

**HB**

**365**



ALASKA STATE LEGISLATURE  
House Resources Committee

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**LETTER OF INTENT/COMMITTEE RECOMMENDATION**  
**FOR HB 365**

TO: Representative Mike Chenault, Speaker  
Alaska State House of Representatives

FROM: Rep. Craig Johnson  
Co-Chair, House Resources

Rep. Mark Neuman  
Co-Chair, House Resources

DATE: April 11, 2010

**OFFERED BY THE HOUSE RESOURCES COMMITTEE**

The House Resources Committee recognizes that passage of provisions in HB365 is a necessary step to enable a planned permit buyback program in the Southeast Alaska Salmon Seine fishery to move forward. Further, while the committee recognizes the value of reducing the number of permits in the Southeast Salmon Seine fishery, it is also concerned that the permit buyback program not remove more permits than necessary for the health and viability of the fishery, nor result in negative economic impacts to the region or state, including diminishment of the economic benefits of the investments that have been made in Southeast Alaska communities.

Specifically, the committee is passing this legislation with the understanding, and the assurance of the Southeast Revitalization Association, that the permit reduction program the association seeks to undertake for the Southeast Alaska Salmon Seine fishery and to implement through the provisions of this bill will not reduce the number of permits in that fishery to less than 260.

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 365

BY REPRESENTATIVE SEATON

- 1 Page 1, lines 2 - 3:
- 2 Delete ", to requirements to obtain and maintain a fisheries business license, and
- 3 to payment of industry fees required of fish processors"
- 4
- 5 Page 3, line 19, through page 5, line 6:
- 6 Delete all material.
- 7
- 8 Renumber the following bill section accordingly.

# Representative Charisse Millett

## Session

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## Interim

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## **House Bill 365 – Fish Processor Fees, Licenses, and Records**

Version 26-LS1413/A, February 3, 2010

STAFF: Genevieve Wojtusik, 465-4937

### **SPONSOR STATEMENT**

HB 365 will enable fisheries that have elected to pursue a capacity reduction (permit buyback) program to have the legal mechanism in place to ensure proper accounting of the transactions involved. The steps taken by this bill are procedural in nature.

Policy regarding capacity reduction through self-imposed fee collections have already been made in both state and federal statute. While allowing the National Oceanic & Atmospheric Administration (NOAA) and the National Marine Fishery Service (NMFS) access to fish ticket data held by the state to monitor loan repayments, this bill puts the final pieces together so that fishermen can decide on their participation based on a complete program.

Fleet capacity reduction programs are mechanisms that allow for stabilization of effort within a fishery. They are intended to ensure the long-term economic sustainability of the fishery by addressing the problem of over-capitalization. Based on the pilot program, 80% of permits bought back were non-resident. Alaska's legal framework for these programs ensures that they are:

**FISHERY SPECIFIC** - by requiring an affirmative vote of the registered and licensed permit-holding fishermen in the fishery in question. This process is spelled out in AS 43.76.230-270, statutes that were generated by the Joint Legislative Salmon Industry Task Force in 2002. The concept behind that legislation was that each fishery in Alaska has its own specific set of economic

factors, and therefore the participants should have the right of group self-determination in legally meeting the challenges of their fishery. This legislation will not affect any fishery that does not meet the previously established guidelines for capacity reduction.

SELF-FUNDED - In the case of the Southeast Alaska Purse Seine fishery, for example, the fishermen will have to agree to a self-assessment of 3% on each sale of fish they catch to cover the costs of the program.

VOLUNTARY - only fishermen who choose to sell their permits may do so. There is no effort to force any fishermen out of the fishery.

HB 365 does not affect any of the previously enacted pieces of the program. It simply enables the federal NMFS and the state Commercial Fisheries Entry Commission (CFEC) to share required information from the fish tickets (receipts for fish delivery transactions) in order to monitor loan repayments. It also requires processors to remit the fees to NMFS, using the same method as is already in practice for remission of the Alaska Salmon Enhancement Tax.

This legislation takes care of the final procedural hurdles to enable permit capacity reduction programs to go forward in any fishery that chooses to pursue that option and passes the other strict statutory requirements.

House Bill 365 is supported by the Southeast Seiners' Association, the United Fishermen of Alaska, and the Alaska Commercial Fishery Entry Commission.

Excerpt from  
Magnuson-Stevens Act

16 U.S.C. 1861a  
MSA § 312

104-297

**SEC. 312. TRANSITION TO SUSTAINABLE FISHERIES**

16 U.S.C. 1861a

**(a) FISHERIES DISASTER RELIEF.—**

109-479

(1) At the discretion of the Secretary or at the request of the Governor of an affected State or a fishing community, the Secretary shall determine whether there is a commercial fishery failure due to a fishery resource disaster as a result of—

(A) natural causes;

(B) man-made causes beyond the control of fishery managers to mitigate through conservation and management measures, including regulatory restrictions (including those imposed as a result of judicial action) imposed to protect human health or the marine environment; or

(C) undetermined causes.

(2) Upon the determination under paragraph (1) that there is a commercial fishery failure, the Secretary is authorized to make sums available to be used by the affected State, fishing community, or by the Secretary in cooperation with the affected State or fishing community for assessing the economic and social effects of the commercial fishery failure, or any activity that the Secretary determines is appropriate to restore the fishery or prevent a similar failure in the future and to assist a fishing community affected by such failure. Before making funds available for an activity authorized under this section, the Secretary shall make a determination that such activity will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions.

(3) The Federal share of the cost of any activity carried out under the authority of this subsection shall not exceed 75 percent of the cost of that activity.

109-479

(4) There are authorized to be appropriated to the Secretary such sums as are necessary for each of the fiscal years 2007 through 2013.

**(b) FISHING CAPACITY REDUCTION PROGRAM.—**

109-479

(1) The Secretary, at the request of the appropriate Council for fisheries under the authority of such Council, the Governor of a State for fisheries under State authority, or a majority of permit holders in the fishery, may conduct a voluntary fishing capacity reduction program (referred to in this section as the 'program') in a fishery if the Secretary determines that the program—

16 U.S.C. 1861a  
MSA § 312

(A) is necessary to prevent or end overfishing, rebuild stocks of fish, or achieve measurable and significant improvements in the conservation and management of the fishery;

(B) is consistent with the Federal or State fishery management plan or program in effect for such fishery, as appropriate, and that the fishery management plan—

(i) will prevent the replacement of fishing capacity removed by the program through a moratorium on new entrants, practicable restrictions on vessel upgrades, and other effort control measures, taking into account the full potential fishing capacity of the fleet; and

(ii) establishes a specified or target total allowable catch or other measures that trigger closure of the fishery or adjustments to reduce catch; and

(C) is cost-effective and, in the instance of a program involving an industry fee system, prospectively capable of repaying any debt obligation incurred under section 1111 of title XI of the Merchant Marine Act, 1936.

109-479

(2) The objective of the program shall be to obtain the maximum sustained reduction in fishing capacity at the least cost and in a minimum period of time. To achieve that objective, the Secretary is authorized to pay—

(A) the owner of a fishing vessel, if the permit authorizing the participation of the vessel in the fishery is surrendered for permanent revocation and the vessel owner and permit holder relinquish any claim associated with the vessel or permit that could qualify such owner or holder for any present or future limited access system permit in the fishery for which the program is established or in any other fishery and such vessel is (i) scrapped, or (ii) through the Secretary of the department in which the Coast Guard is operating, subjected to title restrictions (including loss of the vessel's fisheries endorsement) that permanently prohibit and effectively prevent its use in fishing in federal or state waters, or fishing on the high seas or in the waters of a foreign nation; or

(B) the holder of a permit authorizing participation in the fishery, if such permit is surrendered for permanent revocation, and such holder relinquishes any claim associated with the permit and vessel used to harvest fishery resources under the permit that could qualify such holder for any present or future limited access system permit in the fishery for which the program was established.

(3) Participation in the program shall be voluntary, but the Secretary shall ensure compliance by all who do participate.

109-479

(4) The harvester proponents of each program and the Secretary shall consult, as appropriate and practicable, with Councils, Federal agencies, State and regional authorities, affected fishing communities, participants in the fishery, conservation organizations, and other interested parties throughout the development and implementation of any program under this section.

109-479

(5) **PAYMENT CONDITION.**—The Secretary may not make a payment under paragraph (2) with respect to a vessel that will not be scrapped unless the Secretary certifies that the vessel will not be used for fishing in the waters of a foreign nation or fishing on the high seas.

109-479

(6) **REPORT.**—

(A) **IN GENERAL.**—Subject to the availability of funds, the Secretary shall, within 12 months after the date of the enactment of the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006 submit to the Congress a report—

(i) identifying and describing the 20 fisheries in United States waters with the most severe examples of excess harvesting capacity in the fisheries, based on value of each fishery and the amount of excess harvesting capacity as determined by the Secretary;

(ii) recommending measures for reducing such excess harvesting capacity, including the retirement of any latent fishing permits that could contribute to further excess harvesting capacity in those fisheries; and

(iii) potential sources of funding for such measures.

(B) **BASIS FOR RECOMMENDATIONS.**—The Secretary shall base the recommendations made with respect to a fishery on—

(i) the most cost effective means of achieving voluntary reduction in capacity for the fishery using the potential for industry financing; and

(ii) including measures to prevent the capacity that is being removed from the fishery from moving to other fisheries in the United States, in the waters of a foreign nation, or on the high seas.

(c) **PROGRAM FUNDING.**—

(1) The program may be funded by any combination of amounts—

(A) available under clause (iv) of section 2(b)(1)(A) of the Act of August 11, 1939 (15 U.S.C. 713c-3(b)(1)(A); the Saltonstall-Kennedy Act);

(B) appropriated for the purposes of this section;

(C) provided by an industry fee system established under subsection (d) and in accordance with section 1111 of title XI of the Merchant Marine Act, 1936; or

(D) provided from any State or other public sources or private or non-profit organizations.

(2) All funds for the program, including any fees established under subsection (d), shall be paid into the fishing capacity reduction fund established under section 1111 of title XI of the Merchant Marine Act, 1936.

109-479

**(d) INDUSTRY FEE SYSTEM.—**

(1) (A) If an industry fee system is necessary to fund the program, the Secretary may conduct a referendum on such system. Prior to the referendum, the Secretary shall—

(i) identify, to the extent practicable, and notify all permit or vessel owners who would be affected by the program; and

(ii) make available to such owners information about the industry fee system describing the schedule, procedures, and eligibility requirements for the referendum, the proposed program, and the amount and duration and any other terms and conditions of the proposed fee system.

(B) The industry fee system shall be considered approved if the referendum votes which are cast in favor of the proposed system constitute at least a majority of the permit holders in the fishery, or 50 percent of the permitted allocation of the fishery, who participated in the fishery.

(2) Notwithstanding section 304(d) and consistent with an approved industry fee system, the Secretary is authorized to establish such a system to fund the program and repay debt obligations incurred pursuant to section 1111 of title XI of the Merchant Marine Act, 1936. The fees for a program established under this section shall—

(A) be determined by the Secretary and adjusted from time to time as the Secretary considers necessary to ensure the availability of sufficient funds to repay such debt obligations;

(B) not exceed 5 percent of the ex-vessel value of all fish harvested from the fishery for which the program is established;

(C) be deducted by the first ex-vessel fish purchaser from the proceeds otherwise payable to the seller and accounted for and forwarded by such fish purchasers to the Secretary in such manner as the Secretary may establish, unless the Secretary determines that such fees should be collected from the seller; and

(D) be in effect only until such time as the debt obligation has been fully paid.

109-479

**(e) IMPLEMENTATION PLAN.—**

(1) **FRAMEWORK REGULATIONS.—**The Secretary shall propose and adopt framework regulations applicable to the implementation of all programs under this section.

(2) **PROGRAM REGULATIONS.—**The Secretary shall implement each program under this section by promulgating regulations that, together with the framework regulations, establish each program and control its implementation.

(3) **HARVESTER PROPONENTS' IMPLEMENTATION PLAN.—**The Secretary may not propose implementation regulations for a program to be paid for by an industry fee system until the harvester proponents of the program provide to the Secretary a proposed implementation plan that, among other matters—

(A) proposes the types and numbers of vessels or permits that are eligible to participate in the program and the manner in which the program shall proceed, taking into account

- (i) the requirements of this section;
- (ii) the requirements of the framework regulations;
- (iii) the characteristics of the fishery and affected fishing communities;
- (iv) the requirements of the applicable fishery management plan and any amendment that such plan may require to support the proposed program;
- (v) the general needs and desires of harvesters in the fishery;
- (vi) the need to minimize program costs; and
- (vii) other matters, including the manner in which such proponents propose to fund the program to ensure its cost effectiveness, as well as any relevant factors demonstrating the potential for, or necessary to obtain, the support and general cooperation of a substantial number of affected harvesters in the fishery (or portion of the fishery) for which the program is intended; and

(B) proposes procedures for program participation (such as submission of owner bids under an auction system or fair market-value assessment), including any terms and conditions for participation, that the harvester proponents deem to be reasonably necessary to meet the program's proposed objectives.

**(4) PARTICIPATION CONTRACTS.**—The Secretary shall contract with each person participating in a program, and each such contract shall, in addition to including such other matters as the Secretary deems necessary and appropriate to effectively implement each program (including penalties for contract nonperformance) be consistent with the framework and implementing regulations and all other applicable law.

