

HB

365

<target><bill>HB 365</bill><subject>HB
365</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/13/10

FURTHER:

DATE TURNED
IN TO OFFICE: 4/17/10

Finance Committee considered HOUSE BILL NO. 365

HB 365 FISH PROCESSOR FEES, LICENSES, RECORDS

"An Act relating to sharing records regarding fish purchased by fish processors with certain federal agencies, to requirements to obtain and maintain a fisheries business license, and to payment of industry fees required of fish processors; and providing for an effective date."

and recommends:

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

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

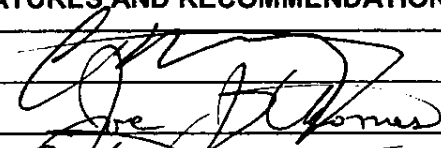

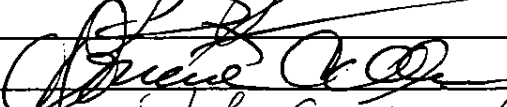
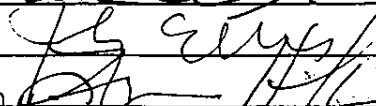
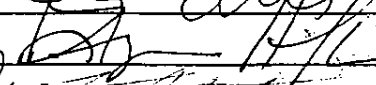

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DFG	3/5			✓	1
REV	3/8			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	HUGHES			 	
	Thomas			✓	
	OLSON			✓	
	ELLIS			✓	
CO-CHAIR: 		✓			
CO-CHAIR: 		✓			

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
Sponsor: Representative Millett Component: Tax Division
Requester: (H) Fish Special Committee Component Number: 2476

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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

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

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
Division: Tax Division
Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone (907) 465-3695
Date/Time 03-08-10; 3:24pm
Date 03-08-10; 4:41pm

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.

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
 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
OPERATING EXPENDITURES								
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
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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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
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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
Commercial Fisheries Entry Commission

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

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 4th Ave., Room 630
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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.

Representative Charisse Millett

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State Capitol Building, Room 412
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SECTIONAL ANALYSIS

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

Version 26-LS1514\A, 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.

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 280 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

3-30-10
Date



Ocean Beauty Seafoods
Mark Palmer, President

3/31/10
Date



Trident Seafoods
Joe Plesha, Chief Legal Officer

3/29/10
Date

Attachment: Legislative Letter of Intent for HB365 / SB255

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

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.

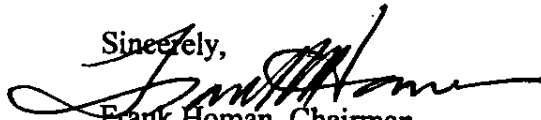
The original legislation in 2002 was supported by the Alaska fishing community and had overwhelming legislative support in both the House and Senate, as did the 2006 modification. This support stemmed from the fact that the program was initiated by fishermen for fishermen, it is a voluntary program (no 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

**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.

SOUTHEAST REVITALIZATION ASSOCIATION

FLEET CONSOLIDATION PROGRAM FOR THE SOUTHEAST ALASKA PURSE SEINE SALMON FISHERY

SUMMARY:

The Southeast Revitalization Association ("SRA") a qualified fishery association under Alaska state law, established and implemented a fleet consolidation program for the Southeast Alaska purse seine salmon fishery.¹ The program utilized a reverse auction system to achieve the greatest consolidation or permit reduction with the available \$2,872,746 in federal grant funding². The program allowed for the purchase and relinquishment of 35 permits or 8.4% of all permits at an average cost of \$82,020.

STATUTORY AND REGULATORY AUTHORITY:

The statutory authority for SRA to conduct the program is Alaska Statute ("AS") 16.40.250. The program was financed through Pacific Coast Salmon Recovery Fund (PCSRF) dollars designated to SRA under the Consolidated Appropriations Act of 2006 (P.L. 109-108) and related Commerce, Justice, State Conference Report. The authority for relinquishing limited entry fishing permits is AS 16.43.150(1).

RATIONALE:

The Alaska Legislature enacted legislation in 1973 establishing a system for limiting the number of individuals participating in commercial salmon fisheries. The Commercial Fisheries Entry Commission ("CFEC") was also created to implement and administer the "limited entry" system. CFEC determined that 415 was the optimal number of permits (and vessels) for the fishery. For the period 1992-2001 an average of 364 or almost 90% of the permits were fished each

¹ A potential second and separate consolidation program has also been enacted for the fishery. Under this program permit holders would receive up to a \$23.5 million in exchange for relinquishing permits. Following submission of a consolidation plan by SRA and approval by the Secretary of Commerce, the National Marine Fisheries Service (NMFS) would conduct a referendum to determine the willingness of permit holders remaining in the fishery to repay the loan to effect the second program. A majority vote of all permit holders in favor would bind all remaining permit holders to repay the loan. NMFS would issue a 40-year loan and establish a fee system for repayment of the loan not to exceed three percent (3.0%) of the ex-vessel of all salmon harvested in the fishery.

