

SB

93

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
APR 04 2005
SENATE FINANCE
COMMITTEE

DATE: 2/23/05

FURTHER:

DATE TURNED
IN TO OFFICE: 4 April 2005

Finance Committee considered SENATE BILL NO. 93

SB 93 FISHING PERMIT AND VESSEL LICENSE FEES

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

and recommends:

- be replaced with _____ CS SB 93 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Ind. | Zero | FN# |
|-------------|--------|--------|------|------|-----|
| Fish & Game | 4/1/05 | | | ✓ | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Ind. | Zero | FN# |
|------------|------|--------|------|------|-----|
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| | ✓ | | | |
| | | | ✓ | |
| | | | ✓ | |
| | ✓ | | | |
| COCHAIR: | ✓ | | | |
| COCHAIR: | ✓ | | | |

APR 04 2005

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 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
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 |
| 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 () | 1,890.5 | 1,798.6 | 1,711.2 | 1,628.0 | 1,548.9 | 1,473.6 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|

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 | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSSB 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 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 4.66% per year, which is our current calculated rate of decline.

Adopted 4/4/05

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-LS0504\F
Utermohle
3/24/05

CS FOR SENATE BILL NO. 93()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR BEN STEVENS

A BILL

FOR AN ACT ENTITLED

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

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

4 * Section 1. AS 16.05.520(a) is amended to read:

5 (a) The vessel license includes a permanent number plate. The number plate
6 shall be accompanied by a tab affixed to the number plate [IT] designating the year
7 to be fished. A number plate is not transferable, and the number plate [IT] shall be
8 considered a permanent fixture upon the vessel upon which the number plate [IT] is
9 originally placed. The number plate [IT] shall be securely fastened well forward on
10 the port side in plain sight. On a vessel with a superstructure the number plate shall
11 be fastened on the port side of the superstructure. A number plate remains the
12 property of the state. The Alaska Commercial Fisheries Entry Commission may
13 establish by regulation a reasonable fee for the initial issuance of a permanent
14 number plate. If a permanent number plate is accidentally defaced, mutilated,

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destroyed, or lost, the person owning or operating the vessel shall immediately apply for and may obtain a duplicate upon furnishing the Alaska Commercial Fisheries Entry Commission with the pertinent facts and a payment of a reasonable fee established by the commission by regulation that is not less than \$2.

* Sec. 2. AS 16.05.530 is repealed and reenacted to read:

Sec. 16.05.530. Renewal of vessel license. (a) Upon payment of the vessel license fee and filing of the name and address of the owner of the vessel or the owner's authorized agent, the name and number of the vessel, a description of the vessel, the vessel license number, if any, the area to be fished, and other reasonable information required by the Alaska Commercial Fisheries Entry Commission, the commission shall issue a permanent number plate and a vessel license. If the vessel has a permanent number plate, the commission shall issue a vessel license and tab designating the year the license is valid. The tab shall be placed in the space provided on the permanent number plate.

(b) For calendar year 2006 and following years, the annual fee for a vessel license issued or renewed under this section is set according to the overall length, as defined by the United States Coast Guard, of the vessel under the following schedule:

| | |
|------------------------------------|------|
| (1) 0 - 25 feet | \$24 |
| (2) over 25 feet - 50 feet | 60 |
| (3) over 50 feet - 75 feet | 120 |
| (4) over 75 feet - 150 feet | 300 |
| (5) over 150 feet - 250 feet | 600 |
| (6) over 250 feet | 900. |

* Sec. 3. AS 16.43.160 is repealed and reenacted to read:

Sec. 16.43.160. Fees. (a) Except as specifically provided in this section, the commission shall establish annual fees for the issuance and annual renewal of entry permits or interim-use permits.

(b) The commission may charge interest at a rate not to exceed the legal rate of interest established in AS 45.45.010 on fees more than 60 days overdue.

(c) For an entry permit or an interim-use permit issued or renewed for calendar year 2006 and following years, the annual base fee for issuance or renewal of

1 an entry permit or an interim-use permit may not be less than \$30 or more than
 2 \$3,000. The annual base fee must reasonably reflect the different rates of economic
 3 return for different fisheries. In addition to the annual base fee established by the
 4 commission under this subsection, a nonresident shall pay an annual nonresident
 5 surcharge for the issuance or renewal of one or more entry permits or interim-use
 6 permits. The commission shall establish the annual nonresident surcharge by
 7 regulation at an amount that is as close as is practicable to the maximum allowed by
 8 law.

9 (d) For an entry permit or an interim-use permit issued or renewed for
 10 calendar year 2006 and following years, the holder of a permit whose household
 11 income, assets, and financial resources fall within the eligibility standards for the food
 12 stamp program under 7 U.S.C. 2011 - 2025, as amended, is subject to an annual base
 13 fee for the issuance or renewal of an entry permit or an interim-use permit that is equal
 14 to 50 percent of the annual base fee that the permit holder would otherwise pay under
 15 (c) of this section. In addition to the reduced annual base fee under this subsection, a
 16 nonresident who qualifies for a reduced fee under this subsection shall pay the annual
 17 nonresident surcharge established under (c) of this section.

18 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
 19 read:

20 VESSEL LICENSE FEES FOR CALENDAR YEAR 2005. (a) Notwithstanding the
 21 repeal and reenactment of AS 16.05.530, by sec. 2 of this Act, the annual license fee for a
 22 vessel license issued or renewed for calendar year 2005 is set according to the overall length,
 23 as defined by the United States Coast Guard, of the vessel under the following schedule:

| | | |
|----|------------------------------------|------|
| 24 | (1) 0 - 25 feet | \$20 |
| 25 | (2) over 25 feet - 50 feet | 50 |
| 26 | (3) over 50 feet - 75 feet | 100 |
| 27 | (4) over 75 feet - 150 feet | 250 |
| 28 | (5) over 150 feet - 250 feet | 500 |
| 29 | (6) over 250 feet | 750. |

30 (b) Notwithstanding the repeal and reenactment of AS 16.05.530, by sec. 2 of this
 31 Act, a vessel license issued or renewed for calendar year 2005 under the former provisions of

1 AS 16.05.530 before the effective date of sec. 2 of this Act is valid for the period for which
2 the license was issued or renewed.

