

HB

288

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB288(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish & Game
 Title Commercial fisheries entry permit buy-back BRU Comm Fish Entry Commission
programs, relinquishment of permits Component Comm Fish Entry Commission
 Sponsor Rep. Scalzi
 Requester House Finance Component No. 471

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950
 Division Commercial Fisheries Entry Commission Date/Time 3/1/02 3:54 PM
 Approved by: Mary McDowell, Commissioner Date 03/01/2002
 Agency Commercial Fisheries Entry Commission

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB288(FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Limited Entry Buy-Back Program BRU Revenue Operations
Component Treasury
Sponsor Representative Scalzi
Requester House Finance Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1066 Public School Trust						
1098 Children's Trust						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

As long as the fund set up to hold the permit buy-back assessments is invested in the General Fund and Other Non-Segregated Investments (GeFONSI) Fund, there will be no charges from Treasury. If the fund is to be managed separately, there would be actual and allocated costs from Treasury. The amounts depend in part on the balance in the fund. Currently, we are assuming that it will NOT have to be invested separately, so we would have no additional costs.

If the fund is to keep the investment income earned on the balance, the bill should clearly state that.

Prepared by: Betty Martin, Comptroller Phone 907-465-2352
Division: Treasury Division Date/Time 3/5/02 9:44 AM
Approved by: Larry Persily, Deputy Commissioner Date 03/05/2002
Agency: Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB288(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Limited Entry Buy-Back Program BRU Revenue Operations
 Component Tax Division
 Sponsor Rep. Scalzi
 Requester House Finance Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
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POSITIONS

Full-time	*	*	*	*	*	*
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

* See second page for explanation of possible costs to administer the assessment program in this legislation.

Prepared by: Chuck Harlamert, Revenue Audit Supervisor Phone 465-4773
 Division Tax Division Date/Time 3/5/02 9:22 AM
 Approved by: Larry Persily, Deputy Commissioner Date 03/05/2002
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSHB 288(FIN)

ANALYSIS CONTINUATION

Bill Analysis

The bill provides for the establishment of permit buy-back assessments at the discretion of the Alaska Commercial Fisheries Entry Commission. The assessment applies to permit holders of the specified fishery and may not exceed 7% of the value determined for fisheries business tax purposes. The buyer or exporter must withhold and remit the assessment on a monthly return and file a summary report by March 1 of the following calendar year.

It is possible that the enforcement and collection provisions of AS 43.05 and AS 43.10, which apply to taxes under AS 43, may not apply to the assessments. We recommend that the bill be modified to add a new subsection AS 43.76.230(e):

(e) The provisions of AS 43.05 and AS 43.10 apply to the enforcement and collection of a permit buy-back assessment under AS 43.76.220 – 43.76.240.

The bill does not contain provisions governing the effective date of permit buy-back assessments. We recommend that the assessments be declared on a calendar year basis and initiated on January 1. We also suggest that a minimum notice period be established in order to allow affected buyers, fishers and the division to prepare for an assessment.

Administrative Costs

We are unable to provide precise estimates of administrative resources necessary to administer the assessments under this legislation. These costs are dependent on the number and complexity of permit buy-back assessments that may be established under CSHB 288. Salmon fisheries with few catcher-processors represent very little additional work for the division. In contrast, other fisheries and salmon fisheries with significant catcher-processor participation may require a significantly higher level of staff resources to administer the assessment program. The division needs to know both the number and identity of designated fisheries in order to project our administrative costs.

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Revision Date/Time (Note if correction): _____ Dept. Affected: Fish & Game
 Title Commercial fisheries entry permit buy-back BRU Comm Fish Entry Commission
programs, relinquishment of permits Component Comm Fish Entry Commission
 Sponsor Rep. Scalzi
 Requester House Finance Component No. 471

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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Other (Specify Type--Do not abbreviate)						
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POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950
 Division Commercial Fisheries Entry Commission Date/Time 3/1/02 3:54 PM
 Approved by: Mary McDowell, Commissioner Date 03/01/2002
 Agency Commercial Fisheries Entry Commission

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

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 Bill Version: CSHB288(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
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 Component Treasury
 Sponsor Representative Scalzi
 Requester House Finance Component No. 121

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Personal Services						
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CAPITAL EXPENDITURES						
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Prepared by: Betty Martin, Comptroller Phone 907-465-2352
 Division Treasury Division Date/Time 3/5/02 9:44 AM
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Component Tax Division
Sponsor Rep. Scalzi
Requester House Finance Component No. 2476

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Land & Structures						
Grants & Claims						
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TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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* See second page for explanation of possible costs to administer the assessment program in this legislation.

