

**SB**

**329**

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB329  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish & Game  
 Title Allow CDQ groups to hold entry permits BRU Comm Fish Entry Commission  
 Component Comm Fish Entry Commission  
 Spcnsor Senator Halford  
 Requester Senate Resources 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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 11:49 AM  
 Approved by: Mary McDowell, Commissioner Date 03/01/2002  
 Agency Commercial Fisheries Entry Commission

# FISCAL NOTE

**STATE OF ALASKA**  
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Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 329  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCE: D  
 Title Allow CDQ groups to hold entry permits BRU Community Assist & Econ Dev. (405)  
 Component Community & Business Development  
 Sponsor Senator Halford  
 Requester Senate Resources Component No. 2486

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)

This bill adds CDQ groups as a new category of limited entry permit owners. There is no fiscal impact on the department.

Prepared by: Pat Poland, Director Phone 907-269-4578  
 Division Community & Business Development Date/Time 3/1/02 4:28 PM  
 Approved by: Deborah B. Sedwick, Commissioner Date 3/1/2002  
 Agency Department of Community & Economic Development



**ALASKA STATE LEGISLATURE**  
**Senator Rick Halford**  
*President of the Senate*

*While in Session:*  
State Capitol  
Juneau, AK 99801-1182  
907-465-4958

*While in Interim:*  
P.O. Box 670190  
Chugiak, AK 99567  
907-694-4958

**Senate Bill 329: Allow CDQ Groups to Hold Entry Permits**

**Sponsor Statement**

In 1992, federal legislation created the Community Development Quota (CDQ) Program to promote fisheries related economic development and growth in western Alaska. Sixty-five communities participating in the program have formed six regional organizations (CDQ groups) within a fifty-mile radius of the Bering Sea coastline.

Senate Bill 329 provides an additional tool to enhance their goal of promoting fisheries economic development by allowing CDQ groups to hold limited entry permits. Broadening the limited entry permitting process, to allow ownership by CDQ groups, gives the groups an additional opportunity to provide an economic stimulus to communities within their geographic bounds. Should this bill become law, limited entry permits shall only be held by: individuals, CDQ groups, CFAB and the state loan programs.

Today the six CDQ groups are:

- Aleutian Pribilof Island Community Development Association (6 communities)
- Bristol Bay Economic Development Corporation (17 communities)
- Central Bering Sea Fishermen's Association (1 community)
- Coastal Villages Region Fund (20 communities)
- Norton Sound Economic Development Corporation (15 communities)
- Yukon Delta Fisheries Development Association (6 communities)

According to the Community Development Quota Program, "since 1992, approximately 9,000 jobs have been created for western Alaska residents with wages totaling more that \$60 million."

It is the sponsor's intent that SB 329 provides the groups an additional economic means to broaden the impact they have on the communities they serve by bringing additional jobs and wages to strengthen the economical well being of western Alaska.

I encourage all members of the committee to join me in supporting SB 329. Thank you.



### Norton Sound Economic Development Corporation

420 L Street, Suite 310  
Anchorage, Alaska 99501  
(907) 274-2288 (phone)  
(907) 274-2289 (fax)



### Yukon Delta Fisheries Development Association

301 Calista Court, Suite C  
Anchorage, AK 99518  
(907) 644-0326 (phone)  
(907) 644-0327 (fax)



### Coastal Villages Region Fund

711 H Street, Suite 200  
Anchorage, Alaska 99501  
(907) 278-5151 (phone)  
(907) 278-5150 (fax)



### Central Bering Sea Fishermen's Association

P.O. Box 288  
St. Paul, Alaska 99560  
(907) 546-2207 (phone)  
(907) 546-0430 (fax)

