

SCOMM

114:15

FISCAL NOTEBill Version: HB 360(H) Publish Date: 2/9/00**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____

Dept. Affected _____

Fish & GameTitle An Act relating to registration for commercial

BRU _____

Comm. Fish (Limited) Entry Commissi

set net fishing sites

Component Limited Entry Program AdministrationSponsor RulesRequester Governor

Component No. _____

471**Expenditures/Revenues**

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0**POSITIONS**

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Roger KoldenPhone 790-6980Division Commercial Fisheries (Limited) Entry CommissionDate/Time 1/8/00 2:26 PMApproved by Commissioner Mary McDonaldDate 1/8/00Agency Commercial Fisheries (Limited) Entry Commission**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

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FISCAL NOTE

No: 2

Bill Version: HB 360

BI (H) Publish Date: 2/9/00

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Revision Date/Time:

Dept Affected: Natural Resources

Title: Self-registration of commercial set net fishing
sites

BRU: Minerals, Land & Water Development

Component: Claims, Permits and Leases

Sponsor: Rules Committee

Requestor: Governor

Component No 2460

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0
---------------------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: \$

n/a

POSITIONS

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

ANALYSIS:

(Attach a separate page if necessary)

[Note: No new funding is envisioned to be needed for this legislation. Continued program funding is already included in the department's proposed FY2001 budget.]

This bill replaces the shore fisheries leasing program with a self-executing commercial set net fishing site registration system, provides for a system of registering commercial set net sites, eliminates the department's role in resolving conflicts, and requires the payment of a rental fee to be established by the commissioner of the department. In response to sustained DNR budget cuts, the shore fishery program has been reduced from four state employees to one. The proposed self-registration system is designed to maintain orderly beach fishing while responding to reduced staffing levels.

[Cont.]

Prepared by: Bob Loeffler
Division: Mining, Land and Water

Phone: 269-8625

Date: 11-Jan-00

Approved by Commissioner:

John Shively

Date:

1-12-2000

Agency:

Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

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Special Committee on Fisheries

5:00 P.M.

Wednesday, April 12, 2000

Capitol Building Room 124

Representative John Harris, Representative Carl Morgan, Jr., Co-Chairs

1. Call to Order

Today's Date is: April 12, 2000

The time is:

2. Roll Call - (Quorum - need 4)

Representative Harris, Co-Chair

Representative Morgan, Co-Chair

Representative Dyson

Representative Whitaker

Representative Hudson

Representative Kapsner

Representative Smalley

3. Purpose of the Meeting:

HB 360 Set Net Sites/Shore Fisheries Development

1-GH2006D
Utermohle
4/3/00

Harris

9/3/00

CS FOR HOUSE BILL NO. 360(FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered:

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the shore fisheries development lease program account and
2 the timber receipts account; relating to the accounting for and appropriation of
3 revenue from the state land disposal program, the shore fisheries development
4 lease program, and the state timber disposal program; and providing for an
5 effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 37.05.146(b)(4) is amended by adding new subparagraphs to read:

8 (X) state land disposal program (AS 38.04.022);

9 (Y) shore fisheries development lease program account

10 (AS 38.05.082(f));

11 (Z) timber receipts account (AS 38.05.110).

12 * **Sec. 2.** AS 38.04.022(a) is amended to read:

13 (a) The revenue from the [SALE OF] state land disposal program shall be

1 deposited in the [A SPECIAL] state land disposal income fund [ACCOUNT] in the
2 state treasury. On June 30 of each fiscal year, the portion of that fund that
3 exceeds \$5,000,000 shall be deposited in the state general fund. The legislature may
4 appropriate money from the [SPECIAL] state land disposal income fund [ACCOUNT]
5 for expenditure by the Department of Natural Resources for necessary costs incurred
6 by the commissioner in the implementation of state land disposal programs authorized
7 under this title or for any other public purpose.

8 * Sec. 3. AS 38.05.082 is amended by adding a new subsection to read:

9 (f) The shore fisheries development lease program account is established in the
10 state treasury. The rents, fees, and other proceeds received by the department in
11 connection with the issuance of shore fisheries development leases under this section
12 shall be deposited into the account. The legislature may appropriate money deposited
13 into the account for the operation of the shore fisheries development lease program by
14 the department or for any other public purpose.

15 * Sec. 4. AS 38.05.110 is amended by adding a new subsection to read:

16 (b) The timber receipts account is established in the state treasury. The
17 revenue from the sale of timber from state lands shall be deposited in the timber
18 receipts account. The legislature may appropriate money deposited into the timber
19 receipts account for implementation of the state timber disposal program by the
20 department or for any other public purpose.

21 * Sec. 5. This Act takes effect July 1, 2000.

Mr. John C Schandelmeier,
HC 72 Box 7193
Paxson, Alaska 99737
Delta Junction, AK 99737

822-5424

Distribution

Affiliation

Reg Voter

60

U

Date POM Sent

Constituency

Bill Number

Response

Subject

02/28/2000

N

HB 360

Opposes

HB360 leaves no consideration for setnet sites that change due to changing tidelands; (Bristol Bay) DNR currently requires occasional surveys. Also if permit holder dies there is no provision to allow heirs to sell, so they would lose the most valuable part of the setnet fishing operation.

Email Address

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Email Address

Mr. Bacci G Perata,
PO Box 1696
Seward, AK 99664

Distribution

Affiliation

Reg Voter

20

U

Date POM Sent

Constituency

Bill Number

Response

Subject

04/03/2000

N

HB 360

Opposes

I've been set netting for fifteen years and feel the lease program is a self sustaining program that WORKS. This new self registration program will not have the support of the fishers with most NOT even paying. It will be a net loss for the state and the fishers. Thanks.

