

**HB**

**366**

<TARGET><BILL>HB 366</BILL><SUBJECT>HB  
366</SUBJECT><COMM>HFSH29</COMM></TARGET>

ALASKA LEGISLATURE  
*Representative Jonathan Kreiss-Tomkins*

Angoon · Coffman Cove · Craig · Edna Bay · Elfin Cove · Game Creek · Hollis · Hoonah · Kake · Kasaan · Klawock · Kupreanof · Naukati · Pelican  
Petersburg · Point Baker · Port Alexander · Port Protection · Sitka · Tenakee Springs · Thorne Bay · Whale Pass

rep.jonathan.kreiss-tomkins@akleg.gov

Committees:  
Fisheries  
Judiciary  
Rules  
State Affairs



Juneau, Alaska 99801 (Jan. – April)  
State Capitol, Room 426  
(907) 465-3732

Sitka, Alaska 99835 (May – Dec.)  
201 Katlian Street, Ste. 103  
(907) 747-4665

## HB 366 — Community Permit Banks

### Summary of Changes, Ver S to Ver L

**Section 2** was added, amending Title 6 (Banks and Financial Institutions) to allow the term “bank” to be used in referring to regional community permit banks.

**Sections 3, 11-14, and 16** have been redrafted for the purposes of clarity, without making substantive changes.

**Section 18** adds subsection (k) to clarify that a person leasing a permit from a permit bank has equal use rights as an individual who holds a permit.

**Section 20** clarifies that the act of a permit bank leasing a permit isn’t considered a transfer of a permit. It also clarifies that permit transfers to and from permit banks go through the same process as permit transfers between two individuals.

**Section 21** adds conforming language relating to the transfer of permits to permit banks.

**Sections 23-27** replace sections 21-23 in Version S. The language has been redrafted to provide additional clarity, without making substantive changes.

**Section 29** is added, empowering the Commercial Fisheries Entry Commission (CFEC) to revoke leases of persons who attempt to defraud the commission.

**Section 30** restores language clarifying that “person” does not mean a corporation, company, partnership, firm, association, organization, joint venture, trust, society, or any legal entity besides an individual person or a permit bank for the purposes of the Limited Entry Act.

**Section 31, 16.44.010(a)(2)(D)** has been deleted because it was redundant.

**Section 31, 16.44.010(b)** has been changed to allow the Department of Commerce, Community, and Economic Development (DCCED) to modify permit bank boundaries for “good reason.” The language in Version S about social and economic cohesiveness has been moved to transitional language.

**Section 31, 16.44.010(e)** deletes explicit language allowing DCCED to write regulations for the subsection because that power exists without this explicit language.

**Section 31, 16.44.020(c)** has been moved from uncodified law to codified law.

**Section 31, 16.44.020(d)** adds a requirement that a member of a permit bank board appointed from an unincorporated community must be appointed by an entity eligible to receive capital matching grants under AS 37.06.020.

The prohibition on a manager leasing a permit, previously in **Section 31, 16.44.020(i)**, has been moved to 16.44.080.

**Section 31, 16.44.020(k)** allows for a permit bank to be administratively located in an unincorporated community if that community has the greatest number of active entry permits per capita on January 1, 2016. The previous version required the permit bank to be located in a municipality.

**Section 31, 16.44.050(a)(3)** has been amended to allow permit banks to borrow funds for purposes other than acquiring entry permits.

**Section 31, 16.44.050(a)(4)** has been amended to clarify that the permit bank's authority to transfer or be the transferee of an entry permit is subject to approval of the DCCED commissioner.

**Section 31, 16.44.050(c)** has been amended so that permit banks may, rather than shall, consider the factors enumerated in the subsection. The subsection has also been amended to make explicit that any action taken to consider those factors must be secondary to the financial solvency of the permit bank.

**Section 31, 16.44.055** has been amended to clarify exactly how DCCED maintains legal ownership of permits acquired by permit banks. The permit certificate shall list the DCCED commissioner as the permit's legal owner. The section has also been amended to allow a permit bank to retain all its revenue, subject to legislative appropriation, rather than only the revenue necessary to the permit bank's purposes.

**Section 31, 16.44.060(b)** uses "holds" on line 20 rather than "acquires" to clarify that the proportionality rule only applies when a permit banks currently holds 10 permits.

The second sentence of **Section 31, 16.44.060(c)** has been redrafted for the purposes of clarification.

**Section 31, 16.44.060(e)** has been added to explicitly state that permits held by permit banks cannot be encumbered, pledged, mortgaged, transferred with any retained right of possession, or sold on execution of a judgment or other process of a court.

**Section 31, 16.44.070(a)** clarifies that a permit bank's lease terms are subject to approval of the DCCED commissioner.

**Section 31, 16.44.070(d)** is a new subsection prohibiting a permit bank from imposing limits on a lessee's time, place, manner, or method of taking or selling fish.

**Section 31, 16.44.070(e)** attempts to require that emergency transfers of leased permits be handled through CFEC in the same manner as emergency transfers of permits held by individuals.

**Section 31, 16.44.070(f)** is rewritten to more clearly provide for a permit bank to establish a lease-to-own track.

**Section 31, 16.44.080(a)** prohibits someone from leasing a permit from a permit bank if they have claimed benefits of residency in another country, not just another state.

**Section 31, 16.44.080(b)(2)** expands the list of people who may not lease permits from a permit bank to include all permit bank employees.

**Sections 34-51** redraft sections 28-30 of Version S for the purposes of clarity, without making substantive changes.

**Sections 52-58** redraft sections 31-32 of Version S for the purposes of clarity, without making substantive changes.

**Sections 59-70** redraft sections 34-36 of Version S for the purposes of clarity, without making substantive changes.

**Section 72** allows DCCED to adopt regulations necessary to implement the act prior to the act's effective date; the regulations may not take effect until the act's effective date.

**Section 73(b)** has been moved to codified law in 16.44.020(c).

**Section 74** directs DCCED to base the initial boundaries of permit bank regions off of CFEC's designations of communities as local to given fisheries, in addition to Version S's requirement to base permit bank regions off the boundaries of CFEC administrative areas. The new version, Version L, also requires the permit bank regions to be socially and economically cohesive.

**Section 75** has been added to make section 72 effective immediately.

29-LS0283\L  
Bullard  
4/5/16

**CS FOR HOUSE BILL NO. 366( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE KREISS-TOMKINS

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to commercial fishing entry permits; establishing regional community**  
2 **permit banks and community permit bank regions; relating to commercial fishing entry**  
3 **permits held and leased by a regional community permit bank; relating to the duties of**  
4 **the Commercial Fisheries Entry Commission and the Department of Commerce,**  
5 **Community, and Economic Development; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 LEGISLATIVE FINDINGS. The legislature finds that

10 (1) the state has an ownership and stewardship interest in the fish that  
11 originate in Alaska waters and return to spawn;

12 (2) art. VIII, sec. 15, Constitution of the State of Alaska, authorizes the state to  
13 limit entry into a fishery for the purpose of preventing economic distress among fishermen

1 and those dependent on them for a livelihood;

2 (3) because many of Alaska's coastal communities are isolated, have limited  
3 infrastructure, and have a high cost of living and business, they are economically dependent  
4 on their regional fisheries;

5 (4) access to commercial fishing contributes to the traditional cultural values  
6 of Alaska communities because those communities with access to commercial fisheries are  
7 better able to participate in subsistence and sport fisheries;

8 (5) the number of Alaska limited entry commercial fishing permits held by  
9 residents local to a given fishery has declined substantially since the implementation of  
10 limited entry in 1975;

11 (6) the decline in the number of commercial fishing permits in Alaska's  
12 coastal communities has led to economic distress among fishermen, their families, and their  
13 communities; and

14 (7) the state has a compelling interest in promoting the economic self-  
15 sustainability of its communities and ensuring their continued economic health and vitality.

16 \* **Sec. 2.** AS 06.05.350(d) is amended to read:

17 (d) Except as authorized under this section, a person may not

18 (1) engage in the business of receiving deposits, discounting evidences  
19 of indebtedness, or receiving money for transmission;

20 (2) represent that the person is a bank; or

21 (3) use any form of the word "bank" in the person's name unless the  
22 person is a state bank formed under this title or a bank formed under the authority of  
23 another state or an agency of the federal government, or unless it is clear that the use  
24 does not represent that the person is a bank; the prohibition in this paragraph does not  
25 apply to a food bank, blood bank, **regional community permit bank established**  
26 **under AS 16.44.010**, or **other** [SIMILAR] organization that cannot readily be  
27 confused with a bank.

28 \* **Sec. 3.** AS 16.05.253(a) is amended to read:

29 (a) The Board of Fisheries may require **an individual** [A PERSON] who  
30 holds a limited entry permit or an interim-use permit under AS 16.43 **or who leases a**  
31 **limited entry permit under AS 16.44** to be physically present at a beach or riparian

1 fishing site during the operation of net gear or other stationary fishing gear at the site,  
2 except when the permit holder or lessee is at or traveling to or from the location of

3 (1) a sale of fish caught in the gear; or

4 (2) other stationary gear of the permit holder or lessee.

5 \* **Sec. 4.** AS 16.05.480(a) is amended to read:

6 (a) A person engaged in commercial fishing shall obtain a commercial fishing  
7 license and shall retain the license in possession and readily available for inspection  
8 during fishing operations. An entry permit or interim-use permit entitles the holder, or  
9 the lessee of the permit under AS 16.44, to participate as a gear operator in the  
10 fishery for which the permit is issued and to participate as a crewmember in any  
11 fishery. A crewmember fishing license is not transferable and entitles the holder to  
12 participate as a crewmember in any fishery.

13 \* **Sec. 5.** AS 16.05.480(g) is amended to read:

14 (g) A resident engaged in commercial fishing who is 11 years of age or older  
15 and who does not hold or lease an entry permit or an interim-use permit shall, except  
16 as provided in (i) of this section, pay a fee of \$60 for an annual crewmember fishing  
17 license. A resident engaged in commercial fishing who is less than 11 years of age and  
18 who does not hold or lease an entry permit or an interim-use permit shall pay an  
19 annual fee of \$5.

20 \* **Sec. 6.** AS 16.05.480(i) is amended to read:

21 (i) Notwithstanding (g) and (h) of this section, a resident or nonresident  
22 engaged in commercial fishing who does not hold or lease an entry permit or an  
23 interim-use permit may obtain one seven-day crewmember fishing license under this  
24 subsection annually. A person who obtains a seven-day license is not eligible for  
25 another seven-day license in the same license year; however, if a person who obtains a  
26 seven-day license pays the full fee for an annual crewmember fishing license under (g)  
27 or (h) of this section during the same license year, the person is entitled to receive a  
28 refund of the fee for the seven-day license. The department shall adopt regulations  
29 establishing a refund procedure. During the period for which the seven-day license is  
30 valid, a person who holds a seven-day license may not engage in fishing with a rod  
31 and reel while present on a commercial fishing vessel. The fee for a seven-day license

1 is \$30.

2 \* **Sec. 7.** AS 16.05.480(j) is amended to read:

3 (j) In this section, "commercial fishing license" includes an entry permit and  
4 an interim-use permit issued under AS 16.43, an entry permit leased from a  
5 regional community permit bank under AS 16.44, and a crewmember fishing  
6 license.

7 \* **Sec. 8.** AS 16.05.675(a) is amended to read:

8 (a) A person who does not hold or lease a limited entry permit or interim-use  
9 permit issued under AS 16.43 or a fish transporter permit issued under AS 16.05.671  
10 may not deliver or land fish in the state unless the person

11 (1) holds a valid federal permit to operate commercial fishing gear in  
12 the fishery conservation zone; and

13 (2) has been issued a landing permit by the Alaska Commercial  
14 Fisheries Entry Commission.

15 \* **Sec. 9.** AS 16.05.680(a) is amended to read:

16 (a) It is unlawful for a person, or an agent or representative of the person,

17 (1) to employ, in the harvesting, transporting, or purchasing of fish, a  
18 fisherman who neither is licensed under AS 16.05.480 nor is the holder or lessee of a  
19 permit issued under AS 16.43;

20 (2) to purchase fish from a person who is not

21 (A) the holder or lessee of a limited entry, interim-use, or  
22 landing permit issued under AS 16.43;

23 (B) a fish transporter who is selling the fish as the agent of the  
24 holder or lessee of a limited entry, interim-use, or landing permit issued under  
25 AS 16.43; or

26 (C) exempt under AS 16.05.660; or

27 (3) to purchase fish from an association other than one to which a  
28 permit has been issued under AS 16.05.662.

29 \* **Sec. 10.** AS 16.05.710 is amended by adding a new subsection to read:

30 (e) If proceedings to suspend commercial fishing privileges or licenses under  
31 this section are pending against a person, a regional community permit bank

1 established under AS 16.44.010 may not lease the person a permit.