Prepared by: Chuck Harlamert, Revenue Audit Supervisor Phone 465-4773
Division Tax Division Date/Time 3/5/02 9:22 AM
Approved by: Larry Persily, Deputy Commissioner Date 03/05/2002
Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSHB 288(FIN)

ANALYSIS CONTINUATION

Bill Analysis

The bill provides for the establishment of permit buy-back assessments at the discretion of the Alaska Commercial Fisheries Entry Commission. The assessment applies to permit holders of the specified fishery and may not exceed 7% of the value determined for fisheries business tax purposes. The buyer or exporter must withhold and remit the assessment on a monthly return and file a summary report by March 1 of the following calendar year.

It is possible that the enforcement and collection provisions of AS 43.05 and AS 43.10, which apply to taxes under AS 43, may not apply to the assessments. We recommend that the bill be modified to add a new subsection AS 43.76.230(e):

(e) The provisions of AS 43.05 and AS 43.10 apply to the enforcement and collection of a permit buy-back assessment under AS 43.76.220 – 43.76.240.

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FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 288
(H) Publish Date: 2/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish & Game
Title Commercial fisheries entry permit buy-back BRU Comm Fish Entry Commission
programs Component Comm Fish Entry Commission
Sponsor Rep. Scalzi
Requester House Fish Component No. 471

Expenditures/Revenues (Thousands of Dollars)

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OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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1003 GF Match						
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1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
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Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950
Division Commercial Fisheries Entry Commission Date/Time 2/1/02 9 08 AM
Approved by: Mary McDowell, Commissioner Date 02/01/2002
Agency Commercial Fisheries Entry Commission

HB 288

#1

3-4-02

Conceptual
AMENDMENT

OFFERED IN HOUSE FINANCE REPRESENTATIVE DAVIES

TO: HB 288

Page 2, line 28,

Add

“Interest accrued by the buy back fund remains in the fund.”

Page 4, line 11,

New Line 11,

“amounts collected and interest accrued from these amounts for each permit buy-back assessment imposed under AS 43.76.220”

Line 4 Sec 12,

New line 12,

“The legislature may appropriate revenue generated by a permit buy-back assessment “and associated interest” to”

HOW DOES CSHB288(FIN) REFLECT THE
EXPRESSED WILL OF THE HOUSE FINANCE
COMMITTEE?

22-LS1108\S

1. HB 288 provides for the establishment of a buy-back **fund** when the optimum number of entry permits is less than the number of entry permits outstanding in a fishery. *Section 5*
2. HB 288 provides for the establishment of a buy-back **plan**. *Section 5*
3. HB 288 provides for the establishment of a buy-back **assessment** and **program** for fisheries that are proceeding with a buy-back plan. *Section 5*
 - The assessment may not exceed 7% of the ex-vessel (first wholesale) value of the fishery resource and is paid by the commercial fishermen.
 - Delineates the collection and appropriation process for the assessment; and, ensures the commission expends the monies for the plan's intended purpose.
4. Under HB 288, when a permit is "bought back," the permit no longer exists. *Section 6*
5. HB 288 provides the same revenue flow as the hatchery and ASMI tax that commercial fishermen currently pay. *Section 8*

22-LS1108S
Utermohle
3/1/02

CS FOR HOUSE BILL NO. 288()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SCALZI, Stevens, Hudson, Fate, Dyson, Wilson

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to commercial fishing limited' entry permit buy-back programs, to a
2 permit buy-back assessment, and to voluntary relinquishment of commercial fishing
3 permits; and defining 'optimum number.'"

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

5 * Section 1. AS 16.43.150(f) is amended to read:

6 (f) Except for permits that are not transferable under AS 16.43.170(e)
7 [AS 16.43.170(c) OR (e)], an entry permit survives the death of the holder.

8 * Sec. 2. AS 16.43.150 is amended by adding a new subsection to read:

9 (i) The holder of a transferable or nontransferable entry permit or of an
10 interim-use permit may voluntarily relinquish the permit to the commission.

