

**SB**

**93**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HCSSB 093(FIN)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title Annual commercial fishing permit RDU Comm. Fish Entry Commission  
and vessel license fees Component Commercial Fisheries Entry  
Commission  
 Sponsor Senator Ben Stevens  
 Requester House Finance Committee Component No. 471

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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
<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>	<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>CHANGE IN REVENUES ( )</b>	<b>1,885.2</b>	<b>1,793.6</b>	<b>1,706.4</b>	<b>1,623.5</b>	<b>1,544.6</b>	<b>1,469.5</b>
-------------------------------	----------------	----------------	----------------	----------------	----------------	----------------

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services						
<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 (FY2005) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 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)*  
 Passage of HCSSB 093(FIN) will not require additional expenditures or positions. It will provide for increased revenues generated by permit and license fees, though an exact amount cannot be determined at this time.

HCSSB 093(FIN) maintains the commercial fishing vessel licensing in current law and statutorily establishes new vessel length categories of 25 foot increments to 300 feet. This results in an estimated increase in revenue of approximately \$115.3 for FY06.

For commercial fishing permits, the bill maintains the directive that fees "must reasonably reflect the different rates of economic return for different fisheries," and establishes a \$3,000 base fee cap on annual permit renewal fees. The

Continued on page 2

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960  
 Division Commercial Fisheries Entry Commission Date/Time 4/20/05 9:11 AM  
 Approved by: Frank M. Homar, Commissioner Date 4/20/2005  
 Agency Commercial Fisheries Entry Commission

FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. HCSSB 093(FIN)

ANALYSIS CONTINUATION

current \$300 fee cap artificially holds fees down in the highest-earning fisheries and results in those fisheries paying fees that are disproportionately lower.

While passage of HCSSB 093(FIN) would not, in itself, change annual permit fees, the removal of the current \$300 maximum base fee effectively authorizes CFEC to implement a fairer fee schedule that more truly meets the statutory mandate that fees are to reflect the earnings in respective fisheries. The regulatory fee structure CFEC intends to propose under provisions of HCSSB 093(FIN) would result in an estimated increase of approximately \$1,836.8 in revenues to the state from permit fees in FY06.

The change from a "per permit" nonresident fee differential to a single annual nonresident surcharge (necessitated by recent rulings in the Carlson v. State of Alaska class action), results in an annual estimated decline of about \$67,000 in revenue.

In combination, the various revisions made by HCSSB 093(FIN), and the regulatory framework CFEC intends to propose to implement the provisions of the bill, would likely result in an overall increase in revenues generated by approximately \$1,885.2 in FY06.

Due to steadily declining revenues, CFEC (a receipt supported agency) expects to be in a deficit situation in FY06 or FY07 without passage of HCSSB 093(FIN). While passage of the bill will likely increase revenues enough to provide revenues to the General Fund above the current cost of CFEC's budget in the next few years, total revenues generated by CFEC fees are expected to continue declining. This is due to economic difficulties in some fisheries (particularly salmon fisheries) resulting in their falling into lower annual permit fee classes, and to ongoing decreases in the number of permits and vessel licenses issued annually. This decrease in participants is due to many factors, including fewer permits being issued after each fishery limitation; consolidation in federally- managed fisheries licensed by the state; and cancellation of nontransferable permits as holders of those permits die or retire. Thus, the amount of revenue generated by CFEC fees, and the cost of funding CFEC's operating budget, will likely converge again in coming years.

Because of the uncertainty of future events and the downward trend in our revenues, we have shown the anticipated revenue this bill may produce to decrease at 4.86% per year, which is our current calculated rate of decline.

Moved

4118105

24-LS0504Y.2  
Utermohle  
4/15/05

AMENDMENT

1

Adopted  
5-3

4-19-05

OFFERED IN THE HOUSE

TO: CSSB 93(FIN)

1 Page 2, lines 21 - 23:

2 Delete all material and insert:

3	"(4) over 75 feet - 100 feet .....	225
4	(5) over 100 feet - 125 feet .....	300
5	(6) over 125 feet - 150 feet .....	375
6	(7) over 150 feet - 175 feet .....	450
7	(8) over 175 feet - 200 feet .....	525
8	(9) over 200 feet - 225 feet .....	600
9	(10) over 225 feet - 250 feet .....	675
10	(11) over 250 feet - 275 feet .....	750
11	(12) over 275 feet - 300 feet .....	825
12	(13) over 300 feet .....	900."

# ALASKA STATE LEGISLATURE

*Chair*  
STATE AFFAIRS

*Member*  
RESOURCES

*Member*  
HEALTH, EDUCATION AND SOCIAL SERVICES

*Member*  
WAYS AND MEANS



**REPRESENTATIVE PAUL SEATON**

House District 35

*Session:*  
State Capitol Building  
Juneau, Alaska 99801  
Phone 907-465-2689  
Fax 907-465-3472  
1-800-665-2689  
Rep.Paul.Seaton@legis.state.ak.us

*Interim:*  
345 W. Sterling Highway  
Suite 102B  
Homer, Alaska 99603  
Phone 907-235-2921  
Fax 907-235-4008

House Finance Committee  
Re: SB 93(FIN) and HB 174 on increasing CFEC fees

Re: Vessel license categories.

CFEC knows the length of each vessel applying for a vessel license. By having such large groupings, the fee structure does not recognize the vast difference between the fishing power of vessels at the lower and upper end of the class. Thus the fee on a 76-foot vessel fee is the same as a 149-foot vessel, and a 151-foot vessel is charged the same as a huge 249-foot vessel. CFEC prepared a fee schedule based on 25-foot increments, which will generate approximately the same revenue but will be fairer to the diversity of vessels throughout the fleet related to their fishing power.

This is submitted as Amendment # 1, 24-LS0504\Y.2

Thank you for your consideration of this matter in your deliberations.

Sincerely,

A handwritten signature in cursive script that reads "Paul Seaton".