2 \* **Sec. 11.** AS 16.10.265(a) is amended to read:

3 (a) An individual may not, while acting as a fish processor or primary fish  
4 buyer, or as an agent, director, officer, member, or employee of a fish processor, of a  
5 primary fish buyer, or of a cooperative corporation organized under AS 10.15,  
6 intentionally or knowingly make an original purchase of fish from a seller who does  
7 not hold

8 (1) a landing permit [, AN ENTRY PERMIT,] or an interim-use  
9 permit; [OR]

10 (2) **or lease an entry permit under AS 16.44; or**

11 **(3)** a fish transporter permit under AS 16.05.671.

12 \* **Sec. 12.** AS 16.10.455(b) is amended to read:

13 (b) A hatchery permit holder may, by a majority vote of the membership of  
14 the hatchery permit holder's board, elect to harvest surplus salmon produced at a  
15 facility in a terminal harvest area established for that facility through the common  
16 property fishery. At the request of the hatchery permit holder and if the commissioner  
17 of fish and game determines that there are no allocative issues involved, and after  
18 reasonable consultation with affected commercial fishermen and the organizations of  
19 affected commercial fishermen, the commissioner may adopt regulations governing  
20 the harvest of surplus salmon in a terminal harvest area when the hatchery permit  
21 holder elects to harvest surplus salmon produced at a facility through a common  
22 property fishery. The regulations must specify the terms, conditions, and rules under  
23 which the common property fishery in the terminal harvest area shall be conducted,  
24 including requirements for hold inspections and reporting of harvests and sales of  
25 salmon taken in the terminal harvest area. Following adoption of regulations by the  
26 department, each year before March 10, the hatchery permit holder's board, by a  
27 majority vote of the board's membership, may determine whether the hatchery will  
28 operate under the regulations adopted under this subsection during the current calendar  
29 year, and shall notify the department if the hatchery intends to operate under the  
30 regulations adopted under this subsection. The Board of Fisheries may adopt  
31 regulations under AS 16.05.251 regarding a fisheries management plan governing

1 operations under this subsection in a terminal harvest area, including allocation plans.  
2 Participation in the fishery must be open to all interim-use permit **holders**, [AND]  
3 entry permit holders, **and lessees of entry permits under AS 16.44**, who hold **or**  
4 **lease** permits to operate a type of gear that may be used in the fishing district in which  
5 the terminal harvest area is located if that type of gear is authorized by regulation to be  
6 used in the terminal harvest area. An interim-use permit holder or an entry permit  
7 holder **or lessee** who takes salmon in a common property fishery in a terminal harvest  
8 area may sell the salmon to any fish buyer or processor who is licensed to do business  
9 in the state.

10 \* **Sec. 13.** AS 16.10.540(a) is amended to read:

11 (a) An association of **individuals** [PERSONS] who hold entry permits under  
12 AS 16.43 **or lease entry permits under AS 16.44**, that consists of at least 51 percent  
13 of the persons **who hold or lease** [HOLDING] entry permits and **who** actively  
14 **participate in the** [PARTICIPATING IN A] fishery to be benefited by a hatchery  
15 program, may levy and collect an assessment from among its members for the purpose  
16 of securing and repaying a loan made under AS 16.10.510.

17 \* **Sec. 14.** AS 16.43.140 is amended to read:

18 **Sec. 16.43.140. Permit required.** (a) A person may not operate gear in the  
19 commercial taking of fishery resources without **holding a valid interim-use permit**  
20 **or holding or leasing, under AS 16.44**, a valid entry permit [OR A VALID  
21 INTERIM-USE PERMIT] issued by the commission.

22 (b) A permit is not required of a crewmember or other person assisting in the  
23 operation of a unit of gear engaged in the commercial taking of fishery resources as  
24 long as the holder **or lessee** of the entry permit or the **holder of the** interim-use permit  
25 for that particular unit of gear is at all times present and actively engaged in the  
26 operation of the gear.

27 (c) **An individual** [A PERSON] may hold more than one interim-use or entry  
28 permit issued or transferred under this chapter only for the following purposes:

- 29 (1) fishing more than one type of gear;  
30 (2) fishing in more than one administrative area;  
31 (3) harvesting particular species for which separate interim-use or

1 entry permits are issued;

2 (4) if authorized by regulations of the commission, fishing an entire  
3 unit of gear in a fishery in which the commission has issued entry permits for less than  
4 a unit of gear under AS 16.43.270(d); under this paragraph, **an individual** [A  
5 PERSON] may not hold more than two entry permits for a fishery; however, the  
6 **individual** [PERSON] may not

7 (A) fish more than one unit of gear in the fishery; or

8 (B) acquire a second entry permit for the fishery after the  
9 **individual** [PERSON] has acquired an entry permit that authorizes the use of  
10 an entire unit of gear in the fishery;

11 (5) consolidation of the fishing fleet for a salmon fishery; however, **an**  
12 **individual** [A PERSON] may hold not more than two entry permits for a salmon  
13 fishery under this paragraph, but the **individual** [PERSON] who holds two entry  
14 permits for a salmon fishery may not engage in fishing under the second entry permit.

15 \* **Sec. 15.** AS 16.43.150(a) is amended to read:

16 (a) Except as may be otherwise provided under AS 16.43.270(d), an entry  
17 permit authorizes the permittee, **or an individual leasing the permit under**  
18 **AS 16.44**, to operate a unit of gear within a specified fishery.

19 \* **Sec. 16.** AS 16.43.150(g) is amended to read:

20 (g) Except as provided in AS 16.10.333 - 16.10.338, AS 44.81.215, 44.81.225,  
21 and 44.81.231 - 44.81.250, an entry permit may not be

22 **(1) leased, except for the lease of a permit held by a regional**  
23 **community permit bank established under AS 16.44.010;**

24 **(2)** [(1)] pledged, mortgaged, [LEASED,] or encumbered in any way;

25 **(3)** [(2)] transferred with any retained right of repossession or  
26 foreclosure, or on any condition requiring a subsequent transfer; or

27 **(4)** [(3)] attached, distrained, or sold on execution of judgment or  
28 under any other process or order of any court, except as provided in AS 16.43.170(g)  
29 and (h).

30 \* **Sec. 17.** AS 16.43.150(h) is amended to read:

31 (h) Unless an entry permit holder has expressed a contrary intent in a will that

1 is probated, the commission shall, upon the death of the permit holder, transfer the  
2 permanent permit by right of survivorship directly to the surviving spouse or, if no  
3 spouse survives, to a natural person **or a regional community permit bank**  
4 **established under AS 16.44.010** designated by the permit holder on a form provided  
5 by the commission. If no spouse survives and if the person **or regional community**  
6 **permit bank** designated on the form, if any, does not survive **or continue to exist**, the  
7 permit passes as part of the permit holder's estate. A designation under this subsection  
8 must be acknowledged before a person authorized to administer an oath under  
9 AS 09.63.010 or must be witnessed by two persons who are qualified under  
10 AS 13.12.505 to witness the will of the permit holder. Except as provided in  
11 AS 16.10.333 - 16.10.337, AS 44.81.215, and 44.81.231 - 44.81.250, the permit is  
12 exempt from the claims of creditors of the estate.

13 \* **Sec. 18.** AS 16.43.150 is amended by adding new subsections to read:

14 (j) Subsections (h) and (i) of this section do not apply to a lessee of an entry  
15 permit under AS 16.44.

16 (k) A lessee of an entry permit under AS 16.44 has the same use privilege or  
17 right in a fishery that is available to an individual holding an entry permit or valid  
18 interim-use permit under this chapter.

19 \* **Sec. 19.** AS 16.43.160(d) is amended to read:

20 (d) The holder of a permit whose household income, assets, and financial  
21 resources fall within the eligibility standards for the food stamp program under 7  
22 U.S.C. 2011 - 2025, as amended, is subject to an annual base fee for the issuance or  
23 renewal of an entry permit or an interim-use permit that is equal to 50 percent of the  
24 annual base fee that the permit holder would otherwise pay under (c) of this section. In  
25 addition to the reduced annual base fee under this subsection, a nonresident who  
26 qualifies for a reduced fee under this subsection shall pay the annual nonresident  
27 surcharge established under (c) of this section. **This subsection does not apply to a**  
28 **lessee of an entry permit under AS 16.44.**

29 \* **Sec. 20.** AS 16.43.170(a) is amended to read:

30 (a) Except as provided in AS 16.10.333 - 16.10.338 and [IN] AS 44.81.231 -  
31 44.81.250, entry permits and interim-use permits are transferable only through the

1 commission as provided in this section and AS 16.43.180 and under regulations  
2 adopted by the commission. **For purposes of this section, the lease of a permit held**  
3 **by a regional community permit bank under AS 16.44 is not a transfer of the**  
4 **permit.** An involuntary transfer of an entry permit in a manner inconsistent with the  
5 statutes of this state and the regulations of the commission is void.

6 \* **Sec. 21.** AS 16.43.170(b) is amended to read:

7 (b) Except as provided in (e) of this section, the holder of an entry permit may  
8 transfer the permit to another person or to the commission upon 60 **days'** [DAYS]  
9 notice of intent to transfer under regulations adopted by the commission. No sooner  
10 than 60 days nor later than 12 months from the date of notice to the commission, the  
11 holder of an entry permit may transfer the permit. If the proposed transferee, other  
12 than the commission **or a regional community permit bank under AS 16.44,** can  
13 demonstrate the present ability to participate actively in the fishery, and the transfer  
14 does not violate any provision of this chapter or regulations adopted under this  
15 chapter, and if a certificate for the permit under AS 16.10.333(b)(1) - (2), 16.10.338,  
16 or AS 44.81.231(a) is not in effect, the commission shall approve the transfer and  
17 reissue the entry permit to the transferee **if** [PROVIDED THAT] neither party is  
18 prohibited by law from participating in the transfer.

19 \* **Sec. 22.** AS 16.43.330(a) is amended to read:

20 (a) When the number of outstanding entry permits for a fishery is less than the  
21 optimum number established under AS 16.43.290, the commission shall issue new  
22 entry permits to applicants who are presently able to engage actively in the fishery **or,**  
23 **subject to AS 16.44.060(a), to regional community permit banks established**  
24 **under AS 16.44.010** until the optimum number is reached.

25 \* **Sec. 23.** AS 16.43.850 is amended to read:

26 **Sec. 16.43.850. Point system.** (a) For the purpose of identifying frequent  
27 violators of commercial fishing laws in salmon fisheries, the commission shall adopt  
28 regulations establishing a uniform system for the suspension of commercial salmon  
29 fishing privileges by assigning demerit points for convictions for violations of  
30 commercial fishing laws in salmon fisheries that are reported to the commission under  
31 AS 16.43.880. The commission shall assess demerit points against **an individual who**

1           **holds an entry permit or interim-use permit or who leases an entry permit under**  
 2           **AS 16.44** [A PERMIT HOLDER] for each violation of commercial fishing laws in a  
 3           salmon fishery in accordance with (b) and (c) of this section. The commission shall  
 4           assess points against **an individual holding or leasing** a permit [HOLDER] for the  
 5           salmon fishery in which the violation of commercial fishing laws occurred.

6           (b) The commission shall assess demerit points against **an individual who**  
 7           **holds or leases** a permit [HOLDER] for a conviction of a violation of commercial  
 8           fishing laws in a salmon fishery under AS 16.05.722, 16.05.723, 16.05.831;  
 9           AS 16.10.055, 16.10.070 - 16.10.090, 16.10.100, 16.10.110, 16.10.120, 16.10.200 -  
 10          16.10.220, and 16.10.760 - 16.10.790 for the following violations in accordance with  
 11          this schedule:

- 12                           (1) fishing in closed waters ..... 6 points;
- 13                           (2) fishing during closed season or period ..... 6 points;
- 14                           (3) fishing with more than the legal amount of gear ..... 4 points;
- 15                           (4) fishing with gear not allowed in fishery ..... 6 points;
- 16                           (5) fishing before expiration of transfer period ..... 6 points;
- 17                           (6) interfering with commercial fishing gear ..... 4 points;
- 18                           (7) fishing with more than the legal amount of
- 19                           gear on vessel ..... 4 points;
- 20                           (8) improper operation of fishing gear ..... 4 points;
- 21                           (9) permit holder **or permit lessee** not present when required 4 points;
- 22                           (10) fishing with underlength or overlength vessel ..... 6 points;
- 23                           (11) wanton waste of fishery resources ..... 4 points.

24          (c) Notwithstanding (b) of this section, if **the** [A PERMIT HOLDER'S] first  
 25          conviction of a violation of commercial fishing laws in a salmon fishery in a 36-month  
 26          period **for an individual who holds or leases a permit** is a conviction under  
 27          AS 16.05.722, the number of demerit points assessed against the permit holder **or the**  
 28          **permit lessee** for the violation must be one-half of the points assessed for the violation  
 29          under (b) of this section.

30          (d) The commission shall suspend **the** [A PERMIT HOLDER'S] commercial  
 31          salmon fishing privileges **of a permit holder or lessee** for a salmon fishery for a

1 period of

2 (1) one year if the permit holder or lessee accumulates 12 or more  
3 points during any consecutive 36-month period as a result of convictions for violations  
4 of commercial fishing laws in the salmon fishery;

5 (2) two years if the permit holder or lessee accumulates 16 or more  
6 points during any consecutive 36-month period as a result of convictions for violations  
7 of commercial fishing laws in the salmon fishery;

8 (3) three years if the permit holder or lessee accumulates 18 or more  
9 points during any consecutive 36-month period as a result of convictions for violations  
10 of commercial fishing laws in the salmon fishery.