3 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 FEES FOR ENTRY PERMITS AND INTERIM-USE PERMITS FOR CALENDAR
6 YEAR 2005. (a) Notwithstanding the repeal and reenactment of AS 16.43.160, by sec. 3 of
7 this Act, for an entry permit or an interim-use permit issued or renewed for calendar year
8 2005, on or after the effective date of sec. 3 of this Act, the annual base fee may not be less
9 than \$10 or more than \$300. The annual base fee must reasonably reflect the different rates of
10 economic return for different fisheries. In addition to the annual base fee established by the
11 Alaska Commercial Fisheries Entry Commission under this subsection, a nonresident shall
12 pay an annual nonresident surcharge for the issuance or renewal of one or more entry permits
13 or interim-use permits. The annual nonresident surcharge shall be established by the
14 commission by regulation at an amount that is as close as is practicable to the maximum
15 allowed by law.

16 (b) Notwithstanding the repeal and reenactment of AS 16.43.160, by sec. 3 of this
17 Act, for an entry permit or an interim-use permit issued or renewed for calendar year 2005,
18 the holder of a permit whose household income, assets, and financial resources fall within the
19 eligibility standards for the food stamp program under 7 U.S.C. 2011 - 2025, as amended, is
20 subject to a maximum annual base fee that is equal to 50 percent of the annual base fee that
21 the permit holder would otherwise pay under (a) of this section. In addition to the annual base
22 fee under this subsection, a nonresident who qualifies for a reduced fee under this subsection
23 shall pay an annual nonresident surcharge of \$57 for the issuance or renewal of one or more
24 entry permits or interim-use permits.

25 (c) Notwithstanding the repeal and reenactment of AS 16.43.160, by sec. 3 of this
26 Act, an entry permit or an interim-use permit issued or renewed for calendar year 2005 under
27 the former provisions of AS 16.43.160 before the effective date of sec. 3 of this Act is valid
28 for the period for which the entry permit or the interim-use permit was issued or renewed.

29 * Sec. 6. This Act takes effect immediately under ~~AS 01.10.07(c)~~.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 4 April 2005 TIME: 9:35 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
CS SB 93 (FIN) 24-LS0504/F
Utermohle
3/24/05
no changes
Thx
Mindy

Alaska State Legislature
PRESIDENT OF THE SENATE

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716 WEST 4TH AVENUE
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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 removes the \$300 cap on the base fee 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 \$15, \$30, \$45, \$60, \$75, and \$90 respectively.

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

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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.

Key Provisions of SB 93

RE: Commercial Fishing Permit and Vessel License Fees

- To comply with recent rulings in *Carlson v. State of Alaska*, clarify that the nonresident fee differential will be charged on a "per person" basis, rather than a "per permit" basis.

Nonresidents who renew more than one permit in a year have been paying an additional amount, above what a resident would pay, for each permit they renew. Under a recent ruling in *Carlson*, the state may only charge the nonresident differential (surcharge) to each nonresident one time per year, regardless of the number of permits they renew.

- Charge nonresidents who qualify for the reduced permit fee (by meeting low income standards) the full allowable nonresident differential.

Current law provides that residents and nonresidents who qualify for the reduced fee may pay one-half of the base fee for the fishery, and that nonresidents will also pay an additional amount equal to only one-half of the allowable nonresident differential.

- Remove the \$300 cap on the base fee CFEC may charge for annual renewal of permits.

While current law calls for annual base fees for permits to "reasonably reflect the different rates of economic return for different fisheries," the current \$300 cap places an artificial ceiling on the fee structure. This results in fisheries with a very high economic return being charged fees that are disproportionately low, relative to the fees charged to lower value fisheries. Removing the cap allows for a fairer fee structure that more fully complies with the mandate that fees reflect the value of respective fisheries.

- Slightly increase annual commercial fishing vessel license fees, beginning with 2006.

Fees are currently broken into 6 vessel size categories from smallest (vessels up to 24 feet) to largest (over 250 feet). The bill would maintain the 6 categories and simply increase the fee in the respective categories by \$15, 30, 45, 60, 75, and 90.

- 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.

THE
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DOCUMENT(S)
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**FY 1984 - FY 2002 Commercial Fishing
Operating Budget Expenditures (\$ thousands)**

Department
Component/BRU/Category

Labor (DOL)

Fisherman's Fund
Wage & Hour
Mechanical Inspection
OSH

DOL Total

Public Safety (DPS)

Fish and Wildlife Protection
State Troopers
Commissioner's Office
Administration Services
Laboratory Services
Information Systems

DPS Total

Commerce (DCED)

Commissioner/Administration
Business/Economic Development
Commercial Fisheries Development
Community and Business Development
Trade & Development
Measurement Standards
Investments
ASMI
Fish Enhancement Tax
Fisheries Business Tax
Community Development Quota Program

DCED Total

Governor

Exec Operations, DGC & OMB

Court System

Law

Civ.
Criminal
Statehood Defense/Federal Relations
Environmental/Exxon
Mental Health Lands

Law Total

Operating Expenditures (continued)
(\$ thousands)

Department
Component/BRU/Category

Revenue (DOR)
Operations
Shared Fish Taxes
DOR Total

Community & Regional Affairs (DCRA)
Community Development Quota Program
Shared Fish Taxes
Bering Sea Fisherman's Assoc Grants
DCRA Total

Environmental Conservation (DEC)
Air and Water Quality
Environmental Health
Exxon Valdez Restoration
DEC Total

Legislature**
Legislature Total

Natural Resources (DNR)
Forest
Land
Water
DNR Total

University of Alaska
Fisheries Research
Fisheries Industrial Technical Center
School of Fisheries and Ocean Sciences
Institute of Marine Science
Marine Advisory Program
Sea Grant Program
CES Fisheries
University Total

Fish and Game (ADFG)
Commercial Fisheries
Sport Fish
FRED
Commissioner's Office
Administration
Boards of Fish and Game
Habitat
CF Restoration Projects
CFEC
ADFG Total