Rep. Paul K. Seaton



AMENDMENT

#2

with drawn  
4-19-05

OFFERED IN THE HOUSE  
TO: CSSB 93(FIN)

- 1 Page 3, lines 1 - 2:
- 2 Delete "or more than \$3,000"

# ALASKA STATE LEGISLATURE

Chair  
STATE AFFAIRS

Member  
RESOURCES

Member  
HEALTH, EDUCATION AND SOCIAL SERVICES

Member  
WAYS AND MEANS



**REPRESENTATIVE PAUL SEATON**  
House District 35

*Session:*  
State Capitol Building  
Juneau, Alaska 99801  
Phone 907-465-2689  
Fax 907-465-3472  
1-800-665-2689  
Rep.Paul.Seaton@legis.state.ak.us

*Interim:*  
345 W. Sterling Highway  
Suite 102B  
Homer, Alaska 99603  
Phone 907-235-2921  
Fax 907-235-4008

House Finance Committee  
Re: SB 93(FIN) and HB 174 on increasing CFEC fees

CFEC permit fees are based 0.4% of the value of the fishery. The old cap was not an appropriate concept and the House Fisheries Committee Bill eliminated the cap. The House Resources CS reestablishes a cap even though at a higher amount. The effect of a cap is to shift the percentage of "tax" or CFEC fee to the smaller, less lucrative fisheries. That is, if we tax the less lucrative fisheries at 0.4% but cap the lucrative fisheries at \$3,000 we shift \$400,000 onto the smaller fisheries.

The Board of Fisheries management tendency is to promote consolidation in the fisheries. With consolidation fewer vessel or permits will harvest the resource and more may qualify for reduced payment with the cap even though the entire change is based on greater efficiency and profitability.

If we are going to base the CFEC revenue on a percentage of the value of the industry, I believe the state should receive an equal share from all the fisheries and not build in this cap exception. A good example is the scallop fishery where the permits were assigned to vessel owners – including corporations – in 2002. Now only one to three vessels may harvest that entire fishery since the permit owner is not even required to be "on board." The cap could mean that the State would receive much less if those permits consolidate. This has also been the case in halibut and sablefish IFQ fisheries with consolidation.

This is submitted as amendment #2, 24-LS0504/Y.1

Thank you for your consideration of this matter in your deliberations.

Sincerely,

A handwritten signature in cursive script that reads "Paul Seaton".

Rep. Paul K. Seaton



# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSSB 93(FIN)  
(S) Publish Date: 4/4/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
Title Annual commercial fishing permit RDU Comm. Fish Entry Commission  
and vessel license fees Component Commercial Fisheries Entry  
Sponsor Senator Ben Stevens Commission  
Requester Senate Finance Commerce Component No. 471

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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
<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>	<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>CHANGE IN REVENUES ( )</b>	<b>1,890.5</b>	<b>1,798.6</b>	<b>1,711.2</b>	<b>1,628.0</b>	<b>1,548.9</b>	<b>1,473.6</b>
-------------------------------	----------------	----------------	----------------	----------------	----------------	----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services						
<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 (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 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)

Passage of CSSB 093(FIN) will not require additional expenditures or positions. It will provide for increased revenues generated by permit and license fees, though an exact amount cannot be determined at this time.

CSSB 093(FIN) maintains the commercial fishing vessel licensing size classes in current law and statutorily establishes a 20% higher annual fee for each class. This results in an estimated increase in revenue of approximately \$120.7 for FY06.

For commercial fishing permits, the bill maintains the directive that fees "must reasonably reflect the different rates of economic return for different fisheries," and establishes a \$3000 base fee cap on annual permit renewal fees. The

Continued on page 2

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960  
Division Commercial Fisheries Entry Commission Date/Time 4/1/05 9:02 AM  
Approved by: Frank M. Homan, Commissioner Date 4/1/2005  
Agency Commercial Fisheries Entry Commission

FISCAL NOTE # 2

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSSB 93(FIN)

ANALYSIS CONTINUATION

current \$300 fee cap artificially holds fees down in the highest-earning fisheries and results in those fisheries paying fees that are disproportionately lower.

While passage of CSSB 093(FIN) would not, in itself, change annual permit fees, the removal of the current \$300 maximum base fee effectively authorizes CFEC to implement a fairer fee schedule that more truly meets the statutory mandate that fees are to reflect the earnings in respective fisheries. The regulatory fee structure CFEC intends to propose under provisions of CSSB 093(FIN) would result in an estimated increase of approximately \$1,836.8 in revenues to the state from permit fees in FY06.

The change from a "per permit" nonresident fee differential to a single annual nonresident surcharge (necessitated by recent rulings in the Carlson v. State of Alaska class action), results in an annual estimated decline of about \$67,000 in revenue.

In combination, the various revisions made by CSSB 093(FIN), and the regulatory framework CFEC intends to propose to implement the provisions of the bill, would likely result in an overall increase in revenues generated by approximately \$1,890.5 in FY06.

Due to steadily declining revenues, CFEC (a receipt supported agency) expects to be in a deficit situation in FY06 or FY07 without passage of CSSB 093(FIN). While passage of the bill will likely increase revenues enough to provide revenues to the General Fund above the current cost of CFEC's budget in the next few years, total revenues generated by CFEC fees are expected to continue declining. This is due to economic difficulties in some fisheries (particularly salmon fisheries) resulting in their falling into lower annual permit fee classes, and to ongoing decreases in the number of permits and vessel licenses issued annually. This decrease in participants is due to many factors, including fewer permits being issued after each fishery limitation; consolidation in federally-managed fisheries licensed by the state; and cancellation of nontransferable permits as holders of those permits die or retire. Thus, the amount of revenue generated by CFEC fees, and the cost of funding CFEC's operating budget, will likely converge again in coming years.

Because of the uncertainty of future events and the downward trend in our revenues, we have shown the anticipated revenue this bill may produce to decrease at 4.86% per year, which is our current calculated rate of decline.