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Opposes

I've been set netting for fifteen years and feel the lease program is a self sustaining program that WORKS. This new self registration program will not have the support of the fishers with most NOT even paying. It will be a net loss for the state and the fishers. Thanks.

Email Address

March 23, 2000

The Honorable Alan Austerman
Alaska State Representative
Juneau, Alaska

Subject: HB360 and SB258

Dear Representative Austerman,

Early in January we had not received our Salmon set gillnet shore lease invoice from the State. I called the office in Anchorage. Janetta Pritchard of the DNR told us of a new plan for shore leases due to lack of funds in their department. I went to the Internet and retrieved the Shore Fishery Lease Application. I was astonished at what I found.

I found six 6) pages of instructions and fee structures. So many dates, so much paper work for the State to collect \$300 in fees. I have to find out who owns the sites to the left, right, behind and seaward of me and provide their mailing address. I have to stake and submit the application within 30 days of each other. Then I have to hire a surveyor to resurvey something that is already on file with the DNR,

The bill requires precise locations of each net, shore side and seaward side. I don't own a GPS. This is goofy. I move my nets within the shore lease for the early and late run. Would I have to have two sets of documents?

The dates allowed in this bill and instructions are one month before most setnet fishers go to their sites. With the pull out of Pennair for the Kodiak skies this causes a problem. The cost is going to be prohibitive for a small site as mine. Let me line out the probable cost for you.

Flight from Kodiak to site - Charter	\$1,800 RT
Stake site.	
Bring surveyor to site	\$1,800 RT
Surveyor charges	1,200
Newspaper ad for public notice	50
Postage	25
DNR fee first year	550
Total Estimated Cost	\$5,420

All of these cost are weather dependent. If the weather comes down the surveyor cost goes up each day.

This proposal could make the Shore Lease Program just like the Oklahoma land rush. Someone with a Seine Boat who happens to have a Setnet permit could reek havoc with established sites. There appears to be no protection for the current leaseholder during the startup of this program. I don't know if there is a Notary Public in my fishing district. All of the signatures need the Notary stamp. This is another cost not included in the list above. One might have to fly back to town for this service.

I guess we would be allowed to fish during the registration period. Wouldn't it be better to renew the current leases for say two years and allow this registration so happen at a reasonable pace? Please slow down this process. You would be doing all the little guys like me a great favor. The expenses listed above are a major percentage of my yearly income from fishing. If you protected the current leaseholder the cost would decrease by 50% or more.

I also read the House Bill and found it to be very confusing. I didn't understand the relevance of the first three pages. Hopefully, I can find someone who can clear this up for me. Why not phase this is by notifying the leaseholders two years in advance of their renewal. Or do this only when a site is sold to someone other than a family member.

Thanks for time and consideration.

Sincerely,

Mike Nugent

Mike Nugent
PO Box 1937
Kodiak, Alaska, 99615

907-486-2047

9-12-00
To: The House Special Committee on Fisheries

From: Kachemak Bay Salmon Producers Co-op
RDO - Red Mountain
Homer AK 99603
Tel. 235-6112 or 235-2210

Dear Committee Members

We, the 16 members of the Kachemak Bay Salmon Producer Co-op would like to express our agreement and acceptance of your Committee Substitute to HB 360 concerning the set net lease program, and feel it will continue to make the Fisheries lease program work for those who use it and pay for it.

Respectfully

Dan Chalup (representative)

The Honorable Bill Hudson
The Honorable Beverly Masek
February 9, 2000
Attachment
Page 3

**LEGISLATIVELY DESIGNATED AREAS NOT "RESERVED BY LAW FROM THE
PUBLIC DOMAIN" AND OPEN TO SELECTION UNDER SB 7**

Units of the State Park System (AS 41.21):

- Pt. Bridget State Park
- Nancy Lake State Recreation Area
- Chena River State Recreation Area
- The mineral estate beneath the Kenai River Special Management Area
- Potentially all wayside parks (640 acres or less) reserved by executive action under AS 38.05.295 – 38.05.300

Multiple-Use Public Areas (AS 41.23):

- Nelchina Public Use Area
- Hatcher Pass Public Use Area
- Goldstream Public Use Area
- Caribou Creek Recreational Mining Area
- Petersville Recreational Mining Area

State Forests (AS 41.15 and AS 41.17):

- Haines State Forest Resource Management Area
- Tanana Valley State Forest

State Game Refuges (AS 16.20):

- Goose Bay State Game Refuge
- Anchorage Coastal Wildlife Refuge
- Palmer Hay Flats State Game Refuge
- Yakataga State Game Refuge
- Mendenhall Wetlands State Game Refuge
- Susitna Flats State Game Refuge
- Minto Flats State Game Refuge
- Trading Bay State Game Refuge
- Creamer's Field Migratory Waterfowl Refuge
- McNeil River State Game Refuge

State Game Sanctuaries (AS 16.20):

The Honorable Bill Hudson
The Honorable Beverly Masek
February 9, 2000
Page 4

- Walrus Islands State Game Sanctuary
- Stan Price State Game Sanctuary
- McNeil River State Game Sanctuary

State Range Areas (AS 16.20):

- Delta Junction Bison Range Area
- Matanuska Valley Moose Range

Fish and Game Critical Habitat Areas (AS 16.20):