Total Operating Expenditures

Sources: Budget analyst's estimates using Legislative Finance, "Summary of Appropriations" data for various
Legislature and Courts estimates provided by OMB per Court-approved methodology.

provided by Senata Stevens office

| Appropriate Resident -- Non-Resident Fee Differential Calculation FY 1984 - FY 2002 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|--|----------|-----------|-----------|-----------|-----------|
| "Fisheries Budget" Sub-Components (\$ thousands) | | | | | |
| Direct Operating Expenditures | 82,917.8 | 95,904.1 | 103,159.3 | 96,845.0 | 102,099.3 |
| Indirect Operating Expenditures | 2,671.5 | 3,840.0 | 4,596.7 | 3,430.1 | 5,008.9 |
| Enhancement Loan Subsidy | 4,834.8 | 9,001.5 | 2,404.6 | 1,308.2 | 2,576.7 |
| Harbors and Other Capital Costs | 3,400.1 | 3,961.6 | 3,262.5 | 3,256.1 | 3,256.1 |
| (1) Total "Fisheries Budget Sub-Components" | 93,824.2 | 112,707.2 | 113,423.1 | 104,839.4 | 112,940.9 |
| (2) Alaska Population, July 1 (thousands at beginning of fiscal year) | 524.0 | 543.9 | 550.7 | 541.3 | 535.0 |
| (3) Total State Revenue Appropriated (\$ millions) | 4,465.9 | 5,094.8 | 4,223.9 | 5,261.8 | 3,924.8 |
| (4) State Oil Derived Revenues Appropriated (\$ millions) | 3,487.5 | 3,495.3 | 3,177.2 | 3,198.0 | 2,676.8 |
| (5) Petroleum Derived Percentage of Total (5) = (4) / (3) | 78.1% | 68.6% | 75.2% | 60.8% | 68.2% |
| (6) Per Capita "Fisheries Budget" (6) = (1) / (2) | 179.05 | 207.22 | 205.96 | 193.68 | 211.10 |
| (7) Appropriate Resident -- Non-Resident Fee Differential (7) = (5) * (6) | 139.83 | 142.16 | 154.93 | 117.72 | 143.98 |
| Average FY 84 - FY 2002 | 141.81 | | | | |

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6/30/2003

| Appropriate Resident -- Non-Resident Fee Differential Calculation FY 1984 - FY 2002 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| "Fisheries Budget" Sub-Components (\$ thousands) | | | | | | |
| Direct Operating Expenditures | 117,873.5 | 138,375.5 | 134,458.3 | 152,564.2 | 148,446.3 | 138,920.3 |
| Indirect Operating Expenditures | 5,562.5 | 5,385.5 | 3,486.5 | 3,717.8 | 5,477.4 | 4,231.3 |
| Enhancement Loan Subsidy | 4,305.0 | 1,927.7 | 1,588.9 | 3,567.3 | 3,298.5 | 2,626.4 |
| Harbors and Other Capital Costs | 3,279.8 | 3,388.7 | 3,512.3 | 3,648.6 | 6,120.0 | 4,273.2 |
| Total "Fisheries Budget Sub-Components" | 131,020.8 | 149,077.4 | 143,052.0 | 163,497.9 | 163,342.2 | 150,051.1 |
| Alaska Population, July 1 (thousands at beginning of fiscal year) | 538.9 | 553.2 | 569.1 | 586.7 | 596.9 | 600.6 |
| Total State Revenue Appropriated (\$ millions) | 3,986.7 | 4,212.0 | 4,879.4 | 4,976.9 | 4,943.9 | 5,608.3 |
| State Oil Derived Revenues Appropriated (\$ millions) | 2,660.6 | 3,062.8 | 3,620.1 | 2,972.5 | 2,862.1 | 2,589.2 |
| Petroleum Derived Percentage of Total (5) = (4) / (3) | 66.7% | 72.7% | 74.2% | 59.7% | 57.9% | 46.2% |
| Per Capita "Fisheries Budget" (6) = (1) / (2) | 243.13 | 269.50 | 251.39 | 278.66 | 273.65 | 249.83 |
| Appropriate Resident -- Non-Resident Fee Differential (7) = (5) * (6) | 162.26 | 195.97 | 186.51 | 166.44 | 158.42 | 115.34 |
| Average FY 84 - FY 2002 | | | | | | |