**(5) REDUCTION AUCTIONS.**—Each program not involving fair market assessment shall involve a reduction auction that scores the reduction price of each bid offer by the data relevant to each bidder under an appropriate fisheries productivity factor. If the Secretary accepts bids, the Secretary shall accept responsive bids in the rank order of their bid scores, starting with the bid whose reduction price is the lowest percentage of the productivity factor, and successively accepting each additional responsive bid in rank order until either there are no more responsive bids or acceptance of the next bid would cause the total value of bids accepted to exceed the amount of funds available for the program.

**(6) BID INVITATIONS.**—Each program shall proceed by the Secretary issuing invitations to bid setting out the terms and conditions for participation consistent with the framework and implementing regulations. Each bid that the Secretary receives in response to the invitation to bid shall constitute an irrevocable offer from the bidder.

Specific Provisions for  
SE Salmon Seine Buyback

120 STAT. 3608

PUBLIC LAW 109-479—JAN. 12, 2007

(2) the biomass rebuilding target previously applicable to such stock will be met or exceeded within the new time for rebuilding;

(3) the extension period is based on the status and biology of the stock and the rate of rebuilding;

(4) monitoring will ensure rebuilding continues;

(5) the extension meets the requirements of section 301(a)(1) of that Act (16 U.S.C. 1851(a)(1)); and

(6) the best scientific information available shows that the extension will allow continued rebuilding.

(b) **AUTHORITY.**—Nothing in this section shall be construed to amend the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1851 et seq.) or to limit or otherwise alter the authority of the Secretary under that Act concerning other species.

**SEC. 121. SOUTHEAST ALASKA FISHERIES COMMUNITIES CAPACITY REDUCTION.**

Section 209 of the Department of Commerce and Related Agencies Appropriations Act, 2005 (Public Law 108-447; 118 Stat. 2884) is amended—

(1) by inserting “(a) **IN GENERAL.**—” after “SEC. 209.”;

(2) by striking “is authorized to” in the first sentence and inserting “shall”;

(3) by striking “\$50,000,000” and all that follows in the first sentence and inserting “up to \$25,000,000 pursuant to section 57735 of title 46, United States Code.”;

(4) by striking the third sentence and inserting: “The loan shall have a term of 40 years.”; and

(5) by adding at the end the following:

“(b) **SOUTHEAST ALASKA FISHERIES PROGRAM.**—

“(1) **CONDUCT OF PROGRAM BY RSA.**—The program described in subsection (a) shall be conducted under Alaska law by the Southeast Revitalization Association.

“(2) **TREATMENT UNDER CHAPTER 577 OF TITLE 46.**—For purposes of section 57735 of title 46, United States Code, the program shall be considered to be a program established under section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a).

“(3) **APPLICATION OF MAGNUSON-STEVENS ACT.**—Notwithstanding paragraph (2), the program shall not be subject to section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a), except for subsections (b)(1)(C) and (d) of that section.

“(c) **SOUTHEAST ALASKA FISHERIES PROGRAM APPROVAL AND REFERENDUM.**—

“(1) **IN GENERAL.**—The Secretary of Commerce may approve a capacity reduction plan submitted by the Southeast Revitalization Association under subsection (b).

“(2) **REFERENDUM.**—The Secretary shall conduct an industry fee system referendum for the buyback under the program in accordance with section 312(d)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a), except that—

“(A) no Council request and no consultation shall be required; and

“(B) the fee shall not exceed 3 percent of the annual ex-vessel value of all salmon harvested in the southeast Alaska purse seine fishery.

“(d) DISBURSAL OF LOAN PROCEEDS.—If the industry fee system is approved as provided in section 312(d)(1)(B) of that Act (16 U.S.C. 1861a(d)(1)(B)), the Secretary shall disburse the loan in the form of reduction payments to participants in such amounts as the Southeast Revitalization Association certifies to have been accepted under Alaska law for reduction payments. The Secretary shall thereafter administer the fee system in accordance with section 312(d)(2) of that Act (16 U.S.C. 1861a(d)(2)), and any person paying or collecting the fee shall make such payments or collection such fees in accordance with the requirements of that Act (16 U.S.C. 1801 et seq.)”.

Certification.

Fees.

**SEC. 122. CONVERSION TO CATCHER/PROCESSOR SHARES.**

“(a) IN GENERAL.—

“(1) AMENDMENT OF PLAN.—Not later than 90 days after the date of enactment of this Act, the Secretary of Commerce shall amend the fishery management plan for the Bering Sea/Aleutian Islands King and Tanner Crabs for the Northern Region (as that term is used in the plan) to authorize—

Deadline.  
Alaska.

“(A) an eligible entity holding processor quota shares to elect on an annual basis to work together with other entities holding processor quota shares and affiliated with such eligible entity through common ownership to combine any catcher vessel quota shares for the Northern Region with their processor quota shares and to exchange them for newly created catcher/processor owner quota shares for the Northern Region; and

“(B) an eligible entity holding catcher vessel quota shares to elect on an annual basis to work together with other entities holding catcher vessel quota shares and affiliated with such eligible entity through common ownership to combine any processor quota shares for the Northern Region with their catcher vessel quota shares and to exchange them for newly created catcher/processor owner quota shares for the Northern Region.

“(2) ELIGIBILITY AND LIMITATIONS.—

“(A) The authority provided in paragraph (1)(A) shall—

Applicability.

“(i)(I) apply only to an entity which was initially awarded both catcher/processor owner quota shares, and processor quota shares under the plan (in combination with the processor quota shares of its commonly owned affiliates) of less than 7 percent of the Bering Sea/Aleutian Island processor quota shares; or

“(II) apply only to an entity which was initially awarded both catcher/processor owner quota shares under the plan and processor quota shares under section 417(a) of the Coast Guard and Maritime Transportation Act of 2006 (Public Law 109-241; 120 Stat. 546);

“(ii) be limited to processor quota shares initially awarded to such entities and their commonly owned affiliates under the plan or section 417(a) of that Act; and

# FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 365  
(H) Publish Date: 3/17/10

Identifier (file name): HB365-DFG-CFEC-03-05-10 Dept. Affected: Fish and Game  
Title: An Act relating to sharing records regarding fish purchased by RDU: Comm Fisheries Entry Commission  
Sponsor: Representative(s) MILLETT, P. Wilson, Munoz Component: Comm Fisheries Entry Commission  
Requester: House Fisheries Committee Component Number: 471

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services	0.0	0.0	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	0.0	0.0
Contractual	0.0	0.0	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	0.0	0.0
Equipment	0.0	0.0	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	0.0	0.0
Grants & Claims	0.0	0.0	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	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>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>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</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>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<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>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: 0.0

**POSITIONS**

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary)

There are no significant fiscal impacts for CFEC associated with this bill.

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960  
Division: Commercial Fisheries Entry Commission Date/Time 3/5/10 7:17 AM  
Approved by: Frank M. Homan, Chairman Date 3/5/2010  
Comercial Fisheries Entry Commission

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 365  
 (H) Publish Date: 3/17/10

Identifier (file name): HB365-REV-TAX-03-08-10 Dept. Affected: Revenue  
 Title Fish Processor Fees, Licenses, Records RDU Taxation and Treasury  
 Component Tax Division  
 Sponsor Representative Millett  
 Requester (H) Fish Special Committee Component Number 2476

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

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>							
<b>CHANGE IN REVENUES ( )</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>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<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>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

See Attached.

Prepared by: Tim Cottongim, Revenue Audit Supervisor Phone (907) 465-3695  
 Division Tax Division Date/Time 03-08-10; 3:24pm  
 Approved by: Ginger Blaisdell, Director Date 03-08-10; 4:41pm  
Administrative Services Division

FISCAL NOTE #2

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

BILL NO. HB 365

**ANALYSIS CONTINUATION**

**Bill Language:**

This bill authorizes the department to withhold issuing a fisheries business license to applicants that fail to pay industry fees levied by NMFS under a fishing capacity reduction program.

**Revenues:**

The provisions of this bill will have no impact on tax collections.

**Expenditures:**

The provisions of this bill could be implemented with existing state resources. No additional personnel or resources would be needed.

## **The Long Road to Implementing a Consolidation Program for the Southeast Purse Seine Salmon Fishery**

2002: Alaska State Legislature enacts AS 16.40.250 to allow permit holders to form non-profit associations for purpose of promoting consolidation of permits

2004: Creation of Southeast Revitalization Association (SRA) by permit holders

2005: Congress amends Magnuson-Stevens, SRA eligibility under Commerce Department & National Marine Fisheries Service

2006: Congressional appropriation;

Alaska State Legislature modifies AS 16.40.250

2008: Alaska State Legislature appropriates \$3 million in federal grant monies, resulting in purchase and relinquishment of 35 permits (8.5% of total permits)

2009: NMFS advises it will proceed, but will require access to fish tickets and other records.

## How the Program Will Work

1. SRA will establish proper reverse auction procedures
2. Permit holder volunteers to relinquish permit to CFEC
3. Independent audit
4. SRA incorporates bids for submission to NMFS
5. NMFS conducts referendum amongst all permit holders
6. If approved, remaining permit holders pay 3% assessment on ex-vessel of salmon harvested; assessment collected by first buyer and sent to NMFS
7. Minimum of 260 permits remaining in S01A fishery

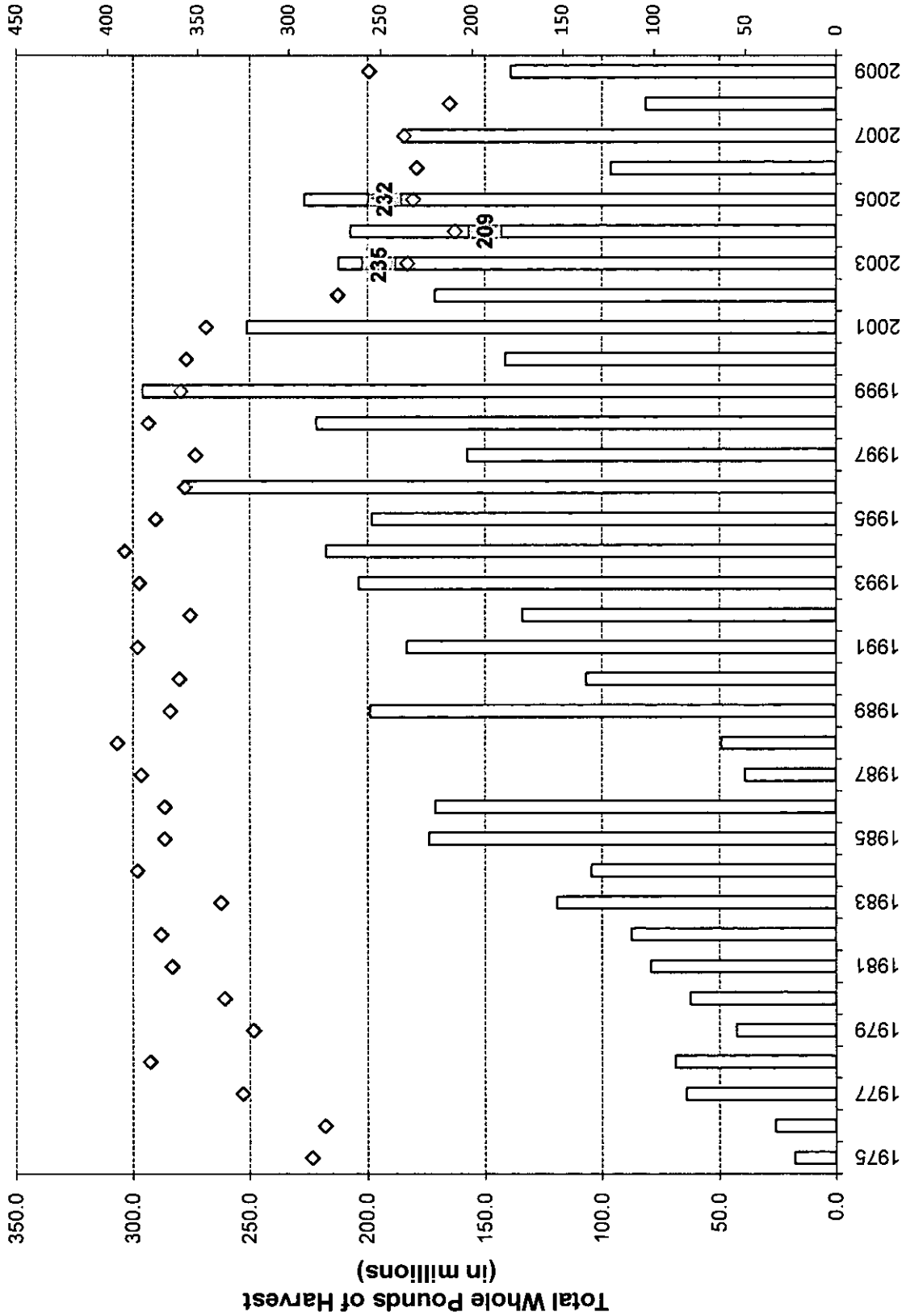
## WHY 260 PERMITS SATISFIES ANY LEGITIMATE OBJECTION VOICED BY SEAFOOD PROCESSING COMPANIES

Southeast Alaska Salmon Purse Seine Fishery

Pounds Harvested (Descending Order) and Permits Fished\*

Year	Total Lbs. (millions)	# of Permits Fished	Avg. lbs/permit
1999	296	359	824,000
1996	279	357	780,000
2001	251	345	728,000
2005	227	232	977,000
1998	222	377	588,000
1994	217	390	557,000
2003	212	235	903,000
2004	207	209	991,000
<hr/>			
2008	81	212	384,000
2009	139	256	542,000

# Total Harvest and Permits Fished in the Southeast Salmon Purse Seine Fishery



Source: CFEC  
3/26/2010

□ Total Whole Pounds (millions)    ◇ Permits Fished

## WHAT THE BILL DOES

1. Amending AS 16.05.815(a) allowing NMFS access to confidential fish ticket and annual records to ensure that first buyers of the salmon are collecting the assessment.