² Initially, the SRA was scheduled to receive an additional \$1 million in PCSRF grant funding. Unfortunately, the State of Alaska and ADF&G reallocated the dollars to Southeast salmon processors to promote canned pink salmon sales.

year. By 2003 participation had fallen to only 210 and in 2007 active participation was no greater than 230.

The dramatic decline was not attributable to resource depletion or excessive vessel capacity, but rather to the dramatic reduction in ex-vessel salmon prices caused by competition from imported farm salmon³. Historically, 83% of the Southeast seine harvest is pink salmon. In 1988 the ex-vessel price of pink salmon reached \$.88 per pound and then dropped precipitously. For the period 1992-2001 the average price fell to only \$.19 per pound. The 2002 price plummeted to \$.10 and in 2003 to a mere \$.08. Ex-vessel prices rebounded slightly in 2007, but are still far below levels necessary to ensure an economically viable fishery.

The fall in salmon prices, higher operating costs and related consolidation in the processing sector, triggered a call for commensurate consolidation in the Southeast seine fleet. This was a difficult decision. However, it was almost universally recognized that if everyone stays in the fishery, no one will be profitable and the fishery will continue to teeter on economic collapse. Responding to this need, the Legislature under AS 16.40.250 authorized the formation of qualified salmon fishery associations for the purpose of reducing or consolidating a salmon fishery for which CFEC has issued limited entry permits.

GOALS:

The program sought to 1) reduce fishing capacity by permanently revoking a substantial number of permits, 2) promote economic efficiency, 3) improve flexibility in the conservation and management of the fishery and 4) obtain the maximum reduction in permits at the least cost.

DESIGN:

The program was voluntary and all permit holders of the fishery were eligible to participate. To maximize consolidation, the SRA designed a consolidation plan utilizing reverse auction bidding procedures. The SRA then consulted with CFEC to establish program requirements relating to notification, bidding procedures, method of payment and administration. The SRA mailed the consolidation plan to all permit holders on April 7, 2008 and published notice of the plan in various Southeast newspapers.

³ In 1992 imports of farmed salmon began to seriously impact the U.S. market and ex-vessel prices paid Alaska salmon fishermen. Encouraged by U.S. free trade policy, these imports ultimately flooded the U.S. and then Japanese markets. Today farmed salmon accounts for over 70% of the worldwide market while Alaska salmon accounts for less than 15% of the market.

ADMINISTRATION:

The program was administered by the SRA Manager and Board of Directors. The SRA also utilized the services of the Southeast Alaska Seiners Association ("SEAS") and the Purse Seine Vessel Owners Association ("PSVOA"). Program administration was conducted consistent with the Statement of Work filed with the Alaska Department of Fish & Game ("ADF&G") as part of the PCSRF grant process. The SRA retained the CPA firm of Elgee, Rehfeld, Mertz, LLC, in Juneau, Alaska to receive and log bid applications. The SRA Manager processed the accepted bids and handled the logistics of permit purchasers and ultimate relinquishment of permits by CFEC. Decisions regarding the maximum purchase price and acceptance of a bid were made by the SRA Board. Legal consultation was provided by PSVOA and CFEC.

ADMINISTRATIVE COSTS:

The ADF&G Statement of Work proposed that the SRA receive \$42,500 to administer the program.⁴ However, upon the withdrawal of bids and subsequent acceptance of higher bids the SRA elected to forego all administrative fees and expenses to maximize the number of permits purchased.

IMPLEMENTATION:

Licenses Available:

The number of permits eligible for 2008 renewal was 415.

Number of Bids Submitted and Accepted:

82 bids were submitted for the cumulative amount of \$9,642,994. Individual bid amounts ranged from \$44,000 to \$700,000. The SRA Board initially accepted 35 bids for a cumulative amount of \$2,798,115. Certain accepted bidders later withdrew their bid and upon withdrawal the SRA Board selected the next highest bid amount. The SRA ultimately purchased 35 permits, but for the increased cumulative amount of \$2,870,355⁵. The accepted bid amounts ranged from \$55,000 to \$94,950.

Number of Permits Relinquished:

The program purchased a total of 35 permits or 8.4 % of all permits. These permits were then relinquished and revoked by CFEC pursuant to the terms and conditions of a "Relinquishment Contract" executed by the accepted bidders.

⁴ ADF&G received \$86,183 to administer its portion of the program.

⁵ The PCSRF is a reimbursement only grant program. That is, SRA was first required to expend funds before seeking reimbursement. To initiate the program, the SRA borrowed \$1.4 million from the Seine Vessels' Reserve, a for profit affiliate of PSVOA. This loan was made without interest and was subsequently repaid.