Prepared by OMB - BP
6/30/2003

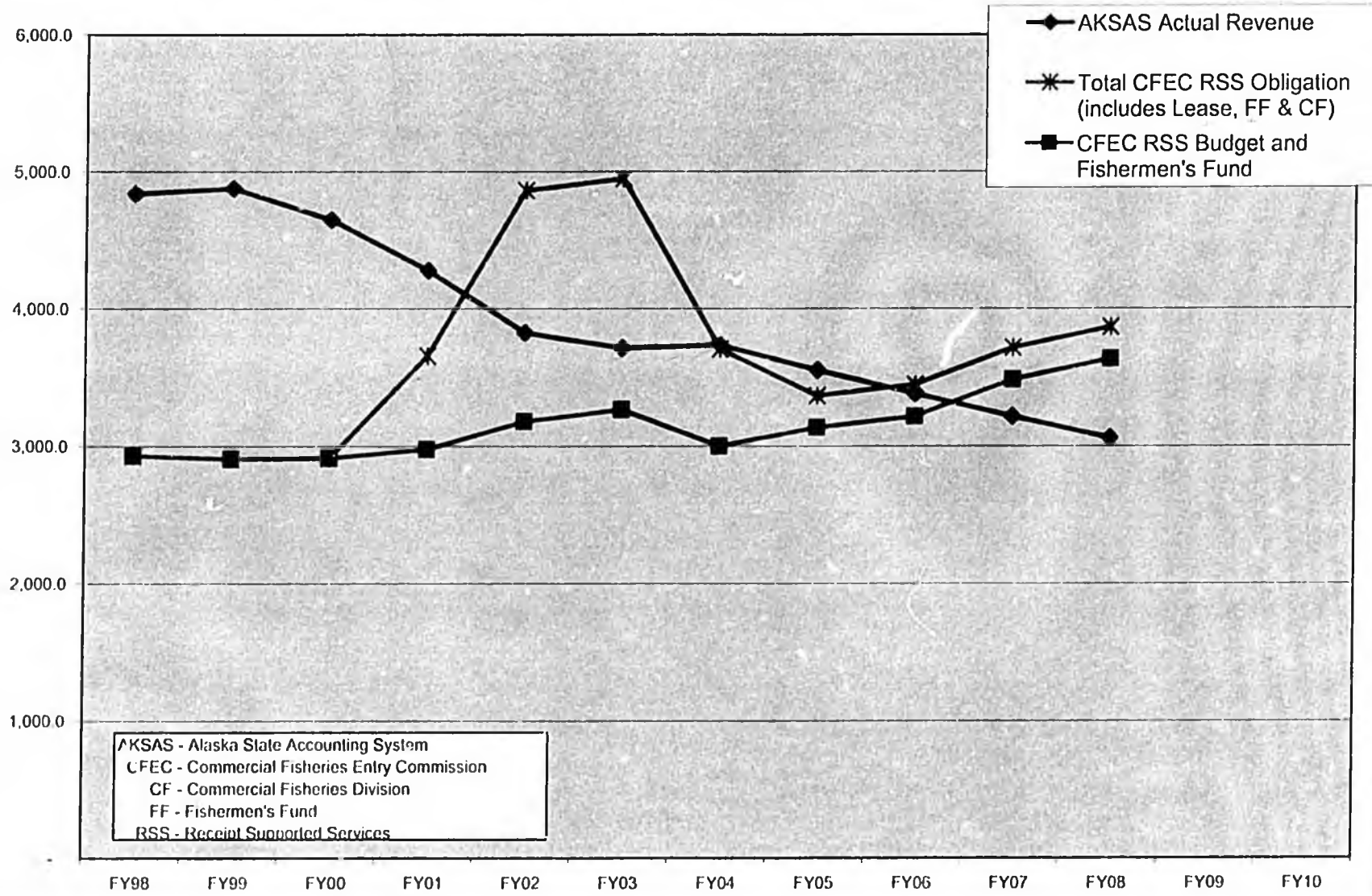
| Appropriate Resident -- Non-Resident Fee Differential Calculation FY 1984 - FY 2002 | FY 95 | FY 96 | FY 97 | FY 98 | FY 99 |
|--|------------------|------------------|------------------|------------------|------------------|
| "Fisheries Budget" Sub-Components (\$ thousands) | | | | | |
| Direct Operating Expenditures | 143,590.7 | 142,801.6 | 124,834.9 | 116,048.2 | 113,508.4 |
| Indirect Operating Expenditures | 3,122.4 | 2,916.1 | 3,439.3 | 3,623.2 | 3,591.8 |
| Enhancement Loan Subsidy | 5,072.9 | 2,357.2 | 1,209.9 | 1,719.2 | 804.2 |
| Harbors and Other Capital Costs | 3,797.3 | 3,686.1 | 8,547.8 | 3,978.5 | 4,761.1 |
| Total "Fisheries Budget Sub-Components" | 155,583.4 | 151,760.9 | 138,031.9 | 125,369.1 | 122,665.6 |
| | | | | | |
| Alaska Population, July 1 (thousands at beginning of fiscal year) | 601.6 | 605.2 | 609.7 | 617.1 | 622.0 |
| | | | | | |
| Total State Revenue Appropriated (\$ millions) | 5,182.8 | 7,141.3 | 6,288.1 | 5,610.2 | 6,053.1 |
| | | | | | |
| State Oil Derived Revenues Appropriated (\$ millions) | 2,552.5 | 4,841.8 | 4,045.6 | 3,071.4 | 3,288.3 |
| | | | | | |
| Petroleum Derived Percentage of Total (5) = (4) / (3) | 49.2% | 67.8% | 64.3% | 54.7% | 54.3% |
| | | | | | |
| Per Capita "Fisheries Budget" (6) = (1) / (2) | 258.62 | 250.76 | 226.41 | 203.16 | 197.21 |
| | | | | | |
| Appropriate Resident -- Non-Resident Fee Differential (7) = (5) * (6) | 127.37 | 170.01 | 145.67 | 111.22 | 107.13 |
| | | | | | |
| Average FY 84 - FY 2002 | | | | | |

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| Appropriate Resident -- Non-Resident Fee Differential Calculation FY 1984 - FY 2002 | FY 2000 | FY 01 | FY 02 |
|--|-----------------------|------------------|------------------|
| "Fisheries Budget" Sub-Components (\$ thousands) | | | |
| Direct Operating Expenditures | 127,164.9 | 134,752.4 | 141,241.7 |
| Indirect Operating Expenditures | 1,898.6 | 2,405.2 | 3,767.8 |
| Enhancement Loan Subsidy | 1,012.5 | 591.5 | 386.9 |
| Harbors and Other Capital Costs | 4,751.3 | 4,632.7 | 4,360.8 |
| Total "Fisheries Budget Sub-Components" | 134,827.2 | 142,381.8 | 149,757.2 |
| | | | |
| Alaska Population, July 1 (thousands at beginning of fiscal year) | 627.7 | 633.6 | 643.8 |
| | | | |
| Total State Revenue Appropriated (\$ millions) | 6,750.1 | 7,297.3 | 7,495.2 |
| | | | |
| State Oil Derived Revenues Appropriated (\$ millions) | 3,783.6 | 3,673.6 | 3,732.5 |
| | | | |
| Petroleum Derived Percentage of Total (5) = (4) / (3) | 56.1% | 50.3% | 49.8% |
| | | | |
| Per Capita "Fisheries Budget" (6) = (1) / (2) | 214.80 | 224.71 | 232.62 |
| | | | |
| Appropriate Resident -- Non-Resident Fee Differential (7) = (5) * (6) | 120.40 | 113.12 | 115.84 |
| | | | |
| Average FY 84 - FY 2002 | Latest 5 Year Average | | 113.54 |