11 \* **Sec. 24.** AS 16.43.855(a) is amended to read:

12 (a) Notice of each assessment of points shall be given to the permit holder or  
13 lessee. Notice shall also be given to the permit holder or lessee before the expiration  
14 of a suspension of commercial salmon fishing privileges under AS 16.43.850(d) that  
15 subsequent violations of commercial fishing laws in the salmon fishery may result in  
16 further suspensions of the permit. The notice may be given by first class mail.

17 \* **Sec. 25.** AS 16.43.855(c) is amended to read:

18 (c) The assessment of points against a permit holder or lessee by the  
19 commission under AS 16.43.850 - 16.43.895 is in addition to, and not in substitution  
20 for, other provisions of this title and is not a substitute for any penalty imposed by a  
21 court.

22 \* **Sec. 26.** AS 16.43.855(d) is amended to read:

23 (d) If points are assessed against an individual [A] permit holder or lessee  
24 who holds a commercial fishing permit for a salmon fishery under an emergency  
25 transfer approved by the commission under AS 16.43.180, the same number of points  
26 shall also be assessed against the permit holder or lessee who transferred  
27 [TRANSFEROR OF] the permit. Points assessed against the transferor of the permit  
28 under this subsection shall be included in calculations made under AS 16.43.850(d).

29 \* **Sec. 27.** AS 16.43.855 is amended by adding a new subsection to read:

30 (e) If the commission assesses points under (a) of this section against a lessee  
31 of a permit, the commission shall give the regional community permit bank that leased

1 the permit notice of the assessment of points.

2 \* **Sec. 28.** AS 16.43.860 is amended to read:

3 **Sec. 16.43.860. Suspension.** (a) A permit holder or lessee whose commercial  
4 salmon fishing privileges for a salmon fishery are suspended under AS 16.43.850 -  
5 16.43.895 may not obtain an entry permit or interim-use permit for that salmon fishery  
6 during the period of the suspension of the privileges. During the period for which the  
7 **permit holder's or lessee's** [PERMIT HOLDER'S] privilege to obtain an entry permit  
8 or interim-use permit for a salmon fishery is suspended under this section, the  
9 commission may not issue a permit card to the permit holder or lessee for that fishery.

10 (b) A permit holder or lessee whose privilege of obtaining a commercial  
11 fishing permit for a salmon fishery is suspended under AS 16.43.850 - 16.43.895 may  
12 not

13 (1) engage in the salmon fishery under a crewmember license; [OR]

14 (2) **lease an entry permit for the salmon fishery under AS 16.44; or**

15 (3) **lease or rent the individual's** [PERMIT HOLDER'S] interest in a  
16 boat to another person if the boat would be used in the salmon fishery for which the  
17 permit holder's or lessee's fishing privileges are suspended.

18 (c) If, during the period for which **the commission has suspended the** [A  
19 PERMIT HOLDER'S] commercial fishing privileges **of a permit holder or lessee** for  
20 a salmon fishery [ARE SUSPENDED], the commission establishes a limited entry  
21 system for the salmon fishery, the permit holder or lessee shall be eligible to obtain an  
22 entry permit for that fishery to the extent that the permit holder or lessee qualifies for  
23 the entry permit under regulations adopted by the commission. If the permit holder or  
24 **lessee** qualifies for an entry permit for the fishery, the commission shall withhold  
25 issuance of the entry permit until the period of the suspension imposed under  
26 AS 16.43.850 - 16.43.895 has expired.

27 (d) The commission may not transfer a commercial fishing permit for a  
28 salmon fishery under an emergency transfer under AS 16.43.180 if, at the time of the  
29 application for the emergency transfer, the permit holder's commercial salmon fishing  
30 privileges **of the permit holder or lessee** for the salmon fishery have been suspended.

31 \* **Sec. 29.** AS 16.43.960(a) is amended to read:

1 (a) The commission may revoke, suspend, or transfer all entry or interim-use  
 2 permits, vessel entry permits, or vessel interim-use permits held or leased by a person  
 3 or entity who knowingly provides or assists in providing false information, or fails to  
 4 correct false information provided to the commission for the purpose of obtaining a  
 5 benefit for self or another, including the issuance, renewal, duplication, [OR] transfer,  
 6 or lease under AS 16.44 of an entry or interim-use permit, vessel license, vessel entry  
 7 permit, or vessel interim-use permit. The commission may suspend, as appropriate,  
 8 that person's or entity's eligibility to hold or lease an entry or interim-use permit,  
 9 vessel entry permit, or vessel interim-use permit for a period not to exceed three years,  
 10 and may impose an administrative fine of not more than \$5,000 on the person or entity  
 11 whose officers, employees, representatives, or agents knowingly provide or assist in  
 12 providing false information, or fail to correct false information provided, to the  
 13 commission for the purpose of obtaining a benefit.

14 \* **Sec. 30.** AS 16.43.990(7) is amended to read:

15 (7) "person" means a natural person or a regional community permit  
 16 bank established under AS 16.44.010; "person" does not include a corporation,  
 17 company, partnership, firm, association, organization, joint venture, trust, society, or  
 18 other legal entity other than a natural person or regional community permit bank  
 19 established under AS 16.44.010;

20 \* **Sec. 31.** AS 16 is amended by adding a new chapter to read:

21 **Chapter 44. Regional Community Permit Banks.**

22 **Sec. 16.44.010. Establishment of regional community permit bank.** (a) The  
 23 department shall establish a regional community permit bank for a region established  
 24 under (b) of this section if

25 (1) at least two-thirds of the municipalities within the permit bank  
 26 region, acting jointly, petition the department to establish a permit bank for the region;  
 27 and

28 (2) the department finds that establishing a permit bank in that region  
 29 would serve the purposes of

30 (A) preventing economic distress among fishermen and those  
 31 dependent on fishermen for a livelihood;

1 (B) improving access to the state's fisheries for residents by  
2 creating opportunities for those residents whose lack of alternative income  
3 sources makes it difficult to acquire the assets and credit history necessary to  
4 enter a state fishery; and

5 (C) empowering communities to achieve economic self-  
6 sufficiency and alleviate the economic and social ills, including high levels of  
7 unemployment, loss of local businesses, loss of cultural vitality, and  
8 diminution of the communities' tax base, that result from the loss of access to  
9 commercial, subsistence, and recreational fisheries.

10 (b) The department, in consultation with the Department of Fish and Game,  
11 shall establish permit bank regions. The department may modify or change the  
12 boundaries, or merge or subdivide the regions, for good reason.

13 (c) Each permit bank is a public corporation and instrumentality of the state  
14 within the Department of Commerce, Community, and Economic Development. The  
15 exercise by a permit bank of the powers conferred under this chapter is considered to  
16 be for a public purpose. For administrative purposes, the permit banks are in the  
17 department, but each permit bank has a separate and independent legal existence from  
18 the state and shall be governed by a board established under AS 16.44.020.

19 (d) The department may conduct an annual audit of a permit bank established  
20 under this section. The department may also conduct supplementary audits as it  
21 considers necessary. The results of an audit under this subsection is a public record  
22 under AS 40.25.110.

23 (e) The department may dissolve a permit bank if the permit bank becomes  
24 insolvent. However, nothing in this subsection precludes the department from  
25 establishing another permit bank in that region under (a) of this section.

26 **Sec. 16.44.020. Regional community permit bank board; membership;**  
27 **meetings; location.** (a) Each permit bank shall be governed by a board of directors,  
28 composed of members appointed under (b) of this section.

29 (b) Each municipality wholly or partially located within the permit bank  
30 region established by the department under AS 16.44.010(b) may appoint one  
31 individual to serve as a member of the permit bank board.

1 (c) If a petition submitted under AS 16.44.010(a) requests that the board of  
2 directors for that region's community permit bank include directors from each  
3 unincorporated community within the community permit bank region, a single entity  
4 or village council selected by the municipalities in each unincorporated community  
5 wholly or partially within the permit bank region may appoint one individual to serve  
6 as a member of the initial board of directors of the regional community permit bank. A  
7 permit bank's board of directors may vote under AS 16.44.050(a)(2) to allow or  
8 prohibit a single entity or village council selected by the board in each unincorporated  
9 community wholly or partially within the permit bank's region to appoint one  
10 individual to serve as a member of the permit bank board.

11 (d) An individual appointed under (b) or (c) of this section shall be a resident  
12 of the municipality or unincorporated community from which the individual was  
13 appointed. In selecting an entity or village council in each unincorporated community  
14 wholly or partially within the permit bank's region, a municipality or a permit bank  
15 board of directors may only select an entity or village council eligible to receive grants  
16 under AS 37.06.020.

17 (e) Except as provided under AS 16.44.050(a)(2), a member of the board of a  
18 permit bank shall serve for a term of three years. A member shall hold office for the  
19 term of the appointment and until a successor has been appointed and qualified. A  
20 member is eligible for reappointment. A vacancy on a board occurring other than by  
21 expiration of term shall be filled in the same manner as the original appointment but  
22 for the unexpired term only. Terms must be staggered so that one-third, or as close to  
23 one-third as practicable, of the terms expire each year.

24 (f) A majority of the members of a board constitutes a quorum for the  
25 transaction of business and the exercise of the powers and duties of the board except  
26 for

27 (1) certain board actions relating to the board's membership under  
28 AS 16.44.050(a)(2); and

29 (2) submitting a petition to the commissioner under AS 16.44.060(d).

30 (g) A member of a board may not lease an entry permit from the permit bank.

31 (h) The members of a board shall annually elect from among themselves a

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

chair and vice-chair and other board officers as may be provided in the bylaws of the permit bank. The members of the board may elect to create an executive governance committee and provide that committee some of the board's powers under this chapter.

(i) The board of each permit bank may hire a manager who is qualified to assist the board in carrying out the provisions of this chapter. If a manager is hired, the manager shall receive reasonable compensation.

(j) A permit bank may share administrative resources, including administrative staff, with other permit banks established under this chapter if the sharing arrangement is approved by the board of each participating permit bank. A permit bank may also share administrative resources and administrative staff with a regional association qualified under AS 16.10.380(a), an Alaska Native village or village regional corporation established under 43 U.S.C. 1606 (Alaska Native Claims Settlement Act), a regional development organization as defined in AS 44.33.896, or another entity created for a purpose related to commercial fishing or service in the permit bank region.

(k) Unless a permit bank is sharing administrative resources with one or more other permit banks under (j) of this section, a permit bank shall be administratively located in the community in its region with the greatest number of active entry permits per capita on January 1, 2016.

**Sec. 16.44.030. Administrative expenses, compensation, and fees due the department.** (a) A member of a permit bank board may be provided reasonable compensation. However, the compensation may not exceed the median rate of compensation provided to the elected members of the municipal governments within the permit bank region.

(b) The administrative expenses of a permit bank must be reasonable and minimized in order to enhance the ability of the permit bank to acquire limited entry permits and to return maximum benefit to the persons and region served by the permit bank.

(c) The department may adopt regulations relating to the administrative expenses of, and compensation provided by, a permit bank.

(d) The commissioner shall assess permit bank fees for the department's actual

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

expenses necessarily incurred by the department in connection with its duties under this chapter relating to the permit bank.

**Sec. 16.44.040. Exemption from taxation.** (a) Except for fees levied under AS 16.43.160, the real and personal property of a permit bank organized under this chapter and its assets, income, and receipts are declared to be devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, and other interests of the permit bank are exempt from taxes and special assessments of the state or a political subdivision of the state, including municipalities, school districts, public utility districts, and other governmental units.

(b) Nothing in this section relieves a person leasing an entry permit from a permit bank from applicable fees, taxes, or assessments.

**Sec. 16.44.050. Powers and duties of regional community permit banks.** (a) In addition to all powers necessary to carry out the purposes of this chapter, a permit bank may

(1) adopt, amend, and repeal bylaws for its organization, management of its internal affairs, and the conduct of its business consistent with the provisions of this chapter;

(2) if two-thirds of the full membership of the board appointed from the municipalities in the region affirmatively vote under AS 16.44.020(c) to approve the action, expand or reduce the membership of the permit bank's board of directors by allowing or prohibiting individuals from unincorporated communities in the region to serve as directors;

(3) borrow funds;

(4) subject to the approval of the commissioner and the limitations of this chapter, hold, transfer, or receive the transfer of an entry permit for a fishery within the permit bank region;

(5) accept gifts or grants from a federal agency or an agency or instrumentality of the state, a municipality, a private organization, or another source, including the transfer of an entry permit for a regional fishery or a gift or grant for the acquisition of a specific entry permit or entry permit within a specific fishery located in the permit bank region;

1 (6) subject to AS 16.44.070, lease entry permits to individuals  
 2 qualified under AS 16.44.080 on conditions that the board considers appropriate that  
 3 may include terms that allow a permit bank to transfer a leased permit to a lessee and  
 4 terminate a lease upon default of a lessee; and

5 (7) after a permit bank acquires the maximum number of entry permits  
 6 allowed under AS 16.44.060(a), use revenue and other funds to support programs and  
 7 projects that benefit commercial fishermen within the permit bank region.