There are already 12 other exceptions in this statute allowing release of this information.

2. Amending AS 43.75.020(a) to provide that when buyers of salmon apply for a fisheries business license – necessary to buy salmon – they must agree to collect and remit the assessment.

There are already five similar conditions in this statute requiring the applicant to pay state or municipal taxes to obtain or maintain a business license.

## MEMORANDUM OF UNDERSTANDING

The Southeast Revitalization Association ("SRA") has entered into the following understanding with the undersigned seafood companies:

1. AS 16.40.250 allows permit holders in a salmon fishery to form non-profit associations for the purpose of promoting consolidation or reductions in the number of limited entry permits in a fishery for which the Commercial Fisheries Entry Commission ("CFEC") has issued limited entry permits.
2. The SRA is a duly qualified salmon fishery association under AS 16.40.250 and was organized for the express purpose of developing and implementing a consolidation plan for the Southeast purse seine salmon fishery.
3. Congress under Public Law 108-447, section 209 of the Consolidated Appropriations Act of 2005 amended the Magnuson-Stevens Act ("MSA") making the SRA eligible under a federal buyback loan program established under the U.S. Department of Commerce and administered through the National Marine Fisheries Service ("NMFS").
4. The SRA has developed a draft consolidation or fishing capacity reduction plan ("plan") for the fishery and has submitted that draft plan for approval by the Secretary of Commerce and then NMFS publication of rules to implement the plan.
5. The undersigned seafood companies have expressed concerns that the plan may unnecessarily result in the purchase and relinquishment of too many permits. This occurrence could result in too few fishermen and vessels operating and the potential to reduce the amount of salmon that could be purchased from fishermen by these companies.
6. To address these concerns, the SRA will revise the plan now under NMFS review to provide the following:  
  
The SRA will amend the plan to provide that under no circumstances will the SRA accept a bid that upon final implementation of the plan could result in fewer than 260 permits remaining in the fishery.
7. The NMFS has indicated it will consent to the proposed plan amendment to limit the number of permits that can be purchased and ultimately relinquished. However, it voiced a cautionary note that the plan is subject

to further review by legal counsel, the Office of Financial Management and Budget and others, which could cause further changes to the plan, including deletion of the proposed limit on the minimum number of permits that would remain in the fishery.

8. The SRA will maintain the position that limiting the number of permits to be purchased and relinquished under the amended plan to 260 is wholly consistent with the MSA, Section 312(b)(2) requirement to achieve the maximum sustained reduction in fishing capacity at the least cost.
9. The undersigned seafood companies agree to support passage of SB 255 and HB 365, as introduced, under the condition that the attached Letter of Intent, or a mutually acceptable revised version of it, is adopted and passed with the legislation by the Alaska Legislature

\_\_\_\_\_  
SRA  
Rob Zuanich, Manager

\_\_\_\_\_  
Ocean Beauty Seafoods  
Mark Palmer, President

\_\_\_\_\_  
Trident Seafoods  
Joe Plesha, General Counsel

Attachment: Legislative Letter of Intent for HB365 / SB255

## Legislative Letter of Intent for HB365/ SB255

The Alaska Legislature recognizes that passage of HB365/ SB255 is a necessary step to enable a planned permit buyback program in the Southeast Alaska Salmon Seine fishery to move forward. Further, while the Legislature recognizes the value of reducing the number of permits in the Southeast Salmon Seine fishery, it is also concerned that the permit buyback program not remove more permits than necessary for the health and viability of the fishery, nor result in negative economic impacts to the region or state, including diminishment of the economic benefits of the investments that have been made in Alaska communities.

Specifically, the Legislature is passing this legislation with the understanding, and the assurance of the Southeast Revitalization Association, that the permit reduction program the association seeks to undertake for the Southeast Alaska Salmon Seine fishery and to implement through the provisions of this bill will not reduce the number of permits in that fishery to less than 260.

**Southeast Alaska Salmon Purse Seine Fishery 1975-2009**  
**Pounds Harvested (Descending Order) and Permits Fished**

Year	Total Whole Pounds (millions)	Number of Permits Fished	Average Lbs per Permit
1999	295.8	359	824,003
1996	278.6	357	780,408
2001	251.1	345	727,967
2005	226.7	232	977,126
1998	221.5	377	587,540
1994	217.3	390	557,213
2003	212.1	235	902,732
2004	207.1	209	990,864
1993	203.7	382	533,206
1989	198.8	365	544,654
1995	198.0	373	530,785
2007	185.3	237	781,727
1991	183.3	383	478,594
1985	173.9	368	472,571
2002	171.3	273	627,616
1986	171.0	368	464,802
1997	157.6	351	448,895
2000	141.3	356	396,944
2009	138.8	256	542,310
1992	134.1	354	378,719
1983	119.0	337	353,035
1990	106.7	360	296,463
1984	104.3	383	272,402
2006	96.1	230	417,723
1982	87.2	370	235,610
2008	81.4	212	383,859
1981	79.1	364	217,271
1978	68.4	376	181,926
1977	63.9	325	196,467
1980	62.2	335	185,678
1988	48.9	394	124,117
1979	42.5	319	133,367
1987	39.1	381	102,583
1976	25.9	280	92,441
1975	17.5	287	61,007

Source: CFEC  
3/26/2010

State of Alaska  
 Commercial Fisheries Entry Commission  
 Statistics on Fishing Activity for Permits in the Southeast Salmon Purse Seine Fishery (S 01A)  
 1999-2008 by Resident Type

February 11, 2010

Fishery Description	Year	Permit Residency	Permits Issued		Permits Fished - Not Fished			
			Number Issued	% by Residency	Number Fished	% Fished	Number Not Fished	% Not Fished
S 01A Salmon, Purse Seine, Southeast		Resident	188	49.5	113	53.3	75	44.6
		Nonresident	192	50.5	99	46.7	93	55.4
	2008	<b>Year Totals</b>	<b>380</b>	<b>100.0</b>	<b>212</b>	<b>100.0</b>	<b>168</b>	<b>100.0</b>
		Resident	198	47.7	121	51.1	77	43.3
		Nonresident	217	52.3	116	48.9	101	56.7
	2007	<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>237</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>
		Resident	198	47.8	125	54.3	73	39.7
		Nonresident	216	52.2	105	45.7	111	60.3
	2006	<b>Year Totals</b>	<b>414</b>	<b>100.0</b>	<b>230</b>	<b>100.0</b>	<b>184</b>	<b>100.0</b>
		Resident	193	46.5	119	51.3	74	40.4
		Nonresident	222	53.5	113	48.7	109	59.6
	2005	<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>232</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>
		Resident	185	44.7	109	52.2	76	37.1
		Nonresident	229	55.3	100	47.8	129	62.9
	2004	<b>Year Totals</b>	<b>414</b>	<b>100.0</b>	<b>209</b>	<b>100.0</b>	<b>205</b>	<b>100.0</b>
		Resident	184	44.2	115	48.9	69	38.1
		Nonresident	232	55.8	120	51.1	112	61.9
	2003	<b>Year Totals</b>	<b>416</b>	<b>100.0</b>	<b>235</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
		Resident	187	45.1	128	46.9	59	41.5
		Nonresident	228	54.9	145	53.1	83	58.5
2002	<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>	
	Resident	188	45.3	148	42.9	40	57.1	
	Nonresident	227	54.7	197	57.1	30	42.9	
2001	<b>Year Totals</b>	<b>415</b>	<b>100.0</b>	<b>345</b>	<b>100.0</b>	<b>70</b>	<b>100.0</b>	
	Resident	189	45.4	161	45.2	28	46.7	
	Nonresident	227	54.6	195	54.8	32	53.3	
2000	<b>Year Totals</b>	<b>416</b>	<b>100.0</b>	<b>356</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	
	Resident	191	45.9	165	46.0	26	45.6	
	Nonresident	225	54.1	194	54.0	31	54.4	
1999	<b>Year Totals</b>	<b>416</b>	<b>100.0</b>	<b>359</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	

# Petersburg Vessel Owners Association

PO Box 232

Petersburg, AK 99833

Phone & Fax: 907.772.9323

pvoa@gci.net • www.pvoaonline.org

March 10, 2010

The Honorable Lesil McGuire & Bill Wielechowski  
Co-Chairs, Senate Resources Committee  
Alaska State Capitol  
Juneau, AK 99801-1182  
Via email: [Senator\\_Lesil\\_McGuire@legis.state.ak.us](mailto:Senator_Lesil_McGuire@legis.state.ak.us)  
[Senator\\_Bill\\_Wielechowski@legis.state.ak.us](mailto:Senator_Bill_Wielechowski@legis.state.ak.us)

## **RE: SUPPORT SB 255, FINALIZE SOUTHEAST ALASKA SEINE BUYBACK**

Dear Senators McGuire and Wielechowski,

The Petersburg Vessel Owners Association (PVOA) is a diverse group of 100 commercial fishermen and businesses operating primarily in Southeast Alaska. Our members provide millions of meals to the public annually by participating in a variety of fisheries statewide. Most PVOA members are salmon harvesters, and are also active sport, personal use, and subsistence fishermen who depend on sustainable and conservative management of Alaska's fishing resources to ensure healthy fisheries for the future.

PVOA supports the work of Southeast Alaska Seiners (SEAS) and both HB 365 and SB 255 which will provide the necessary vehicle to specify the route and parameters of the National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment. Passage of HB 365 will allow a vote to support that commitment to the assessment as well as support of the program.

Petersburg is one of the top ports in Alaska and the Nation for both pounds landed (#6 in Alaska, #26 in the Nation) and dollar value of landings (#7 in Alaska, #26 in the Nation) due in large part to salmon landings. The Southeast Alaska Seine fleet is a vital component of Petersburg's socio-economic well being.

In 2009, there were approximately 70 southeast seine permits actively fished out of Petersburg (Petersburg listed as the mailing address). Each permit and vessel employs four crewmembers who contribute to the local economy and rely on income provided by salmon fishing. Fishing vessels, support businesses, and fishing families are sustained by salmon revenues that are essential to coastal economies. While Petersburg is the most

active commercial fishing port in Southeast Alaska, not one of active permits will be extinguished in a mandatory manner as a result of SB 255.

Thank you for your time and attention to this important matter. If we can provide further information or answer any questions as you finalize the Southeast Alaska seine buyback, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Julianne Curry'.

Julianne Curry  
Director



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 483-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

March 4, 2010

Senator Lesil McGuire, Co-Chair  
Senator Bill Wielechowski, Co-Chair  
Senate Resources Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

**Re: Support for SB255**

Dear Senators,

The United Fishermen of Alaska (UFA) supports passage of SB255/HB365.

The bill, while extremely timely and important to certain of our members, is nothing but a "housekeeping" bill that is needed as the last piece of work to finish off the SE fleet consolidation program for SEAS but will also set up a precedence and framework for any similar effort in the state of Alaska conducted at a later date. This legislation allows NMFS to confirm fish ticket/processor data to confirm that the assessment collected to pay back the federal government for the loan is correctly determined and allow for enforcement of those that don't pay the assessment. NMFS only has access to data for a specific fishery that has a federal loan program and not access to all salmon harvest data.

When UFA embraced the Legislative Salmon Task Force in 2001, we recognized that different regions require different solutions. Some groups wanted status quo. Other groups wanted market-oriented solutions. Others wanted to restructure their fishery, or basically re-limit limited entry. We want to acknowledge that many, probably most, of our state waters groups do not support a fleet consolidation program for their own region.

But when the Legislature embarked upon the Legislative Salmon Task Force, this was one of the major solutions that came out for each region to choose from. HB286, authored in 2002 by Drew Scalzi, was one of the resulting pieces of legislation. One of our groups, the Southeast Alaska Seiners Association (SEAS) chose to follow up on this and has already "permanently retired" around 20% of their consolidation target in 2008 with \$3 million in NMFS grants that were authorized by the Alaska State Legislature.

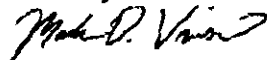
Another piece of the pie here is HB484, passed in 2006 by the Alaska State Legislature that mandates a solution in the event of an "optimum number determination" in a court of law that causes retired permits to become reissued. HB484 allows that the Legislature "may" send the resulting funds back to the fleet consolidators, hence relieving fishermen of the uncertainty resulting from the "optimum number" issue.

In the case of SE seine fishery, the active fleet size has not exceeded the buydown goal of the buyback program since 2002. So this fleet consolidation is very unlikely to cost a single job or boat. The 3% assessment that these guys are paying is just an insurance policy for the fishermen (and processors) that there won't be a new "group" or company that will bring in some of the currently unused and dormant 140 permits. In fact there will be at least several dozen permits remaining on poor years and likely a dozen or so remaining even on good years.