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6/30/2003

CFEC Revenue Received Compared To Authorized Receipt Supported Services Budget



AKSAS - Alaska State Accounting System
 CFEC - Commercial Fisheries Entry Commission
 CF - Commercial Fisheries Division
 FF - Fishermen's Fund
 RSS - Receipt Supported Services

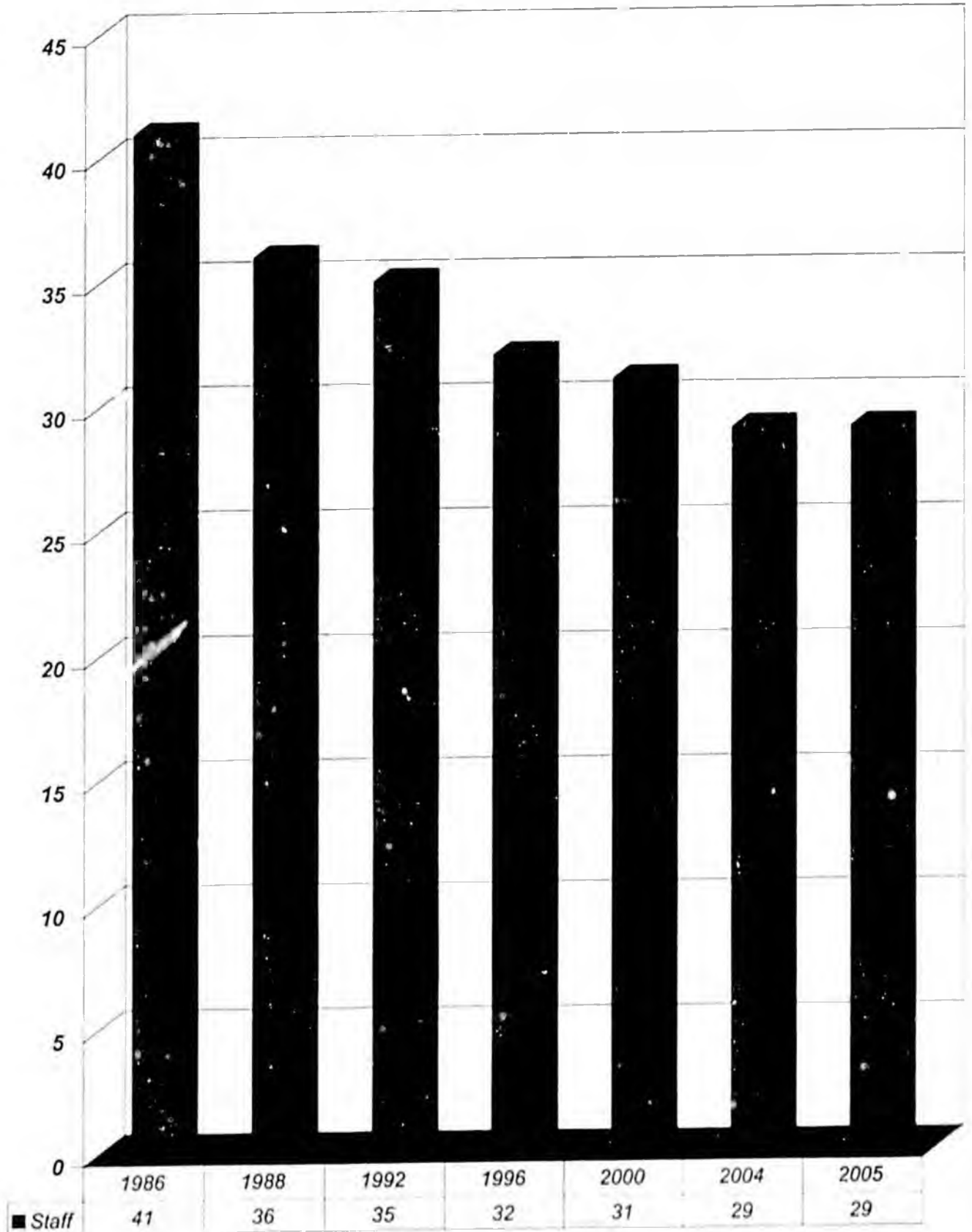
Commercial Fisheries Entry Commission Expenditure/Revenue Comparison

| | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 |
|--|---------|---------|---------|---------|-----------|-----------|---------|--|---------|---------|---------|
| AKSAS Actual Revenue | 4,839.4 | 4,878.1 | 4,649.4 | 4,279.3 | 3,825.0 | 3,714.8 | 3,733.8 | 3,552.3 | 3,379.7 | 3,215.4 | 3,059.2 |
| | | | | | | | | *****Projected based on calculated 4.86% decline***** | | | |
| CFEC RSS Authorized Budget | | | | | | | | | | | |
| | 2,536.5 | 2,520.4 | 2,520.4 | 2,563.8 | 2,786.5 | 2,856.9 | 2,592.9 | 2,727.2 | 2,808.8 | 3,078.8 | 3,228.8 |
| FF Obligation | 392.0 | 385.3 | 392.7 | 413.6 | 390.8 | 405.8 | 407.0 | 407.0 | 407.0 | 407.0 | 407.0 |
| CF Obligation | | | | 678.0 | 1,684.1 | 1,684.9 | 704.0 | 230.0 | 230.0 | 230.0 | 230.0 |
| CFEC RSS Budget and Fishermen's Fund | 2,928.5 | 2,905.7 | 2,913.1 | 2,977.4 | 3,177.3 | 3,262.7 | 2,999.9 | 3,134.2 | 3,215.8 | 3,485.8 | 3,635.8 |
| Total CFEC RSS Obligation (includes Lease, FF & CF) | 2,928.5 | 2,905.7 | 2,913.1 | 3,655.4 | 4,861.4 | 4,947.6 | 3,703.9 | 3,364.2 | 3,445.8 | 3,715.8 | 3,865.8 |
| | | | | | | | | Items in orange area above are projections only | | | |
| Difference between Revenue and Total CFEC RSS Obligations | | | | | | | | | | | |
| AKSAS Actual | 1,910.9 | 1,972.4 | 1,736.3 | 623.5 | (1,036.4) | (1,232.8) | 29.9 | 188.1 | (66.1) | (500.4) | (806.6) |

Note: Unobligated receipts remaining at fiscal year end are deposited into the general fund unless other provisions are made.