8 (b) A permit bank shall

9 (1) lease entry permits by competitive bid to individuals qualified  
 10 under AS 16.44.080;

11 (2) establish criteria for leasing entry permits acquired by the permit  
 12 bank that maintain the solvency and financial strength of the permit bank;

13 (3) subject to legislative appropriation, to the greatest extent  
 14 practicable, invest revenue from the lease of limited entry permits in acquiring further  
 15 entry permits up to the limits provided under AS 16.44.060(a); and

16 (4) prepare and submit a comprehensive annual report to the  
 17 department that includes

18 (A) a summary of the permit bank's revenue, assets,  
 19 expenditures, operations, and actions under this section during the preceding  
 20 year;

21 (B) the compensation of the manager, if any, and the directors  
 22 of the permit bank; and

23 (C) the lease terms, including lease fees for entry permits held  
 24 by the permit bank.

25 (c) In leasing permits by competitive bid under (b)(1) of this section, and  
 26 subject to criteria adopted under (b)(2) of this section, a permit bank may award leases  
 27 after considering factors that include the

28 (1) purposes for which the department established the permit bank  
 29 under AS 16.44.010(a);

30 (2) degree of economic hardship posed to the applicant and the  
 31 applicant's community by not being able to gain entry into the fishery for which the

1 leased permits are for;

2 (3) availability to the applicant of alternative occupations and sources  
3 of income; and

4 (4) historical dependence of an applicant, the applicant's family, and  
5 the applicant's community on a particular fishery.

6 **Sec. 16.44.055. Permit ownership; leases; transfers; proceeds.** An entry  
7 permit acquired by a permit bank under this chapter is the property of the department,  
8 and the permit certificate shall list the commissioner as the legal owner of the permit;  
9 however, the permit bank may lease or transfer a permit, subject to the approval of the  
10 commissioner. Leasing fees and other permit bank revenue, subject to legislative  
11 appropriation, and less any fees due the department under AS 16.44.030(d), shall be  
12 available to a permit bank's board of directors to be used to pay for a permit bank's  
13 operations and to finance the acquisition of additional permits.

14 **Sec. 16.44.060. Acquisition and holding of entry permits.** (a) A permit bank  
15 may not acquire an entry permit for a fishery that is not in the permit bank's region. A  
16 permit bank may not hold more than four percent of the entry permits issued for a  
17 fishery in the permit bank region, rounded up to the nearest whole number. If there are  
18 50 or fewer permits issued for a fishery in the permit bank region, not more than two  
19 entry permits for that fishery may be held by the permit bank.

20 (b) Except as provided in (d) of this section, once a permit bank holds 10 entry  
21 permits, the permit bank may not acquire further permits unless the additional permits  
22 make the portfolio of entry permits held by the permit bank a better representation of  
23 the permits issued for all fisheries in the permit bank region. However, this subsection  
24 does not prohibit a permit bank from acquiring an additional permit, if the acquisition  
25 of any single permit would make the portfolio of entry permits held by the permit bank  
26 less representative of the permits issued for the fisheries in the permit bank region.

27 (c) Subject to (d) of this section, the department shall ensure that a portfolio of  
28 entry permits held by a permit bank complies with the requirements of this section.  
29 The department may prevent a permit bank from acquiring an entry permit if the  
30 department finds that the acquisition would violate the requirements of this section.

31 (d) Notwithstanding (b) of this section, a permit bank that holds 10 entry

1 permits in its portfolio may acquire further permits that do not make the portfolio of  
 2 entry permits held by the permit bank a better representation of all the permits issued  
 3 in the permit bank region if

4 (1) a two-thirds majority of the full membership of the board approve,  
 5 and the board submits, a petition to the commissioner requesting that the requirements  
 6 of (b) of this section be waived; and

7 (2) the commissioner finds that issuing a waiver will assist the permit  
 8 bank in achieving the purposes provided under AS 16.44.010(a).

9 (e) An entry permit held and leased by a permit bank is subject to  
 10 AS 16.43.150(g).

11 **Sec. 16.44.070. Lease terms for entry permits held by a regional**  
 12 **community permit bank.** (a) Subject to the approval of the commissioner and (b) of  
 13 this section, a permit bank shall establish lease terms for entry permits held by the  
 14 permit bank in a manner that is consistent with the purposes provided by  
 15 AS 16.44.010(a).

16 (b) A lease term for an entry permit held by a permit bank may not exceed six  
 17 years, and an individual may not lease an entry permit or permits for the same fishery  
 18 for a cumulative period of more than six years, regardless of whether the lease years  
 19 are consecutive.

20 (c) An entry permit held by a permit bank may not be subleased by the lessee.

21 (d) A permit bank may not impose lease terms that limit the lessee's time,  
 22 place, manner, or method of fishing or sale of fish.

23 (e) Subject to AS 16.43.170 and 16.43.180, the department shall adopt  
 24 regulations providing for the temporary emergency transfer of a leased entry permit to  
 25 another individual through the Alaska Commercial Fisheries Entry Commission under  
 26 AS 16.43.170, if that individual is also qualified under AS 16.44.080.

27 (f) Subject to (a) of this section and AS 16.43.170(a), a permit bank may  
 28 include terms in a lease that provide for the leased permit to be transferred to the  
 29 lessee at the end of the period for which the permit was leased.

30 **Sec. 16.44.080. Qualified lessees.** (a) A permit bank may only lease an entry  
 31 permit to an individual who is a resident of the state. An applicant for the lease of an

1 entry permit from a permit bank under this chapter shall maintain a domicile in the  
2 state and may not be a resident of, or have received a benefit based on residency, in  
3 another state or country.

4 (b) A permit bank may not lease a permit to

5 (1) an individual who already holds a limited entry or interim-use  
6 permit for the same fishery as the leased permit; or

7 (2) a manager of a permit bank employed under AS 16.44.020(i) or  
8 other permit bank employee.

9 (c) When an individual no longer maintains a domicile in the state, the  
10 individual is no longer eligible to lease an entry permit, and a permit bank may  
11 terminate a lease held by the individual.

12 (d) If proceedings are pending to suspend an individual's commercial fishing  
13 privileges, the individual is not eligible to lease an entry permit under this chapter.

14 (e) In this section, "domicile" means the true and permanent home of an  
15 individual from which the individual has no present intention of moving and to which  
16 the individual intends to return whenever the individual is away.

17 **Sec. 16.44.099. Definitions.** In this chapter,

18 (1) "board" means the board of a regional community permit bank;

19 (2) "commission" means the Alaska Commercial Fisheries Entry  
20 Commission;

21 (3) "commissioner" means the commissioner of commerce, community,  
22 and economic development;

23 (4) "department" means the Department of Commerce, Community,  
24 and Economic Development unless specifically provided otherwise;

25 (5) "entry permit" means a commercial fishing entry permit issued  
26 under AS 16.43;

27 (6) "fishery" has the meaning given in AS 16.05.940;

28 (7) "permit bank" means a regional community permit bank  
29 established under AS 16.44.010.

30 \* **Sec. 32.** AS 39.25.110(11) is amended to read:

31 (11) the officers and employees of the following boards, commissions,

1 and authorities:

2 (A) [REPEALED]

3 (B) Alaska Permanent Fund Corporation;

4 (C) Alaska Industrial Development and Export Authority;

5 (D) Alaska Commercial Fisheries Entry Commission;

6 (E) Alaska Commission on Postsecondary Education;

7 (F) Alaska Aerospace Corporation;

8 (G) [REPEALED]

9 (H) Alaska Gasline Development Corporation and subsidiaries

10 of the Alaska Gasline Development Corporation;

11 **(I) a regional community permit bank established under**

12 **AS 16.44.010;**

13 \* **Sec. 33.** AS 39.50.200(b) is amended by adding a new paragraph to read:

14 (65) the board of directors of a regional community permit bank  
15 (AS 16.44.010).

16 \* **Sec. 34.** AS 43.76.001(a) is amended to read:

17 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
18 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of 30  
19 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
20 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
21 enhancement tax at the time the salmon is acquired by the buyer.

22 \* **Sec. 35.** AS 43.76.002(a) is amended to read:

23 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
24 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of 20  
25 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
26 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
27 enhancement tax at the time the salmon is acquired by the buyer.

28 \* **Sec. 36.** AS 43.76.003(a) is amended to read:

29 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
30 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of 10  
31 percent of the value of salmon, as defined in AS 43.75.290, that the person removes

1 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
2 enhancement tax at the time the salmon is acquired by the buyer.

3 \* **Sec. 37.** AS 43.76.004(a) is amended to read:

4 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
5 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of nine  
6 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
7 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
8 enhancement tax at the time the salmon is acquired by the buyer.

9 \* **Sec. 38.** AS 43.76.005(a) is amended to read:

10 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
11 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of eight  
12 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
13 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
14 enhancement tax at the time the salmon is acquired by the buyer.

15 \* **Sec. 39.** AS 43.76.006(a) is amended to read:

16 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
17 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of seven  
18 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
19 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
20 enhancement tax at the time the salmon is acquired by the buyer.

21 \* **Sec. 40.** AS 43.76.007(a) is amended to read:

22 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
23 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of six  
24 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
25 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
26 enhancement tax at the time the salmon is acquired by the buyer.

27 \* **Sec. 41.** AS 43.76.008(a) is amended to read:

28 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
29 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of five  
30 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
31 from the state or transfers to a buyer in the state. The buyer shall collect the salmon

1 enhancement tax at the time the salmon is acquired by the buyer.

2 \* **Sec. 42.** AS 43.76.009(a) is amended to read:

3 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
4 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of four  
5 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
6 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
7 enhancement tax at the time the salmon is acquired by the buyer.

8 \* **Sec. 43.** AS 43.76.010(a) is amended to read:

9 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
10 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of three  
11 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
12 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
13 enhancement tax at the time the salmon is acquired by the buyer.

14 \* **Sec. 44.** AS 43.76.011(a) is amended to read:

15 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
16 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of two  
17 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
18 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
19 enhancement tax at the time the salmon is acquired by the buyer.

20 \* **Sec. 45.** AS 43.76.012(a) is amended to read:

21 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
22 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of one  
23 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
24 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
25 enhancement tax at the time the salmon is acquired by the buyer.

26 \* **Sec. 46.** AS 43.76.013(a) is amended to read:

27 (a) A person holding a limited entry permit under AS 16.43 **or leasing an**  
28 **entry permit under AS 16.44** shall pay a salmon enhancement tax at the rate of 15  
29 percent of the value of salmon, as defined in AS 43.75.290, that the person removes  
30 from the state or transfers to a buyer in the state. The buyer shall collect the salmon  
31 enhancement tax at the time the salmon is acquired by the buyer.

1 \* **Sec. 47.** AS 43.76.015(b) is amended to read:

2 (b) The salmon enhancement tax is levied under AS 43.76.001 - 43.76.013 in  
3 a region on the effective date stated on the ballot if

4 (1) it is approved by a majority vote of the eligible interim-use permit  
5 **holders**, [AND] entry permit holders, **and entry permit lessees** voting in an election  
6 held under this section in the region; and

7 (2) the election results are certified by the commissioner of commerce,  
8 community, and economic development.

9 \* **Sec. 48.** AS 43.76.015(c) is amended to read:

10 (c) In conducting an election under this section, a qualified regional  
11 association shall adopt the following procedures:

12 (1) the qualified regional association for the region shall hold at least  
13 one public meeting not less than 30 days before the date on which ballots must be  
14 postmarked to be counted in the election to explain the reason for the proposed salmon  
15 enhancement tax and to explain the registration and voting procedure to be used in the  
16 election; the qualified regional association shall provide notice of the meeting by

17 (A) mailing the notice to each eligible interim-use permit  
18 **holder**, [AND] entry permit holder, **and entry permit lessee**;

19 (B) posting the notice in at least three public places in the  
20 region; and

21 (C) publishing the notice in at least one newspaper of general  
22 circulation in the region at least once a week for two consecutive weeks before  
23 the meeting;

24 (2) the qualified regional association shall mail two ballots to each  
25 eligible interim-use permit **holder**, [AND] entry permit holder, **and entry permit**  
26 **lessee**; the first ballot shall be mailed not more than 45 days before the dates ballots  
27 must be postmarked to be counted in the election; the second ballot shall be mailed not  
28 less than 15 days before the date ballots must be postmarked to be counted in the  
29 election; the qualified regional association shall adopt procedures to ensure that only  
30 one ballot from each eligible interim-use permit and entry permit holder is counted in  
31 the election;

1 (3) the ballot must

2 (A) indicate whether the election relates to a salmon  
3 enhancement tax under AS 43.76.001, 43.76.002, 43.76.003, 43.76.004,  
4 43.76.005, 43.76.006, 43.76.007, 43.76.008, 43.76.009, 43.76.010, 43.76.011,  
5 43.76.012, or 43.76.013;

6 (B) ask the question whether the salmon enhancement tax shall  
7 be levied;

8 (C) indicate the boundaries of the region in which the salmon  
9 enhancement tax will be levied;

10 (D) provide an effective date for the levy of the salmon  
11 enhancement tax; and

12 (E) indicate the date on which returned ballots must be  
13 postmarked in order to be counted;

14 (4) the ballots shall be returned by mail and shall be counted by the  
15 commissioner of commerce, community, and economic development or by a person  
16 approved by the commissioner of commerce, community, and economic development.