11 * Sec. 3. AS 16.43.170(b) is amended to read:

12 (b) Except as provided in [(c) AND] (e) of this section, the holder of an entry
13 permit may transfer the permit to another person or to the commission upon 60 days
14 notice of intent to transfer under regulations adopted by the commission. No sooner

1 than 60 days nor later than 12 months from the date of notice to the commission, the
2 holder of an entry permit may transfer the permit. If the proposed transferee, other
3 than the commission, can demonstrate the present ability to participate actively in the
4 fishery and the transfer does not violate any provision of this chapter or regulations
5 adopted under this chapter [IT], and if a certificate for the permit under
6 AS 16.10.333(b)(1) - (2), 16.10.338, or AS 44.81.231(a) is not in effect, the
7 commission shall approve the transfer and reissue the entry permit to the transferee
8 provided that neither party is prohibited by law from participating in the transfer.

9 * Sec. 4. AS 16.43.170(e) is amended to read:

10 (e) The [BEFORE THE DETERMINATION, UNDER AS 16.43.290 AND
11 16.43.300, OF THE OPTIMUM NUMBER OF ENTRY PERMITS FOR A
12 FISHERY, THE] holder of an entry permit who qualified for that entry permit in a
13 priority classification designated under AS 16.43.250(c) may not transfer that permit
14 [UNLESS THE COMMISSION ESTIMATES THAT THE OPTIMUM NUMBER
15 FOR THAT FISHERY WILL BE EQUAL TO OR GREATER THAN THE
16 NUMBER OF OUTSTANDING ENTRY PERMITS AND INTERIM-USE
17 PERMITS].

18 * Sec. 5. AS 16.43.310 is repealed and reenacted to read:

19 Sec. 16.43.310. Establishment of buy-back funds and permit buy-back
20 assessments. (a) When the optimum number of entry permits is less than the number
21 of entry permits outstanding in a fishery, the commission may establish a buy-back
22 program, a buy-back plan, and a buy-back fund for that fishery.

23 (b) The commission may establish by regulation a permit buy-back assessment
24 for each fishery for which the commission has established a buy-back fund under (a)
25 of this section. The amount of the assessment may not exceed seven percent of the
26 value, as defined in AS 43.75.290, of fish that a permit holder in the fishery subject to
27 the assessment removes from the state or transfers to a buyer in the state. The
28 Department of Revenue shall collect an assessment established under this subsection.

29 (c) The commission shall expend money appropriated to a buy-back fund for
30 the purpose of reducing the number of entry permits in the fish ry to the optimum
31 number, at a rate to be established by the commission. Except as provided in

1 AS 16.43.320, money appropriated to a buy-back fund does not lapse.

2 * **Sec. 6.** AS 16.43.320 is repealed and reenacted to read:

3 **Sec. 16.43.320. Administration of the buy-back program.** The commission
4 shall adopt regulations providing for the purchase of transferable entry permits with
5 money in the buy-back fund for each fishery. The buy-back program for a fishery
6 shall terminate when the number of entry permits for the fishery is reduced to the
7 optimum. The unexpended balance of appropriations made to a buy-back fund for a
8 fishery shall lapse back into the fund from which the money was appropriated at the
9 end of the fiscal year in which the buy-back program is terminated.

10 * **Sec. 7.** AS 16.43.990 is amended by adding a new paragraph to read:

11 (10) "optimum number" includes an optimum range of numbers.

12 * **Sec. 8.** AS 43.76 is amended by adding new sections to read:

13 **Article 4. Permit Buy-Back Assessment.**

14 **Sec. 43.76.220. Permit buy-back assessment.** A person holding a limited
15 entry permit or interim-use permit under AS 16.43 for a fishery subject to a permit
16 buy-back assessment established by the Alaska Commercial Fisheries Entry
17 Commission under AS 16.43.310 shall pay the permit buy-back assessment at the rate
18 established by the commission on the value, as defined in AS 43.75.290, of fish that
19 the person removes from the state or transfers to a buyer in the state under the
20 authority conferred by the limited entry permit or interim-use permit. The buyer shall
21 collect the permit buy-back assessment at the time the fish is acquired by the buyer.

22 **Sec. 43.76.230. Collection of assessment.** (a) A buyer who acquires fish that
23 are subject to a permit buy-back assessment imposed by AS 43.76.220 shall collect the
24 permit buy-back assessment at the time of purchase and shall remit the total permit
25 buy-back assessment collected during each month to the department by the last day of
26 the next month.

27 (b) A buyer who collects a permit buy-back assessment shall

28 (1) maintain records of the value of fish purchased in the state that
29 were subject to a permit buy-back assessment;

30 (2) report the total value, as defined in AS 43.75.290, of the fish
31 acquired during the preceding year that were subject to a permit buy-back assessment

1 to the department by March 1 of each year.

