheries, and has proved difficult to manage. Three alternatives were examined: status quo, an FMP amendment to make the Norton Sound king crab area a superexclusive registration area, and recommending to the Board of Fisheries that Norton Sound be designated an exclusive king crab registration area. The Council initially reviewed the analysis in December and released it for public review.

At the January meeting, the Council recommended amending the plan to establish Norton Sound as superexclusive. Vessels that participate in that fishery cannot participate in other BSAI king crab fisheries, such as Adak, Bristol Bay, Dutch Harbor, Pribilof, St. Lawrence, or St. Matthew, during the same registration year. Norton Sound will be the only superexclusive registration area authorized and will remain so unless amended. Rulemaking should be complete by the July 1, 1994 opening date for the fishery.

Halibut Charter Issue

The Council will continue to evaluate options to manage the guided sport halibut fishery in Alaska. The original proposal to set a cap on charter catch specified that action was needed because recreational halibut catches were increasing, halibut abundance was declining, and less halibut would be available to the directed commercial fishery. The sport catch, along with mortality from waste, bycatch, and personal use, are taken off the top of the overall halibut annual quota, and the directed setline fishery is allocated the remainder.

Last September, the Council considered this issue and received public testimony. Information indicated that the charter industry has grown and may be fully capitalized and that some type of limited entry program might be appropriate. A control date of *September 23, 1993* was set to notice the industry that a moratorium on the guided sport fishery may be implemented. The Council also established the Halibut Charter Working Group comprised of three commercial fishery representatives, one non-guided sport fishing representative, and six charter vessel representatives to examine traditional management tools and identify potential alternatives for managing this fishery.

The Working Group reported in January and recommended that the Council evaluate regional management areas and a logbook program for charter vessels, expand the creel survey, and evaluate individual annual catch limits (4 to 12 halibut per fisherman per year) for all recreational halibut fishermen. The legality of restricting the amount of recreational caught halibut that can be exported out of state will also be examined. The Council requested the Working Group to provide additional detail on these recommendations for the April meeting. The Council also tasked the Working Group to provide a clear description of regional-charter operations and to develop suitable elements and options for a regional or statewide moratorium on new entry of halibut charter vessels instead of further considering a cap on the charter boat catch. The Working Group will report back to the Council in April.

Halibut Management

The Council took final action on a proposal by the Atka Fishermen's Association to set an early season set-aside with a trip limit in Area 4B (western Aleutian Islands). The objective of the proposal is to establish fishing opportunities for small local vessels by allowing multiple openings of short duration. In 1993, 10% of the Area 4B quota was reserved for early season openings (with no trip limit), resulting in 21, 12-hour openings. For 1994, the Council recommended that 15% of the Area 4B quota be set aside (reserved) for 12-hour halibut periods prior to a general opening in August, and that a 10,000-pound trip limit apply to the early season openings. These openings will be set at the International Pacific Halibut Commission meeting January 24-27. In 1995, 20% of the annual halibut quota is scheduled to be available for the halibut community development quota (CDQ) program to communities in Area 4B if the Council's halibut/sablefish IFQ program is implemented.

Chum Salmon Bycatch

As requested by the Council in December, a report on the status of Arctic-Yukon-Kuskokwim (AYK) chum salmon was presented by ADF&G. Commercial and subsistence harvests of chum salmon in the AYK region were reviewed relative to conservation concerns. A report on chum salmon bycatch in the Bering Sea and Aleutian Island groundfish fisheries was presented by NMFS. In 1993, the BSAI groundfish fisheries incidentally caught 245,000 chum salmon, a large increase over historical levels (4,000 to 72,000 chum salmon). Most of the 1993 bycatch occurred in the 'B' season pollock fishery that opened August 15. Both historical and recent data indicate that most chum salmon bycatch consists of age 3 fish and occurs northwest of Unimak Pass, in the Catcher Vessel Operational Area (CVOA) and Federal Reporting Area 517.

Although the high bycatch in 1993 may have had only a minimal impact on 1993 AYK escapement, the Council remains concerned about the health of AYK chum salmon populations and associated social and economic impacts on the region. Towards that end, the Council urged NMFS to move ahead quickly with analysis of a regulatory amendment that would (1) expand current observer coverage to improve data collection, and (2) evaluate use of hotspot authority as a measure to reduce bycatch. The following observer changes would be made for the "B" pollock season that starts August 15, 1994:

1. 100% observer coverage for all trawlers under 125' in the BSAI CVOA (south of 56°N latitude between 168° and 163°W longitude) and Area 517.
2. Two observers on all trawlers over 125' in Area 517.

The Council will take final action in April and may vary the observer requirements based on the analysis provided.

Upcoming Meetings

February 9, 1994, 9:00 a.m.
Pacific Northwest Crab Industry Advisory
Committee
Alaska Fisheries Science Center
7600 Sand Point Way N.E., Bldg 4, Room 2039
Seattle, Washington
Contact: Arni Thomson, 206-547-7560

February 18, 1994, 8:30 a.m.
NPFMC Crab Consultation Committee
Old Federal Building, Room G45
605 W. 4th Avenue
Anchorage, Alaska
Contact: Clarence Pautzke, 907-271-2809



Alaska State Legislature

Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL COMMITTEE FISHERIES

MEMBER FINANCE SUBCOMMITTEES ON
DEPT. OF FISH AND GAME
DEPT. OF PUBLIC SAFETY



SESSION:
CAPITAL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
FAX: (907) 455-3445

INTERIM
716 W. 4TH AVE. #630
ANCHORAGE, AK 99501-2133
PHONE: (907) 258-8167
FAX: (907) 258-8468

HOUSE JOINT RESOLUTION 50

North Pacific Fishery Management Council Comprehensive Rationalization Plan

SPONSOR STATEMENT

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

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

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

ADAK • AKUTAN • AMCHITKA • ATKA • ATTU • BELKOFSKI • CHERNOFSKI • CHIGNIK • CHIGNIK LAGOON • CHIGNIK LAKE
COLD BAY • DUTCH HARBOR • EGEGIK • EKWOK • FALSE PASS • IVANOF BAY • KING COVE • KING SALMON • KOLIGANEK • LEVELOCK • NAKNEK
NELSON LAGOON • NEW STUYAHOK • NIKOLSKI • PEDRO BAY • PERRYVILLE • PILOT POINT • PORT HEIDEN • PORT MOLLER • SAND POINT
SHEMYA • SQUAW HARBOR • SOUTH NAKNEK • ST. GEORGE ISLAND • ST. PAUL ISLAND • UGASHIK • UNALASKA • UNGA