17 \* **Sec. 49.** AS 43.76.015(f) is amended to read:

18 (f) In this section, "eligible interim-use permit **holder**, [AND] entry permit  
19 holder, **and entry permit lessee**" means an individual who, 90 days before the date  
20 ballots must be postmarked to be counted in an election under this section, is listed in  
21 the records of the Alaska Commercial Fisheries Entry Commission as the legal owner  
22 of an interim-use permit or **as the legal owner or, under AS 16.44, the lessee of** an  
23 entry permit **that** [WHICH] authorizes the individual to fish commercially in an  
24 administrative area established by the Alaska Commercial Fisheries Entry  
25 Commission under AS 16.43.200, which is included, in whole or in part, in the region  
26 in which the election is held.

27 \* **Sec. 50.** AS 43.76.020(b) is amended to read:

28 (b) A salmon enhancement tax shall be terminated by the commissioner of  
29 revenue under (a) of this section following an election in a region if

30 (1) a petition is presented to the commissioner of commerce,  
31 community, and economic development requesting termination of the salmon

1 enhancement tax which is signed by at least 25 percent of the number of persons who  
2 voted under AS 43.76.015 in the election approving the salmon enhancement tax in  
3 the region;

4 (2) the commissioner of commerce, community, and economic  
5 development determines that there are no outstanding loans to the qualified regional  
6 association under AS 16.10.510 that are secured by the tax;

7 (3) an election is held in accordance with AS 43.76.015; the ballot  
8 must ask the question whether the salmon enhancement tax for the region shall be  
9 terminated; the ballot must be worded so that a "yes" vote is for continuation of the  
10 salmon enhancement tax and a "no" vote is for termination of the salmon enhancement  
11 tax;

12 (4) a majority of the eligible interim-use permit holders, [AND] entry  
13 permit holders, and entry permit lessees who vote in the election cast a ballot for the  
14 termination of the salmon enhancement tax; and

15 (5) the qualified regional association provides notice of the election in  
16 accordance with AS 43.76.015 within two months after receiving notice from the  
17 commissioner of commerce, community, and economic development that a valid  
18 petition under (1) of this subsection has been received.

19 \* **Sec. 51.** AS 43.76.020 is amended by adding a new subsection to read:

20 (c) In this section, "eligible interim-use permit holder, entry permit holder, and  
21 entry permit lessee" has the meaning given in AS 43.76.015.

22 \* **Sec. 52.** AS 43.76.230(b) is amended to read:

23 (b) The salmon fishery assessment is levied under AS 43.76.220 in a fishery  
24 on the effective date stated on the ballot if

25 (1) the assessment is approved by a two-thirds majority vote of the  
26 eligible interim-use permit holders, [AND] entry permit holders, and entry permit  
27 lessees in the fishery; and

28 (2) the election results are certified by the commissioner of fish and  
29 game.

30 \* **Sec. 53.** AS 43.76.230(c) is amended to read:

31 (c) In conducting an election under this section, a qualified salmon fishery

1 association shall adopt the following procedures:

2 (1) the qualified salmon fishery association for the fishery shall make  
3 copies of the articles of incorporation and bylaws of the association available to all  
4 interim-use permit holders, [AND] entry permit holders, and entry permit lessees in  
5 the fishery;

6 (2) the qualified salmon fishery association for the fishery shall hold at  
7 least one public meeting not less than 30 days before the date on which ballots must be  
8 postmarked to be counted in the election to explain, as appropriate, the reason for  
9 approval or amendment of the proposed salmon fishery assessment, the reason for the  
10 proposed rate and the proposed termination date of the salmon fishery assessment, or  
11 the reason for termination of the salmon fishery assessment, and to explain the  
12 registration and voting procedure to be used in the election; the qualified salmon  
13 fishery association shall provide notice of the meeting by

14 (A) mailing the notice to each eligible interim-use permit  
15 holder, [AND] entry permit holder, and entry permit lessee;

16 (B) posting the notice in at least three public places in the  
17 administrative area in which the fishery occurs; and

18 (C) publishing the notice in at least one newspaper of general  
19 circulation in the administrative area in which the fishery occurs at least once a  
20 week for two consecutive weeks before the meeting;

21 (3) the qualified salmon fishery association shall mail two ballots to  
22 each eligible interim-use permit holder, [AND] entry permit holder, and entry  
23 permit lessee; the first ballot shall be mailed not more than 45 days before the date  
24 ballots must be postmarked to be counted in the election; the second ballot shall be  
25 mailed not less than 15 days before the date ballots must be postmarked to be counted  
26 in the election; the qualified salmon fishery association shall adopt procedures to  
27 ensure that only one ballot from each eligible interim-use permit holder, [AND] entry  
28 permit holder, and entry permit lessee is counted in the election;

29 (4) the ballot must

30 (A) state that all salmon sold in the fishery are subject to the  
31 salmon fishery assessment;

1 (B) state the rate of the assessment to be levied under  
2 AS 43.76.220 and the date on which the assessment would terminate under  
3 AS 43.76.250(a);

4 (C) ask the question whether the salmon fishery assessment  
5 addressed on the ballot shall be approved, amended, or terminated, as  
6 appropriate;

7 (D) indicate the fishery for which the salmon fishery  
8 assessment will be levied or terminated;

9 (E) provide an effective date for the approval, amendment, or  
10 termination of the salmon fishery assessment; and

11 (F) indicate the date on which returned ballots must be  
12 postmarked in order to be counted;

13 (5) the ballots shall be returned by mail and shall be counted by an  
14 auditor selected by the qualified salmon fishery association and approved by the  
15 commissioner of fish and game; the qualified salmon fishery association shall pay the  
16 costs of counting the ballots.

17 \* **Sec. 54.** AS 43.76.230(g) is amended to read:

18 (g) In this section, "eligible interim-use permit **holder**, [AND] entry permit  
19 holder, **and entry permit lessee**" means an individual who, 90 days before the date  
20 ballots must be postmarked to be counted in an election under this section, is listed in  
21 the records of the Alaska Commercial Fisheries Entry Commission as the legal **owner**  
22 [HOLDER] of an interim-use permit for salmon fishing gear or an entry permit for  
23 salmon fishing gear **or as the legal owner or, under AS 16.44, the lessee of an entry**  
24 **permit for salmon fishing gear** that authorizes the individual to fish commercially in  
25 the salmon fishery for which the salmon fishery assessment is to be approved,  
26 amended, or terminated.

27 \* **Sec. 55.** AS 43.76.240 is amended to read:

28 **Sec. 43.76.240. Amendment of salmon fishery assessment.** (a) The rate or  
29 termination date of the salmon fishery assessment levied on salmon under  
30 AS 43.76.220 may be amended by the commissioner of revenue upon a two-thirds  
31 majority vote at an election held under AS 43.76.230 among the eligible permit

1 holders **and permit lessees** for the fishery in which the salmon fishery assessment is  
2 levied.

3 (b) The commissioner of revenue shall amend the rate or termination date of a  
4 salmon fishery assessment under (a) of this section following an election among the  
5 eligible permit holders **and permit lessees** for the fishery if

6 (1) a petition that is signed by at least 25 percent of the interim-use  
7 permit **holders, [AND] entry permit holders, and entry permit lessees** in the fishery  
8 that is the subject of the petition is presented to the commissioner of fish and game  
9 requesting amendment of the rate or termination date of the salmon fishery  
10 assessment; the petition must state, as appropriate, the proposed rate or termination  
11 date of the salmon fishery assessment to be levied under AS 43.76.220; only **an**  
12 **individual** [A PERSON] who holds an interim-use permit or **who holds or leases an**  
13 entry permit for the fishery at the time of signing the petition may validly sign the  
14 petition;

15 (2) an election is held in accordance with AS 43.76.230; a ballot to  
16 amend the rate of the salmon fishery assessment must ask the question whether the  
17 rate of the salmon fishery assessment on salmon sold in the fishery shall be amended  
18 and must state the salmon fishery assessment to be levied under AS 43.76.220 and the  
19 termination date of the assessment if the assessment is amended; a ballot to amend the  
20 termination date of the salmon fishery assessment must ask the question whether the  
21 termination date of the salmon fishery assessment on salmon sold in the fishery shall  
22 be amended and must state the termination date of the salmon fishery assessment if the  
23 termination date is amended; the ballot must be worded so that a "yes" vote is for  
24 amendment of the salmon fishery assessment and a "no" vote is for continuation of the  
25 current salmon fishery assessment;

26 (3) a two-thirds majority of the eligible interim-use permit **holders,**  
27 **[AND] entry permit holders, and entry permit lessees** in the fishery casts a ballot for  
28 the amendment of the salmon fishery assessment; in this paragraph, "eligible interim-  
29 use permit **holder, [AND] entry permit holder, and entry permit lessee**" has the  
30 meaning given in AS 43.76.230; and

31 (4) the qualified salmon fishery association provides notice of the

1 election in accordance with AS 43.76.230 within six months after receiving notice  
2 from the commissioner of fish and game that a valid petition under (1) of this  
3 subsection has been received.

4 \* **Sec. 56.** AS 43.76.250(b) is amended to read:

5 (b) Notwithstanding (a) of this section, the commissioner of revenue shall  
6 terminate the salmon fishery assessment before the termination date determined at an  
7 election held under AS 43.76.230 to establish or amend the assessment, upon a two-  
8 thirds majority vote at an election held under AS 43.76.230 among the eligible permit  
9 holders **and permit lessees** for the fishery in which the salmon fishery assessment is  
10 levied.

11 \* **Sec. 57.** AS 43.76.250(c) is amended to read:

12 (c) The commissioner of revenue shall terminate a salmon fishery assessment  
13 under (b) of this section following an election among the eligible permit holders **and**  
14 **permit lessees** for the fishery if

15 (1) a petition that is signed by at least 25 percent of the interim-use  
16 permit **holders**, [AND] entry permit holders, **and entry permit lessees** in the fishery  
17 that is the subject of the petition is presented to the commissioner of fish and game  
18 requesting termination of the salmon fishery assessment; only a person who holds an  
19 interim-use permit or **who holds or leases an** entry permit for the fishery at the time  
20 of signing the petition may validly sign the petition;

21 (2) an election is held in accordance with AS 43.76.230; the ballot  
22 must ask the question whether the salmon fishery assessment shall be terminated; the  
23 ballot must be worded so that a "yes" vote is for continuation of the salmon fishery  
24 assessment and a "no" vote is for termination of the salmon fishery assessment;

25 (3) a two-thirds majority of the eligible interim-use permit **holders**,  
26 [AND] entry permit holders, **and entry permit lessees** in the fishery casts a ballot for  
27 the termination of the salmon fishery assessment; in this paragraph, "eligible interim-  
28 use permit **holder**, [AND] entry permit holder, **and entry permit lessee**" has the  
29 meaning given in AS 43.76.230; and

30 (4) the qualified salmon fishery association provides notice of the  
31 election in accordance with AS 43.76.230 within six months after receiving notice

1 from the commissioner of fish and game that a valid petition under (1) of this  
2 subsection has been received.

3 \* **Sec. 58.** AS 43.76.280(6) is amended to read:

4 (6) "sold" means the transfer of ownership of salmon from an interim-  
5 use permit **holder**, [OR] entry permit holder, **or entry permit lessee** to a buyer at the  
6 first point of sale;

7 \* **Sec. 59.** AS 43.76.300 is amended to read:

8 **Sec. 43.76.300. Permit buy-back assessment.** A person holding **or, under**  
9 **AS 16.44, leasing** a limited entry permit or **holding an** interim-use permit [UNDER  
10 AS 16.43] for a fishery subject to a permit buy-back assessment established by the  
11 Alaska Commercial Fisheries Entry Commission under AS 16.43.310 shall pay the  
12 permit buy-back assessment at the rate established by the commission on the value, as  
13 defined in AS 43.75.290, of fish that the person removes from the state or transfers to  
14 a buyer in the state under the authority conferred by the limited entry permit or  
15 interim-use permit. The buyer shall collect the permit buy-back assessment at the time  
16 the fish is acquired by the buyer.

17 \* **Sec. 60.** AS 43.76.350(a) is amended to read:

18 (a) A person holding a limited entry permit or interim-use permit under  
19 AS 16.43 **or leasing a limited entry permit under AS 16.44** shall pay a seafood  
20 development tax at the rate of two percent of the value, as defined in AS 43.75.290, of  
21 fishery resources taken in a fishery that the person removes from the state or transfers  
22 to a buyer in the state.

23 \* **Sec. 61.** AS 43.76.355(a) is amended to read:

24 (a) A person holding a limited entry permit or interim-use permit under  
25 AS 16.43 **or leasing a limited entry permit under AS 16.44** shall pay a seafood  
26 development tax at the rate of 1.5 percent of the value, as defined in AS 43.75.290, of  
27 fishery resources taken in a fishery that the person removes from the state or transfers  
28 to a buyer in the state.

