

SCOMM

131:38

(7)

Date Referred to Committee: March 18, 2004

FURTHER REFERRALS: Finance

Date of Committee Action: MARCH 29, 2024

The HOUSE SPECIAL COMMITTEE ON FISHERIES considered:

SB 315

SENATE BILL NO. 315

ENTRY PERMIT BUY-BACK PROGRAM

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

Recommends it be replaced with [] HCS or [] CS for _____ (_____)
For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ [X] Same Title [] New Title

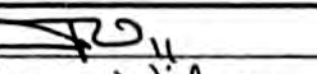
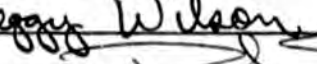
☐ attach amendments

[] add new referral to _____ Committee

[] Letter of Intent_____Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LEG
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
  		Oja WILSON SAMUELS GUTENBERG	✓ ✓ ✓			
Chair: Paul Keator		SEATON	✓			
Chair:						

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 315
(S) Publish Date: 2/27/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
Title Commercial Fishing Entry Permit Buy-Back RDU Comm. Fish Entry Commission
Program Component Commercial Fisheries Entry
Sponsor Senator Stevens by request Commission
Requester Salmon Industry Task Force Component No. 471

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
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
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal: ☐

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)

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960
Division Commercial Fisheries Entry Commission Date/Time 2/20/04 2:15 PM
Approved by: Frank M. Homan, Commissioner Date 2/20/2004
Agency Commercial Fisheries Entry Commission



Alaska State Legislature

Senate Majority Web: <http://www.akrepublicans.org>

Sponsor: Sen. Ben Stevens by Request Salmon Industry Task Force
Current Version: SB 315
Contact: Cheryl Sutton, 465-2705
Date: March 17, 2004

Fact Sheet for: Senate Bill 315

Short Title: Entry Permit Buyback Program

Summary:

- Adds language to current Commercial Fisheries Entry Commission buyback statute to allow other funding sources to "front fund" an approved buyback plan.
- The remaining fishermen in the fishery will repay the "front funding" and reasonable administrative costs through an approved buyback program.
- Examples of "front-fund" sources are: state or federal appropriation or a private sector loan.

Benefits:

- Creates a mechanism for the state to fund and implement a buyback in an efficient manner.
- Provides for an immediate reduction of entry permits to the optimum number.

Background:

The Joint Legislative Salmon Industry Task Force recommended several changes to existing laws in an attempt to make them achievable for the seafood industry. Senate Bill 315 will make the buyback statutes practicable for fisheries that choose to initiate a buyback plan, program, and fund.

FACT SHEET

Alaska State Legislature

SENATOR
BEN STEVENS
716 WEST 4TH AVENUE
ANCHORAGE, AK
99501-2133
(907) 269-0200
FAX (907) 269-0204



Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

Senate District N

SPONSOR STATEMENT

Senate Bill 315

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

Senate Bill 315 modifies existing law governing buy-back programs. It would allow the Commercial Fisheries Entry Commission to "front fund" a buy-back program if an appropriation were received. The commission would then continue to collect funds through the designated rate of assessment in the buy-back program to "pay back" the indebtedness.

When the optimum number of permits is reached in a buy-back *and* the reasonable costs of the program have been met, the Commission will terminate the assessment in the affected fishery. SB 315 will make the administration of a buy-back program more workable.

SPONSOR STATEMENT

Alaska State Legislature

SENATOR
BEN STEVENS
716 WEST 4TH AVENUE
ANCHORAGE, AK
99501-2133
(907) 269-0200
FAX (907) 269-0204



Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

Senate District N

BILL ANALYSIS

Senate Bill 315

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

Bill Title: Entry Permit Buyback Program

Sponsor: Senator Ben Stevens, by Request of the Joint Legislative Salmon Industry Task Force

Bill Achieves:

- Retains the language in statute for the current approach for a buyback option but ADDS language that would allow the possibility of using some other funding source to initially fund (or "front fund") a buyback and then assess the remaining fishermen in the fishery. This will provide funds to repay the money that was front-funded.
- Bill does not change any policies relative to the Commercial Fisheries Entry Commission. It merely sets up a mechanism for the state to fund and implement a buyback in an efficient manner.
- A front-fund source could be: a state or federal appropriation, private sector loan, a court settlement, or another funding source.

Current law would finance a potential buyback in this manner:

- The Commercial Fisheries Entry Commission conducts an optimum number study. The study confirms that there are too many permits in a particular fishery. A buy-back program is established to reduce the number of permits. The fishermen are assessed a fee (can be no more than 7% of the value) based on an individual's fish tickets. The assessment goes into the general fund and the legislature may appropriate the funds for the buyback.
- This method can take a long time to collect enough funds to reach the "optimum" number. The permit reduction would be so slow that benefits would not be realized for a very long time. There has, to this date, never been a buyback.