2 (c) The owner of fish removed from the state is liable for payment of a permit
3 buy-back assessment imposed by AS 43.76.220 if, at the time the fish is removed from
4 the state, the assessment payable on the fish has not been collected by a buyer. If the
5 owner of the fish is liable for payment of the permit buy-back assessment under this
6 subsection, the owner shall comply with the requirements under (a) and (b) of this
7 section to remit the assessment to the department, to maintain records, and to report to
8 the department.

9 (d) A permit buy-back assessment collected under this section shall be
10 deposited in the state treasury. The department shall separately account for the
11 amounts collected for each permit buy-back assessment imposed under AS 43.76.220.
12 The legislature may appropriate revenue generated by a permit buy-back assessment to
13 the buy-back fund established for the fishery in which the assessment was collected
14 for the purpose of supporting the buy-back program for that fishery under
15 AS 16.43.310 and 16.43.320.

16 Sec. 43.76.240. **Definition.** In AS 43.76.220 - 43.76.240, "buyer" means a
17 person who acquires possession of fish from the person who caught the fish regardless
18 of whether there is an actual sale of the fish, but does not include a person engaged
19 solely in interstate transportation of goods for hire.

20 * Sec. 9. AS 16.43.170(c) is repealed.

PN
new Fishing
Revenue

SECTIONAL ANALYSIS – CSHB288(FIN)
22-LS1108\5

Section 1. This is current law. It maintains the status quo that allows a permit to be inherited upon the death of a holder. The change here simply makes the section consistent with the other elements of the measure.

Section 2. This is a new section that would allow transferable, nontransferable or interim-use permit holders to voluntarily relinquish the permit to the commission. Once the permit is relinquished to the commission, it no longer exists. It is an important aspect for fleet reduction.

Section 3. This is current law. The changes in this section make it consistent with the rest of the measure.

Section 4. This section makes the language consistent with the rest of the measure.

Section 5. Allows for the establishment of buy-back funds and permit buy-back assessments.

Sets forth the procedures for a buy-back program.

Ensures monies appropriated to the buy-back fund do not lapse.

Section 6. Allows the purchase of transferable entry permits in a buy-back program. It terminates the program when the “optimum” number is obtained.

Section 7. Changes the “optimum number” definition to include a range of numbers rather than one fixed number as “the” optimum number. This change makes the buy-back process more rational.

Section 8. Creates the revenue flow for the collection of a buy-back assessment.

The process mirrors the hatchery and ASMI tax, is collected monthly from buyers by the Department of Revenue, and is accounted for separately.

The legislature may appropriate revenue generated under a buy-back assessment to accomplish the purposes of a particular fishery’s buy-back plan.

Section 9. This portion of the statute became unnecessary because of changes in the rest of the measure.

Changes CS HB 288 (RES) would make to current limited entry permit buyback law:

- Bill removes requirement that a state buyback program must be implemented after determination that optimum number is lower than number of permits currently in fishery.
Makes optimum number determination feasible without triggering a state buyback, thus allowing pursuit of some other remedy, such as an industry-funded and run fleet consolidation program, use of a federal buyback program, etc.

If any form of permit reduction is sought, fishermen will want to go in with some confidence that lower number of permits is likely to be defensible if later faced with legal challenge on question of whether fishery has become "too exclusive."

- Eliminates requirement that a buyback program buy out vessels and gear as well as permits.
- Eliminates "dedicated fund" constitutional problem that exists in the funding mechanism in current law whereby funds generated by an assessment on fishermen would go directly into a buyback fund (as opposed to assessments going to general fund where legislature would have discretion as to appropriating it for buyback or not).

In fact, HB288 eliminates assessment provision entirely and is silent about actual source of funding for buyback. Says only that CFEC shall go to the legislature to request funding.

Request could be for direct appropriation, or proposed legislation to create assessment of fishermen to fund buyback, or legislation proposing some other funding mechanism.

Premise is that a fleet consolidation program, to be effective, must be "customized" to best meet the character, circumstances, and needs of each individual fishery that may be the subject of such an effort.