29 \* **Sec. 62.** AS 43.76.360(a) is amended to read:

30 (a) A person holding a limited entry permit or interim-use permit under  
31 AS 16.43 **or leasing a limited entry permit under AS 16.44** shall pay a seafood

1 development tax at the rate of one percent of the value, as defined in AS 43.75.290, of  
2 fishery resources taken in a fishery that the person removes from the state or transfers  
3 to a buyer in the state.

4 \* **Sec. 63.** AS 43.76.365(a) is amended to read:

5 (a) A person holding a limited entry permit or interim-use permit under  
6 AS 16.43 or leasing a limited entry permit under AS 16.44 shall pay a seafood  
7 development tax at the rate of 0.5 percent of the value, as defined in AS 43.75.290, of  
8 fishery resources taken in a fishery that the person removes from the state or transfers  
9 to a buyer in the state.

10 \* **Sec. 64.** AS 43.76.370(b) is amended to read:

11 (b) The seafood development tax is levied under AS 43.76.350, 43.76.355,  
12 43.76.360, or 43.76.365 on fishery resources taken in a fishery, or is amended or  
13 terminated, on the effective date stated on the ballot if

14 (1) the levy, amendment, or termination of the tax is approved by a  
15 majority vote of the eligible interim-use permit **holders**, [AND] entry permit holders,  
16 **and entry permit lessees** in the fishery who vote in an election held under this  
17 section;

18 (2) at least 30 percent of the eligible interim-use permit **holders**,  
19 [AND] entry permit holders, **and entry permit lessees** in the fishery cast a ballot in  
20 the election to levy, amend, or terminate the tax; and

21 (3) the election results are certified by the commissioner of commerce,  
22 community, and economic development under (d) of this section.

23 \* **Sec. 65.** AS 43.76.370(c) is amended to read:

24 (c) In conducting an election under this section, the qualified regional seafood  
25 development association shall adopt the following procedures:

26 (1) the association shall hold at least one public meeting, not less than  
27 30 days before the date on which ballots must be postmarked to be counted in the  
28 election, to explain the reason for the proposed seafood development tax, the  
29 amendment of the tax, or the termination of the tax and to explain the registration and  
30 voting procedure to be used in the election; the association shall provide notice of the  
31 meeting by

1 (A) mailing the notice to each eligible interim-use permit  
2 **holder, [AND] entry permit holder, and entry permit lessee;**

3 (B) posting the notice in at least three public places in the  
4 seafood development region in which the fishery occurs; and

5 (C) publishing the notice in at least one newspaper of general  
6 circulation in the region at least once a week for two consecutive weeks before  
7 the meeting;

8 (2) the association shall mail two ballots to each eligible interim-use  
9 permit **holder, [AND] entry permit holder, and entry permit lessee;** the first ballot  
10 shall be mailed not more than 45 days before the date ballots must be postmarked to  
11 be counted in the election; the second ballot shall be mailed not less than 15 days  
12 before the date ballots must be postmarked to be counted in the election; the  
13 association shall adopt procedures to ensure that only one ballot from each eligible  
14 interim-use permit **holder, [AND] entry permit holder, and entry permit lessee** is  
15 counted in the election;

16 (3) the ballot must

17 (A) indicate whether the election relates to a seafood  
18 development tax under AS 43.76.350, 43.76.355, 43.76.360, or 43.76.365;

19 (B) indicate the fishery that is or will be subject to the seafood  
20 development tax to be levied or amended;

21 (C) ask the question whether the seafood development tax shall  
22 be levied or amended, as appropriate;

23 (D) indicate the geographic boundaries of the seafood  
24 development region in which the seafood development tax will be levied;

25 (E) provide an effective date for the levy or amendment of the  
26 seafood development tax in the fishery; and

27 (F) indicate the date on which returned ballots must be  
28 postmarked in order to be counted;

29 (4) the ballots shall be returned by mail and shall be counted by the  
30 commissioner of commerce, community, and economic development or by a person  
31 approved by the commissioner of commerce, community, and economic development.

1 \* **Sec. 66.** AS 43.76.370(f) is amended to read:

2 (f) If a seafood development tax has not been levied on a fishery resource in a  
3 seafood development region, the initial tax levied in any fishery in the region may be  
4 set at a rate set under AS 43.76.350, 43.76.355, 43.76.360, or 43.76.365 in accordance  
5 with procedures set out in this section. If a seafood development tax is currently levied  
6 on fishery resources in any fishery in a seafood development region, an election to  
7 approve the initial levy of a seafood development tax in another fishery in the region  
8 shall be for a levy of the tax at the current rate in the region. The election to approve  
9 the levy of a seafood development tax within a fishery shall be conducted among the  
10 eligible interim-use permit **holders**, [AND] entry permit holders, **and entry permit**  
11 **lessees** in the fishery.

12 \* **Sec. 67.** AS 43.76.370(g) is amended to read:

13 (g) An election to amend the current rate of the seafood development tax  
14 within a seafood development region shall be conducted among the eligible interim-  
15 use permit holders, [AND] entry permit holders, **and entry permit lessees** in each  
16 fishery within the region that has approved the levy of the tax under this section. In an  
17 election to amend the current rate of the seafood development tax within a region, a  
18 person shall receive, and may cast and have counted, a separate ballot for each fishery  
19 in the seafood development region that is subject to the tax for which the person is an  
20 eligible interim-use permit **holder**, [OR] entry permit holder, **or entry permit lessee**.

21 \* **Sec. 68.** AS 43.76.370(i) is amended to read:

22 (i) In this section, "eligible interim-use permit **holder**, [AND] entry permit  
23 holder, **and entry permit lessee**" means an individual who, 90 days before the date  
24 ballots must be postmarked to be counted in an election under this section, is listed in  
25 the records of the Alaska Commercial Fisheries Entry Commission as the legal owner  
26 of an interim-use permit or an entry permit **or as the legal owner or, under AS 16.44,**  
27 **the lessee of an entry permit** that authorizes the individual to operate commercial  
28 fishing gear in the fishery that is or will be subject to the seafood development tax that  
29 is the subject of the election.

30 \* **Sec. 69.** AS 43.76.375 is amended to read:

31 **Sec. 43.76.375. Termination of seafood development tax.** (a) The seafood

1 development tax levied under AS 43.76.350, 43.76.355, 43.76.360, or 43.76.365 may  
2 be terminated by the commissioner of revenue upon majority vote of eligible permit  
3 holders **and permit lessees** who vote in an election held under AS 43.76.370 in which  
4 at least 30 percent of the eligible **interim-use** permit holders, **entry permit holders,**  
5 **and entry permit lessees** cast a ballot. The seafood development tax may be  
6 terminated in one or more fisheries within a seafood development region under this  
7 section.

8 (b) The commissioner of revenue shall terminate a seafood development tax  
9 under (a) of this section following an election conducted by the qualified seafood  
10 development association for the seafood development region if

11 (1) a petition is presented to the commissioner of commerce,  
12 community, and economic development requesting termination of the seafood  
13 development tax in a fishery that is signed by at least 10 percent of the number of  
14 persons who are eligible to vote in an election under AS 43.76.370 to approve the levy  
15 of the seafood development tax in the fishery;

16 (2) an election is held in accordance with AS 43.76.370; the ballot  
17 must ask the question whether the seafood development tax for the fishery shall be  
18 terminated; the ballot must be worded so that a "yes" vote is for continuation of the  
19 seafood development tax and a "no" vote is for termination of the seafood  
20 development tax;

21 (3) a majority of the votes cast in the election by eligible interim-use  
22 permit **holders,** [AND] entry permit holders, **and entry permit lessees** are for the  
23 termination of the seafood development tax;

24 (4) at least 30 percent of the permit holders **and permit lessees** who  
25 are eligible to vote in the election cast a ballot in the election; and

26 (5) the qualified regional seafood development association for the  
27 fishery provides notice of the election in accordance with AS 43.76.370 within two  
28 months after receiving notice from the commissioner of commerce, community, and  
29 economic development that a valid petition under (1) of this subsection has been  
30 received.

31 \* **Sec. 70.** AS 43.76.375 is amended by adding a new subsection to read:

1 (c) In this section, "eligible interim-use permit holder, entry permit holder, and  
2 entry permit lessee" means an individual who is listed in the records of the Alaska  
3 Commercial Fisheries Entry Commission as the legal owner of an interim-use or entry  
4 permit or as the legal owner or, under AS 16.44, the lessee of an entry permit that  
5 authorizes the individual to operate commercial fishing gear in a fishery that is or will  
6 be subject to the seafood development tax that is the subject of an election under this  
7 section.

8 \* **Sec. 71.** AS 44.33.020 is amended by adding a new paragraph to read:

9 (46) carry out its functions and duties under AS 16.44;

10 \* **Sec. 72.** The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 **TRANSITION: REGULATIONS.** The commissioner of commerce, community, and  
13 economic development may immediately adopt regulations necessary to implement the  
14 provisions of this Act. The regulations may not take effect before January 1, 2017.

15 \* **Sec. 73.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 **INITIAL DIRECTORS OF REGIONAL COMMUNITY PERMIT BANKS.** Subject  
18 to AS 16.44.020(e), added by sec. 30 of this Act, the term of office of each initial director of a  
19 regional community permit bank shall be determined by lot.

20 \* **Sec. 74.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 **INITIAL ESTABLISHMENT OF PERMIT BANK REGIONS.** (a) When initially  
23 establishing the boundaries of a community permit bank region under AS 16.44.010(b), added  
24 by sec. 30 of this Act, the Department of Commerce, Community, and Economic  
25 Development shall, in consultation with the Department of Fish and Game, divide the land  
26 area of the state into separate permit bank regions that, in the judgment of the Department of  
27 Commerce, Community, and Economic Development, are socially and economically  
28 cohesive, using, to the extent practicable,

29 (1) the boundaries of the commercial fishing administrative areas established  
30 by the Alaska Commercial Fisheries Entry Commission under AS 16.43.200, as those  
31 boundaries are described in regulation on the effective date of sec. 30 of this Act; and

1                   (2) the designations of which state communities are local to particular  
 2 fisheries made in the report by the Alaska Commercial Fisheries Entry Commission titled  
 3 "Changes in the Distribution of Alaska's Commercial Fisheries Entry Permits, 1975 - 2014."

4                   (b) In establishing the permit bank regional boundaries under (a) of this section, the  
 5 Department of Commerce, Community, and Economic Development shall, to the extent  
 6 practicable,

7                   (1) clearly delineate which communities are in each region; and

8                   (2) ensure that a community is not split between regions.

9                   \* **Sec. 75.** Section 72 of this Act takes effect immediately under AS 01.10.070(c).

10                  \* **Sec. 76.** Except as provided by sec. 75 of this Act, this Act takes effect January 1, 2017.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 366  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB366-DCCED-INV-03-11-2016  
Title: COMM. FISH. ENTRY PERMIT LOANS & BANKS  
Sponsor: KREISS-TOMKINS  
Requester: (H) Fisheries

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Investments  
Allocation: Investments  
OMB Component Number: 383

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	***	***	***	***	***	***	***
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	***	***	***	***	***	***

**Fund Source (Operating Only)**

None							
<b>Total</b>	***	***	***	***	***	***	***

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
---------------------------	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2017) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? TBD

**Why this fiscal note differs from previous version:**

Not applicable, initial version.
----------------------------------

Prepared By: <u>Brittney Cioni-Haywood, Director</u>	Phone: (907)465-2625
Division: <u>Economic Development</u>	Date: 03/11/2016 11:55 AM
Approved By: <u>Catherine Reardon, Director</u>	Date: 03/11/16
Agency: <u>Division of Administrative Services, DCCED</u>	

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2016 LEGISLATIVE SESSION**

**BILL NO. HB 366**

---

**Analysis**

The purpose of this bill is to create Regional Community Permit Banks (RCPB) that will own, buy, sell, and lease Limited Entry Permits (permits) to people who are domiciled in a particular region of Alaska. The intent of the bill is to give easier access to permits in coastal communities that historically had more permit holders. The RCPB would lease permits for short terms of six years.