- Port Moller Critical Habitat Area
- Port Heiden Critical Habitat Area
- Cinder River Critical Habitat Area
- Egegik Critical Habitat Area
- Pilot Point Critical Habitat Area
- Kalgin Island Critical Habitat Area
- Fox River Flats Critical Habitat Area
- Chilkat River Critical Habitat Area
- Kachemak Bay Critical Habitat Area
- Clam Gulch Critical Habitat Area
- Copper River Delta Critical Habitat Area
- Anchor River and Fritz Creek Critical Habitat Area
- Dude Creek Critical Habitat Area
- Tugidak Island Critical Habitat Area
- Willow Mountain Critical Habitat Area
- Redoubt Bay Critical Habitat Area
- Homer Airport Critical Habitat Area

Subject: Today's Hearing

Date: Tue, 11 Apr 2000 11:35:10 -0800

From: "Kenai Peninsula Fishermen's Association" <kpfa@alaska.net>

To: Representative_John_Harris@legis.state.ak.us, Representative_Carl_Morgan@legis.state.ak.us

Representative John Harris
Representative Carl Morgan
Co-Chairs House Special Committee on Fisheries

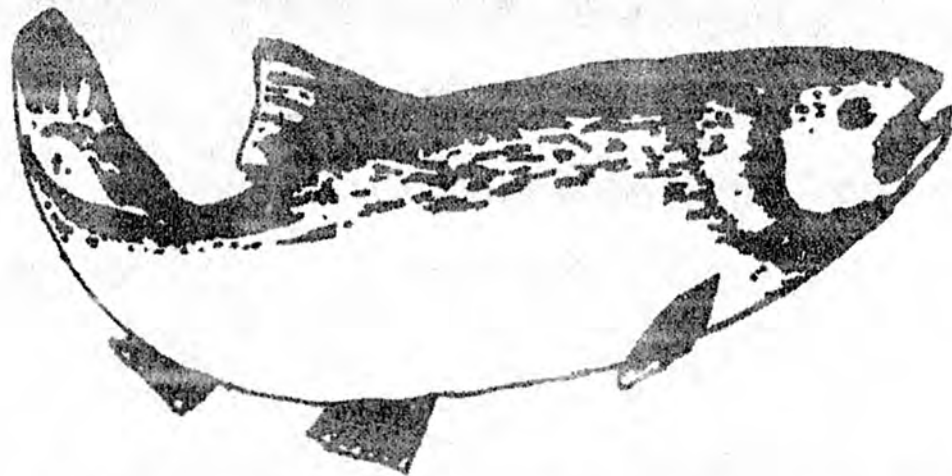
The Kenai Peninsula Fishermens Association strongly supports the CS for House Bill No.360 (FSH). KPFA thanks you for your efforts to move this CS along as quickly as possible.

Sincerely
Karl Kircher
Executive Director

NORTHERN DISTRICT SET NETTERS ASSOCIATION OF COOK INLET

P.O. Box 101480 ♦ Anchorage, Alaska 99510-1480

Est. 1954



24 March 2000

Representatives John Harris & Carl Morgan (Co-Chairs) & members of the House Fisheries Committee
State Capitol
Juneau, Alaska 99801-1182

Re: HB 360 - DNR Shore Fishery Lease Program

Dear Co-Chairs Harris and Morgan and members of the House Resources Committee:

I am writing to encourage your committee to support the existing Shore Fisheries Lease Program. I am also enclosing a copy of my 11 February 2000 letter to Commissioner Shively for your information.

In addition to the Northern District Set Netters Assoc. of Cook Inlet, I have corresponded with the following Alaska set net organizations that all support the program as it currently exists and all oppose DNR's shore fishery lease moratorium and proposed registration system instead of the shore fishery lease. These organizations are:

- Greater Nushagak Setnetters' Association
- Kenai Peninsula Fishermen's Association
- Kvichak Setnetters Association
- Northwest Setnetters Association
- Ugashik Set Net Association

Thus six Alaska set net organizations support the current program. This should help inform your committee that there is broad user support for the existing leasing program.

The existing program:

- has worked successfully for 35 years
- provides stability and valued services to commercial set net fishers in Alaska
- provides security for set net fishers related to other fishers and incompatible uses
- is instrumental in state management of tide lands in a predictable and organized manner
- generates approximately \$375,000 of state revenue annually
- more than supports itself with lease fees
- provides a surplus of revenue to the State of Alaska beyond administration costs

Based on my discussion with five other set net organizations in Alaska, it is doubtful if commercial fishers will continue to pay \$300 for substantially reduced (or no) services from the state (e.g., the proposed registration instead of the current shore fishery lease). This could result in the loss of up to \$370,000 of revenue to the state (including approximately \$75,000 of surplus revenue).

Since writing my 11 February 2000 letter, I have learned that the legislature asked for a list of programs from DNR and DNR offered up the Shore Fishery Lease Program because it is not statutorily required (it is a voluntary program and is not mandatory). While some view this as a weakness, it is not. Rather it is a strength of the program. The state provides this service if the user desires it. To me, it is one of the best types of government. It provides a valuable service for a reasonable fee, and it is voluntary. Over time, fishers realize the value of having a shore fishery lease and chose to request one. In my view, the only way the lack of a requirement to have a shore fishery lease could be a weakness is if the program did not have a critical enough mass to pay for the services. This is NOT the case. Currently, under the voluntary arrangement, the program more than pays for itself.