- Makes only transferable permits eligible for buyback. (Current law has provision for buying out nontransferable permits if sufficient funds are available in the buyback fund.)
 - Addition of sections 1, 3, 4, and 7 are just to make other sections of limited entry law consistent with this change to 16.43.320.
- Current law sets deadline of 10 years for getting number of permits in the fishery down to optimum level. HB 288 removes that provision and sets no specific timeline for completion of buyback.
- Section 2 of the CS adds specific language making it clear that the holder of a permit may voluntarily relinquish their permit (whether under a fleet consolidation or for any other reason).
- CS adds a definition of "optimum number" to the definitions section of the Limited Entry Act., Ability to set an optimum number range, rather than one number, will make the optimum number process more meaningful and less subject to challenge.

Southeast Alaska Fishermen's Alliance

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Juneau, AK 99801

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February 28, 2002

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
House Finance Committee
Alaska State Legislature
State Capitol Room 519
Juneau, AK 99801

RE: HB 288 - Support

The Southeast Alaska Fishermen's Alliance supports HB 288. This is simple legislation that cleans up the statutes so that a fleet interested in buyback could at least consider and move forward on a program. Currently a fleet that is interested in a buy back program comes against the flaws in the present statute and feels too overwhelmed to proceed forward. It makes good sense for the State of Alaska to clean up and simplify statutes when there are inherent flaws such as the use of designated funds.

This legislation also makes two simple changes that our association favors: the ability to purchase permits only but does not prevent a fleet from designing a program with CFEC to purchase permits, boats and gear and more importantly we support the change that allows a optimum number study to be conducted by CFEC but does not require the fleet to move forward into a buy back program even if the number of permits in the fleet is more than the optimum number.

This legislation in itself does not require the legislature to fund a buyback, any fleet that is interested in buyback will have to work out the details of their plan and funding sources. A fleet that looks for funding from the State would have to come in front of the Legislature and justify their plan and likely assess themselves to pay back the State.

The Southeast Alaska Fishermen's Alliance was speaking to many members of the Legislature last year about this issue and the need to make corrections to the limited entry buy back program. We are pleased that the legislature is moving forward on this issue.

Sincerely,

Kathy Hansen



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI

State Capitol

Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

Sponsor Statement

HB288: "An Act relating to commercial fisheries limited entry permit buy-back programs and to relinquishment of commercial fishing permits; and defining 'optimum number'."

Efficiencies in commercial fishery harvest practices have increased since the inception of the limited entry program. Arguably more permits were originally issued than necessary to effectively harvest the resource for sustained yield in some areas. Alaska presently has approximately 12,000 commercial fishing permits, with about three-fourths of those owned by Alaskans. The limited entry program instituted in the early 1970s worked well for those times; however, with low prices and an excess of harvesters, it is apparent that what worked thirty years ago is splitting the pie into minute portions today.

With the advent of foreign-farmed fish, members from the Alaska commercial fishing industry are now looking at ways to consolidate efforts, maximize efficiencies, and promote better quality. One such method of consolidation is a buy-back or buy-down program.

The provision currently in statute allowing for a buy-back requires purchase of the fishing vessel, skiff, nets, and related equipment involved in an individual's fishing operation as well as the permit. This last requirement can be cumbersome, costly, and an inherent disincentive to effectively promote a desired buy-back plan. This bill would allow for a buy-back plan that would incorporate the purchase of *permits only*, thus making it easier to clarify the costs associated with implementing such a plan. While the legislature would need to appropriate the funding to capitalize the buy-backs, the source of the funds could originate from several sources such as federal grants and permit holder self-assessment. The bill also provides for relinquishment of a permit to the Commercial Fisheries Entry Commission. In this bill, "optimum number" is redefined to mean an optimum range of numbers, a definition that more closely meets the needs for the conditions of Alaska's present-day fisheries.

In no way does this legislation imply or change in existing statute the status of voluntary participation in any such buy-back.

Southeast Alaska Fishermen's Alliance

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February 13, 2002

Representative Drew Scalzi, Chair
House Resources
Alaska State Legislature
State Capitol Room 124
Juneau, AK 99801

RE: HB 288

The Southeast Alaska Fishermen's Alliance supports HB 288. This is simple legislation that cleans up the statutes so that a fleet interested in buyback could at least consider and move forward on a program. Currently a fleet that is interested in a buy back program comes against the flaws in the present statute and feels too overwhelmed to proceed forward. It makes good sense for the State of Alaska to clean up and simplify statutes when there are inherent flaws such as the use of designated funds.