Alaska State Legislature  
PRESIDENT OF THE SENATE

*Interim:*  
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

SENATOR BEN STEVENS

**SPONSOR STATEMENT**

**Senate Bill 93**

**"An Act relating to commercial fishing permit and vessel license fees; and providing for an effective date."**

Senate Bill 93 will bring the state into compliance with recent rulings in *Carlson v. State of Alaska* clarifying that the nonresident fee differential will be charged on a "per person" basis rather than a "per permit" basis.

The measure will ensure that nonresidents who qualify for the reduced permit fee (by meeting low income standards) are charged the full allowable nonresident differential.

Currently, there exists a \$300 artificial cap on the base fee for annual permit renewal. The base fee must "reasonably reflect the different rates of economic return for different fisheries." This results in fisheries with a very high economic return being charged fees that are disproportionately low. Senate Bill 93 raises the \$300 cap on the base fee to \$3,000 and will allow CFEC to develop a fee structure that more accurately reflects the value of respective fisheries.

The bill maintains the existing 6 vessel length categories and raises the vessel license fees by 20 percent for each category.

Senate Bill 93 will authorize CFEC to charge reasonable fees for initial issuance and replacement of the number plates issued to vessels for displaying the vessel's ADF&G number and annual vessel license renewal stickers.

Alaska State Legislature  
PRESIDENT OF THE SENATE

*Interim:*  
716 WEST 4TH AVENUE  
ANCHORAGE, AK  
99501-2133  
(907) 269-0200  
FAX (907) 269-0201



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

SENATOR BEN STEVENS

**Need for Senate Bill 93**

**“An Act relating to commercial fishing permit and vessel license fees; and providing for an effective date.”**

In 2001, the legislature passed legislation to bring the state into compliance with a State Supreme Court decision in the Carlson v. State of Alaska class action brought by non-resident fishermen challenging the state's fee structure charging higher commercial fishing license and permit fees to non-residents. The 2001 legislation eliminated the 3-to-1 non-resident permit fee differential and it was replaced it with the court's formula. Because certain aspects of the case were still under appeal at that time, the legislature recognized that further legislation would likely be required in the future to implement subsequent Carlson decisions.

While much of Carlson remains under appeal, a recent decision determined that the state may only assess the non-resident fee differential once per year per non-resident permit holder, regardless of the number of permits held. Thus, immediate legislative action is required to clarify the statutory language regarding the application of the non-resident differential.

The currently required revision will result in yet another decline in the revenues generated from commercial fishing fees.

Because of Carlson and for several other reasons discussed below, the Commercial Fisheries Entry Commission (CFEC) has experienced a continuing decline in revenues to the point where revenues generated from permit and vessel fees can no longer sustain CFEC's budget. CFEC, a receipt supported services agency funded by industry fees, has traditionally returned revenue to the general fund above its needs. In recent years, the legislature has appropriated these receipts to help fund the Division of Commercial Fisheries. Despite generating more revenue than its own budget, CFEC has experienced a 29% loss of its full-time staff due to budget reductions since 1986, decreasing from 41 full-time employees to 29 full-time employees.

Several factors beyond the control of CFEC have converged to decrease CFEC revenue to the point where it is now impossible to provide sufficient revenue to cover its budget from receipts. In addition to reductions in non-resident fee revenues due to the Carlson case, other factors include: consolidation in federal fisheries has resulted in the purchase of fewer state-issued halibut and black cod permits; reduced permit prices in the salmon fisheries have resulted in lower fees collected since fees are based on permit prices or gross revenues, and as they have declined so have fees; poor fishing seasons in recent years and fishery limitations have caused fewer permits to be purchased.

The outlook is for continued consolidation of the federal and state fisheries. Whether the salmon fisheries will rebound is uncertain, and industry's search for restructuring, product development and new markets are likely to take some time. At this time it is necessary to consider an increase in the annual permit renewal fee schedule, which have not been significantly changed since 1987, and a modest increase in vessels license fees, which have not been raised in 10 years.

What is being proposed by this legislation is a lifting of the statutory cap on permit fees. The existing \$300 statutory fee cap has artificially held down the amount of fees charged despite the substantial economic value of the fisheries affected. Removal of the cap will allow the fees to more closely conform to the statutory guidelines of AS 16.43.160(e), which requires: "The annual base fee must reasonably reflect the different rates of economic return for different fisheries."

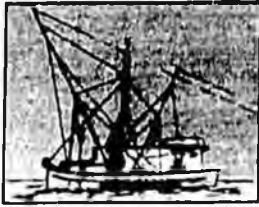
The commission then by regulation would propose slight increases in current permit fee classes and add several new fee classes for higher valued fisheries. This change will have little effect on the lower value fisheries.

The annual permit renewal fee increase would begin at \$15 for the lower value fisheries and progress through the fee classes by adding additional \$15 increments at each fee class. We would then add fee classes for the higher value fisheries that will reflect their economic value. The proposal only has a modest effect on existing fee classes. Those fisheries in the lowest two fee classes, currently \$60 and \$120 (which represent more than 80% of all permits), would only experience a \$15 and \$30 increase respectively. The current \$60 fee class (representing more than 55% of permits) would increase from \$60 to \$75 and the \$120 fee class (representing another 25% of permits) would increase from \$120 to \$150.

In short, this new fee proposal would have little effect on those in lower valued fisheries. The main effect of removing the statutory cap will be to adjust those very valuable fisheries (that have been artificially held down to \$300) to higher fee categories, that more accurately reflect their real economic return.

This legislation would also increase the range of annual vessel license renewal fees by amounts from \$15 for the 0-25 feet class (the lowest fee class) to \$90 for vessels larger than 250 feet (the highest fee class). The fee increase

for the lowest two fee categories which include vessels up to 50 feet (accounting for 87% of all vessels licensed) would only be \$30 or less.



# Alaska Trollers Association

SB 93

130 Seward St., No. 211  
Juneau, Alaska 99801  
(907) 586-9400  
(907) 586-4473 Fax

April 15, 2005

Representatives Mike Chenault and Kevin Meyer, Co-Chairs  
House Finance Committee  
Alaska State Legislature  
Juneau, AK 99811

Dear Representatives Chenault and Meyers:

The Alaska Trollers Association (ATA) wishes to voice its objection to SB 93 and HB 174, which we understand will increase vessel license renewal fees by 20% for 2005, and permit fees by an undesignated amount in 2006.