As you may know, monies collected by the Shore Fisheries Lease Program go into the State's General Fund and then the legislature has to appropriate them back to the program. Therefore, DNR is always looking to the legislature for monies to administer program even though the program more than pays for itself. This is apparently why the legislature continually reviews this program (because its funds do not automatically go back to administering that program).

Canceling the shore fishery lease program is a four way loser: 1) The state relinquishes hands on management on shore fishery tidelands management, 2) commercial set net fishers lose stability in their fishing sites, 3) the state loses or substantially reduces a revenue producing program, and 4) the state gives up surplus revenues beyond the cost of administering the program in a time of budget shortages.

Commercial fishers are happy with the existing program. It pays for itself, produces a budget surplus, provides predictable rules for shore fishery users, provides a mediation process for disputes, and, in short, provides valuable services for Alaskans. Why change it?

Please support the current program.

Respectively,

Stephen Braund
President
Northern District Set Netters Association of Cook Inlet

NORTHERN DISTRICT SET NETTERS ASSOCIATION OF COOK INLET

Est. 1954

P.O. Box 101480 ♦ Anchorage, Alaska 99510-1480

Set Net Organizations All Support existing system



24 March 2000

Representatives John Harris & Carl Morgan (Co-Chairs) & members of the House Fisheries Committee
State Capitol
Juneau, Alaska 99801-1182

Re: HB 360 - DNR Shore Fishery Lease Program

Dear Co-Chairs Harris and Morgan and members of the House Resources Committee:

[REDACTED] I am also enclosing a copy of my 11 February 2000 letter to Commissioner Shively for your information.

In addition to the Northern District Set Netters Assoc. of Cook Inlet, I have corresponded with the following Alaska set net organizations that [REDACTED] and [REDACTED]

[REDACTED] and [REDACTED]

These organizations are:

- Greater Nushagak Setnetters' Association
- Kenai Peninsula Fishermen's Association
- Kvichak Setnetters Association
- Northwest Setnetters Association
- Ugashik Set Net Association

Thus [REDACTED] This should help inform your committee that [REDACTED]

[REDACTED] program.

- has worked successfully for 35 years
- provides stability and valued services to commercial set net fishers in Alaska
- provides security for set net fishers related to other fishers and incompatible uses
- is instrumental in state management of tide lands in a predictable and organized manner
- generates approximately \$375,000 of state revenue annually
- more than supports itself with lease fees
- provides a surplus of revenue to the State of Alaska beyond administration costs

Based on my discussion with five other set net organizations in Alaska, it is doubtful if commercial fishers will continue to pay \$300 for substantially reduced (or no) services from the state (e.g., the proposed registration instead of the current shore fishery lease). This could result in the loss of up to \$370,000 of revenue to the state (including approximately \$75,000 of surplus revenue).

Since writing my 11 February 2000 letter, I have learned that the legislature asked for a list of programs from DNR and DNR offered up the Shore Fishery Lease Program because it is not statutorily required [REDACTED]. While some view this as a weakness, it is not. Rather it is a strength of the program. The state provides this service if the user desires to. To me, it is one of the best types of government. [REDACTED], a [REDACTED]. Over time, fishers realize the value of having a shore fishery lease and chose to request one. In my view, the only way the lack of a requirement to have a shore fishery lease could be a weakness is if the program did not have a critical enough mass to pay for the services. This is NOT the case. Currently, [REDACTED]

As you may know, monies collected by the Shore Fisheries Lease Program go into the State's General Fund. [REDACTED]. Therefore, [REDACTED] looking to the legislature. [REDACTED] itself. This is apparently why the legislature continually reviews this program [REDACTED] go back to administering [REDACTED]

Canceling the shore fishery lease program is a four way loser: ● The state relinquishes hands on management on shore fishery tidelands management, ● commercial set net fishers lose stability in their fishing sites, ● the state loses or substantially reduces a revenue producing program, and ● the state gives up surplus revenues beyond the cost of administering the program in a time of budget shortages.

Commercial fishers are happy with the existing program. It pays for itself, produces a budget surplus, provides predictable rules for shore fishery users, provides a mediation process for disputes, and, in short, provides valuable services for Alaskans. Why change it?

Please support the current program.

Respectively,

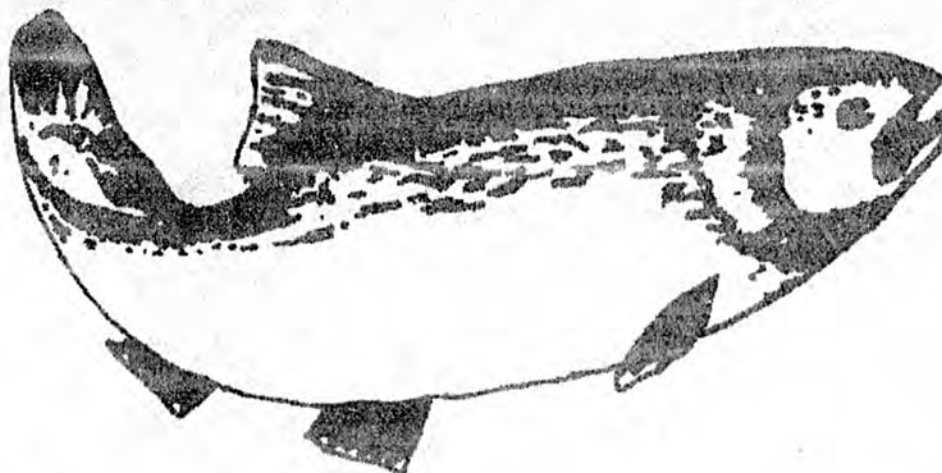
Stephen Braund
President
Northern District Set Netters Association of Cook Inlet

Monies collected
to go to DNR!
not General Fund!