UFA supports swift passage of this legislation, which is the wrap-up of the Legislative task force bill HB286 from 2002. It is now 2010 and it seems fitting that the Alaska State Legislature would be willing and able to support a "housekeeping" bill that brings to fruition a bill (nearly unanimous in passage in both the House and Senate) that was brought forth as a result of the Alaska State Legislative Task Force.

Thank you for your consideration of this legislation for one of our group members.

Sincerely



Mark Vinsel  
Executive Director

Cc:

Senator Donald Olson  
Senator Dennis Egan

**From:** Tom Manos <[manostom@gmail.com](mailto:manostom@gmail.com)>  
**Date:** March 11, 2010 9:59:08 AM AKST  
**To:** Representative Mike Hawker@legis.state.ak.us  
**Subject:** HB 365

Dear Representative Hawker

Myself and my family are longtime residents of Girdwood. I am writing to urge your support for HB365. I have purse seined in Southeast Alaska since 1976 and an still seining in Alaska. Fishing is and has been my primary income source, In 2009, my oldest son, Andrew ,who is graduating from UAA this year, purchased and restored a 58 foot seiner with my help and a loan from the Alaska Division of Investments . He had a successful season last year in his first year operating his own vessel. We both currently hold Southeast Alaska Seine Permits and Area M seine permits . My youngest son Julian is currently enrolled at University of San Diego after graduating from South High . In addition to an academic scholarship from USD, Julian pays for the majority of his education from his income as a crew member on my vessel. With my wife Jody that makes four voters in your district that rely on Alaska salmon seining . This bill is important to my family for our livelihood and it comes at zero cost to the State of Alaska.

I have been involved in this buyback program since 2003. I was elected to the the Seine Vessel Revitalization Board whose purpose has been to design this program. If you have any concerns or question regarding supporting this Bill I welcome the opportunity to discuss it further.

Thank You  
Tom Manos

Contact: Thomas Manos  
PO Box 749  
Girdwood Alaska 99587

email: [manostom@gmail.com](mailto:manostom@gmail.com)  
Phone 907 830 5150



Faint, illegible text in the top right corner, possibly a header or reference number.

March 17, 2010

The Honorable Lesil McGuire & Bill Wielechowski  
Co-Chairs, Senate Resources Committee  
Alaska State Capitol  
Juneau, AK 99801-1182

**RE: SUPPORT SB 255, FINALIZE SOUTHEAST ALASKA SEINE BUYBACK**

Dear Representatives McGuire and Wielechowski,

I am writing on behalf of Cordova District Fishermen United (CDFU), a member organization representing over 300 commercial fishermen in Prince William Sound, including 60 seine fishermen, to request your support of SB255.

CDFU is in alliance with the Southeast Alaska Seiners (SEAS) on this bill, and believes the passage of both HB 365 and SB 255 will provide a relatively simple solution in specifying the route and parameters of the National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment.

While not directly related to present seine activity in Prince William Sound, the adoption of SB255 will provide a solid framework for any group within the State looking into practical solutions to stabilize their fishery.

We trust that you will see the merits in supporting this bill.

Sincerely,

Rochelle van den Broek  
Executive Director



Cordova District Fishermen United  
1000 1st Avenue, Prince William Sound, Alaska 99801  
Phone: 907-243-2100 Fax: 907-243-2101  
http://www.cdfu.org

March 17, 2010

The Honorable Craig Johnson & Mark Neuman  
Co-Chairs, House Resources Committee  
Alaska State Capitol  
Juneau, AK 99801-1182

**RE: SUPPORT HB365, FINALIZE SOUTHEAST ALASKA SEINE BUYBACK**

Dear Representatives Johnson and Neuman,

I am writing on behalf of Cordova District Fishermen United (CDFU), a member organization representing over 300 commercial fishermen in Prince William Sound, including 60 seine fishermen, to request your support of HB365.

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We trust that you will see the merits in supporting this bill.

Sincerely,

Rochelle van den Broek  
Executive Director



2 March 2010

The Honorable Lesil McGuire and Bill Wielechowski  
Co-Chairs, Senate Resources Committee  
Butrovich 205  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Senators McGuire and Wielechowski:

**The Southeast Alaska Seiners Association (SEAS) fully supports SB 255 and would appreciate the opportunity to express such support before your Committee.**

SEAS is a trade association of 127 member skippers (of 5 crew), who purse seine for salmon in Southeast Alaska, predominantly with 58 foot vessels. SEAS also has nearly 60 business members who support the fleet, consisting primarily of processors, fuel docks, grocery stores and marine suppliers, contractors, electronic suppliers, mechanics, shipyards and outfitters.

#### **SB 255 Background**

**SEAS worked with the Congressional delegation to secure a \$3 million grant that was spent in 2008, after being authorized to do so by the Alaska State Legislature, to retire 35 permits, or approximately 22% of our target permit reduction. The first part of our fleet consolidation was done under the supervision of the Commercial Fisheries Entry Commission (CFEC), the program was run by Elgee, Rehfeld, CPAs and we advertised throughout Southeast Alaska for a reverse auction. These are the first ever Alaska state limited entry salmon permits retired under such a program.**

After the further repurchase of around 120-125 permits we expect to get to the 255-260 range of permits remaining available to fish. This time the fishermen are paying and the financing source is a National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment. A couple weeks into the 2010 legislative session the main NMFS Financial Services Division personnel came to Juneau to meet with the CFEC leadership as well as the state of Alaska in

order to prepare a bill that would work as the basic "closing document" on our loan.

**SB 255 is exactly phrased and intently written with at least a dozen basic drafts prior to introduction. There is no fiscal note and should there be any concern to processors about extra paperwork, the processor can apply for compensation from the assessment. We do not believe at this time that the financial burden of adding a box to the fish ticket will cause any undue financial concern as this is already done in many Boroughs (such as Bristol Bay) and by enhancement taxation as well in the same section of the fish ticket.**

**This bill is the vehicle that specifies the route and parameters of this assessment and is necessary because this is not only Alaska's first, but it is likely that this is the first state water's fishery that has ever received a NMFS restructuring loan for fleet consolidation. According to NMFS, this bill cannot be changed in any fashion whatsoever - or our \$20 million loan for Alaskan fishermen will fail.**

When Southeast Alaska was rolled into the state's limited entry program in 1974, there was a **larger than average number of non-resident licenses due to the close proximity to Puget Sound and the Boldt Decision**, while not made until that very year, as well as the first shot at limited entry in 1969, made for a larger fleet than existed in the decade(s) prior to limited entry.

One other compelling reason seiners have sought out fleet consolidation is due to the amount of historical and traditional fishing area currently not available to access by the seine fleet. The Icy Strait corridor of about 100 miles of fishing shoreline was closed nearly simultaneously to the initiation of limited entry. Then in 1985, the 75 mile shoreline of Noyes Island and Dall Island outside of Prince of Wales Island was closed for most of the July fishery and has remained mostly closed by Treaty since then during the month of July. The fleet was bottled up in long line-ups (boats idling their engines while waiting for hours for the opportunity to set the net and catch fish) for much of the season save for the peak of some of our better runs. Certainly fuel savings and energy implications were there, but this was not our impetus.

Consequent to the major price crash in 1991 (12 cents per pound for pinks) after the introduction of Russian pink salmon into the Western world, another major price crash in 1996 (7-8 cents) and then again in 2002 (7-8 cents), SEAS decided to get rolling on a major fleet consolidation program. By 2003 and 2004 the fleet had been cut to around 225 boats from 360-375 during the prior decade. Most of these boats and crews no longer fishing were non-residents. **The fleet is a stable 225 average now with as little as 205 permits operated on poorer seasons while 240 is our high in recent years.**

**With over 80% of the permits bought back in the first round having been owned by non-residents, the fleet has become even more 'Alaskan'. This trend is expected to continue in the next round, thereby resulting in strong and financially viable fishing families within Alaska.**

**SB 255 is an important bill because it is the final hurdle to clear in order to facilitate the NMFS Federal loan program so that it will work with Alaskan limited entry fisheries. While it is not a big bill, it is a huge bill for our members and is a necessary step towards stabilizing, modernizing, and maintaining our fishery here in Southeast Alaska.**

Sincerely

Dan Castle  
SEAS President

## Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

Juneau, AK 99801

Phone 907-586-6652

Fax 907-523-1168

Website: <http://www.seafa.org>



E-mail: [seafa@gci.net](mailto:seafa@gci.net)

---

March 8, 2010

Senate Resources

Senator Lesil McGuire, Chair

Alaska State Legislature; State Capitol, Room 205

Juneau, AK 99801

Senator McGuire, Chair and Committee Members

RE: Support SB 255

Southeast Alaska Fishermen's Alliance (SEafa) supports HB 365/SB 255. This is legislation that simply allows NMFS to confirm that all the assessment collected from the fishermen by the Processors for a buyback program using federal loan programs has been collected and paid to the federal government and allows for enforcement against those who have not paid.

This legislation would not allow NMFS to collect information for programs that don't have a federal buy-back assessment. This legislation would allow this tool to be used in the future if another buyback with federal funds occurs. The other thing we would point out is that any buyback program has been created occurred by a vote of the fleet.

We support the legislation as a housekeeping measure to correct an oversight to the legislation previously passed to set up associations to conduct buy-back programs.

Southeast Alaska Fishermen's Alliance is a multi-gear/multi-species non-profit membership organization representing our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. We represent salmon gillnet, seine and troll fishermen.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathy Hansen', followed by a horizontal line.

Kathy Hansen, Executive Director

... from Bobby T.

re: HB 365

**MEMORANDUM OF UNDERSTANDING**

FINAL

The Southeast Revitalization Association ("SRA") has entered into the following understanding with the undersigned seafood companies:

1. AS 16.40.250 allows permit holders in a salmon fishery to form non-profit associations for the purpose of promoting consolidation or reductions in the number of limited entry permits in a fishery for which the Commercial Fisheries Entry Commission ("CFEC") has issued limited entry permits.
2. The SRA is a duly qualified salmon fishery association under AS 16.40.250 and was organized for the express purpose of developing and implementing a consolidation plan for the Southeast purse seine salmon fishery.
3. Congress under Public Law 108-447, section 209 of the Consolidated Appropriations Act of 2005 amended the Magnuson-Stevens Act ("MSA") making the SRA eligible under a federal buyback loan program established under the U.S. Department of Commerce and administered through the National Marine Fisheries Service ("NMFS").
4. The SRA has developed a draft consolidation or fishing capacity reduction plan ("plan") for the fishery and has submitted that draft plan for approval by the Secretary of Commerce and then NMFS publication of rules to implement the plan.
5. The undersigned seafood companies have expressed concerns that the plan may unnecessarily result in the purchase and relinquishment of too many permits. This occurrence could result in too few fishermen and vessels operating and the potential to reduce the amount of salmon that could be purchased from fishermen by these companies.
6. To address these concerns, the SRA will revise the plan now under NMFS review to provide the following:  
  
The SRA will amend the plan to provide that under no circumstances will the SRA accept a bid that upon final implementation of the plan could result in fewer than 260 permits remaining in the fishery.
7. The NMFS has indicated it will consent to the proposed plan amendment to limit the number of permits that can be purchased and ultimately relinquished. However, it voiced a cautionary note that the plan is subject

to further review by legal counsel, the Office of Financial Management and Budget and others, which could cause further changes to the plan, including deletion of the proposed limit on the minimum number of permits that would remain in the fishery.

8. The SRA will maintain the position that limiting the number of permits to be purchased and relinquished under the amended plan to 260 is wholly consistent with the MSA, Section 312(b)(2) requirement to achieve the maximum sustained reduction in fishing capacity at the least cost.
9. The undersigned seafood companies agree to support passage of SB 255 and HB 365, as introduced, under the condition that the attached Letter of Intent, or a mutually acceptable revised version of it, is adopted and passed with the legislation by the Alaska Legislature

\_\_\_\_\_  
Southeast Revitalization Assoc.  
Rob Zuanich, Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ocean Beauty Seafoods  
Mark Palmer, President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Trident Seafoods  
Joe Plesha, Chief Legal Officer

\_\_\_\_\_  
Date

Attachment: Legislative Letter of Intent for HB365 / SB255

### **Legislative Letter of Intent for HB365/ SB255**

The Alaska Legislature recognizes that passage of HB365/ SB255 is a necessary step to enable a planned permit buyback program in the Southeast Alaska Salmon Seine fishery to move forward. Further, while the Legislature recognizes the value of reducing the number of permits in the Southeast Salmon Seine fishery, it is also concerned that the permit buyback program not remove more permits than necessary for the health and viability of the fishery, nor result in negative economic impacts to the region or state, including diminishment of the economic benefits of the investments that have been made in Alaska communities.

Specifically, the Legislature is passing this legislation with the understanding, and the assurance of the Southeast Revitalization Association, that the permit reduction program the association seeks to undertake for the Southeast Alaska Salmon Seine fishery and to implement through the provisions of this bill will not reduce the number of permits in that fishery to less than 260.