ATA represents the interests of hook and line salmon fishermen operating power and hand troll vessels in Southeast Alaska. Most of our boats fall into the two categories that span 25-75 feet. Troll permit value has fluctuated dramatically in recent years and for awhile was extremely depressed, due to loss of product and low prices paid for salmon. Many fishermen are still struggling to stabilize their businesses from those events. At this time troll permit values are rising, but we note that the markets affecting salmon prices are still volatile.

While ATA has long been supportive of the budgets of CFEC and ADFG, both of which have benefited from this category of user fees, we note that these permit and vessel increases are yet another operating expense, with no associated increase in service, for an already heavily taxed industry. Many of our members fish multiple permits, which will add to their individual burden of increasing costs.

ATA appreciates CFEC's offer to work with industry to establish a fair and reasonable fee structure for permits and we will certainly agree to do so should this bill pass.

However, given that HB 174 and SB 93 create uncertainty as to the combined effect of increased vessel fees added to undesignated permit fee increases in 2006, the ATA board found it difficult to support these bills at this time.

Thank you for considering ATA's point of view!

Best regards,

Dale Kelley  
Executive Director

**CFEC VESSEL FEES  
CURRENT AND PROPOSED**

Vessel Length	Number	Current Fee	Current Revenue	Proposed 20 % Fee	Proposed 20% Revenue
0-25'	3,484	\$20	\$69,680	\$24	\$83,616
25-50'	5,600	\$50	\$280,000	\$60	\$336,000
50-75'	764	\$100	\$76,400	\$120	\$91,680
75-150'	447	\$250	\$111,750	\$300	\$134,100
150-250'	92	\$500	\$46,000	\$600	\$55,200
250'	26	\$750	\$19,500	\$900	\$23,400
<b>TOTAL</b>	<b>10,413</b>		<b>\$603,330</b>		<b>\$723,996</b>

Source: CFEC 3/29/2005

State of Alaska  
Commercial Fisheries Entry Commission

Comparison of Permit Renewal Fees For 2005 Licensing Year Under Current Fee Schedule  
and Under CFEC's Proposed Methodology for Implementing SB 93

Permit Counts and Estimated Revenue By Base Fee With \$3000 Cap

March 29, 2005

Current 2005 Permit Renewal Fees				2005 Fees Using Proposed Method			
Base Fee	Number of Permits		Estimated Revenue	Base Fee	Number of Permits		Estimated Revenue
	Residents	Non-Residents			Residents	Non-Residents	
				\$3,000	45	220	\$795,000
				↓			
				\$2,025	9	42	\$103,275
				↓			
				\$1,500	12	54	\$99,000
				↓			
				\$1,200	34	17	\$61,200
				↓			
				\$900	200	209	\$368,100
				\$825	136	240	\$310,200
				\$750	101	23	\$93,000
				\$675	33	14	\$31,725
				\$600	23	2	\$15,000
				\$525	71	77	\$77,700
				↓			
\$300	747	918	\$499,500	\$375	10	2	\$4,500
\$240	858	272	\$271,200	\$300	652	254	\$271,800
\$180	827	241	\$192,240	\$225	257	32	\$65,025
\$120	3,749	1,634	\$645,960	\$150	4,496	1,860	\$953,400
\$60	10,702	1,815	\$751,020	\$75	10,804	1,834	\$947,850
<b>Totals</b>	<b>16,883</b>	<b>4,880</b>	<b>\$2,359,920</b>		<b>16,883</b>	<b>4,880</b>	<b>\$4,196,775</b>



Under the proposed methodology, no permits would fall into the omitted base fee categories

State of Alaska  
Commercial Fisheries Entry Commission

Comparison of Permit Renewal Fees For 2005 Licensing Year Under Current Fee Schedule  
and Under CFEC's Proposed Methodology for Implementing SB 93 With \$3000 Cap