NORTHERN DISTRICT SET NETTERS ASSOCIATION OF COOK INLET

Est. 1954

P.O. Box 101480 ♦ Anchorage, Alaska 99510-1480



11 February 2000

John Shively
Commissioner
Dept. of Natural Resources
400 Willoughby Avenue
Juneau, Alaska 99801-1796

Re: DNR Shore Fishery Lease Program

Dear Commissioner Shively:

I am writing to express our association's dismay that the Department of Natural Resources (DNR) has chosen to eliminate the Shore Fishery Program. This program has provided security for set net fishers related to other fishers and incompatible uses, it more than supports itself with lease fees, and it provides a surplus of revenue to the State of Alaska. We strongly urge DNR to reconsider its position and reinstate the existing program that has worked successfully for Alaska set net fishers for 35 years.

I have been a commercial set net fisher in Upper Cook Inlet since 1981 and have held a DNR shore fishery lease since shortly after I entered the fishery. I have found this program to be efficient and valuable. It provides commercial set net fishers stability in their fishery and a means of conflict resolution. I have encouraged fishers to participate in this program to protect their fishing sites.

When I first obtained a DNR shore fishery lease, the annual fee was in the neighborhood of \$40. DNR gradually raised the annual fee over time until it reached its present \$300 per year. DNR's rationale for the raises in annual fees was that the program had to pay for itself. This was logical and users did not resist these increases in fees. Users could understand that the DNR wanted the program to pay for its administration costs.

DNR has a long history of trying to abolish or radically change the shore fishery program. Over the years, there were numerous attempts to modify the provisions of the program, but most of them met with user resistance. Looking through my records I see DNR proposed significant changes to the shore fishery lease program in 1982, 1984 and again in 1989.

DNR had meetings with commercial set netters who provided valuable information why the proposed changes were inappropriate. The program remained essentially intact.

This is and has been a successfully operating lease program that more than pays for itself. Why disrupt a working system?

The program is working and users are generally satisfied. In my view, there has been little change in the regulations of the shore fishery lease program since its inception other than increased lease fees.

Now, with no user education or comment, DNR has chosen to suspend the shore fishery lease program and replace it with a "self-registration system."

Our set net association strongly opposes this change.

We understand that the during the last (1999) session the legislature cut the DNR budget by \$200,000 and as a consequence, DNR proposed to change Shore Fishery Lease Program a couple of weeks prior to the end of the legislature. However, nothing was done at that time.

I have recently seen a copy of your 27 August 1999 Department Order that suspends the 1999 application filing period entirely and essentially abolishes the shore fishery lease program and replaces it with a "self-registration system." The rationale for this action is "Beginning July 1, 1999 the available funding for administration of the shore fishery site lease program has been reduced by \$200,000, or by two-thirds."

Did the legislature specifically reduce the funding for the shore fishery lease program or did the legislature reduce DNR's budget by \$200,000 and then did DNR choose where to reduce services?

If DNR decided this arbitrary reduction, on what basis was the shore fishery program selected?

Why weren't users notified and asked to comment?

If \$200,000 represents two-thirds of funding for the shore fishery lease program, it follows that the total program required \$300,000 annually to fully fund it.

Also, as I stated above, it is our understanding that the current fees charged by the program were designed to fully fund it. According to discussion by our board members, DNR staff, on many occasions, have told set net fishers that the lease fees made the program self supporting and no general funds were needed to operate this program. If the program is paying for itself, why is it necessary to abolish it?

It is our understanding that the DNR Shore Fishery Lease Program has approximately:

- | | |
|---|----------------------|
| • 1,200 leases @ \$300 per year which yield | \$360,000 |
| • 20-25 annual applications @ \$100 which yield | \$2,000 |
| • 50-100 annual transfers @ \$100 which yield | \$5,000 to \$10,000 |
| • 20-25 annual diagram reviews @ \$150 which yield | <u>\$2,500</u> |
| • Total annual estimated revenues for Shore Fishery Program | \$369,500 to 374,500 |

If these calculations are reasonably accurate, DNR's shore fishery lease program raises adequate funds to both fund its \$300,000 annual administration costs and produce approximately \$70,000 to \$75,000 surplus funds for the state.

We understand that under the DNR proposal there would be no lease; no application fee, no review (the applicant is expected to provide correct information), no diagram review fee, and no public notice. We also understand that the under the proposal, DNR would not enter into conflict resolution, but users would enter voluntary arbitration or go to court.

Thus, it seems that the State would essentially abandon administration of the tide lands as far as set netters are concerned (and continue to charge the \$300 "lease fee"). This amounts to set netters paying approximately \$360,000 to the State annually for no service. This could result in fishers abandoning the program, loss of \$360,000 revenue to the State of Alaska, and reduced stability on the State tidelands.

As you know, commercial fishing in Alaska has been and is going through hard times. However, fishers are resilient and dedicated to their commercial fisheries. The DNR shore fishery lease program provides a security for commercial set net fishers that a registration cannot provide. Bluntly put, a shore fishery lease provides a greater property interest than a registration. We, as commercial set netters, currently have a State of Alaska lease. We understand that this is a limited property interest and does not preclude the State from allowing other uses of the tidelands. However, implicit in the State's shore fishery lease is the assumption that the State will not allow uses that are incompatible with the shore fishery lease.