HB 365

**MEMORANDUM OF UNDERSTANDING**

The Southeast Revitalization Association ("SRA") has entered into the following understanding with the undersigned seafood companies or trade organizations:

1. AS 16.40.250 allows permit holders in a salmon fishery to form non-profit associations for the purpose of promoting consolidation or reductions in the number of limited entry permits in a fishery for which the Commercial Fisheries Entry Commission ("CFEC") has issued limited entry permits.
2. The SRA is a duly qualified salmon fishery association under AS 16.40.250 and was organized for the express purpose of developing and implementing a consolidation plan for the Southeast purse seine salmon fishery.
3. Congress under Public Law 108-447, section 209 of the Consolidated Appropriations Act of 2005 amended the Magnuson-Stevens Act ("MSA") making the SRA eligible under a federal buyback loan program established under the U.S. Department of Commerce and administered through the National Marine Fisheries Service ("NMFS").
4. The SRA has developed a draft consolidation or fishing capacity reduction plan ("plan") for the fishery and has submitted that draft plan for approval by the Secretary of Commerce and then NMFS publication of rules to implement the plan.
5. The undersigned seafood companies or trade organization have expressed concerns that the plan may unnecessarily result in the purchase and relinquishment of too many permits. This occurrence could result in too few fishermen and vessels operating and the potential to reduce the amount of salmon that could be purchased from fishermen by these companies.
6. To address these concerns, the SRA will revise the plan now under NMFS review to provide the following:  
  
The SRA will amend the plan to provide that under no circumstances will the SRA accept a bid that upon final implementation of the plan could result in fewer than 260 permits remaining in the fishery.
7. The NMFS has indicated it will consent to the proposed plan amendment to limit the number of permits that can be purchased and ultimately

relinquished. However, it voiced a cautionary note that plan is subject to further review by legal counsel, the Office of Financial Management and Budget and others, which could cause further changes to the plan, including deletion of the proposed limit on the minimum number of permits that would remain in the fishery.

8. The SRA will maintain the position that limiting the number of permits to be purchased and relinquished under the amended plan is wholly consistent with the MSA, Section 312(b)(2) requirement to achieve the maximum sustained reduction in fishing capacity at the least cost.
9. The undersigned seafood companies or trade organizations agree to support passage of SB 255 and HB 365 without further amendment.

✓ \_\_\_\_\_  
SRA  
Rob Zuanich, Manager

✓ \_\_\_\_\_  
Ocean Beauty Seafoods  
Mark Palmer, President

✓ \_\_\_\_\_  
Trident Seafoods  
Joe Plesha, General Counsel

✓ \_\_\_\_\_  
Pacific Seafoods Processors Ass'n  
Mary McDowell

\_\_\_\_\_

\_\_\_\_\_

✓  
Deirdre OK

Reed Stoop  
Mary Mc Dowell  
Looking at it

# Representative Charisse Millett

Session  
State Capitol Building, Room 412  
Juneau, AK 99801  
Phone (907) 465-3879  
Fax (907) 465-2069



Interim  
Anchorage LIO  
716 W 4<sup>th</sup> Ave., Room 630  
Anchorage, AK 99501  
Phone (907) 269-0222  
Fax (907) 269-0223

## SECTIONAL ANALYSIS

### House Bill 365 – Fish Processors Fees, Licenses, and Records

Version 26-LS1514A, February 23, 2010  
STAFF: Genevieve Wojtusik, 465-4937

**SECTION 1:** Amends AS 16.05.815(a) by adding to the list of information items which may be released by the Department of Fish & Game and by the Alaska Commercial Fisheries Entry Commission. It adds fish ticket information, records, and reports of the total value purchased by each fisherman, buyer, or processor, and makes it available to the National Marine Fisheries Service. This strengthens the NMFS position as loan guarantor of the fleet reduction loan program.

**SECTION 2:** Amends AS 43.75.020(a) by adding a subsection which provides that an applicant for a fishery business license agrees to pay the 3% fee levied under the fleet reduction program.

**SECTION 3:** Amends AS 43.75.020(b) by adding final administrative determinations of the National Marine Fisheries Service to the list of judgments or determinations which, if not received by the Department, will not prevent the issuance of a fishery business license to an applicant.

**SECTION 4:** Provides for an immediate effective date.

# STATE OF ALASKA

## COMMERCIAL FISHERIES ENTRY COMMISSION

**SEAN PARNELL, GOVERNOR**

8800 GLACIER HWY, #109

P.O. Box 110302

JUNEAU, AK 99811-0302

(907) 789-6150 Licensing Calls

(907) 789-6160 Other Business

(907) 789-6170 FAX

(907) 789-6180 BBS

INTERNET: [www.cfec.state.ak.us](http://www.cfec.state.ak.us)

March 2, 2010

Representative Charisse Millett  
Alaska House of Representatives  
State Capitol, Room 412  
Juneau, AK 99801-1182

Re: HB 365, Fish Processor Fees, Licenses, and Records

Dear Representative Millett:

Thank you for the opportunity to respond to your inquiry regarding HB 365, Fish Processor Fees, Licenses, and Records.

HB 365 is a continuation of a program established by the Alaska State Legislature in 2002 allowing Salmon Fishery Associations (AS 16.40.250) formed by fishermen for the purpose of promoting fleet consolidation and capacity reduction. That legislation (HB 286-2002) encourages the Commissioner of the Alaska Department of Fish and Game to assist fishermen in the formation of these associations among the various Alaska salmon fisheries. In 2006, the Alaska State Legislature modified AS 16.43.330 through HB 484 to allow reimbursement to Salmon Fishery Associations in the unlikely event the State of Alaska, through the Commercial Fisheries Entry Commission, issued more limited entry permits into a salmon fishery that has an outstanding loan for fleet consolidation and capacity reduction.

HB 365 is simply an accounting procedure modification to make the program operate more efficiently and allow the lender to monitor the capacity reduction loan repayment. It does not change the program established in 2002 in any way.

The Southeast Revitalization Association (SRA), the fishermen's association formed by the SE Alaska Salmon Purse Seine fleet under the 2002 legislation, is close to receiving federal funding in the form of a loan through the National Marine Fisheries Service (NMFS) to carry out the purposes of the Salmon Fishery Association legislation. NMFS will provide a long term loan to SRA to be paid back by Southeast salmon seine fishermen from future salmon harvests. NMFS requires a mechanism to be able to monitor the loan payback. HB 365 provides that mechanism.

HB 365 will allow NMFS access to confidential state records and reports through an exception to AS 16.05.815 (a) (Confidential nature of certain reports and records). This is not an unusual request since a dozen other exceptions have been granted in statute, including NMFS but for purposes of fishery management and enforcement. This legislation is necessary since it is the State of Alaska that maintains the fish ticket harvest data and fish processor annual reports. This exception will provide

assurance to NMFS that they are receiving the proper repayment of their loan. Similarly a requirement is added to AS 43.75.020(a), the Alaska Fisheries Business License, that the applicant in addition to other conditions, agrees to pay the fee assessment collected from the Southeast seine fleet to NMFS.

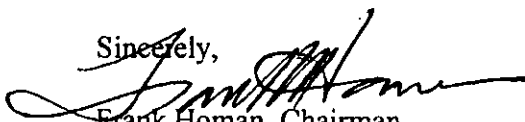
The original legislation in 2002 was supported by the Alaska fishing community and had overwhelming legislative support in both the House and Senate, as did the 2006 modification. This support stemmed from the fact that the program was initiated by fishermen for fishermen, it is a voluntary program (no one will be forced to sell their limited entry permit), the program requires a majority vote of all the fishermen to implement the loan agreement, the fishery association will have access to federal funds through the Magnuson-Stevens Fishery Conservation and Management Act, there is little State expense or administration, the State maintains all its responsibility to manage its fisheries in the future should conservation or economic conditions change, and the program has had a history of legislative support.

We have been pleased to work with the SRA on the establishment of their association and the success of their pilot program in 2008 which resulted in the buyback of 35 limited entry permits in the SE Alaska salmon purse seine fishery.

With the passage of HB 365 we look forward to a continuous working relationship with SRA and the Alaska fishing community.

Thank you for the opportunity to provide these comments.

Sincerely,



Frank Homan, Chairman

Peter Froehlich, Commissioner

Bruce Twomley, Commissioner

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB365  
 () Publish Date: \_\_\_\_\_

Identifier (file name): HB365-DFG-CFEC-03-05-10 Dept. Affected: Fish and Game  
 Title An Act relating to sharing records regarding fish purchased by RDU Comm Fisheries Entry Commission  
 Component Comm Fisheries Entry Commission  
 Sponsor Representative(s) MILLETT, P. Wilson, Munoz  
 Requester House Fisheries Committee Component Number 471

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services	0.0	0.0	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	0.0	0.0
Contractual	0.0	0.0	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	0.0	0.0
Equipment	0.0	0.0	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	0.0	0.0
Grants & Claims	0.0	0.0	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	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>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>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</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>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<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>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: 0.0

**POSITIONS**

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary)

There are no significant fiscal impacts for CFEC associated with this bill.

Prepared by: Shirley Penrose, Administrative Officer  
 Division: Commercial Fisheries Entry Commission  
 Approved by: Frank M. Homan, Chairman  
Comercial Fisheries Entry Commission

Phone 907-790-6960  
 Date/Time 3/5/10 7:17 AM  
 Date 3/5/2010

## Southeast Alaska Fishermen's Alliance

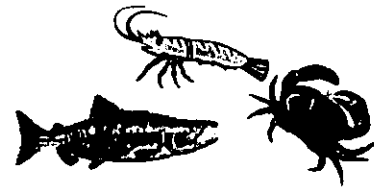
9369 North Douglas Highway

Juneau, AK 99801

Phone 907-586-6652

Fax 907-523-1168

Website: <http://www.seafa.org>



E-mail: [seafa@gci.net](mailto:seafa@gci.net)

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March 8, 2010

House Special Committee on Fisheries  
Representative Bryce Edgmon, Chair  
Alaska State Legislature; State Capitol, Room 124  
Juneau, AK 99801

Representative Edgmon, Chair and committee members,

RE: Support for HB 365/SB 255

Southeast Alaska Fishermen's Alliance (SEAFA) supports HB 365/SB 255. This is legislation that simply allows NMFS to confirm that all the assessment collected from the fishermen by the Processors for a buyback program using federal loan programs has been collected and paid to the federal government and allows for enforcement against those who have not paid.

This legislation would not allow NMFS to collect information for programs that don't have a federal buy-back assessment. This legislation would allow this tool to be used in the future if another buyback with federal funds occurs. The other thing we would point out is that any buyback program has been created occurred by a vote of the fleet.

We support the legislation as a housekeeping measure to correct an oversight to the legislation previously passed to set up associations to conduct buy-back programs.

Southeast Alaska Fishermen's Alliance is a multi-gear/multi-species non-profit membership organization representing our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. We represent salmon gillnet, seine and troll fishermen.

Sincerely,

A handwritten signature in black ink that reads "Kathy Hansen" followed by a long horizontal line.

Kathy Hansen, Executive Director

## **HB 365—Processor Fees, Licenses, Records Bill Packet Contents**

1. The Bill
2. Sponsor Statement
3. Capacity Reduction Program Summary (By SE Revitalization Assn.)
4. AS Sec. 16.40.250
5. Sec. 121 of U.S. Public Law 109-479 Jan. 12 2007
6. Information on Southeast Purse Seine Fishery from CFEC
7. Public Comment Letters

**CAPACITY REDUCTION PROGRAM FOR THE SOUTHEAST  
ALASKA PURSE SEINE SALMON FISHERY**

**By Southeast Revitalization Association**

**SUMMARY:** State and federal legislation authorized this fishing capacity reduction program for the Southeast Alaska purse seine salmon fishery. The program will reduce fishing capacity by permanently relinquishing permits, promote economic efficiency, improve flexibility in the conservation and management of the fishery and obtain the maximum reduction in permits at the least cost.

The program is voluntary and only permit holders of the fishery are eligible to participate. Participating permit holders must abide by the terms and conditions of the program set forth in the Bid Agreement and, if their bid is accepted, a Relinquishment Contract ("Contract") with the Southeast Revitalization Association (SRA) and the Alaska Commercial Fisheries Entry Commission (CFEC). The aggregate of all Bid Agreements and Contracts signed by permit holders whose bids are accepted, will together with supporting rationale, constitute the Reduction Plan ("Plan") to be submitted to the Secretary of Commerce ("Secretary") for approval. Permit holders participating in the program will receive up to \$23.5 million in exchange for relinquishing permits.

To obtain the maximum capacity reduction at the least cost, SRA will use reverse auction procedures to rank and determine which bids to accept. If bids are accepted, the SRA will accept the bid with the lowest dollar amount and successively accept each additional bid with the next lowest dollar amount until it either elects not to accept a bid, there are no more bids to accept, or acceptance of the last bid with the next lowest dollar amount would cause the total cost to exceed \$23.5 million. The SRA may conduct one or more separate auctions before determining whether the number of bids it elects to accept is sufficient to submit a Plan.

Following SRA submission of the Plan and approval by the Secretary, National Marine Fisheries Service ("NMFS") will conduct a referendum to determine the willingness of the permit holders to repay a fishing capacity reduction loan ("loan") to finance the Plan. A majority vote of all permit holders in favor would bind all permit holders. NMFS will issue a \$23.5 million, 40-year loan to be repaid by those permit holders who continue operations in the fishery after implementation of the Plan.

In the event the aggregate amount of all accepted bids is less than \$23.5 million, the remaining loan funds would be available for reduction payments as part of a later SRA submitted Plan, subject to approval by the Secretary, and after a successful referendum by the permit holders.