3/30/2005

Fishery	Description	Under Limited Entry?	Resident Permits	Non-Resident Permits	Actual 2005 Base Fee	2005 Base Fee Under Proposed Methodology
B05B	HALIBUT, HAND TROLL, STATEWIDE	N	170	0	\$60	\$75
B25B	HALIBUT, DINGLEBAR TROLL, STATEWIDE	N	4	1	\$60	\$75
B26B	HALIBUT, MECHANICAL JIG, STATEWIDE	N	72	3	\$60	\$75
C26B	SABLEFISH, MECHANICAL JIG, STATEWIDE	N	8	0	\$60	\$75
C4CE	SABLEFISH, NET GEAR MAX VL LENGTH 50', PRINCE WILLIAM SOUND	Y	1	0	\$60	\$75
C5AE	SABLEFISH, FIXED GEAR MAX VL LENGTH 90', PRINCE WILLIAM SOUND	Y	1	0	\$60	\$75
C5BE	SABLEFISH, FIXED GEAR MAX VL LENGTH 60', PRINCE WILLIAM SOUND	Y	3	0	\$60	\$75
C5DE	SABLEFISH, FIXED GEAR MAX VL LENGTH 35', PRINCE WILLIAM SOUND	Y	10	0	\$60	\$75
D09D	DUNGENESS CRAB, POT GEAR VL UNDER 60', YAKUTAT	N	0	1	\$60	\$75
D09L	DUNGENESS CRAB, POT GEAR VL UNDER 60', CHIGNIK	N	1	0	\$60	\$75
D10A	DUNGENESS CRAB, RING NETS, SOUTHEAST	Y	5	0	\$60	\$75
D11A	DUNGENESS CRAB, DIVING GEAR, SOUTHEAST	Y	1	1	\$60	\$75
D91D	DUNGENESS CRAB, POT GEAR VL OVER 60', YAKUTAT	N	1	1	\$60	\$75
D9DA	DUNGENESS CRAB, 75 POTS/OR 25% OF MAX, SOUTHEAST	Y	91	10	\$60	\$75
G01K	HERRING ROE, PURSE SEINE, KODIAK	Y	51	14	\$60	\$75
G01L	HERRING ROE, PURSE SEINE, CHIGNIK	N	4	0	\$50	\$75
G01M	HERRING ROE, PURSE SEINE, AK PENINSULA	N	9	0	\$60	\$75
G31K	HERRING ROE, GILLNET & PURSE SEINE, KODIAK	Y	2	0	\$60	\$75
G34A	HERRING ROE & FDBT, GILLNET, SOUTHEAST	Y	78	37	\$60	\$75
G34H	HERRING ROE, GILLNET, COOKINLET	N	39	0	\$60	\$75
G34K	HERRING ROE, GILLNET, KODIAK	Y	80	9	\$60	\$75
G34M	HERRING ROE, GILLNET, AK PENINSULA	N	4	0	\$60	\$75
G34N	HERRING ROE, GILLNET, NELSON ISLAND	Y	123	4	\$60	\$75
G34S	HERRING ROE, GILLNET, SECURITY COVE	N	44	35	\$60	\$75
G34T	HERRING ROE, GILLNET, BRISTOL BAY	N	137	58	\$60	\$75
G34U	HERRING ROE, GILLNET, NUNIVAK ISLAND	Y	39	4	\$60	\$75
G34V	HERRING ROE, GILLNET, CAPE AVINOF	N	77	0	\$60	\$75
G34W	HERRING ROE, GILLNET, GOODNEWS BAY	Y	138	0	\$60	\$75
G34Y	HERRING ROE, GILLNET, CAPE ROMANZOF	Y	59	0	\$60	\$75
G34Z	HERRING ROE, GILLNET, NORTON SOUND	Y	183	59	\$60	\$75
H01L	HERRING FOOD BAIT, PURSE SEINE, CHIGNIK	N	1	0	\$60	\$75
H21A	HERRING FOOD BAIT, SPAWN ON KELP POUND, SOUTHEAST	N	19	3	\$60	\$75
H34M	HERRING FOOD BAIT, GILLNET, AK PENINSULA	N	22	0	\$60	\$75
H7BK	HERRING FOOD BAIT, OTTER TRAWL, FIXED VL 75', KODIAK	Y	0	1	\$60	\$75
H7CK	HERRING FOOD BAIT, OTTER TRAWL, FIXED VL 70', KODIAK	Y	1	0	\$60	\$75
H7DK	HERRING FOOD BAIT, OTTER TRAWL, FIXED VL 60', KODIAK	Y	0	2	\$60	\$75
I05B	LING COD, HAND TROLL, STATEWIDE	N	20	0	\$60	\$75
I06B	LING COD, LONGLINE VL UNDER 60', STATEWIDE	N	18	2	\$60	\$75
I25B	LING COD, DINGLEBAR TROLL, STATEWIDE	N	72	3	\$60	\$75
I26B	LING COD, MECHANICAL JIG, STATEWIDE	N	42	2	\$60	\$75
I61B	LING COD, LONGLINE VL OVER 60', STATEWIDE	N	1	0	\$60	\$75
I91B	LING COD, POT GEAR VL OVER 60', STATEWIDE	N	2	1	\$60	\$75
K09D	KING CRAB, POT GEAR VL UNDER 60', YAKUTAT	N	1	0	\$60	\$75
K09O	KING CRAB, POT GEAR VL UNDER 60', DUTCH HARBOR	N	1	0	\$60	\$75
K09Q	KING CRAB, POT GEAR VL UNDER 60', BERING SEA	N	2	0	\$60	\$75
K09X	KING CRAB, POT GEAR VL UNDER 60', SAINT LAWRENCE ISLAND	N	4	0	\$60	\$75
K19A	RED BLUE KING CRAB, POT GEAR, SOUTHEAST	Y	5	0	\$60	\$75
L12T	HERRING SPAWN ON KELP, DIVEHAND PICK, BRISTOL BAY	Y	201	6	\$60	\$75
L21C	HERRING SPAWN ON KELP POUND, SOUTHERN SOUTHEAST	Y	159	16	\$60	\$75
M01B	MISCELLANEOUS SALT WATER FINFISH, PURSE SEINE, STATEWIDE	N	1	0	\$60	\$75
M05B	MISCELLANEOUS SALT WATER FINFISH, HAND TROLL, STATEWIDE	N	72	4	\$60	\$75
M06B	MISCELLANEOUS SALT WATER FINFISH, LONGLINE VL UNDER 60', STW	N	667	60	\$60	\$75

State of Alaska  
Commercial Fisheries Entry Commission

Comparison of Permit Renewal Fees For 2005 Licensing Year Under Current Fee Schedule  
and Under CFEC's Proposed Methodology for Implementing SB 93 With \$3000 Cap