SECTIONAL ANALYSIS

If we are fortunate enough to find a source of repayable funding to provide for a quick, effective buyback in a fishery for which an optimum number study determines a reduction is justified, the state could:

- Use the available funding to quickly buy permits down to the optimum number in one attempt;
- **Then** assess earnings of those who have chosen to remain in the now (presumably) more lucrative fishery to pay back the loan over time until the obligation is repaid.

STATUTES GOVERNING BUY-BACK PROGRAMS FOR CFEC

Article 04. REDUCTION TO OPTIMUM NUMBER OF ENTRY PERMITS

Sec. 16.43.290. Optimum number of entry permits.

Following the issuance of entry permits under AS 16.43.270, the commission shall establish the optimum number of entry permits for each fishery based upon a reasonable balance of the following general standards:

(1) the number of entry permits sufficient to maintain an economically healthy fishery that will result in a reasonable average rate of economic return to the fishermen participating in that fishery, considering time fished and necessary investments in vessels and gear;

(2) the number of entry permits necessary to harvest the allowable commercial take of the fishery resource during all years in an orderly, efficient manner, and consistent with sound fishery management techniques;

(3) the number of entry permits sufficient to avoid serious economic hardship to those currently engaged in the fishery, considering other economic opportunities reasonably available to them.

Sec. 16.43.300. Revisions of optimum number of entry permits.

(a) The commission may increase or decrease the optimum number of entry permits for a fishery when one or more of the following conditions makes a change desirable considering the purposes of this chapter:

(1) an established long-term change in the biological condition of the fishery has occurred that substantially alters the optimum number of entry permits permissible applying the standards set out in AS 16.43.290;

(2) an established long-term change in market conditions has occurred, directly affecting the fishery, that substantially alters the optimum number of entry permits permissible under the standards set out in AS 16.43.290.

(b) If the commission decreases the optimum number of entry permits for a fishery, the number of entry permits may be reduced only under the voluntary buy-back provisions set out in AS 16.43.310 and 16.43.320.

Sec. 16.43.310. Establishment of buy-back funds and permit buy-back assessments.

(a) When the optimum number of entry permits is less than the number of entry permits outstanding in a fishery, the commission may establish a buy-back program, a buy-back plan, and a buy-back fund for that fishery.

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

(c) The commission shall expend money appropriated to a buy-back fund for the purpose of reducing the number of entry permits in the fishery to the optimum number, at a rate to be established by the commission. The legislature may appropriate interest accrued on the money in a buy-back fund to that fund. Except as provided in AS 16.43.320, money appropriated to a buy-back fund does not lapse.

Sec. 16.43.320. Administration of the buy-back program.

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



UNITED FISHERMEN OF ALASKA

March 11, 2004

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Senator Ben Stevens
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau, AK 99801-1182

Dear Senator Stevens,

United Fishermen of Alaska supports SB 315 relating to the administration of commercial fishing entry permit buy-back program. This bill modifies existing law governing buy-back programs by allowing the Commercial Fisheries Entry Commission to "front-fund" a buy-back program if an appropriation were received. The commission would then continue to collect funds through the designated rate of assessment in the buy-back program to repay the indebtedness.

United Fishermen of Alaska represents 32 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support SB 315 which will make the buy-back statute easier to administer by accepting grants or loans from other sources. Thank you for your time and consideration on this matter.

Sincerely,

Mark Vinsel
Executive Director

*CS
for file to
go to floor*

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Driggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association
Seafood Producers Cooperative • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Catcher Boats • United Salmon Association • United Southeast Alaska Seiners • United Fishermen Development Association • Western Gulf of Alaska Fishermen

UFA LETTER

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 28, 2004

FURTHER REFERRALS: Resources
Finance

Date of Committee Action: Feb. 9th, 2004

The HOUSE SPECIAL COMMITTEE ON FISHERIES considered:

HB 410

HOUSE BILL NO. 410

ENTRY PERMIT BUY-BACK PROGRAM

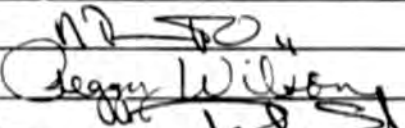
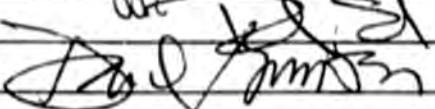
"An Act relating to the administration of commercial fishing entry permit buy-back programs."

Recommends it be replaced with ☐ HCS or ☐ CS for _____ (_____)
 For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR _____ ☒ Same Title ☐ New Title

- ☐ attach amendments
☐ add new referral to _____ Committee
☐ Letter of Intent _____ Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LEG
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		Ogg	✓			
		wilson	✓			
		SAMUELS			✓	
		GUTENBERG			✓	
Chair: 		SEATON	✓			
Chair:						

COMPANION BILL VOTE