Furthermore, the DNR shore fishery lease protects commercial set netters from intrusion by other parties. This is a valuable service provided by the State and one that the users more than pay for under the current fee arrangement.

Finally, set net sites have often been hotly contested and the source of considerable controversy. The DNR shore fishery lease program has provided a stabilizing effect on set net fisheries in Alaska and provided order to the State's tidelands.

It seems to us that DNR is arbitrarily (if DNR decided where to save \$200,000) reducing the services provided, keeping the fees the same, and using the proposed "self-registration system" to make up a \$200,000 legislative budget reduction.

We strongly urge you to reconsider abolishing this shore fishery lease program that has been successfully working for several decades (since 1964 I believe).

Thank you for your consideration of this matter, and I look forward to hearing from you.

Sincerely,

Stephen R. Braund
President

cc: Governor Tony Knowles
Lieutenant Governor Fran Ulmer
Commissioner Frank Rue, ADF&G
Director Colonel John Glass, Division of Fish & Wildlife Protection
Kenai Peninsula Fishermen's Association
The Greater Nushagak Setnetters' Association
Northwest Set Netters Association, Kodiak
Kvichak Set Netters Association
Dan Coffey, Board of Fisheries Chair
Senator Loren Leman
Senator Al Adams
Senator Rick Halford
Senator John Torgerson
Senator Jerry Ward
Senator Jerry Mackie
Representative Ethan Berkowitz
Representative Alan Austerman
Representative Gary Davis
Representative Fred Dyson
Representative Bill Hudson
Representative Jerry Sanders

Kvichak Setnetters Assoc.

P.O. Box 91118 • Anchorage, AK 99509
(907) 276-4771 phone/fax

27 March 2000

Co-Chairman Harris
Co-Chairman Morgan
Fisheries Committee
Juneau, Ak.

Sirs:

My first contact with the Shore Fisheries Program was 1983 when it was a one-man operation under Ken Roehl. He was absolutely overwhelmed by new applications but did what he could. Rindi Patterson took over a short time later and was given a staff of three. The program progressed light years under her direction. Shore Fisheries waded through the files and settled the minor disputes. It became a well-run organization working with and for the fisherman. After 5 years she reached burnout. Mostly caused by budget battles. Kathy Duggan was the next in the kettle.

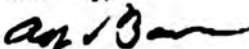
In 1993 fees were raised from \$150 to \$300 to cover the expense of this receipts program which at that time was just over \$200,000. At the time Shore Fisheries still had four employees. Kathy Duggan proceeded to fine-tune the self-paying program. It fit the needs of the fishermen. By the time she left in 1998 only she and Dennis Gall were employed there. Last year it was reduced to only Dennis. The cost of the program other than labor is between \$30-50,000 at most. Fishermen pay in \$360,000 to fund this program. Dennis Gall is now gone. Jennetta Pritchard is now there operating under the new registry system.

HB 360 and SB 258 would gut the Shore Fishery Program yet still collect the \$360,000 funds from the fishermen this voluntary receipts program generates. How the two bills would destroy the program are as follows:

1. No new lease applications and diagrams. Leases are now for 10 years.
2. No amending existing diagrams
3. No renewal of existing leases
4. No conflict mediation
5. No public notices of the new registered sites. The fishermen always paid for these notices anyway. They are crucial in averting conflicts.

What would we be paying for under the new program? No services. I don't know of any setnet organization or setnet fisherman that backs the registry program.

Sincerely,



Al Bauman

President
Kvichak Setnetters' Association

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND
SOUTHCENTRAL REGION

TONY KNOWLES, GOVERNOR

3001 G STREET, SUITE 1000
ANCHORAGE, ALASKA 99503-3637

February 23, 1998

Dear Shorefishery Lease Holders and Applicants:

A few of you may remember that your lease rentals are determined by the cost of the program's administration. As outlined in regulation, the department must review costs at 5 year intervals. The last rent increase occurred in January 1993. An analysis was done in late 1997 to prepare for a possible change to take effect on January 1, 1998. Our cost analysis showed that we have been able to keep costs from increasing by changing the way we do business. Many procedures have been streamlined, most conflicts have been addressed, and a new computer database allows us to keep track of our workload. As a result, the rental will remain unchanged, at \$300. for the next 5 years. Costs will be reviewed in 2002 to prepare for a possible change on January 1, 2003.

To Contact the Shorefishery Unit:

Mailing Address:

At the top of the page

Telephone and E-mail:

Kathy	907-269-8544	kathy_dugan@dnr.state.ak.us
Dennis	907-269-8545	dennis_gall@dnr.state.ak.us
Nina	907-269-8543	nina_clock@dnr.state.ak.us
	907-269-8913	

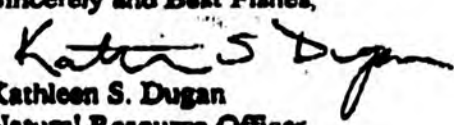
Fax:

Web Page:

<http://www.dnr.state.ak.us>, then select "Division of Land" and then, "Shorefishery Leases."

I would also like to take this opportunity to say goodbye. I will be leaving this office and the state in early May. I've enjoyed working on this program and meeting so many of you. I'll miss being here and hearing all your fish tales. Thanks for making it an interesting six years.