AKSAS - Alaska State Accounting System
 CFEC - Commercial Fisheries Entry Commission
 CF - Commercial Fisheries Division
 FF - Fishermen's Fund
 RSS - Receipt Supported Services

Commercial Fisheries Entry Commission Permanent Full-Time Budgeted Staff



Percentage of Full Time
positions lost since 1986

12.20%

14.63%

21.95%

24.39%

29.27%

29.27%

State of Alaska
Commercial Fisheries Entry Commission

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

Permit Counts By Base Fee Category

February 10, 2005

| Current 2005 Permit Counts By Base Fee Category | | | | 2005 Permit Counts Using Proposed Method | | | |
|---|-------------------|---------------|---------------|--|-------------------|---------------|---------------|
| Base Fee | Number of Permits | | Total Permits | Base Fee | Number of Permits | | Total Permits |
| | Residents | Non-Residents | | | Residents | Non-Residents | |
| | | | | \$3,975 | 45 | 220 | 265 |
| | | | | ↓ | | | |
| | | | | \$2,025 | 9 | 42 | 51 |
| | | | | ↓ | | | |
| | | | | \$1,500 | 12 | 54 | 66 |
| | | | | ↓ | | | |
| | | | | \$1,200 | 34 | 17 | 51 |
| | | | | ↓ | | | |
| | | | | \$900 | 200 | 209 | 409 |
| | | | | \$825 | 136 | 240 | 376 |
| | | | | \$750 | 101 | 23 | 124 |
| | | | | ↓ | | | |
| | | | | \$675 | 33 | 14 | 47 |
| | | | | \$600 | 23 | 2 | 25 |
| | | | | \$525 | 71 | 77 | 148 |
| | | | | ↓ | | | |
| \$300 | 747 | 918 | 1,665 | \$375 | 10 | 2 | 12 |
| \$240 | 858 | 272 | 1,130 | \$300 | 652 | 254 | 906 |
| \$180 | 827 | 241 | 1,068 | \$225 | 257 | 32 | 289 |
| \$120 | 3,749 | 1,634 | 5,383 | \$150 | 4,496 | 1,860 | 6,356 |
| \$60 | 10,702 | 1,815 | 12,517 | \$75 | 10,804 | 1,834 | 12,638 |
| Totals | 16,883 | 4,880 | 21,763 | | 16,883 | 4,880 | 21,763 |



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

Permit Counts and Estimated Revenue By Base Fee

February 10, 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 | |
| | | | | \$3,975 | 45 | 220 | \$1,053,375 |
| | | | | ↓ | | | |
| | | | | \$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 |
| Totals | 16,883 | 4,880 | \$2,359,920 | | 16,883 | 4,880 | \$4,455,150 |



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

February 10, 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 | \$60 | \$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, COOK INLET | 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, DIVE HAND PICK, BRISTOL BAY | Y | 291 | 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', STATEWIDE | N | 687 | 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

February 10, 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 | 148 | 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 | 106 | \$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 |
| TB9BK | 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', CHIGNIK | 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 KELP POUND, PRINCE WILLIAM SOUND | Y | 2 | 0 | \$120 | \$75 |
| P07J | SHRIMP, OTTER 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

February 10, 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 | 50 | \$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 |
| B61B | HALIBUT, LONGLINE VL OVER 60', STATEWIDE | N | 211 | 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 |
| C61C | SABLEFISH, LONGLINE VL OVER 60', SOUTHERN SOUTHEAST | Y | 18 | 6 | \$300 | \$750 |
| S01L | SALMON, PURSE SEINE, CHIGNIK | Y | 83 | 17 | \$300 | \$750 |
| C61B | SABLEFISH, LONGLINE VL OVER 60', STATEWIDE | N | 68 | 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 |
| K61A | SABLEFISH, LONGLINE VL OVER 60', NORTHERN SOUTHEAST | Y | 82 | 27 | \$300 | \$900 |
| G69A | 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

February 10, 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 | \$3,975 |
| | | | 16,883 | 4,880 | | |

Under the proposed methodology, 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

Handwritten notes:
 500' - 2,025
 1/2 - 1/2
 1/2 - 1/2
 1/2 - 1/2

**CFEC VESSEL LICENSE FEES¹
CURRENT AND PROPOSED**

| Vessel Length | Number | Current Fee | Proposed Fee |
|---------------|---------------|-------------|--------------|
| 0-25' | 3,484 | \$20 | \$35 |
| 25-50' | 5,600 | \$50 | \$80 |
| 50-75' | 764 | \$100 | \$145 |
| 75-150' | 447 | \$250 | \$310 |
| 150-250' | 92 | \$500 | \$575 |
| 250' | 26 | \$750 | \$840 |
| TOTAL | 10,413 | | |

33.5% would increase only by \$15
53.8% would increase only by \$30
 87.3% would increase only by \$30 or less

¹ AS 16.05.530 last amended in 1995

DRAFT

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 |
| TOTAL | 10,413 | | \$603,330 | | \$723,996 |

NOTE: A 20% across the board vessel fee increase would generate \$120,666 in fees over the current vessel fees. In comparison the vessel fee proposal currently in SB 93 generates approximately \$291,000. The current fiscal note for SB 93 would be reduced by \$170,334 under this proposal.