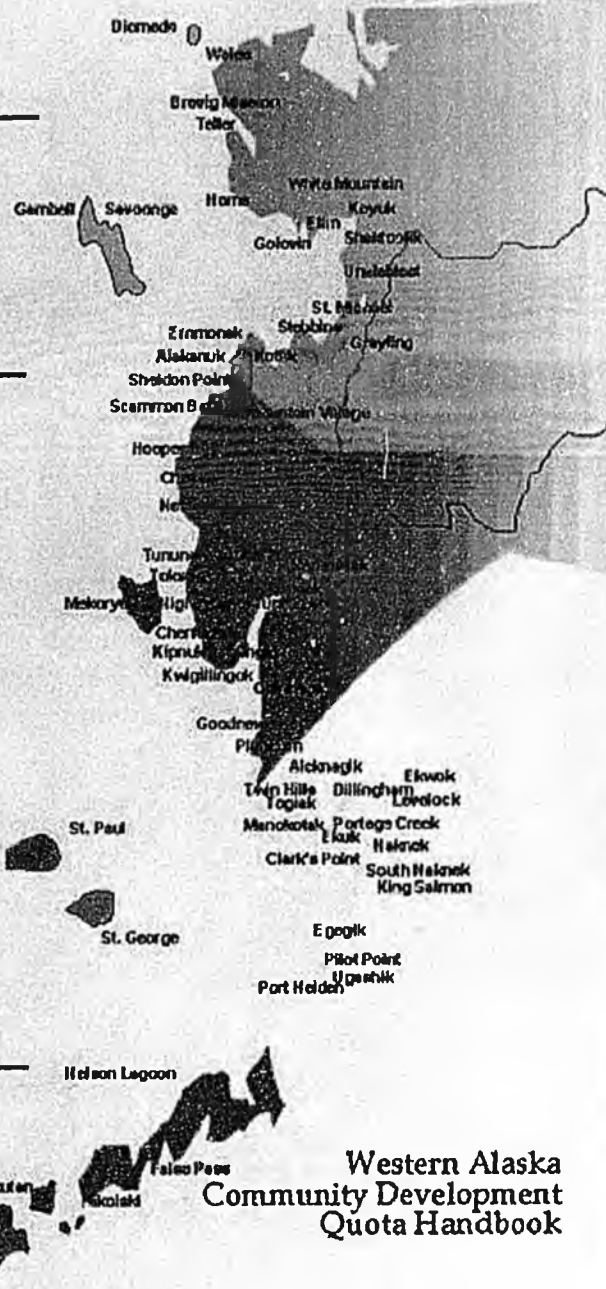


P.O. Box 1464  
Dillingham, Alaska 99576  
(907) 842-4370 (phone)  
(907) 842-4306 (fax)



### Aleutian Pribilof Island Community Development Association

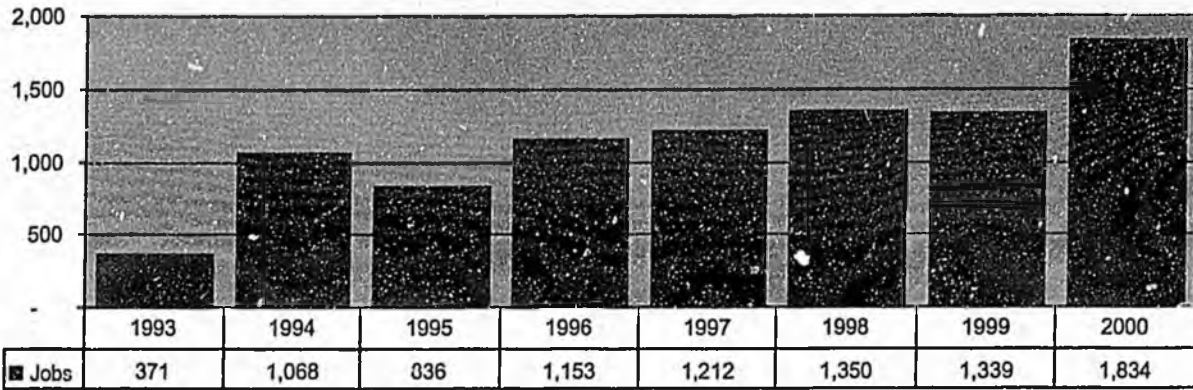
234 Gold Street  
Anchorage, Alaska 99501  
(907) 586-0161 (phone)  
(907) 586-0163 (fax)



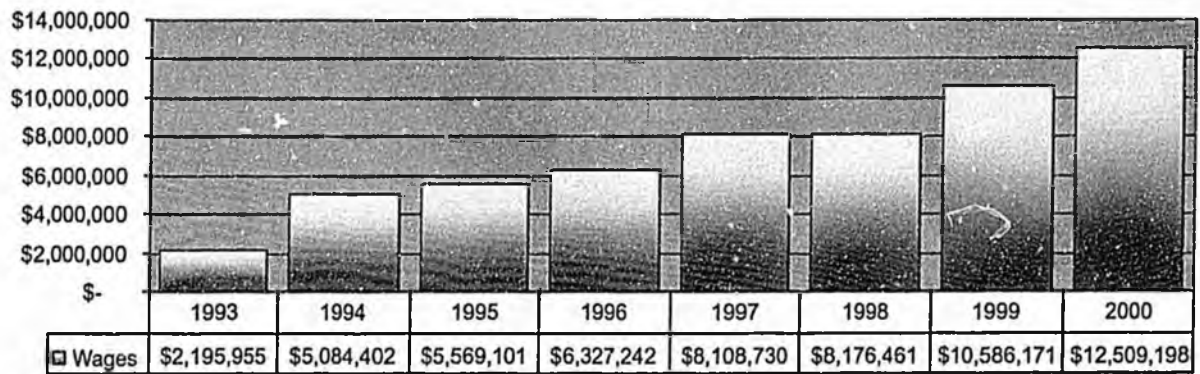
### Western Alaska Community Development Quota Handbook

Prepared by:  
State of Alaska / DCED 3/29/00

### 1993 - 2000 CDQ Employment



### 1993-2000 CDQ Wages



3/5/02  
Paul Seaton  
58395 Bruce St.  
Homer, AK 99603  
Phone and fax: 907-235-6342

Alaska State Senator John Torgerson, Chairman  
Senate Resource Committee  
Re:SB0329A 22-L51506/A

Dear Senator,

I have looked at SB 329. There are at least 3 features that need change. There is one major section that should be fixed to make the law consistent with current practices in the fishing industry.