3/31/2005

Fishery	Description	Under Limited Entry?	Resident Permits	Non-Resident Permits	Actual 2005 Base Fee	2005 Base Fee Under Proposed Methodology
M17B	MISCELLANEOUS SALTWATER FINFISH, BEAM TRAWL, STATEWIDE	N	4	0	\$60	\$75
M25B	MISCELLANEOUS SALTWATER FINFISH, DINGLEBAR TROLL, STATEWIDE	N	10	0	\$60	\$75
M26B	MISCELLANEOUS SALTWATER FINFISH, MECHANICAL JIG, STATEWIDE	N	445	51	\$60	\$75
M37B	MISCELLANEOUS SALTWATER FINFISH, PAIR TRAWL, STATEWIDE	N	1	0	\$60	\$75
M61B	MISC. SALTWATER FINFISH, LONGLINE VL 60' to 89', STW	N	48	11	\$300	\$75
P09D	SHRIMP, POT GEAR VL UNDER 60', YAKUTAT	N	15	0	\$60	\$75
P09E	SHRIMP, POT GEAR VL UNDER 60', PRINCE WILLIAM SOUND	N	1	0	\$60	\$75
P09J	SHRIMP, POT GEAR VL UNDER 60', WESTWARD	N	14	0	\$60	\$75
P17E	SHRIMP, BEAM TRAWL, PRINCE WILLIAM SOUND	N	5	0	\$60	\$75
P17J	SHRIMP, BEAM TRAWL, WESTWARD	N	2	0	\$60	\$75
P91A	SHRIMP, POT GEAR, SOUTHEAST	Y	271	21	\$60	\$75
P91J	SHRIMP, POT GEAR VL OVER 60', WESTWARD	N	5	0	\$60	\$75
Q11A	SEA CUCUMBER, DIVING GEAR, SOUTHEAST	Y	258	72	\$60	\$75
Q11B	SEA CUCUMBER, DIVING GEAR, STATEWIDE/EXCLUDING SOUTHEAST	N	23	5	\$60	\$75
R18B	CLAMS, SHOVEL, STATEWIDE	N	30	25	\$60	\$75
R23B	CLAMS, MECHANICAL DIGGER, STATEWIDE/NOT SE GEODUCK	N	1	0	\$60	\$75
S01E	SALMON, PURSE SEINE, PRINCE WILLIAM SOUND	Y	188	67	\$60	\$75
S01H	SALMON, PURSE SEINE, COOK INLET	Y	69	8	\$60	\$75
S01K	SALMON, PURSE SEINE, KODIAK	Y	267	85	\$60	\$75
S01M	SALMON, PURSE SEINE, AK PENINSULA	Y	83	26	\$60	\$75
S02K	SALMON, BEACH SEINE, KODIAK	Y	25	5	\$60	\$75
S03A	SALMON, DRIFT GILLNET, SOUTHEAST	Y	351	120	\$60	\$75
S03H	SALMON, DRIFT GILLNET, COOK INLET	Y	386	172	\$60	\$75
S04D	SALMON, SET GILLNET, YAKUTAT	Y	127	32	\$60	\$75
S04H	SALMON, SET GILLNET, COOK INLET	Y	611	120	\$60	\$75
S04P	SALMON, SET GILLNET, UPPER YUKON	Y	53	0	\$60	\$75
S04T	SALMON, SET GILLNET, BRISTOL BAY	Y	693	277	\$60	\$75
S04W	SALMON, SET GILLNET, KUSKOKWIM	Y	732	4	\$60	\$75
S04X	SALMON, SET GILLNET, KOTZEBUE	Y	146	4	\$60	\$75
S04Y	SALMON, SET GILLNET, LOWER YUKON	Y	561	5	\$60	\$75
S04Z	SALMON, SET GILLNET, NORTON SOUND	Y	139	2	\$60	\$75
S05B	SALMON, HAND TROLL, STATEWIDE	Y	961	118	\$60	\$75
S08P	SALMON, FISH WHEEL, UPPER YUKON	Y	100	2	\$60	\$75
S15B	SALMON, POWER TROLL, STATEWIDE	Y	756	186	\$60	\$75
T09K	TANNER CRAB (NOT BAIRD), POT GEAR VL UNDER 60', KODIAK	N	89	8	\$60	\$75
T09Q	TANNER CRAB, POT GEAR VL UNDER 60', BERING SEA	N	1	0	\$60	\$75
T10A	TANNER CRAB, RING NET, SOUTHEAST	N	105	2	\$60	\$75
T91K	TANNER CRAB, POT GEAR VL OVER 60', KODIAK	N	20	6	\$60	\$75
T89BK	TANNER BAIRD CRAB, POT GEAR VL UNDER 60', KODIAK	Y	106	6	\$60	\$75
U11A	SEA URCHIN, DIVING GEAR, SOUTHEAST	Y	34	38	\$60	\$75
U11B	SEA URCHIN, DIVING GEAR, STATEWIDE/EXCLUDING SOUTHEAST	N	3	1	\$60	\$75
Y05A	DEMERSAL SHELF ROCKFISH, HAND TROLL, SOUTHEAST	N	15	1	\$60	\$75
Y06A	DEMERSAL SHELF ROCKFISH, LONGLINE VL UNDER 60', SOUTHEAST	N	181	6	\$60	\$75
Y25A	DEMERSAL SHELF ROCKFISH, DINGLEBAR TROLL, SOUTHEAST	N	8	1	\$60	\$75
Y26A	DEMERSAL SHELF ROCKFISH, MECHANICAL JIG, SOUTHEAST	N	11	1	\$60	\$75
Y61A	DEMERSAL SHELF ROCKFISH, LONGLINE VL OVER 60', SOUTHEAST	N	28	1	\$60	\$75
D09J	DUNGENESS CRAB, POT GEAR VL UNDER 60', WESTWARD	N	24	3	\$120	\$75
D91L	DUNGENESS CRAB, POT GEAR VL OVER 60', CHIGNYK	N	1	0	\$120	\$75
G01H	HERRING ROE, PURSE SEINE, COOK INLET	Y	6	0	\$120	\$75
K91K	KING CRAB, POT GEAR VL OVER 60', KODIAK	N	4	1	\$120	\$75
L21E	HERRING SPAWN ON PELT SOUND, PRINCE WILLIAM SOUND	Y	2	0	\$120	\$75
P07J	POTTER TRAWL, WESTWARD	N	2	0	\$120	\$75

State of Alaska  
Commercial Fisheries Entry Commission

Comparison of Permit Renewal Fees For 2005 Licensing Year Under Current Fee Schedule  
and Under CFEC's Proposed Methodology for Implementing SB 93 With \$3000 Cap