The fiscal impact of this legislation cannot be accurately determined at this time. There would be initial costs to develop regulations and to designate regions. This fiscal note will be revised when those costs can be more accurately estimated. It is the intent of the legislation that after the program is established it would be supported by fees, with no general fund impact.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 366  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB0366a-DFG-DCF-03-11-16  
Title: COMM. FISH. ENTRY PERMIT LOANS & BANKS  
Sponsor: KREISS-TOMKINS  
Requester: House Fisheries

Department: Department of Fish and Game  
Appropriation: Commercial Fisheries  
Allocation: Statewide Fisheries Management  
OMB Component Number: 2171

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
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>0.0</b>

**Fund Source (Operating Only)**

None								
<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>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
---------------------------	--	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By:	Carol A. Petraborg, Director	Phone:	(907)465-6077
Division:	Administrative Services	Date:	03/11/2016 01:20 PM
Approved By:	Kevin Brooks, Deputy Commissioner	Date:	03/11/16
Agency:	Fish and Game		

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2016 LEGISLATIVE SESSION**

**BILL NO.** HB 366

**Analysis**

This Bill establishes Regional Community Permit Banks and regions for certain commercial fishing permits and provides Community Permit Banks the ability to purchase and lease those permits. These actions would not have a fiscal impact on the department.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 366  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB366-DFG-CFEC-03-16-16  
Title: COMM. FISH. ENTRY PERMIT LOANS & BANKS  
Sponsor: KREISS-TOMKINS  
Requester: House Fisheries

Department: Department of Fish and Game  
Appropriation: Commercial Fisheries  
Allocation: Commercial Fisheries Entry Commission  
OMB Component Number: 471

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
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>0.0</b>

**Fund Source (Operating Only)**

None							
<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>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

--	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/16

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: <u>Shirley A. Penrose, Acting Executive Director</u>	Phone: <u>(907)790-6960</u>
Division: <u>Commercial Fisheries Entry Commission</u>	Date: <u>03/16/2016 04:49 PM</u>
Approved By: <u>Benjamin E. Brown, Commissioner</u>	Date: <u>03/16/16</u>
Agency: <u>Fish and Game</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. HB 366

### Analysis

The Alaska Commercial Fisheries Entry Commission (CFEC) would work to adjust its structure and operations as necessary in order to implement the provisions of House Bill 366 if it were to become law.

After consideration by staff, CFEC is proceeding with the hypothesis that the total number of limited entry permits held by all permit banks would not be likely to exceed 160, and would probably not reach that number for some time. This figure is based on an estimate of 16 regions each with a single permit bank each (derived from the 16 CFEC Administrative Areas found in 20 AAC 05.230(a)(3)). Under AS 16.44.060(a), each permit bank could only own permits in its own region, and would be limited to holding no more than four percent of that bank's respective fishery participation (which often would mean less than 10). Proposed AS 16.44.060(b) would allow for an exception to the ten-permit cap if acquisition of additional permits would, "... make the portfolio of entry permits held by the permit bank a better representation of the permits issued for all fisheries in the permit bank region."

Proposed AS 16.44.060(b) would further allow a permit bank to acquire a single additional permit, "... if the acquisition ... would make the portfolio of entry permits held by the permit bank less representative of the permits issued for the fisheries in the permit bank region." Proposed AS 16.44.060(d) would also allow the board of directors of a permit bank that had reached its maximum portfolio size to vote by super-majority to seek a waiver from the Commissioner of Commerce, Community & Economic Development, which would be granted if the waiver would assist the permit bank in achieving the purposes of 16.44.010(a). As these exceptions are either not self-explanatory or otherwise impracticable for incorporation into a hypothetical analysis, CFEC's analysis assumes each permit bank's maximum portfolio will not go beyond ten permits, yielding a potential 160 limited entry permits held under bank authority.

The passage of HB 366 would change two fundamental principles enshrined in the Limited Entry Act which guide CFEC's daily operations:

Corporations, companies, and other entities that are not persons cannot own permits.  
Leasing permits is not currently legal.

CFEC envisions some possible ability for permit banks to digitally interact with the commission as well as limited management functionality. The underlying data structure of our current licensing system would change somewhat radically with the introduction of these corporate entities and a new data structure, data normalization, and web deliverable would need to be built by programmers. CFEC believe this could be done with approximately 24 months of full-time programming for an Analyst/Programmer IV, Analyst/Programmer V and a Database Project Manager. All three positions are assumed to be competent programmers, database aware and have sufficient institutional knowledge of CFEC and general fishery management.

As CFEC's Research Section monitors and conducts quality control on the data in those databases, it would mean a small increase in monitoring work for the Research Section. However, it would be prudent to capture and report basic economic information on the leases, and to capture and report on actual performance of the leases in the fisheries.

Reporting would include regularly publishing a '*Lease Value Report*' similar to the Research Section task of publishing the *Permit Value Report*.

Reporting would also include publication of '*Lease holdings of CFEC permits and estimates of Gross Earnings*,' an annual report with a rigorous look at the basic economics and performance of the leases in the fisheries. If HB 366 were to become law and CFEC were to publish a report '*Lease holdings of CFEC permits and estimates of Gross Earnings*,' it would be additional reporting, requiring additional Research Analyst III time.

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. HB 366

**Analysis Continued**

Taken together, performing a regular '*Lease Value Report*' and annually publishing a report '*Lease holdings of CFEC permits and estimates of Gross Earnings*,' the increased workload for the Research Section would require approximately 5 months of Research Analyst III time.

CFEC further assumes that the permit bank leases changing hands could create a corresponding CFEC transfer (either permanent transfers or emergency transfers) and CFEC vessel licensing changes in a year, potentially creating additional undetermined workload for licensing and adjudications.

CFEC also notes that it is unclear what ultimate fiscal impact HB 366 would have on the entity responsible for developing systems to record and report on the types of transactions outlined in this legislation. The scope and effect of Administrative Order 279 (which authorized the transfer of ministerial licensing and permitting services from CFEC to DFG) is currently under consideration.

**City Of Ouzinkie**  
**RESOLUTION 2016-03**

**A RESOLUTION SUPPORTING LEGISLATION IMPROVING ALASKANS'  
ACCESS TO ALASKA FISHERIES**

**WHEREAS**, limited entry commercial fisheries are the economic backbone of all of Alaska's coastal communities, from Southeast to Southwest; and,

**WHEREAS**, the "graying of the fleet" – the increasing average age of Alaska's fishermen – is endangering the ability to pass on experience, knowledge, resources, culture, and value of fisheries to younger generations of Alaskans; and,

**WHEREAS**, the out-migration of Alaska fishing permits to nonresidents who do not live or invest in our coastal communities deprives those communities of economic activity; and,


**WHEREAS**, the lack of economic opportunity in Alaskan communities from the loss of local fishing permits contributes to extreme levels of unemployment, lack of local tax base, and high rates of alcohol and drug abuse and other social ills; and,

**WHEREAS**, the legislation to improve Alaskans' access to Alaska fisheries has been collaboratively worked on for the previous 14 months with stakeholders from across Alaska;

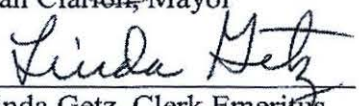
**NOW THEREFORE BE IT RESOLVED;** that the City of Ouzinkie supports legislation improving Alaskans' access to Alaska fisheries to stem the loss of Alaska fishing permits from coastal communities, provide young Alaskans better means of economic opportunity, and reinvigorate the cultural and economic vitality of fishing communities across Alaska.

**PASSED and APPROVED** by a duly constituted quorum of the Ouzinkie City Council this 24<sup>th</sup> day of February 2016.

SIGNED \_\_\_\_\_

  
Dan Clarion, Mayor

ATTEST \_\_\_\_\_

  
Linda Getz, Clerk Emerita

**RESOLUTION 2016-03**  
**A RESOLUTION OF THE CITY COUNCIL OF THE**  
**CITY OF PORT LIONS SUPPORTING LEGISLATION IMPROVING ALASKANS**  
**ACCESS TO ALASKA'S FISHERIES**

**WHEREAS**, the City of Port Lions is an incorporated second class City recognized by the State of Alaska; and

**WHEREAS**, the Port Lions City Council is the governing body of the City of Port Lions, and

**WHEREAS**, limited entry commercial fisheries are the economic backbone of all of Alaska's coastal communities, from Southeast to Southwest, and

**WHEREAS**, the "graying of the fleet" — the increasing average age of Alaska's fishermen, is endangering the ability to pass on experience, knowledge, resources, culture, and value of fisheries to younger generations of Alaskans, and


**WHEREAS**, the out-migration of Alaska fishing permits to nonresidents who do not live or invest in our coastal communities deprives those communities of economic activity, and

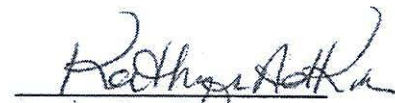
**WHEREAS**, the lack of economic opportunity in Alaskan communities from the loss of local fishing permits contributes to extreme levels of unemployment, lack of local tax base, and high rates of alcohol and drug abuse and other social ills, and

**WHEREAS**, the legislation to improve Alaskans' access to Alaska fisheries has been collaboratively worked on for the previous 14 months with stakeholders from across Alaska.

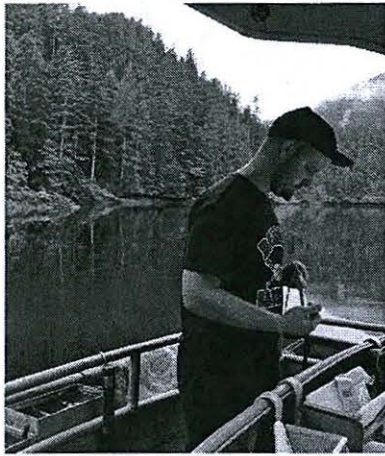
**NOW THEREFORE BE IT RESOLVED** that the City Council of Port Lions, Alaska supports legislation improving Alaskans' access to Alaska fisheries to stem the loss of Alaska fishing permits from coastal communities, to provide young Alaskans better means of economic opportunity, and to reinvigorate the cultural and economic vitality of fishing communities across Alaska.

**Passed and Approved by a duly Constituted Quorum of the City Council of the City of Port Lions this 10 day of March, 2016**