Before discussing those issues:

I think this problem of maintaining regional ownership of limited entry permits could better be solved by simply allowing the CDQ groups to finance and hold interest in entry permits just like CFAB has such authority.

1. I looked for a cap on the number of permits a CDQ group could own for an area. I find that Sec.1, line 5, limits the CDQ group to the same limit for a Limited Entry or interim use permit as under current law for natural persons. That is only one for a species per management area. I don't know if that was the intent.  
\*\*\*\* If that gets changed to multiples by changing "an" in line 5 page one, to "entry permits", then we MUST add a section limiting the percentage of a management area's permits that can be controlled or owned this way.\*\*\*\*
2. I see no reason to allow CDQ groups to qualify for, or apply for interim use permits. Any person they would designate for a "designated agent" (pg. 2b) line 2, could get the interim use permit individually and then later qualify for issuance of an entry permit if the fishery goes limited entry.  
\*\*\*\* The interim-use permit language should be struck throughout the bill.\*\*\*\*

Sec 15 page 7a)

CDQ groups should NOT be allowed to receive initial entry permits as that would cut out the local native fishermen from personally receiving the permits. I cannot see any application of this provision unless it is dovetailed with HB 206. That would shift permit ownership from fishermen to vessel owners (entities – included but not limited to CDQ groups) in fisheries other than scallop and Korean hair crab. Preventing CDQ groups from obtaining interim use permits would solve this problem, but only if HB206 does not pass. If HB206 passes, CDQ groups could petition to use those provisions with the concurrence of the legislature to have the Limited Entry permits issued to the absentee vessel owners instead of fishermen.

Sec. 16 AS16.43330 a)

Again – I don't think entities in the Bering Sea should receive entry permits by excluding Bering Sea Native fishermen.

\*\*\*CDQ groups should not be eligible to receive initial issuances of limited entry permits.\*\*\*

3. Page 11, line 23, Sec 31 AS43.76.150 (b) through page 14 Sec 37 line 20 – end of bill.

All these sections refer to dive fisheries that currently do not exist in the Bering Sea, the area to which this bill is limited. I am concerned with all the voting and taxation issues. I think the "single" permit limit for a CDQ group will be changed and do not know what ownership cap would be set. In other words – depending on that cap one entity could totally control the vote provision of 25% of permit holders. I don't think this tax on everyone but controlled by only one entity would be ethical or legal.

\*\*\*If this bill proceeds, a section needs to be inserted that an entity has only one vote in any such election regardless of the number of permits owned.\*\*\*

4. Other issues – make law consistent with industry practice. Page 2 Sec.3 AS 16.05.680(a) (3)

The current law requires each permit holder to be physically present at the time of delivery to a buyer or processor contracted tender. A vessel cannot aggregate fish from more than one permit holder's gear

and fishermen cannot hire a tender to run their fish to town without each and every permit holder accompanying the fish to the processor. Throughout the state, set net families or groups violate this provision every day. Set net families or non-family operations generally fish a number of permits yet in any one day may deliver all the fish on just one permit rather than separating the fish which were caught in each permit's nets. An aggregate or association delivery is in violation of this section. However, this has always been the practice in the industry.

In herring fishing, sometimes the fishermen form voluntary co-ops and aggregate deliveries.

With the changes in the salmon industry, set netters across from Anchorage must now aggregate and run their fish in to buyers because processors are no longer providing tender service for part or all of the season. A fish ticket with appropriate numbers imprinted should be allowed to accompany the fish.

In Chignik, the BOF has passed regulations to allow an aggregated fish allocation to an association of permit holders. Unless this provision is changed the BOF attempt will result in illegal deliveries.

None of these 'association deliveries' allow operation of fishing gear without a permit holder present.

\*\*\*\* 16.05.680(a)(3) needs to be changed to conform to industry practice and allow aggregated delivery by an association, group or family without being a violation of the law.\*\*\*\*

\*\*\*\* 16.05.680(a)(3) needs to be changed to allow fishermen or associations to use their own tenders to transport fish to a buyer as long as the fish are accompanied by a card imprinted and fisherman signed fish ticket\*\*\*\*