3/30/2005

Fishery	Description	Under Limited Entry?	Resident Permits	Non-Resident Permits	Actual 2005 Base Fee	2005 Base Fee Under Proposed Methodology
TB9AK	TANNER BAIRDI CRAB, POT GEAR VL OVER 60', KODIAK	Y	15	4	\$120	\$75
B06B	HALIBUT, LONGLINE VL UNDER 60', STATEWIDE	N	2,211	338	\$120	\$150
C07B	SABLEFISH, OTTER TRAWL, STATEWIDE	N	0	3	\$120	\$150
C5CE	SABLEFISH, FIXED GEAR MAX VL LENGTH 50', PRINCE WILLIAM SOUND	Y	37	3	\$120	\$150
D91J	DUNGENESS CRAB, POT GEAR VL OVER 60', WESTWARD	N	9	2	\$120	\$150
D91M	DUNGENESS CRAB, POT GEAR VL OVER 60', AK PENINSULA	N	1	0	\$120	\$150
D9CA	DUNGENESS CRAB, 150 POTS/OR 50% OF MAX, SOUTHEAST	Y	72	11	\$120	\$150
G01T	HERRING ROE, PURSE SEINE, BRISTOL BAY	N	67	16	\$120	\$150
H01A	HERRING FOOD/BAIT, PURSE SEINE, SOUTHEAST	N	13	1	\$120	\$150
J11A	GEODUCK CLAMS, DIVING GEAR, SOUTHEAST	Y	44	34	\$120	\$150
K09Z	KING CRAB, POT GEAR VL UNDER 60', NORTON SOUND	N	71	5	\$120	\$150
K59A	BROWN KING/TANNER CRAB, POT GEAR, SOUTHEAST	Y	3	1	\$120	\$150
S01A	SALMON, PURSE SEINE, SOUTHEAST	Y	182	222	\$120	\$150
S03M	SALMON, DRIFT GILLNET, AK PENINSULA	Y	71	77	\$120	\$150
S03T	SALMON, DRIFT GILLNET, BRISTOL BAY	Y	900	911	\$120	\$150
T09M	TANNER CRAB, POT GEAR VL UNDER 60', AK PENINSULA	N	11	2	\$120	\$150
T09O	TANNER CRAB, POT GEAR VL UNDER 60', DUTCH HARBOR	N	3	0	\$120	\$150
D9BA	DUNGENESS CRAB, 225 POTS/OR 75% OF MAX, SOUTHEAST	Y	35	8	\$180	\$150
G02Z	HERRING ROE, BEACH SEINE, NORTON SOUND	Y	4	1	\$180	\$150
H1DK	HERRING, FOOD/BAIT, PURSE SEINE, FIXED VL LENGTH 60', KODIAK	Y	5	0	\$180	\$150
K29A	RED BLUE BROWN KING CRAB, POT GEAR, SOUTHEAST	Y	5	0	\$180	\$150
K39A	BROWN KING CRAB, POT GEAR, SOUTHEAST	Y	4	1	\$180	\$150
L21A	HERRING SPAWN ON KELP/POUND, NORTHERN SOUTHEAST	Y	96	14	\$180	\$150
P17A	SHRIMP, BEAM TRAWL, SOUTHEAST	Y	29	2	\$180	\$150
S03E	SALMON, DRIFT GILLNET, PRINCE WILLIAM SOUND	Y	403	135	\$180	\$150
S04K	SALMON, SET GILLNET, KODIAK	Y	130	56	\$180	\$150
S04M	SALMON, SET GILLNET, AK PENINSULA	Y	90	17	\$180	\$150
C91C	SABLEFISH, POT GEAR VL OVER 60', SOUTHERN SOUTHEAST	Y	3	1	\$180	\$225
D09M	DUNGENESS CRAB, POT GEAR VL UNDER 60', AK PENINSULA	N	6	1	\$180	\$225
H01M	HERRING FOOD/BAIT, PURSE SEINE, AK PENINSULA	N	17	5	\$180	\$225
D9AA	DUNGENESS CRAB, 300 POTS/OR 100% OF MAX, SOUTHEAST	Y	43	5	\$240	\$225
M09B	MISCELLANEOUS SALTWATER FINFISH, POT GEAR VL UNDER 60', STW	N	163	15	\$240	\$225
S04E	SALMON, SET GILLNET, PRINCE WILLIAM SOUND	Y	25	5	\$240	\$225
B01B	HALIBUT, LONGLINE VL OVER 60', STATEWIDE	N	231	122	\$240	\$300
C06B	SABLEFISH, LONGLINE VL UNDER 60', STATEWIDE	N	396	125	\$240	\$300
K91Q	KING CRAB, POT GEAR VL OVER 60', BERING SEA	N	9	5	\$300	\$300
T19A	TANNER CRAB, POT GEAR, SOUTHEAST	Y	16	2	\$300	\$300
C09B	SABLEFISH, POT GEAR VL UNDER 60', STATEWIDE	N	4	1	\$300	\$375
K09T	KING CRAB, POT GEAR VL UNDER 60', BRISTOL BAY	N	3	1	\$300	\$375
P07E	SHRIMP, OTTER TRAWL, PRINCE WILLIAM SOUND	N	3	0	\$300	\$375
M91B	MISCELLANEOUS SALTWATER FINFISH, POT GEAR VL OVER 60', STW	N	71	77	\$300	\$525
K49A	RED BLUE KING/TANNER CRAB, POT GEAR, SOUTHEAST	Y	23	2	\$300	\$600
M07B*	MISC SALTWATER FINFISH, OTTER TRAWL VL UNDER 60', STATEWIDE	N	33	14	\$300	\$675
C01C	SABLEFISH, LONGLINE VL OVER 60', SOUTHERN SOUTHEAST	Y	18	6	\$300	\$750
S01L	SALMON, PURSE SEINE, CROOK	Y	83	17	\$300	\$750
C01B	SABLEFISH, LONGLINE VL OVER 60', STATEWIDE	N	66	88	\$300	\$825
C91B	SABLEFISH, POT GEAR VL OVER 60', STATEWIDE	N	5	7	\$300	\$825
T91Q	TANNER CRAB, POT GEAR VL OVER 60', BERING SEA	N	63	145	\$300	\$825
C61A	SABLEFISH, LONGLINE VL OVER 60', NORTHERN SOUTHEAST	Y	82	27	\$300	\$900
K69A	RED BLUE BROWN KING/TANNER CRAB, POT GEAR, SOUTHEAST	Y	42	2	\$300	\$900
K91T	KING CRAB, POT GEAR VL OVER 60', BRISTOL BAY	N	76	180	\$300	\$900
G01A	HERRING ROE, PURSE SEINE, SOUTHEAST	Y	34	17	\$300	\$1,200