Sincerely and Best Fishes,


Kathleen S. Dugan
Natural Resource Officer

msinfo.98

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND
SOUTHCENTRAL REGION3601 C STREET
P.O. BOX 107005
ANCHORAGE, ALASKA 99510-7005

October 29, 1992

Dear Setnetter:

In order to continue the Shore Fishery program we must increase the yearly rental from \$150 to \$300. Statute AS 38.05.082 states that the rental will be determined by the Director and that the amount will be equal to the cost of the program administration. So far, the program has not covered its costs.

If the program is not self-supporting there is the real possibility that the shore fishery lease program will be eliminated in a budget cutting measure. The yearly cost of the program is over \$200,000. At the new rental rate of \$300 per lease per year, the program will be self-supporting within a year.

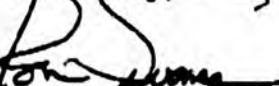
This rental increase will not affect all lessees immediately. This new rate will apply NOW to all leases issued or renewed after January 1, 1993, and to all leases first issued six or more years ago. Any leases issued between 1988 and 1992 will not increase to the new rate until they have begun their sixth year. For example, a lease issued in 1987 will increase to the new rate in 1993, a lease issued in 1992 will not increase until 1998. This change applies to all set net leases statewide.

If you do not wish to pay the new rental fee, you may relinquish your lease or application. No setnetter is required to have a lease in order to participate in a shore based fishery. However, without a lease, there can be no assurance that you will be able to re-occupy the setnet sites you customarily fish without competition from other setnetters.

If you have specific questions please contact the Shore Fishery Unit at the above address or by telephone at (907) 762-2469.

To conserve valuable and limited staff time, before calling with questions, please refer to your lease document for your issue date. Note that at the bottom of page one there is a statement that rental is subject to adjustments at five year intervals. If your lease has been renewed recently, the issue date in question is the ORIGINAL (first) issue date.

Sincerely,


Ron Swanson
Director

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"The governor has finally realized that state's rights and an amendment to Alaska's constitution on subsistence are mutually exclusive," Taylor said. "I'm pleased that the governor has awakened to the essence of the subsistence debate."



BUDGET CUTS BACK DNR OUT OF SETNET SITE REGULATION

Get along or get a lawyer could be the Department of Natural Resources' advice to setnetters if HB 360 becomes law. The bill was introduced at the request of Gov. Tony Knowles in response to a two-thirds, or \$200,000, reduction made by the legislature last year in the budget for DNR's setnet lease management program.

The good news is no change is planned in the fees DNR charges for site "registration," which will replace leasing. The bad news is setnetters will be getting less for their money.

"We are proposing legislation to provide a similar, but lesser level of service consistent with the remaining funding. "We are proposing a program that eliminates some of the office work, but maintains the fishers' rights," DNR says in an explanatory "white paper" on the subject.

The bill says DNR "may not adjudicate conflicts between persons with competing claims of priority" for a site. In other words, if two setnetters claim the same site they work it out themselves, find or hire a mediator to help settle the matter, or take it to court.

"As I understand it, it's simply going to be a matter of you have to go to court," said Sue Asplund, a long-time Naknek setnetter. "If someone claims on, or too close to, my site DNR will not do research to determine who's right."

Asplund said fish cops in Bristol Bay have already warned that they may throw both parties off a site until they settle their disagreement. She worried that that policy could leave the site open to a third party, which could further complicate the problem. She's also hearing suggestions that harvesters may forget about registration if the process doesn't provide sufficient protection.

"I've already heard a lot of people say, 'Is it worth the money if DNR isn't there?'" Asplund added. "If you feel like it's not providing you any protection, why would you continue to pay the lease fee?"

The new process set out in the bill replaces site leasing with a fairly simple self-registration plan. To register a person clearly marks the site with their name and limited entry permit number and completes a registration form that DNR will provide. The form notes the "precise geographic coordinates" of the shoreward and seaward ends of the site.

DNR will maintain a record of all registered sites.

Rick Thompson, Southcentral manager of the Division of Land & Water, which will continue to run the setnet program, said the bill envisions the use of global positioning satellite units to mark a site. But he has heard from some Cook Inlet setnetters questioning whether GPS data will be accurate enough. The setnetters were concerned that on a 300-foot site, the 40 to 50 foot margin of error on some GPS units could be enough to cause a problem, Thompson said.

"One guy argued that he didn't want to give up the preciseness of a survey," Thompson said. Many traditional setnet beaches have already been surveyed, so the concern may not be important in any case, and Thompson wasn't sure whether the bill might be amended to specify a method for determination of a site's boundaries.

To transition from the old system to the new, the bill requires DNR to process, under the old system, lease applications that are pending before the effective date of the bill. That would be 90 days after the measure is passed by the legislature.



NONTANKER 'C-PLAN' BILL GETS FIRST HEARING TODAY

Factory trawlers and the bigger class of crab vessels face new expenses, and requirements with SB 273, up for its first hearing Monday afternoon in the Senate Resources Committee.

The bill requires railroads, and nontanker vessels of 300 gross registered tons, and larger, that have storage capacity greater than 6,000 gallons of oil to have state-approved oil spill prevention and contingency plans, and to demonstrate proof of financial ability to clean up their spills.

Gov. Tony Knowles had the original idea for the bill and a House version, HB 377, was introduced in the traditional manner by the House Rules Committee on his behalf. But no idea that comes from a Democrat, regardless of how intelligent or practical it may be, is safe around the Republican legislature, and Senate Pres. Drue Pearce sponsored the Senate version, which is likely to move easily to passage this session.

Just in case his diminishing band of loyal Republicans somehow got the strange idea of giving the governor any credit, Speaker Brian Porter referred HB 377 to four committees. The fact that Pearce's bill is getting a hearing just six days after it was introduced is further indication that the measure will move through the legislature like a greased tanker.