1. **Statutory Background:** The authority for the SRA to conduct the program is Alaska Statute 16.40.250. The program was established under the Consolidated Appropriations Act of 2005 (Act) authorizing the (NMFS) to establish up to a \$50 million loan to finance the program and appropriated \$500,000 for the cost of the loan. That law was subsequently amended by Section 121 of the Magnuson-Stevens (MSA) Reauthorization Act of 2006 (Public Law 109-447) reducing the loan amount to no more than \$25 million and clarifying the respective roles of NMFS and SRA relative to development and implementation of the program. The sum of \$235,000 was later appropriated for the cost of guaranteeing the loan amount. The authority for making the loan is sections 1111 and 1112 of the Merchant Marine Act, 1936. NMFS will implement the industry fee system to repay the loan under section 312(d)(2) of the MSA.

2. **Purpose.** The program will reduce fishing capacity by permanently relinquishing permits, promote economic efficiencies, improve flexibility in the conservation and management off the fishery and obtain the maximum reduction in permits at the least cost by establishing reverse auction bidding procedures under the Plan.

3. **Definitions.** Unless otherwise defined, the following terms have the following meanings for the purpose of this program.

**Acceptance** means SRA acceptance of a bid.

**Act** means section 209 of Title II of Division B of Public Law 108-447 as amended by section 121 of Public Law 109-447.

**Bid** means a bidder's irrevocable offer under the Bid Agreement to relinquish a permit.

**Bid Agreement** means the form identifying the eligible bidder, procedures for the completion and submission of a bid; requirements upon acceptance of a bid and resulting relinquishment of the permit, and any other necessary implementation.

**Bid Amount** means the dollar amount of each bid by which SRA determines in what order to rank and potentially accept bids.

**Final Plan** means the aggregate of all Bid Agreements, Commercial Fisheries Entry Commission ("CFEC") documents, Relinquishment Contracts, and supporting documents and rationale; submitted to the Secretary for approval.

**Conditional Notice** means the CFEC form that any permit holder must sign and agree to abide upon submission of a Bid Agreement.

**Conditional Relinquishment** means the CFEC form that any permit holder agreeing to relinquish a permit must sign and agree to abide by upon SRA acceptance of the bid.

**Fishery** means the commercial taking of salmon with purse gear within the Southeast Alaska administrative area as defined under Title 5 Alaska Administrative Code Section 33.100.

**Permit** means a valid entry permit issued by CFEC to operate in the fishery.

**Permit Holder** means an individual at the time of bidding is the holder of record of a permit.

**Relinquishment Contract** means the contract that any permit holder agreeing to relinquish a permit pursuant to Alaska Statute (A.S. 16.43.150(i) must sign and agree to abide by upon acceptance of the bid, and before payment of the bid amount.

**Secretary** means the Secretary of Commerce or a designee.

**Southeast Revitalization Association (SRA)** is a qualified fishery association authorized to develop and implement this capacity reduction program under Alaska Statute 16.40.250 and federal law.

#### **4. Eligibility and Application of permit holders**

(a) *Notification.* A copy of the Bid Agreement, CFEC Conditional Notice and Conditional Relinquishment forms, and the Contract shall be mailed to each permit holder.

(b) *Application.* Any permit holder may apply to participate in the program, by submitting a fully completed and executed, Bid Agreement, including the necessary CFEC forms and the Contract.

**5. Withdrawal:** By submitting a completed and executed Bid Agreement, the person makes an irrevocable offer to relinquish a permit. No person, once having submitted the Bid Agreement, is entitled to withdraw or in any way amend the Bid Agreement.

**6. Bid—(i) Binding agreement.** A submitted Bid Agreement shall be an irrevocable offer to relinquish the permit for the bid amount, contingent on such offer being accepted by SRA. A bid that is submitted by the permit holder, but is not accepted by SRA, shall be deemed terminated and both the permit holder and SRA shall have no further obligation with respect to Bid Agreement.

(ii) **Bid Content.** The submitted Bid Agreement shall include the following information: name, address, telephone number and (if available) electronic mail address of the submitting permit holder; permit number and whether any authorized party holds a security interest in the permit.

**(iii) Bid submission.** Any permit holder may submit a Bid Agreement. If a permit holder holds a second permit, such permit holder may, but is not required to submit a Bid Agreement for such second permit. Each application must be submitted to the SRA, c/o Elgee, Rehfeld, Mertz, LLC, Professional Plaza Building B, 9309 Glacier Highway, Suite B-200, Juneau, AK 99801.

**(iv) Validity of Bid.** SRA in consultation with CFEC shall examine each Bid Agreement for consistency and the necessary elements. SRA shall notify the permit holder if the Bid Agreement is non-conforming. In such cases, the permit holder may submit a revised, conforming Bid Agreement if within the prescribed period.

**7. Warranty.** By submitting a Bid Agreement, the permit holder warrants and represents that the permit holder has read and understands the terms of the Bid Agreement, Contract, CFEC forms, and has had the opportunity to seek independent legal counsel regarding such documents and the consequences of submitting the Bid Agreement.

**8. Bids—(i) Ranking.** The SRA shall rank bids by using a reverse auction in which the SRA ranks the bid with the lowest dollar amount and successively ranks each additional bid with the next lowest dollar amount until there are no more bids or the ranking of the next lowest bid would cause the total program cost to exceed \$23.5 million.

**(ii) Acceptance and Post-acceptance transfers.** Upon expiration of the bid closing date the SRA will determine whether the number of ranked bids it is willing to accept is sufficient to achieve a substantive reduction in harvest capacity and increased economic efficiencies for those permit holders remaining in the fishery. If the SRA makes such a determination and thereafter accepts bids, SRA will send CFEC the Conditional Notice form restricting transfer of the permit to any person whose bid was accepted.

**9. Submission of Plan, including repayment.** The aggregate of all Bid Agreements, the CFEC forms and Contracts will, together with supporting documents and rationale, constitute the Plan to be submitted to NMFS for final approval on behalf of the Secretary. The Plan shall identify as the proposed capacity reduction, the permits identified in the Bid Agreements.

**10. Selection of fishing capacity to be removed by Plan.** The fishing capacity removed under the Plan will be the permits voluntarily offered by permit holders and accepted by SRA up to an aggregate amount of \$23.5 million.

**11. Approval of the Plan.** The criteria for NMFS, on behalf of the Secretary, to approve any Plan must include a finding by the Administrator of NMFS that the Plan is consistent with the Act and MSA, and that it will result in the maximum reduction in permits and fishing capacity at the least cost and in the minimum amount of time.

**12. Referendum.** NMFS will conduct a referendum to determine the permit holder's willingness to repay a fishing capacity reduction loan to purchase the permits identified in the Plan. A successful referendum by a majority of the permit holders will bind all parties and complete the reduction process.

**13. Reduction Payments.** Within 60 days of a successful referendum and CFEC receipt of the Contract, SRA through the Secretary will tender the accepted bid amount.

**14. Later Plan** The SRA may accept a total number of bids in an aggregate amount less than \$23.5 million. If this occurs, any remaining funds would be available for reduction payments as part of a later Plan.

**15. Reduction Loan —(i) Term.** As authorized by the Act, the capacity Reduction Loan ("Loan") shall be amortized over a forty (40) year term. The Loan's original principal amount may not exceed \$23.5 million, but may be less if the ultimate reduction cost is less. NMFS has promulgated framework regulations generally applicable to all fishing capacity reduction programs and the Loan shall be subject to the provisions of these regulations.

**16. Loan Repayment** Permit holders operating in the fishery shall be obligated to pay the fee in accordance with the regulations. Permit holders acknowledge that in the event payments made under the Plan are insufficient to pay the actual Loan, the term of the repayment shall be extended by NMFS until the Loan is paid in full.

**(i) Interest.** The Loan's interest rate will be the U.S. Treasury's cost of borrowing equivalent maturity funds plus 2 percent. NMFS will determine the Loan's initial interest rate when NMFS borrows from the U.S. Treasury the funds with which to disburse the reduction payments. The initial interest rate will change to a final interest rate at the end of the Federal fiscal year in which NMFS borrows the money from the U.S. Treasury. The final interest rate will be 2 percent plus a weighted average, throughout the fiscal year, of the U.S. Treasury's cost of borrowing equivalent maturity funds. The final interest rate will be fixed, and will not vary over the remainder of the reduction loan's 40-year term. The Loan will be subject to a level debt amortization. There is no prepayment penalty.

(ii) **Fees.** The Loan shall be repaid by fees collected from the remaining permit holders operating in the fishery.

(A) The fee will be expressed as a percentage of the ex-vessel price of all salmon harvested and landed in the fishery. For example, if the fee is 3% and the ex-vessel weighted average round price is \$0.50, then the fee per pound of salmon will equal to \$0.015 per pound.

(B) Fees must be assessed and collected on all salmon harvested in the fishery. Although the fee could be up to 3 percent of the ex-vessel price of all post-reduction landings, the fee will be less than 3 percent if NMFS projects that a lesser rate can amortize the Loan over the 40-year term.

(C) It is possible that the fishery may not open during some years. Consequently, the fishery will not produce fee revenue with which to service the Loan during these years. However, interest will continue to accrue on the principal balance. When this happens, if the fee is not already at the maximum 3 percent, NMFS will increase the fee to the maximum 3 percent, apply all subsequent fee revenue first to the payment of accrued interest, and continue the maximum fee rates until the principal and interest payments become current. Once all principal and interest payments are current, NMFS will make a determination about adjusting the fee rate.

(D) **Collection.** The permit holder or the person who purchases and processes the salmon landed in the fishery shall be responsible for collecting and submitting the fees to NMFS.

(E) **Record keeping and Reporting.** The permit holder or the person who purchases and processes the salmon landed in the fishery shall be responsible for compliance with the applicable record keeping and reporting requirements.

**17. Enforcement/Specific Performance.** The parties to the Contract have agreed that the opportunity to develop and submit a capacity reduction program for the fishery under the terms of the Act is both unique and finite. The failure of a permit holder whose bid was accepted to perform the obligations under the Contract will result in irreparable damage to the SRA and the permit holders upon submittal of the Plan to the Secretary for approval. Accordingly, the parties to the Contract expressly acknowledge that money damages are an inadequate means of redress and agree that upon failure of the permit holder to fulfill his obligations under the Contract that specific performance of those obligations may be obtained by suit in equity brought by the SRA in any court of competent jurisdiction without obligation to arbitrate such action.

(3) rearing and sale of ornamental finfish for aquariums or ornamental ponds provided that the fish are not reared in or released into water of the state.

(c) In this section "ornamental finfish" means fish commonly known as "tropical fish," "aquarium fish," or "goldfish," that are imported, cultured, or sold in the state customarily for viewing in aquaria or for raising in artificial systems, and not customarily used for sport fishing or human consumption purposes. (§ 2 ch 91 SLA 1990)

**Cross references.** — For legislative findings in § 1, ch. 91, SLA 1990 in the Temporary and Special connection with the enactment of this section, see Acts.

### Article 4. Fishery Associations.

**Section**

- 240. Regional dive fishery development associations
- 250. Salmon fishery associations

**Sec. 16.40.240. Regional dive fishery development associations.** (a) The commissioner shall assist in and encourage the formation of qualified regional dive fishery development associations for the purpose of developing dive fisheries in administrative areas of the state in which dive fisheries exist. A regional dive fishery development association is qualified if the commissioner determines that the regional association

- (1) is incorporated as a nonprofit corporation under AS 10.20;
  - (2) represents commercial fishermen who participate in each dive fishery in the region; and
  - (3) possesses a board of directors that
    - (A) is representative of commercial dive fishermen who fish in each of the significant commercial dive fishing areas in the administrative area;
    - (B) has a member who is representative of fish processors who process dive fishery resources in the administrative area; and
    - (C) has a member who is representative of municipalities in the administrative area.
- (b) In this section, "administrative area" has the meaning given in AS 43.76.210. (§ 1 ch 90 SLA 1997)

**Sec. 16.40.250. Salmon fishery associations.** The commissioner may assist in and encourage the formation of qualified salmon fishery associations for the purpose of promoting the consolidation of the fishing fleet in a salmon fishery for which the Alaska Commercial Fisheries Entry Commission has issued commercial fishing entry permits under AS 16.43. A salmon fishery association is qualified if the commissioner determines that the regional association

- (1) is incorporated as a nonprofit corporation under AS 10.20;
- (2) is comprised of interim-use permit and entry permit holders in the salmon fishery for which the association is established; and
- (3) has a board of directors that is comprised of interim-use permit and entry permit holders in the salmon fishery. (§ 1 ch 134 SLA 2002)

**Cross references.** — For reimbursement of expenses of fleet reduction programs, see AS 16.43.330(c).

### Article 5. Sport Fishing Services.

**Section**

- 260. Sport fishing operator license
- 270. Sport fishing guide license
- 280. Reports

**Section**

- 290. Penalty
- 299. Definitions

**Effective dates.** — Section 16.40.240, 250, and 260 of this article effective January 1, 1997.

#### Sec. 16.40.260. Sport fishing operator license.

- (1) holds a current boat operator license;
- (2) presents proof satisfactory to the commissioner of marine protection and law enforcement to the person and the person's spouse of at least \$100,000 for each individual;
- (3) pays the license fee;
- (4) satisfies all additional requirements of the Fisheries.

(b) A person may not apply for a sport fishing operator license until the person satisfies the requirements of this section.