State of Alaska  
Commercial Fisheries Entry Commission

Comparison of Permit Renewal Fees For 2005 Licensing Year Under Current Fee Schedule  
and Under CFEC's Proposed Methodology for Implementing SB 93 With \$3000 Cap

3/30/2005

Fishery	Description	Under Limited Entry?	Resident Permits	Non-Resident Permits	Actual 2005 Base Fee	2005 Base Fee Under Proposed Methodology
M61B*	MISC SALTWATER FINFISH, LONGLINE VL OVER 89', STW	N	12	54	\$300	\$1,500
K91O	KING CRAB, POT GEAR VL OVER 60', DUTCH HARBOR	N	9	42	\$300	\$2,025
M07B*	MISC SALTWATER FINFISH, OTTER TRAWL, VL OVER 59', STATEWIDE	N	45	220	\$300	\$3,000
			16,863	4,680		

Using the methodology proposed in SB 93, CFEC would assess renewal fees based on gross earnings for the M61B and M07B fisheries by splitting each fishery into two separate fisheries based on vessel length:

- M61B Misc. Saltwater Finfish, Longline VL 60' to 89' STW
- M61B Misc. Saltwater Finfish, Longline VL OVER 89' STW
  
- M07B Misc. Saltwater Finfish, Otter Trawl VL to 59' STW
- M07B Misc. Saltwater Finfish, Otter Trawl VL OVER 59' STW

# MEMORANDUM

STATE OF ALASKA  
COMMERCIAL FISHERIES ENTRY COMMISSION

TO: Senator Ben Stevens  
Alaska State Senate

DATE: April 5, 2005

Representative Ralph Samuels  
Alaska House of Representatives

PHONE: (907) 789-6160 VOICE  
(907) 789-6170 FAX

FROM: Commercial Fisheries Entry Commission  
Frank Homan, Commissioner  
Mary McDowell, Commissioner  
Bruce Twomley, Chairman

SUBJECT: Background for CFEC Fee Bills:  
CSSB93/CSHB174

In 2001, the legislature passed legislation to bring the state into compliance with a State Supreme Court decision in the Carlson v. State of Alaska class action brought by non-resident fishermen challenging the state's fee structure charging higher commercial fishing license and permit fees to non-residents. The 2001 legislation eliminated the 3-to-1 non-resident permit fee differential and it was replaced it with the court's formula. Because certain aspects of the case were still under appeal at that time, the legislature recognized that further legislation would likely be required in the future to implement subsequent Carlson decisions.

While much of Carlson remains under appeal, a recent decision determined that the state may only assess the non-resident fee differential once per year per non-resident permit holder, regardless of the number of permits held. Thus, immediate legislative action is required to clarify the statutory language regarding the application of the non-resident differential.

The currently required revision will result in yet another decline in the revenues generated from commercial fishing fees.

Because of Carlson and for several other reasons discussed below, the Commercial Fisheries Entry Commission (CFEC) has experienced a continuing decline in revenues to the point where revenues generated from permit and vessel fees can no longer sustain CFEC's budget. CFEC, a receipt supported services agency funded by industry fees, has traditionally returned revenue to the general fund above its needs. In recent years, the legislature has appropriated these receipts to help fund the Division of Commercial Fisheries. Despite generating more revenue than its own budget, CFEC has experienced a

29% loss of its full-time staff due to budget reductions since 1986, decreasing from 41 full-time employees to 29 full-time employees.

Several factors beyond the control of CFEC have converged to decrease CFEC revenue to the point where it is now impossible to provide sufficient revenue to cover its budget from receipts. In addition to reductions in non-resident fee revenues due to the Carlson case, other factors include: consolidation in federal fisheries has resulted in the purchase of fewer state-issued halibut and black cod permits; reduced permit prices in the salmon fisheries have resulted in lower fees collected since fees are based on permit prices or gross revenues, and as they have declined so have fees; poor fishing seasons in recent years and fishery limitations have caused fewer permits to be purchased.

The outlook is for continued consolidation of the federal and state fisheries. Whether the salmon fisheries will rebound is uncertain, and industry's search for restructuring, product development and new markets are likely to take some time. At this time it is necessary to consider an increase in the annual permit renewal fee schedule, which have not been significantly changed since 1987, and a modest increase in vessels license fees, which have not been raised in 10 years.

What is being proposed by the committee substitutes for SE93 and HB174 is a lifting of the statutory cap on permit fees. The existing \$300 statutory fee cap has artificially held down the amount of fees charged despite the substantial economic value of the fisheries affected. Lifting of the cap to \$3,000 will allow the fees to more closely conform to the statutory guidelines of AS 16.43.160(e), which requires: "The annual base fee must reasonably reflect the different rates of economic return for different fisheries."

The commission then by regulation would propose slight increases in current permit fee classes and add several new fee classes for higher valued fisheries. This change will have little effect on the lower value fisheries.

The annual permit renewal fee increase would begin at \$15 for the lower value fisheries and progress through the fee classes by adding additional \$15 increments at each fee class. We would then add fee classes for the higher value fisheries, that will reflect their economic value. The proposal only has a modest effect on existing fee classes. Those fisheries in the lowest two fee classes, currently \$60 and

\$120 (which represent more that 80% of all permits), would only experience a \$15 and \$30 increase respectively. The current \$60 fee class (representing more that 55% of permits) would increase from \$60 to \$75 and the \$120 fee class (representing another 25% of permits) would increase from \$120 to \$150.

In short, this new fee proposal would have little effect on those in lower valued fisheries. The main effect of lifting the statutory cap will be to adjust those very valuable fisheries (that have been artificially held down to \$300) to higher fee categories, that more accurately reflect their real economic return.

This legislation would also increase the annual vessel license renewal fees by 20% for each fee category. This will have the effect of increasing the six fee categories from \$20 to \$24, \$50 to \$60, \$100 to \$120, \$250 to \$300, \$500 to \$600, \$750 to \$900 respectively.