Although the bill sets July 1, 2001 as the date covered craft must be in compliance with its requirements, United Fishermen of Alaska lobbyist Jerry McCune is concerned that seafood industry vessel operators who wait too long to line up their spill prevention ducks could find themselves out of compliance with the new law-to-be.

Proposed Set-Net Site Legislation

An Explanation

The Problem. Last year, the legislature cut \$200K or two-thirds of the funding for DNR's Set-Net Lease program. We no longer have the funds to administer the program in the traditional manner. We are proposing legislation to provide a similar but lesser level of service consistent with the remaining funding. We are proposing a program that eliminates some of the office work but maintains the fishers' rights. DNR currently administers approximately 1,200 existing set-net leases, and expects approximately 160 applications and renewals during the next fiscal year.

What is a Set-Net Lease? Under the current set-net lease program, DNR may issue a lease to any fisher who holds a limited entry permit for the set-net fishery. The lease secures the same fishing site year after year. Any limited entry permit holder who meets certain criteria is eligible for a lease. The program does not affect who gets a limited entry permit, when or where the fishery is opened or closed, or other fishery-related regulation, which is properly done by the Board of Fish and DF&G. The lease only establishes control over a particular beach site that has been traditionally used by the fisher for set-net fishing. A lease is not required to participate in the fishery and a limited entry holder may fish from a vacant beach without a lease.

Traditionally, adjudication of the lease application is necessary, and the department must prepare a best interest finding under AS 38.05.035(e) and must distribute public notice under AS 38.05.945. Both of these procedures are expensive and time-consuming. DNR also works to resolve any conflicts, claims or counter-claims that arise during the adjudication/decision process. If granted, the set-net lease creates a right to fish a particular site during fishing openings. The site is not exclusive to the fisherman during non-fishing periods. Enforcement of fishing regulations is the responsibility of DF&G. The lease rate is currently \$300.00 per annum.

Why Are We Proposing to Change the Law? In last year's legislative discussion, the Department prepared a list of services and costs. It indicated that if the legislature felt it wished to eliminate certain services, it could cut the costs. The cut to the set-net lease program was one of the services listed. The Department indicated that if the cut were made, it would recommend legislative changes to institute a program that provided less service but cost less.

The set-net leasing program has deep roots in Alaska's fishing industry with strong ties to rural Alaskans. Realistically, the state must remain responsive to the needs of Alaska's set-net fishers' who wish to protect their fishing sites. In last year's impact statement, the department recognized the potential for the streamlining this program to preserve the spirit of the original program while minimizing the need for costly staff findings and adjudication.

A Solution Consistent with the Budget. The proposed program will replace the current leasing program with a self-executing site registration system. For a fee, the qualifying limited entry holder would receive a revocable use-privilege for the site with priority over use by other set-net fishers. In other words, a fisher would receive all of the same rights as he received under a set-net lease. The department provides a system for tracking site registration, but would

not (as in the past) evaluate individual registrations or resolve conflicts between registrants. Instead, conflicts would be resolved by the courts and other lawful means. The system would be exempted from requirements to do a "best interest finding" under AS 38.05.035(e) and public notice under AS 38.05.945. The proposed system provides less service than previously in that it does not provide for public notice or staff resolution of conflicts.

Existing leaseholders would automatically be granted a site registration for their site upon natural expiration of their lease. Existing leaseholders may however convert to a registration at any time during the term of their lease.

Journal Text



02/09/00

House Journal

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HB 360

HOUSE BILL NO. 360 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to registration for commercial set gillnet fishing sites; relating to leases for shore fisheries development; and providing for an effective date."

was read the first time and referred to the House Special Committee on Fisheries and the Resources and Finance Committees.

The following fiscal notes apply:

Zero fiscal note, Dept. of Fish & Game, 2/9/00

Zero fiscal note, Dept. of Natural Resources, 2/9/00

The Governor's transmittal letter dated February, 8, 2000, appears below:

02/09/00

House Journal

Page 2150

HB 360

"Dear Speaker Porter:

The current land leasing program for commercial set gillnet fishing sites carries considerable cost for the Department of Natural Resources (department). In meeting restraints caused by recent budget cuts, this bill I transmit today replaces the shore fisheries leasing program with a self-executing registration system.

A registrant is entitled to a revocable, noncompensable use privilege for the site, with priority over other commercial set gillnet fishers who have not registered that site. The department would provide a system for recording site registration, but would not evaluate individual registrations or resolve conflicts between registrants regarding the priority of their use privileges for a particular site. Instead, conflicts would be resolved by the courts or by any other lawful means. The bill provides for a transition from the existing lease program to the registration system.

To register a site, a person must hold a valid salmon set gillnet limited entry permit for the fishery, mark the site with the fisher's name and limited entry permit number, submit a completed form with precise coordinates of the location of the fishing net, and pay a registration fee to be established by the department.

When more than one valid registration is filed for a particular site during its first three years of registration, priority use would be determined by:

Length of time each registrant has been set gillnet fishing in the area;

Proximity of the registrant's past fishing sites to the registered sites, and;

Present ability of the registrants to use the site to its maximum potential for commercial set gillnet fishing.

02/09/00

House Journal

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HB 360

The department would retain authority to process and issue leases for shore fisheries lease applications accepted and filed before the effective date of the Act. Existing shore fisheries lessees could register the site under the new system before the expiration of their lease.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Tony Knowles
Governor"

Bill Root:

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