(c) A person who holds a sport fishing guide service combined license and a current sport fishing guide license

(d) A person who holds a sport fishing guide service combined license and a current sport fishing guide license

(e) A person who holds a license and is found guilty of a violation of AS 16.05 — including regulations relating to a sport fishing guide who is employed by the person. (§ 6 ch 70 SLA 2004)

**Delayed repeal.** — Under § 16.40.260 of this section is repealed January 1, 2004.

#### Sec. 16.40.270. Sport fishing guide license.

- (1) is a citizen of the United States;
- (2) is certified in first aid;
- (3) holds a license to carry a firearm issued by the Alaska State Guard if the person operates a motor vehicle while the license is required by the person; and

(4) holds a current sport fishing guide license;

(5) pays the license fee;

(6) satisfies all additional requirements of the Fisheries.

(b) A natural person may not apply for a sport fishing guide combined license until the person satisfies the requirements of this section and pays the license fee.

(c) A person may not apply for a sport fishing operator license until the person satisfies the requirements of this section and pays the license fee.

(d) A person who holds a current sport fishing operator license and a current sport fishing guide license

(2) the biomass rebuilding target previously applicable to such stock will be met or exceeded within the new time for rebuilding;

(3) the extension period is based on the status and biology of the stock and the rate of rebuilding;

(4) monitoring will ensure rebuilding continues;

(5) the extension meets the requirements of section 301(a)(1) of that Act (16 U.S.C. 1851(a)(1)); and

(6) the best scientific information available shows that the extension will allow continued rebuilding.

(b) **AUTHORITY.**—Nothing in this section shall be construed to amend the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1851 et seq.) or to limit or otherwise alter the authority of the Secretary under that Act concerning other species.

**SEC. 121. SOUTHEAST ALASKA FISHERIES COMMUNITIES CAPACITY REDUCTION.**

Section 209 of the Department of Commerce and Related Agencies Appropriations Act, 2005 (Public Law 108-447; 118 Stat. 2884) is amended—

(1) by inserting “(a) **IN GENERAL.**—” after “SEC. 209.”;

(2) by striking “is authorized to” in the first sentence and inserting “shall”;

(3) by striking “\$50,000,000” and all that follows in the first sentence and inserting “up to \$25,000,000 pursuant to section 57735 of title 46, United States Code.”;

(4) by striking the third sentence and inserting: “The loan shall have a term of 40 years.”; and

(5) by adding at the end the following:

“(b) **SOUTHEAST ALASKA FISHERIES PROGRAM.**—

“(1) **CONDUCT OF PROGRAM BY RSA.**—The program described in subsection (a) shall be conducted under Alaska law by the Southeast Revitalization Association.

“(2) **TREATMENT UNDER CHAPTER 577 OF TITLE 46.**—For purposes of section 57735 of title 46, United States Code, the program shall be considered to be a program established under section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a).

“(3) **APPLICATION OF MAGNUSON-STEVENS ACT.**—Notwithstanding paragraph (2), the program shall not be subject to section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a), except for subsections (b)(1)(C) and (d) of that section.

“(c) **SOUTHEAST ALASKA FISHERIES PROGRAM APPROVAL AND REFERENDUM.**—

“(1) **IN GENERAL.**—The Secretary of Commerce may approve a capacity reduction plan submitted by the Southeast Revitalization Association under subsection (b).

“(2) **REFERENDUM.**—The Secretary shall conduct an industry fee system referendum for the buyback under the program in accordance with section 312(d)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a), except that—

“(A) no Council request and no consultation shall be required; and

“(B) the fee shall not exceed 3 percent of the annual ex-vessel value of all salmon harvested in the southeast Alaska purse seine fishery.

“(d) **DISBURSAL OF LOAN PROCEEDS.**—If the industry fee system is approved as provided in section 312(d)(1)(B) of that Act (16 U.S.C. 1861a(d)(1)(B)), the Secretary shall disburse the loan in the form of reduction payments to participants in such amounts as the Southeast Revitalization Association certifies to have been accepted under Alaska law for reduction payments. The Secretary shall thereafter administer the fee system in accordance with section 312(d)(2) of that Act (16 U.S.C. 1861a(d)(2)), and any person paying or collecting the fee shall make such payments or collection such fees in accordance with the requirements of that Act (16 U.S.C. 1801 et seq.)”.

Certification.

Fees.

**SEC. 122. CONVERSION TO CATCHER/PROCESSOR SHARES.**

“(a) **IN GENERAL.**—

“(1) **AMENDMENT OF PLAN.**—Not later than 90 days after the date of enactment of this Act, the Secretary of Commerce shall amend the fishery management plan for the Bering Sea/Aleutian Islands King and Tanner Crabs for the Northern Region (as that term is used in the plan) to authorize—

Deadline.  
Alaska.

(A) an eligible entity holding processor quota shares to elect on an annual basis to work together with other entities holding processor quota shares and affiliated with such eligible entity through common ownership to combine any catcher vessel quota shares for the Northern Region with their processor quota shares and to exchange them for newly created catcher/processor owner quota shares for the Northern Region; and

(B) an eligible entity holding catcher vessel quota shares to elect on an annual basis to work together with other entities holding catcher vessel quota shares and affiliated with such eligible entity through common ownership to combine any processor quota shares for the Northern Region with their catcher vessel quota shares and to exchange them for newly created catcher/processor owner quota shares for the Northern Region.

(2) **ELIGIBILITY AND LIMITATIONS.**—

(A) The authority provided in paragraph (1)(A) shall—

Applicability.

(i)(I) apply only to an entity which was initially awarded both catcher/processor owner quota shares, and processor quota shares under the plan (in combination with the processor quota shares of its commonly owned affiliates) of less than 7 percent of the Bering Sea/Aleutian Island processor quota shares; or

(II) apply only to an entity which was initially awarded both catcher/processor owner quota shares under the plan and processor quota shares under section 417(a) of the Coast Guard and Maritime Transportation Act of 2006 (Public Law 109-241; 120 Stat. 546);

(ii) be limited to processor quota shares initially awarded to such entities and their commonly owned affiliates under the plan or section 417(a) of that Act; and

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**Commercial Fisheries Entry Commission**  
**Basic Information Table**  
**S 01A SALMON, PURSE SEINE, SOUTHEAST**

Year	Residency	Permanent Permits Renewed	Interim Permits Issued	Total Permits Issued/Renewed	Total Permits Fished	Total Pounds	Average Pounds	Total Gross Earnings	Average Gross Earnings	Average Permit Price
2008	Resident	187	0	187	113	41,115,902	363,858	\$21,058,568	\$186,359	
	Nonresident	193	0	193	99	40,262,245	406,689	\$19,927,471	\$201,288	
	Year Totals	380	0	380	212	81,378,147	383,859	\$40,986,039	\$193,330	\$67,800
2007	Resident	198	0	198	121	95,024,646	785,328	\$24,632,323	\$203,573	
	Nonresident	217	0	217	116	90,244,723	777,972	\$25,013,727	\$215,636	
	Year Totals	415	0	415	237	185,269,369	781,727	\$49,646,050	\$209,477	\$59,700
2006	Resident	198	0	198	125	53,037,973	424,304	\$14,582,833	\$116,663	
	Nonresident	216	0	216	105	43,038,415	409,890	\$12,953,195	\$123,364	
	Year Totals	414	0	414	230	96,076,388	417,723	\$27,536,028	\$119,722	\$52,900
2005	Resident	193	0	193	119	121,367,012	1019891	\$18,534,431	\$155,752	
	Nonresident	222	0	222	113	105,326,313	932,091	\$17,539,218	\$155,214	
	Year Totals	415	0	415	232	226,693,325	977,126	\$36,073,649	\$155,490	\$41,800
2004	Resident	185	0	185	109	109,121,597	1001116	\$16,277,145	\$149,332	
	Nonresident	229	0	229	100	97,968,963	979,690	\$15,395,307	\$153,953	
	Year Totals	414	0	414	209	207,090,560	990,864	\$31,672,452	\$151,543	\$32,100
2003	Resident	184	0	184	115	107,652,418	936,108	\$13,197,585	\$114,762	
	Nonresident	231	1	232	120	104,489,485	870,746	\$13,508,155	\$112,568	
	Year Totals	415	1	416	235	212,141,903	902,732	\$26,705,739	\$113,641	\$32,800
2002	Resident	187	0	187	128	78,142,583	610,489	\$9,276,587	\$72,473	
	Nonresident	227	1	228	145	93,196,668	642,736	\$10,967,583	\$75,639	
	Year Totals	414	1	415	273	171,339,251	627,616	\$20,244,170	\$74,154	\$22,800
2001	Resident	188	0	188	148	111,933,441	756,307	\$21,623,106	\$146,102	
	Nonresident	226	1	227	197	139,215,120	706,676	\$27,119,695	\$137,663	
	Year Totals	414	1	415	345	251,148,561	727,967	\$48,742,800	\$141,283	\$34,700
2000	Resident	189	0	189	161	64,590,834	401,185	\$17,173,538	\$106,668	
	Nonresident	226	1	227	195	76,721,153	393,442	\$20,887,226	\$107,114	
	Year Totals	415	1	416	356	141,311,987	396,944	\$38,060,764	\$106,912	\$39,300
1999	Resident	191	0	191	165	132,746,677	804,525	\$25,130,026	\$152,303	
	Nonresident	224	1	225	194	163,070,469	840,569	\$31,272,063	\$161,196	
	Year Totals	415	1	416	359	295,817,146	824,003	\$56,402,089	\$157,109	\$40,400
1998	Resident	189	0	189	163	97,935,311	600,830	\$19,213,605	\$117,875	
	Nonresident	226	1	227	214	123,567,242	577,417	\$26,296,141	\$122,879	
	Year Totals	415	1	416	377	221,502,553	587,540	\$45,509,746	\$120,716	\$49,500
1997	Resident	188	0	188	160	78,644,528	491,528	\$18,773,766	\$117,336	
	Nonresident	227	1	228	191	78,917,546	413,181	\$22,040,231	\$115,394	
	Year Totals	415	1	416	351	157,562,074	448,895	\$40,813,997	\$116,279	\$50,000
1996	Resident	183	0	183	154	115,404,055	749,377	\$16,994,911	\$110,357	
	Nonresident	233	1	234	203	163,201,719	803,949	\$25,818,543	\$127,185	
	Year Totals	416	1	417	357	278,605,774	780,408	\$42,813,455	\$119,926	\$61,200
1995	Resident	182	0	182	169	79,102,923	468,065	\$22,438,129	\$132,770	
	Nonresident	235	1	236	204	118,879,852	582,744	\$33,368,683	\$163,572	
	Year Totals	417	1	418	373	197,982,775	530,785	\$55,806,812	\$149,616	\$75,900
1994	Resident	180	0	180	168	94,774,661	564,135	\$25,321,902	\$150,726	
	Nonresident	237	1	238	222	122,538,557	551,975	\$35,842,665	\$161,453	

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	Year Totals	417	1	418	390	217,313,218	557,213	\$61,164,567	\$156,832	\$73,600
1993	Resident	178	0	178	167	85,239,895	510,419	\$21,806,922	\$130,580	
	Nonresident	239	2	241	215	118,444,777	550,906	\$31,087,396	\$144,593	
	Year Totals	417	2	419	382	203,684,672	533,206	\$52,894,318	\$138,467	\$79,600
1992	Resident	181	1	182	158	59,626,323	377,382	\$21,785,271	\$137,881	
	Nonresident	236	2	238	196	74,440,329	379,798	\$29,269,611	\$149,335	
	Year Totals	417	3	420	354	134,066,652	378,719	\$51,054,882	\$144,223	\$65,000
1991	Resident	181	1	182	169	78,326,334	463,469	\$15,171,332	\$89,771	
	Nonresident	236	2	238	214	104,975,063	490,538	\$20,899,772	\$97,662	
	Year Totals	417	3	420	383	183,301,397	478,594	\$36,071,105	\$94,180	\$92,700
1990	Resident	183	1	184	164	45,178,677	275,480	\$18,582,464	\$113,308	
	Nonresident	234	2	236	196	61,548,061	314,021	\$26,239,039	\$133,873	
	Year Totals	417	3	420	360	106,726,738	296,463	\$44,821,503	\$124,504	\$110,563
1989	Resident	182	1	183	168	83,438,346	496,657	\$37,818,947	\$225,113	
	Nonresident	234	3	237	197	115,360,380	585,586	\$53,422,114	\$271,178	
	Year Totals	416	4	420	365	198,798,726	544,654	\$91,241,060	\$249,976	\$79,267
1988	Resident	184	1	185	173	22,379,852	129,363	\$23,603,598	\$136,437	
	Nonresident	232	3	235	221	26,522,341	120,011	\$29,710,776	\$134,438	
	Year Totals	416	4	420	394	48,902,193	124,117	\$53,314,374	\$135,316	\$65,833
1987	Resident	182	1	183	165	18,158,827	110,053	\$10,621,316	\$64,372	
	Nonresident	234	3	237	216	20,925,297	96,876	\$12,118,213	\$56,103	
	Year Totals	416	4	420	381	39,084,124	102,583	\$22,739,529	\$59,684	\$40,832
1986	Resident	184	1	185	158	68,638,440	434,421	\$21,548,318	\$136,382	
	Nonresident	232	3	235	210	102,408,682	487,660	\$32,345,497	\$154,026	
	Year Totals	416	4	420	368	171,047,122	464,802	\$53,893,815	\$146,451	\$36,059
1985	Resident	184	1	185	165	80,530,322	488,063	\$23,322,047	\$141,346	
	Nonresident	232	3	235	203	93,375,832	459,979	\$28,696,887	\$141,364	
	Year Totals	416	4	420	368	173,906,154	472,571	\$52,018,934	\$141,356	\$37,907
1984	Resident	188	2	190	168	44,554,659	265,206	\$15,051,777	\$89,594	
	Nonresident	229	4	233	215	59,775,376	278,025	\$19,948,289	\$92,783	
	Year Totals	417	6	423	383	104,330,035	272,402	\$35,000,066	\$91,384	\$40,884
1983	Resident	187	1	188	157	49,761,844	316,954	\$13,684,595	\$87,163	
	Nonresident	229	4	233	181	69,210,905	382,381	\$19,607,699	\$108,330	
	Year Totals	416	5	421	338	118,972,749	351,990	\$33,292,294	\$98,498	\$38,531
1982	Resident	186	2	188	159	41,063,358	258,260	\$12,591,892	\$79,194	
	Nonresident	228	5	233	211	46,112,250	218,541	\$15,555,878	\$73,725	
	Year Totals	414	7	421	370	87,175,608	235,610	\$28,147,770	\$76,075	\$40,636
1981	Resident	194	1	195	175	38,819,364	221,825	\$18,017,116	\$102,955	
	Nonresident	220	3	223	189	40,267,166	213,054	\$18,769,228	\$99,308	
	Year Totals	414	4	418	364	79,086,530	217,271	\$36,786,344	\$101,061	\$43,333
1980	Resident	193	1	194	163	29,593,745	181,557	\$14,228,239	\$87,290	
	Nonresident	221	3	224	172	32,608,378	189,584	\$15,259,747	\$88,719	
	Year Totals	414	4	418	335	62,202,123	185,678	\$29,487,986	\$88,024	\$45,000
1979	Resident	189	2	191	160	23,417,245	146,358	\$10,440,835	\$65,255	