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 23, 2005

Draft

| 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 |
| Totals | 15,883 | 4,880 | \$2,359,920 | | | 16,883 | 4,880 | \$4,196,775 |



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

DRAFT

SB 93 FISCAL NOTE REVENUE COMPARISONS

| | Revenue Generated |
|---|-------------------|
| Current version of SB 93 (No cap - with vessel license fee) | \$2.30 mili |
| With 20% increase in vessel license fee (No cap - reduction of \$170,000 in vessel fees) | 2.13 mill |
| Without vessel license fee increase (No cap - with reduction of \$300,000 vessel fee) | 2.00 mill |
| | |
| If \$3,000 cap on permit fees (reduction of \$258,375 from no cap) | 2.04 mill |
| If \$3,000 cap and 20% vessel license fee (\$170,000 reduction from \$2.04 mill) | 1.87 mill |
| If \$3,000 cap and no vessel license fee increase (\$300,000 reduction from \$2.04 mill) | 1.74 mill |

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

FRANK H. MURKOWSKI, GOVERNOR

8600 GLACIER HWY, #109
JUNEAU, AK 99801

(907) 789-6150 Licensing Calls
(907) 789-6160 Other Business
(907) 789-6170 FAX
(907) 789-6180 BBS

INTERNET: www.cfec.state.ak.us

March 21, 2005

The Honorable Ben Stevens
Alaska State Senate

Dear Senator Stevens:

Passage of SB93 or its companion HB174 will provide the Commercial Fisheries Entry Commission (CFEC) with the means to continue to support commercial fisheries. CFEC is funded by revenue generated permit and license fees paid by the commercial fishing industry. CFEC fees have traditionally generated more revenue than its budget required and those revenues have been used to fund commercial fishing support projects in the Department of Fish and Game. Because of a number of factors, revenues in recent years have declined and there is a real threat in the near future revenues will not be sufficient to cover even CFEC's budgetary obligations.

Lifting the statutory cap on permit fees in SB93/HB174 will require that CFEC revise its annual permit fee schedule through the public hearing process. The public hearing process will provide the opportunity for CFEC and the fishing community to work together to develop a fee structure that reflects the statutory requirement that fees represent the economic return from the different fisheries and the reality that fees must be reasonable and not unduly burden the industry.

CFEC has already heard from fishermen and fishing associations on issues considered important in a new fee proposal which would be developed for public comment. The public hearing process could address, among others, such issues as: (1) a phase-in of fees over time that would provide the benefit of a planned approach, (2) adjustments in permit fees to recognize vessel size in order that reasonable fees are achieved; (3) adjustments in permit fees to reflect fishing capacity restrictions; (4) adjustments in fees where permit values may not be representative if no permit sales have occurred for some time; and other issues identified during the public hearing process.

CFEC will begin to develop a fee proposal and public hearing schedule based on comments received during the legislative hearings. In this way, a timely proposal would be submitted for public comment as soon as possible after passage of SB93/HB174. This will allow sufficient public hearing time for industry comments before calendar year 2006 fees are required to be adopted in the fall of 2005.

CFEC gives its assurance that upon passage of SB93/HB174 we will work with the commercial fishing community to develop a fair and reasonable permit renewal fee structure.

Sincerely,



Frank Homan, Commissioner

MEMORANDUM

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

TO: Senator Ben Stevens
Alaska State Senate

DATE: February 3, 2005

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

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

SUBJECT: Need for CFEC Fee Bill

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 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) vould 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.

SB 93



UNITED FISHERMEN OF ALASKA

RECEIVED

MAR 17 2005

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

March 7, 2005

Senator Lyda Green, Co-Chair
Senate Finance Committee
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau AK 99801-1182

Dear Senator Green,

United Fishermen of Alaska (UFA) represents thirty-one Alaska commercial fishing groups and hundreds of individual fishermen, crew members and related businesses. The UFA Board of Directors recently met and discussed SB 93 regarding Commercial Fisheries Entry Commission (CFEC) fees.

The current cap of \$300 on CFEC permits is projected to leave the CFEC with a net operating budget shortfall by 2007. UFA believes that CFEC should be self-funded entirely through permit fees, not reliant on general funds from the state budget. The potential for raising of fees for some fisheries is of concern to fishermen in the fisheries most affected, but the process of establishing the fees for specific fisheries is a subsequent process with public input opportunities for individual fishermen to make their case for equitable fees for their fisheries.

UFA supports the concept of SB 93 to eliminate the cap on CFEC fees. We would also support the raising rather than the elimination of the CFEC cap to accomplish the same goal - that commercial fishing permit fees fully fund the Commercial Fisheries Entry Commission.

Respectfully,

Mark D. Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Concerned Area "M" Fishermen • Cordova District Fishermen United • Douglas Island Pink and Chum
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
North Pacific Fisheries Association • North 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 Owner Association • Seafood Producers Cooperative • Southeast Alaska Herring Seiners Marketing Association
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Catcher Boats • United Salmon Association United Southeast Alaska Gillnetters • Valdez Fisheries Development Association
Western Gulf of Alaska Fishermen

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-523-1168

E-mail: seafa@gci.net

February 21, 2005

Senator Con Bunde, Chair
Senate Labor & Commerce
State Capitol,
Juneau, AK 99801

RE: SB 93

Dear Senator Bunde & Committee,

SEAFA understands the need for Commercial Fishing Entry Commission (CFEC) to raise permit and vessel renewal fees to be self-sustaining. We do have concerns with SB 93, which we have discussed with CFEC. Our concerns have to do with several of the fisheries in Southeast Alaska that the formula does not work appropriately on.

One fishery that we are concerned about is the Southeast king and tanner crab fisheries. These are limited entry fisheries but have been issued in various combinations such as a red & blue king crab (K19A), Red, Blue & Brown King Crab (K29A), Brown king crab (K39A), Red, Blue King Crab and Tanner crab (K49A), Brown King crab & Tanner crab (K59A), Red, Blue, Brown King crab and Tanner crab (K69A) and a Tanner crab permit (T19A). Under the proposed calculations for SB 93, a brown crab permit (K39A) would be \$150, a red & blue King crab permit (K19A) would be \$75 and a tanner crab permit (T19A) would be \$300. If the three permits were added together the total would be \$525. Under SB 93 the proposed fee for a combination permit of the three fisheries (K69A) would be \$900. These fees should be equivalent in price and value but aren't under CFEC calculations using permit values. These fishermen did not have the option to keep the permits separate, only a fisherman who buys into the fishery at a later date and buys the permits individually are they kept as separate permits. The following chart shows all the tanner & crab permit combinations with the last column being the renewal fee a fisherman would pay if he owned each permit separately.

| Fishery Code | Fishery | 2005 Current | Proposed SB 93 | As Indv. Permits |
|--------------|-------------------------------------|--------------|----------------|------------------|
| K19A | Red & Blue King crab | \$60 | \$75 | \$75 |
| K29A | Red, Blue & Brown King crab | \$180 | \$150 | \$150 |
| K39A | Brown King crab | \$180 | \$150 | \$150 |
| K49A | Red, Blue King crab & tanner crab | \$300 | \$600 | \$375 |
| K59A | Brown King crab & tanner crab | \$120 | \$150 | \$450 |
| K69A | Red, Blue, Brown King crab & Tanner | \$300 | \$900 | \$525 |
| T19A | Tanner Crab | \$300 | \$300 | \$300 |

Frank Hansen - trying to meet w/12222y Hansen and address this in regulation.