Identification of Accepted Bidders:

An alphabetical list of the 35 bidders, including the permit number and state of residency follows:

Last	First	Residency ⁶	Permit #
Ancich, Jr.	Peter	CA	S01A57650E
Anderson	Norman	WA	S01A55309W
Babich	Randall	WA	S01A57232I
Bozanich	Tony	WA	S01A58439
Burdett-Gross	Jared	AK	S01A56465W
Buttle	Teddy	WA	S01A61889
Cresswell	Bruce	WA	S01A55420U
Dontos	Larry	WA	S01A56486K
Engblom	Larry	WA	S01A56841Q
Gilbert	Daniel	WA	S01A58994O
Hanson	Audrey	WA	S01A58949M
Hisaw	Edmond	WA	S01A60531E
Hooper	George	WA	S01A57908F
Jacobs	Mary	AK	S01A60278P
Janovich	Doris	WA	S01A61603C
Kjarstad	Arnie	WA	587693
Krigbaum	Gilbert L.	WA	S01A56694P
Kyle	James	WA	S01A5922OX
Lovrovich	Pauline	WA	S01A57227W
Lovrovich	Tom	WA	S01A58181U
Manos	William	CA	S01A61626A
Maricich	Roy	WA	S01A55069I
McVicker	Lee Ann	AK	S01A59504X
Meiners Jr.	Herman M.	AK	S01A639855
Menten	Erik	WA	S01A57486J
Quarterman	Robert	WA	S01A58864M
Ranniger	Royce	AK	S01A58341V
Riggs	Darrell	AK	S01A58413V
Schonberg	Paul	WA	S01A61461M
Stager	Frederick	AK	S01A56039N
Stroup	Rex	WA	S01A65976L
Vitalich	Janet	WA	S01A61538Z
Wartman	Sharon	WA	S01A55040
Wells	Douglas	WA	S01A55235M
Weynands	Mark	WA	S01A57229H

⁶ Eighty percent (80%) of the accepted bidders (and permits relinquished) were held by non-Alaskan residents.

REVENUE & EXPENDITURES

The following is a summary of SRA program revenue and expenditures as of August 1, 2008:

SRA BALANCE SHEET

REVENUE

PCSRF GRANT FUNDS	\$	2,872,746
PSVOS/SEAS LOAN ⁷		<u>11,714</u>
TOTAL		2,884,460

EXPENDITURES

PERMIT PURCHASES	\$	2,870,355
ELGEE REHFELD MERTZ		3,447
PUBLICATIONS ⁸		1,789
SMS, INC ⁹		3,423
EXPRESS MAIL		630
TRAVEL		3,966
PHONE		485
BANK FEES		<u>365</u>
TOTAL		2,884,460

⁷ PSVOA and SEAS jointly loaned the SRA this amount to allow the entire grant to be applied toward the purchase of permits.

⁸ The SRA published notice of the program in the Juneau Empire, Sitka Sentinel, Petersburg Pilot, Wrangell Sentinel and Ketchikan Daily

⁹ SRA contracted with SMS, Inc, a for profit affiliate of PSVOA, to coordinate mailings to permit holders and payments to accepted bidders.

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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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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
	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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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
	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.

(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. — See this article effective

Sec. 16.40.260. Sp
annual sport fishing c
(1) holds a current
fishermen;
(2) presents proof st
or marine protection a
the person and the pe
least \$100,000 for each
(3) pays the license
(4) satisfies all add
Fisheries.

(b) A person may not
sport fishing operator li
this section.

(c) A person who hold
sport fishing guide serv
current sport fishing gui

(d) A person who holds
sport fishing guide servi
sport fishing guide licens

(e) A person who holds
of a violation of AS 16.05
including regulations rel
guide who is employed by
(§ 6 ch 70 SLA 2004)

Delayed repeal. — Under §
this section is repealed January

Sec. 16.40.270. Sport
annual sport fishing guide
(1) is a citizen of the U
(2) is certified in first ai
(3) holds a license to c
Guard if the person operat
the license is required by t
guide provides fishing gui
(4) holds a current spor
(5) pays the license fee
(6) satisfies all additio
Fisheries.

(b) A natural person in
guide combined license i
operator license under AS
section and pays the licen

(c) A person may not pr
(1) holds a current spor
(2) holds a current -por
holds a current sport fish

SOUTHEAST REVITALIZATION ASSOCIATION
410 CALHOUN AVENUE, SUITE 206
JUNEAU, ALASKA 99801
PHONE (907) 523-3004

BOARD OF DIRECTORS

Dan Castle Dean Haltiner
Tom Manos David Street
Jim Bacon John Barry
Bud Marrese

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

Petersburg Vessel Owners Association

PO Box 252

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) 596-2820
(907) 483-2545 Fax
E-Mail: ufa@ufa-fish.org
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.

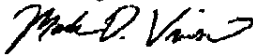
Another piece of the pie here is HB484, passed in 2006 by the Alaska State Legislature that mandates a solution in the event of an "optimum number determination" in a court of law that causes retired permits to become reissued. HB484 allows that the Legislature "may" send the resulting funds back to 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>
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
Phone 907 830 5150



March 17, 2010

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 Street, Prince William Sound
Juneau, Alaska 99801-1182
Phone: 907-586-1182
Fax: 907-586-1183
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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While not directly related to present seine activity in Prince William Sound, the adoption of HB365 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



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

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

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

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

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

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