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	Nonresident	224	3	227	159	19,126,818	120,294	\$9,191,935	\$57,811	
	Year Totals	413	5	418	319	42,544,063	133,367	\$19,632,769	\$61,545	\$49,500
1978	Resident	193	2	195	170	30,840,986	181,418	\$12,516,752	\$73,628	
	Nonresident	220	5	225	206	37,563,079	182,345	\$15,147,894	\$73,533	
	Year Totals	413	7	420	376	68,404,065	181,926	\$27,664,646	\$73,576	\$40,000
1977	Resident	196	2	198	159	34,095,906	214,440	\$13,231,509	\$83,217	
	Nonresident	215	1	216	166	29,755,899	179,252	\$11,297,251	\$68,056	
	Year Totals	411	3	414	325	63,851,805	196,467	\$24,528,760	\$75,473	
1976	Resident	202	2	204	144	12,646,703	87,824	\$5,463,056	\$37,938	
	Nonresident	207	7	214	136	13,236,853	97,330	\$5,601,198	\$41,185	
	Year Totals	409	9	418	280	25,883,556	92,441	\$11,064,253	\$39,515	
1975	Resident	198	34	232	159	10,281,573	64,664	\$3,484,050	\$21,912	
	Nonresident	200	45	245	128	7,227,447	56,464	\$2,563,854	\$20,030	
	Year Totals	398	79	477	287	17,509,020	61,007	\$6,047,904	\$21,073	

Notes:

A "\*" following the year field indicates data are preliminary.  
Selected data fields are represented by "." when fewer than four people participated in a fishery.  
Selected data fields are represented by "0" when no activity has occurred in a fishery (i.e., closure).  
Gross earnings are estimated using an average annual ex-vessel price per area, species, and gear type.  
These data are aggregated by type of permit fished, and thus contain both targeted and incidentally landed species.  
Data includes only commercial catch landed on valid permits.  
Data associated with test fishing, illegal landings, derbies, educational permits, or unmatchable permits are excluded.

Average Permit Price Notes:

--- indicates that there were no monetary transfers for this fishery.  
... indicates confidential information because fewer than four surveys exist.



2 March 2010

The Honorable Bryce Edgmon  
Chairman, House Fisheries Committee  
Room 124  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Representative Edgmon:

**The Southeast Alaska Seiners Association (SEAS) fully supports HB 365 and would appreciate the opportunity to express such support before your Committee.**

SEAS is a trade association of 127 member skippers (of 5 crew), who purse seine for salmon in Southeast Alaska, predominantly with 58 foot vessels. SEAS also has nearly 60 business members who support the fleet, consisting primarily of processors, fuel docks, grocery stores and marine suppliers, contractors, electronic suppliers, mechanics, shipyards and outfitters.

#### **HB 365 Background**

**SEAS worked with the Congressional delegation to secure a \$3 million grant that was spent in 2008, after being authorized to do so by the Alaska State Legislature, to retire 35 permits, or approximately 22% of our target permit reduction. The first part of our fleet consolidation was done under the supervision of the Commercial Fisheries Entry Commission (CFEC), the program was run by Elgee, Rehfeld, CPAs and we advertised throughout Southeast Alaska for a reverse auction. These are the first ever Alaska state limited entry salmon permits retired under such a program.**

After the further repurchase of around 120-125 permits we expect to get to the 255-260 range of permits remaining available to fish. This time the fishermen are paying and the financing source is a National Marine Fisheries Service (NMFS) loan that fishermen will repay with a 3% assessment. A couple weeks into the 2010 legislative session the main NMFS Financial Services Division personnel came to Juneau to meet with the CFEC leadership as well as the state of Alaska in order to prepare a bill that would work as the basic "closing document" on our loan.

✧ PO Box 23081, Juneau, AK 99802 ✧ 907-463-5030 ✧ Fax: 907-463-5083 ✧

**HB 365 is exactly phrased and intently written with at least a dozen basic drafts prior to introduction. There is no fiscal note and should there be any concern to processors about extra paperwork, the processor can apply for compensation from the assessment. We do not believe at this time that the financial burden of adding a box to the fish ticket will cause any undue financial concern as this is already done in many Boroughs ( such as Bristol Bay) and by enhancement taxation as well in the same section of the fish ticket.**

**This bill is the vehicle that specifies the route and parameters of this assessment and is necessary because this is not only Alaska's first, but it is likely that this is the first state water's fishery that has ever received a NMFS restructuring loan for fleet consolidation. According to NMFS, this bill cannot be changed in any fashion whatsoever - or our \$20 million loan for Alaskan fishermen will fail.**

When Southeast Alaska was rolled into the state's limited entry program in 1974, there was a larger than average number of non-resident licenses due to the close proximity to Puget Sound and the Boldt Decision, while not made until that very year, as well as the first shot at limited entry in 1969, made for a larger fleet than existed in the decade(s) prior to limited entry.

One other compelling reason seiners have sought out fleet consolidation is due to the amount of historical and traditional fishing area currently not available to access by the seine fleet. The Icy Strait corridor of about 100 miles of fishing shoreline was closed nearly simultaneously to the initiation of limited entry. Then in 1985, the 75 mile shoreline of Noyes Island and Dall Island outside of Prince of Wales Island was closed for most of the July fishery and has remained mostly closed by Treaty since then during the month of July. The fleet was bottled up in long line-ups (*boats idling their engines while waiting for hours for the opportunity to set the net and catch fish*) for much of the season save for the peak of some of our better runs. Certainly fuel savings and energy implications were there, but this was not our impetus.

Consequent to the major price crash in 1991 (12 cents per pound for pinks) after the introduction of Russian pink salmon into the Western world, another major price crash in 1996 (7-8 cents) and then again in 2002 (7-8 cents), SEAS decided to get rolling on a major fleet consolidation program. By 2003 and 2004 the fleet had been cut to around 225 boats from 360-375 during the prior decade. Most of these boats and crews no longer fishing were non-residents. **The fleet is a stable 225 average now with as little as 205 permits operated on poorer seasons while 240 is our high in recent years.**

**With over 80% of the permits bought back in the first round having been owned by non-residents, the fleet has become even more 'Alaskan'. This trend is expected to continue in the next round, thereby resulting in strong and financially viable fishing families within Alaska.**

**HB 365 is an important bill because it is the final hurdle to clear in order to facilitate the NMFS Federal loan program so that it will work with Alaskan limited entry fisheries. While it is not a big bill, it is a huge bill for our members and is a necessary step towards stabilizing, modernizing, and maintaining our fishery here in Southeast Alaska.**

Sincerely,



Dan Castle

SEAS President



# UNITED FISHERMEN OF ALASKA

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[www.ufa-fish.org](http://www.ufa-fish.org)

March 4, 2010

Representative Bryce Edgmon, Chairman  
House Special Committee on Fisheries  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

**Re: Support for HB 365**

Dear Representative Edgmon,

The United Fishermen of Alaska (UFA) supports passage of HB 365 / SB 255.

The bill, while extremely timely and important to certain of our members, is nothing but a "housekeeping" bill that is needed as the last piece of work to finish off the SE fleet consolidation program for SEAS but will also set up a precedence and framework for any similar effort in the state of Alaska conducted at a later date. This legislation allows NMFS to confirm fish ticket/processor data to confirm that the assessment collected to pay back the federal government for the loan is correctly determined and allow for enforcement of those that don't pay the assessment. NMFS only has access to data for a specific fishery that has a federal loan program and not access to all salmon harvest data.

When UFA embraced the Legislative Salmon Task Force in 2001, we recognized that different regions require different solutions. Some groups wanted status quo. Other groups wanted market-oriented solutions. Others wanted to restructure their fishery, or basically re-limit limited entry. We want to acknowledge that many, probably most, of our state waters groups do not support a fleet consolidation program for their own region.

But when the Legislature embarked upon the Legislative Salmon Task Force, this was one of the major solutions that came out for each region to choose from. HB286, authored in 2002 by Drew Scalzi, was one of the resulting pieces of legislation. One of our groups, the Southeast Alaska Seiners Association (SEAS) chose to follow up on this and has already "permanently retired" around 20% of their consolidation target in 2008 with \$3 million in NMFS grants that were authorized by the Alaska State Legislature.

Another piece of the pie here is HB484, passed in 2006 by the Alaska State Legislature that mandates a solution in the event of an "optimum number determination" in a court of law that

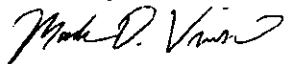
causes retired permits to become reissued. HB484 allows that the Legislature "may" send the resulting funds back to the fleet consolidators, hence relieving fishermen of the uncertainty resulting from the "optimum number" issue.

In the case of SE seine fishery, the active fleet size has not exceeded the buydown goal of the buyback program since 2002. So this fleet consolidation is very unlikely to cost a single job or boat. The 3% assessment that these guys are paying is just an insurance policy for the fishermen (and processors) that there won't be a new "group" or company that will bring in some of the currently unused and dormant 140 permits. In fact there will be at least several dozen permits remaining on poor years and likely a dozen or so remaining even on good years.

UFA supports swift passage of this legislation, which is the wrap-up of the Legislative task force bill HB286 from 2002. It is now 2010 and it seems fitting that the Alaska State Legislature would be willing and able to support a "housekeeping" bill that brings to fruition a bill (nearly unanimous in passage in both the House and Senate) that was brought forth as a result of the Alaska State Legislative Task Force.

Thank you for your consideration of this legislation for one of our group members.

Sincerely,



Mark Vinsel  
Executive Director

Cc:

Representative Charisse Millett  
Representative Peggy Wilson  
Representative Cathy Muñoz

**SOUTHEAST REVITALIZATION ASSOCIATION**  
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March 5, 2010

Rep. Bryce Edgmon, Chairman  
House Fisheries Committee  
Alaska House of representatives  
Capitol Room 416  
Juneau, AK 99801

RE: HB 365, Fish Processors Fees, Licenses, and Records  
Hearing Date: Tuesday, March 9, 2010

Dear Chairman Edgmon:

The Southeast Revitalization Association ("SRA") is a qualified fishery association under AS 16.40.250 and was established for the express purpose of designing and implementing a fleet consolidation program for the Southeast purse seine salmon fishery for which the Commercial Fisheries Entry Commission ("CFEC") has issued limited entry permits.

The SRA consolidation program, if ultimately approved by the affected permit holders, will be funded in large part by a federal loan authorized under the Magnuson-Stevens Fishery Conservation and Management Act and administered by the National Marine Fisheries Service ("NMFS"). Permit holders remaining in the fishery will repay the loan through imposition of a fee based on the ex-vessel price of all salmon harvested in the fishery. The fee will be collected by the first buyer of the salmon and then transmitted to NMFS.

To ensure that the fee is collected and transmitted in a timely fashion, NMFS needs access to fish ticket harvest data and fish buyer annual reports maintained by the State of Alaska. These records, subject to a variety of exceptions, are confidential under AS 16.05.815. HB 365 would allow NMFS access to these state records by creating another exception. HB 365 would also require the buyers of salmon to certify the collection and transmittal of fees as a condition to renewal of their annual fisheries business license.

Passage of HB 365 is not only a condition precedent to the actual funding of the loan by NMFS, but also serves two important compliance considerations to ensure an even playing field for both fishermen and processors:

1. Assures the fisherman/permit holder paying the fee that all monies collected by the buyer are being transmitted to NMFS for repayment of the loan.
2. Assures the processor/buyer of the salmon that all other buyers are also collecting and transmitting the fee.

The SRA strongly supports SB 365 and respectfully requests prompt passage by your committee.

Sincerely,

Rob Zuanich  
Manager