Our point is that in fisheries such as this, the proposed price should be consistent between the permit types and permit renewal fee be a combination of the value of the permit and the income the permit can earn. We believe that using just the permit value as the value of the fishery can be very misleading in a fishery where there are not a lot of permits and therefore they are not sold often enough to provide a current basis for fishery value. It is our understanding that CFEC can only change a permit value with four permit sales otherwise the information is confidential.

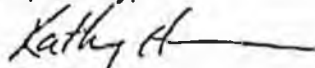
Another fishery where we are concerned about the proposed fee value is the Northern Southeast Sablefish Longline permit (Chatham Longline) (CS1A). While the permit value for this fishery is high, partly due to an extremely small number of sales over the years since the adjudication of these permits have not been finalized the actual earning potential of this fishery has greatly declined. This fishery was turned into an equal share fishery because of concerns over the stock. According to CFEC reports, the average gross earnings for this fishery in 2003 was \$45,762 per equal quota share. The permit fee is currently \$300. In the proposed calculations under SB 93 the Chatham Longline permit renewal fee would be \$900. In comparison a Southeast Salmon Seine permit (S01A) had an average gross earning of \$114,762 in 2003 and their permit renewal fee for 2005 was \$120 and under SB 93 would be \$150. The Southeast Salmon gillnet permit (S03A) had an average gross earnings of \$23,526 in 2003 and their permit renewal fee for 2005 was \$60.00 and under SB 93 would be \$75.00.

The concern for this legislation is that a fair and equitable consideration will be given to the proposed rate classes that will be established above the \$300 cap level. CFEC needs to evaluate not only the permit value, but the average earnings for the fishery in determining a fair value.

An additional concern we have is that the CFEC public regulation process will be occurring during the summer months, we understand that this will be necessary in order to have fee classes established by regulation in the fall for permit renewals to be sent prior to the year end as the current practice is. We wish to bring these concerns to light during this process so that CFEC can consider all aspects of the process while the legislation is being debated.

Thank you for listening to our concerns. If you have any additional questions, please give us a call at any time.

Respectfully,



Kathy Hansen

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/4/05

FURTHER: Finance

Date of 5-Day Notice: 2/10/05
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 2/22/05

Labor and Commerce Committee considered SENATE BILL NO. 93

SB 93 FISHING PERMIT AND VESSEL LICENSE FEES

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

| | |
|--------------------------|--------------------------|
| Senate Bill: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | New Title |
| House Bill: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | Technical Title Change |
| <input type="checkbox"/> | New Title w/ SCR # _____ |

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|---------|--------|--------|------|-----|
| F&G | 2/14/05 | | ✓ | | ! |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|------|--------|--------|------|-----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | | DO PASS | DO NOT PASS | No REC | AMEND |
|---------------------------------|-------------------------|---------|-------------|--------|-------|
| Davis | <i>Boatman Davis</i> | | | X | |
| Ellis | <i>John Ellis</i> | | | X | |
| Seelins | <i>Ralph Seelins</i> | | | ✓ | |
| | | | | | |
| | | | | | |
| Bunde | CHAIR: <i>Bob Bunde</i> | | | ✓ | |

TESTIMONY TO SENATE FINANCE COMMITTEE

Senate Bill 93

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

Mr. Chairman and Members of the Committee:

My name is Cheryl Sutton, staff to Senator Ben Stevens.

Senate Bill 93 addresses the Commercial Fisheries Entry Commission. The first fact we need to understand about the commission is that they are totally fee-base funded. They receive no general funds. From the charts in your packets you can see that the commission has been on a downward trend in revenue and that revenues and operational costs will soon meet and revenues will continue in the downward trend under the current fee structure. This is in spite of the fact that the commission has greatly reduced their work force. Some of the contributing factors are the Carlson case, the decline in value in certain fisheries, and the consolidation of various fisheries.

Senate Bill 93 accomplishes several purposes. It will bring the state into compliance with recent rulings in *Carlson v. State of Alaska*. The Carlson case was a class action brought against the state by nonresident fishermen who claimed that the fee structure was not lawful. The state had charged a 3 to 1 fee differential for nonresidents. The court agreed that the fees could not be established in this manner and issued a mandated formula that is

now calculated by OMB. I have the information of what is included and how the fees are calculated if committee members would like to review it.

The major component contained in Senate Bill 93 is the removal of the \$300 cap for annual permit renewal currently in statute. This is an artificial cap because the statute states that the base fee must "reasonably reflect the different rates of economic return for different fisheries." The cap results in fisheries with a very high economic return being charged fees that are disproportionately low. This bill asks you to remove the \$300 cap and the commission will develop regulations for the categories and fees through a public hearing process.

The other Carlson compliance element clarified in the bill is to charge a nonresident fee differential of \$115 only one time regardless of how many permits a nonresident is issued. The court said that the state could only charge the differential once and the commission has been complying with this mandate. Another nonresident element pertains to those who qualify for a reduced, or "poverty" fee. These individuals would still be required to pay the full nonresident differential.

The vessel license fees are also addressed in the bill. A modest modification is proposed. The 6 vessel length categories are maintained and the fees are raised by \$15, \$30, \$45, \$60, \$75, and \$90 respectively.

I will be glad to answer any questions the committee may have.