This legislation also makes two simple changes that our association favors: the ability to purchase permits only but does not prevent a fleet from designing a program with CFEC to purchase permits, boats and gear and more importantly we support the change that allows a optimum number study to be conducted by CFEC but does not require the fleet to move forward into a buy back program even if the number of permits in the fleet is more than the optimum number.

The Southeast Alaska Fishermen's Alliance was speaking to many members of the Legislature last year about this issue and the need to make corrections to the limited entry buy back program. We are pleased that the legislature is moving forward on this issue and would like to thank Rep. Scalzi for introducing this legislation.

Sincerely,

Kathy Hansen



United Southeast Alaska Gillnetters
 PO Box 22427
 Juneau, Alaska 99802
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 E-mail: usag@gci.net

February 6, 2002

Representative Peggy Wilson
 Representative Gary Stevens
 Co-Chairs
 House Special Committee on Fisheries
 Alaska State Legislature
 State Capitol (MS 3100)
 Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 288 Limited Entry Buy-Back Program

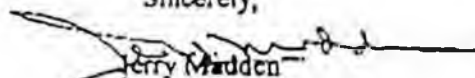
United Southeast Alaska Gillnetters (USAG) supports passage of this bill to clean up existing statutory language that impedes effective and timely implementation of a limited entry permit buyback program, should it become necessary.

Specifically, we support language that allows for an optimum numbers study to be completed without automatically triggering a buyback. We believe that it is prudent to conduct the optimum study and they allow the permit holders to assess their options before they move ahead with a state buyback. A second issue of concern is that a better mechanism is needed to ensure that funds provide by fishermen for the buyback are used specifically for that purpose.

The 100 plus members of USAG urge your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,


 Jerry Madden
 Executive Director



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
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(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

February 4, 2002

Representative Peggy Wilson
Representative Gary Stevens
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 288 Limited Entry Buy-Back Program

United Fishermen of Alaska supports passage of this bill to clean up existing statutory language that impedes effective and timely implementation of a limited entry permit buyback program, should it become necessary

Specifically, we support language that allows for an optimum numbers study to be completed without automatically triggering a buyback. We believe that it is prudent to conduct the optimum study and they allow the permit holders to assess their options before they move ahead with a state buyback. A second issue of concern, is that a better mechanism is needed to ensure that funds provide by fishermen for the buyback are used specifically for that purpose.

The twenty-nine members groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • Alaska Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kona Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Sainers Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Sainers Association • Southern Southeast Regional Aquaculture Association

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@ptialaska.net

February 9, 2002

House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3472

RE: CS for HB 288 - CFEC Buyback

Dear Members,

Cordova District Fishermen United, representing the fishing fleets of Area E-- Prince William Sound and the Copper River--strongly supports HB 288. The existing buyback statute is inefficient, inflexible and needs to be cleaned up for consistency with other State law. HB 288 accomplishes that.

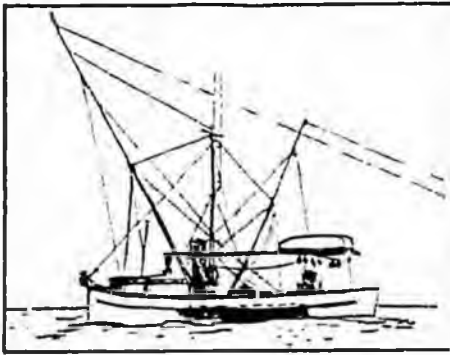
Given the volatility of the salmon industry at present, harvesters need maximum flexibility in order to successfully respond to our changing needs. HB 288 makes several important changes to existing law: 1) It makes buyback optional, rather than mandatory following an optimum number study that finds a number lower than that in the existing fishery; 2) It doesn't require purchase of all associated fishing boats, gear, etc.; and 3) removes the mandatory 7% assessment which is illegal under other existing law.

We support this legislation and urge your positive consideration.

Sincerely,



Sue Aspelund
Executive Director



Alaska Trollers Association

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

February 7, 2002

Representative Beverly Masek, Co-Chair
Representative Drew Scalzi, Co-Chair
House Resources Committee
Alaska State Legislature
Juneau, AK 99811

Dear Resources Committee Members:

The Alaska Trollers Association supports HB 288, relating to commercial fisheries limited entry permit buy-back programs. ATA thinks this legislation is necessary to provide an appropriate tool for those fleets that believe buyback is a viable option.

We ask for your support of HB 288.

Respectfully,

A handwritten signature in cursive script that reads "Dale Kelley".

Dale Kelley
Executive Director