  
\_\_\_\_\_  
Mayor, City of Port Lions

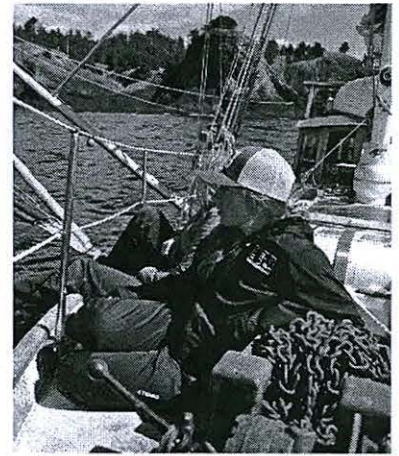
  
\_\_\_\_\_  
Attest, City Clerk

# Fisheries Access for Alaskans

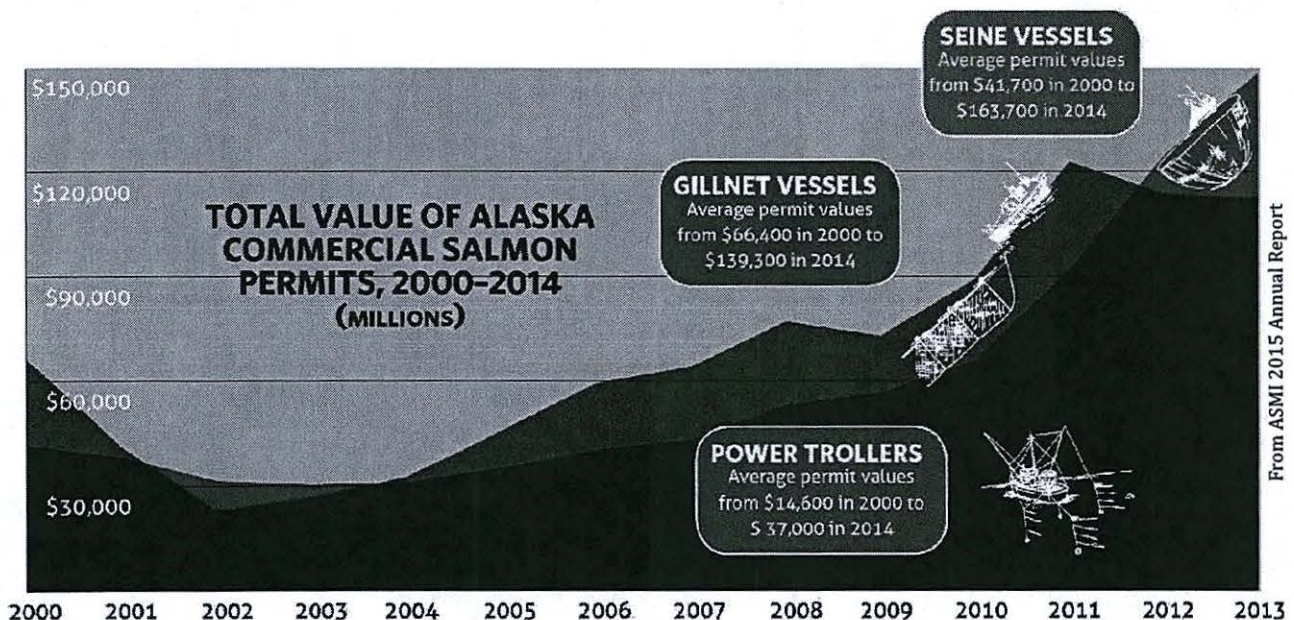


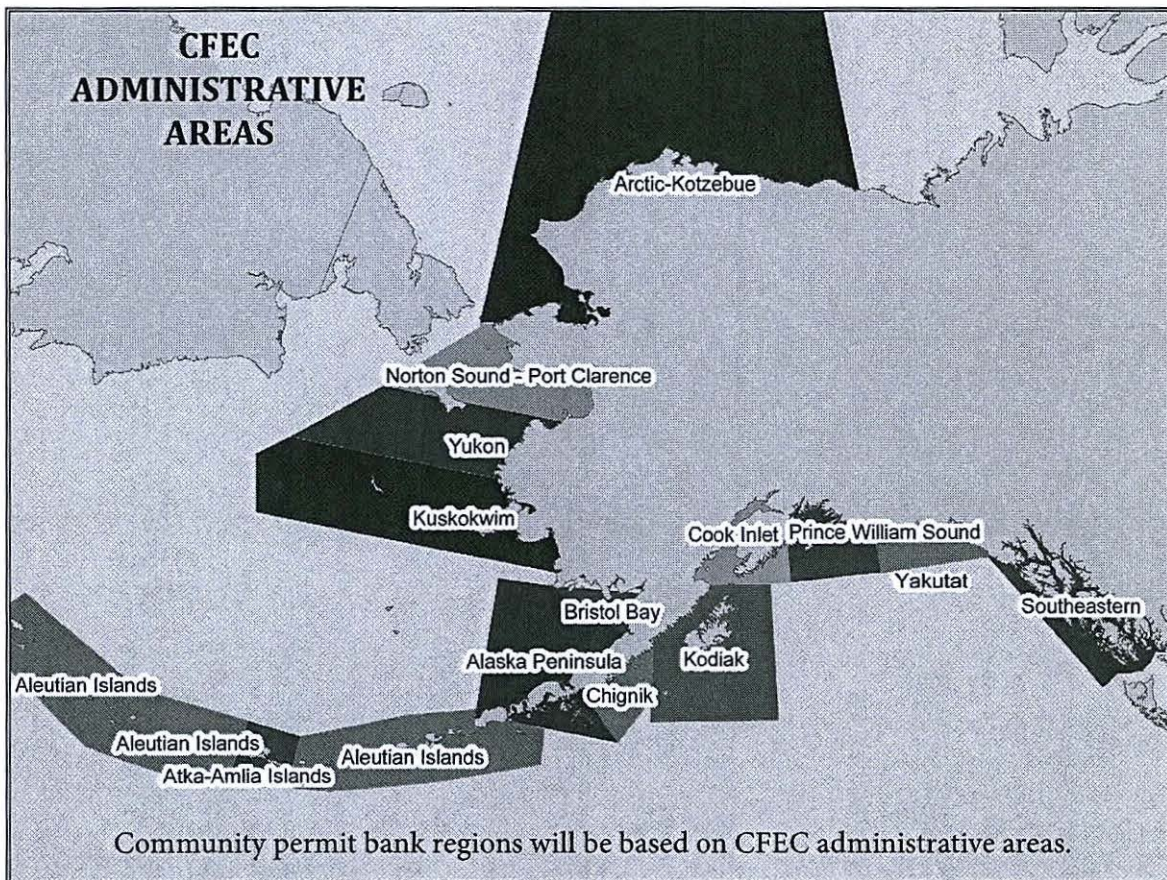
**The Graying of the Fleet:**  
Permit Holders Under the Age of 40  
by Community

	1990	2013
Angoon	20	1
Cordova	191	77
Craig	45	28
Dillingham	148	70
Haines	48	24
Hoonah	35	8
Hydaburg	9	3
Kake	21	4
King Cove	36	10
Klawock	7	11
Metlakatla	6	12
Naknek	67	27
New Stuyahok	12	6
Petersburg	163	117
Sand Point	40	14
Sitka	132	118
South Naknek	26	6



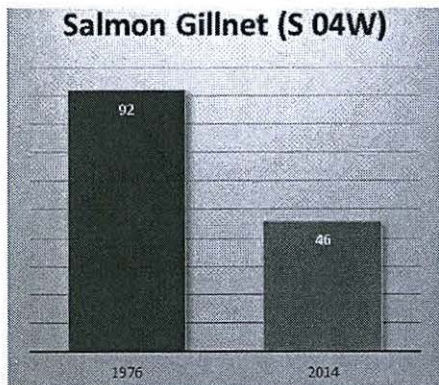
As the value of permits has risen higher and higher, boosted by sales to the Lower 48, the next generation of fishermen from Alaska can no longer afford them.



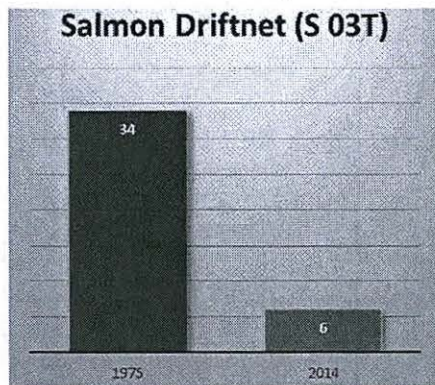


## PERMIT LOSS IN SELECT ALASKA COMMUNITIES

**Kwethluk**  
50% decrease in permits



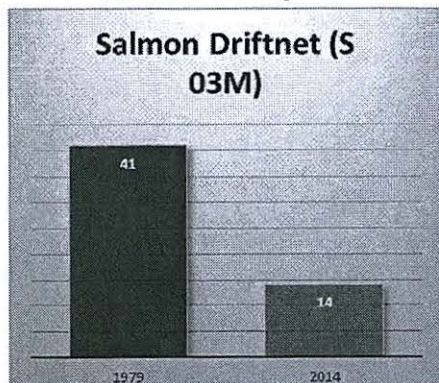
**Egegik**  
82% decrease in permits



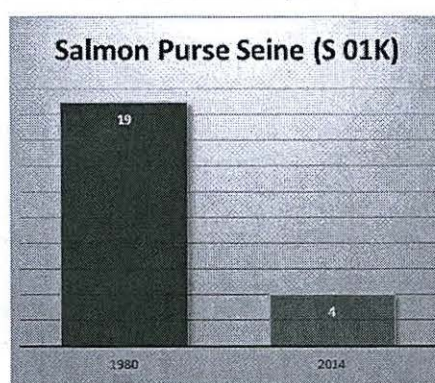
**Hydaburg**  
75% decrease in permits



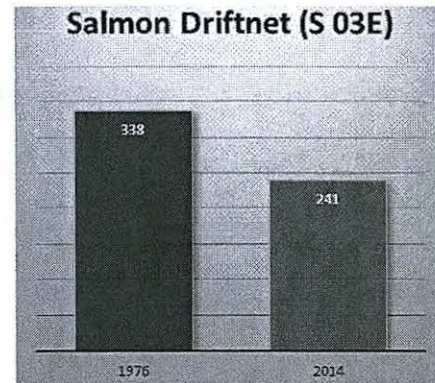
**King Cove**  
66% decrease in permits



**Old Harbor**  
79% decrease in permits



**Cordova**  
27% decrease in permits



**Native Village of Ouzinkie**

Ouzinkie Tribal Council

P.O. Box 130

Ouzinkie, Alaska 99644

Ph. 907-680-2259 Fax 907-680-2214

Resolution 2016-3

**A RESOLUTION SUPPORTING LEGISLATION IMPROVING  
ALASKANS' ACCESS TO ALASKA FISHERIES**

**WHEREAS**, limited entry commercial fisheries are the economic backbone of all of Alaska's coastal communities, from Southeast to Southwest;

**WHEREAS**, the "graying of the fleet" — the increasing average age of Alaska's fishermen — is endangering the ability to pass on experience, knowledge, resources, culture, and value of fisheries to younger generations of Alaskans;

**WHEREAS**, the out-migration of Alaska fishing permits to nonresidents who do not live or invest in our coastal communities deprives those communities of economic activity;

**WHEREAS**, the lack of economic opportunity in Alaskan communities from the loss of local fishing permits contributes to extreme levels of unemployment, lack of local tax base, and high rates of alcohol and drug abuse and other social ills;

**WHEREAS**, the legislation to improve Alaskans' access to Alaska fisheries has been collaboratively worked on for the previous 14 months with stakeholders from across Alaska;

**THEREFORE BE IT RESOLVED** that the Native Village of Ouzinkie supports legislation, such as HB 366, improving Alaskans' access and supports legislation improving Alaskans' access to Alaska fisheries to stem the loss of Alaska fishing permits from coastal communities, provide young Alaskans better means of economic opportunity, and reinvigorate the cultural and economic vitality of fishing communities across Alaska.

Approved and adopted at a council meeting, a quorum being present, on February 29, 2016



Robert Boskofsky, Sr., President



Katherine Panamarioff, Secretary

**NATIVE VILLAGE OF PORT LIONS**

**AMENDMENT ONE (1) TO: RESOLUTION NO. 2016-07R  
(Originally adopted by PLTTC on 2/4/2016 – Votes: 6 – 0 – 0)**

**AN AMENDED RESOLUTION OF THE NATIVE VILLAGE OF PORT LIONS TRADITIONAL TRIBL COUNCIL SUPPORTING LEGISLATION IMPROVING ALASKANS' ACCESS TO ALASKA FISHERIES.**

**WHEREAS,** the Native Village of Port Lions is a federally recognized Indian Tribe as defined in Section 3(c) of the Alaska Native Claims Settlement Act, as amended; and

**WHEREAS,** the Port Lions Traditional Tribal Council is the governing body of the Native Village of Port Lions; and

**WHEREAS,** the Native Village of Port Lions has consistently implemented and operated successful membership and community services since its formal inception in August, 1978; and

**WHEREAS,** limited entry commercial fisheries are the economic backbone of all of Alaska's coastal communities, from Southeast to Southwest; and

**WHEREAS,** the "graying of the fleet" – the increasing average age of Alaska's fishermen – is endangering the ability to pass on experience, knowledge, resources, culture and value of fisheries to younger generations of Alaskans; and

**WHEREAS,** the out-migration of Alaska fishing permits to nonresidents who do not live or invest in our coastal communities deprives those communities of economic activity; and

**WHEREAS,** the lack of economic opportunity in Alaskan communities from the loss of local fishing permits contributes to extreme levels of unemployment, lack of local tax base, and high rates of alcohol and drug abuse and other social ills; and


**WHEREAS,** the legislation to improve Alaskans' access to Alaska fisheries has been collaboratively worked on for the previous 14 months with stakeholders from across Alaska; and

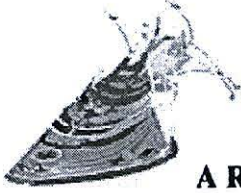
**NOW THEREFORE BE IT RESOLVED,** that the Native Village of Port Lions Traditional Tribal Council supports legislation, such as HB 366, improving Alaskans' access to Alaska fisheries to stem the loss of Alaska fishing permits from coastal communities, to provide young Alaskans better means of economic opportunity, and reinvigorate the cultural and economic vitality of fishing communities across Alaska.

**CERTIFICATION:**

We, the undersigned officers of the Port Lions Traditional Tribal Council, do hereby certify that the foregoing Amendment to Resolution No. 2016-07R was duly adopted on the Twenty Sixth day of February, 2016, with a quorum present and 4 votes for, 0 votes against, and 0 abstaining.

  
ELIZABETH PENNINGTON, PRESIDENT

  
JULIE KAISER, SECRETARY/TREASURER



## **SUN'AQ TRIBE OF KODIAK**

*Federally Recognized December, 2000*

**RESOLUTION #2016-05**

### **A RESOLUTION SUPPORTING LEGISLATION IMPROVING ALASKANS' ACCESS TO ALASKA FISHERIES**

**WHEREAS**, limited entry commercial fisheries are the economic backbone of all of Alaska's coastal communities, from Southeast to Southwest;

**WHEREAS**, the "graying of the fleet" — the increasing average age of Alaska's fishermen — is endangering the ability to pass on experience, knowledge, resources, culture, and value of fisheries to younger generations of Alaskans;

**WHEREAS**, the out-migration of Alaska fishing permits to nonresidents who do not live or invest in our coastal communities deprives those communities of economic activity;

**WHEREAS**, the lack of economic opportunity in Alaskan communities from the loss of local fishing permits contributes to extreme levels of unemployment, lack of local tax base, and high rates of alcohol and drug abuse and other social ills;

**WHEREAS**, the legislation to improve Alaskans' access to Alaska fisheries has been collaboratively worked on for the previous 14 months with stakeholders from across Alaska;

**THEREFORE BE IT RESOLVED** that \_\_\_\_\_ supports legislation improving Alaskans' access to Alaska fisheries to stem the loss of Alaska fishing permits from coastal communities, provide young Alaskans better means of economic opportunity, and reinvigorate the cultural and economic vitality of fishing communities across Alaska.

**Approved and Adopted, this 22 day of February 2016**

  
\_\_\_\_\_  
Thomas Johnson, Jr. Chairperson

  
\_\_\_\_\_  
Alexandria Troxell, Secretary/Treasurer

  
\_\_\_\_\_  
Attest

January 28, 2016

To the Members of the Alaska Legislature:

We are young fishermen from across Alaska. As fishermen, we are rooted in, dedicated to and reliant on the health of our coastal communities and marine ecosystems. And they rely on us — to be good providers and marine stewards.

Our generation faces many challenges to building successful fishing businesses. Some of these we accept as the fishing way of life, but other challenges are new and daunting: higher-than-ever costs to enter our fisheries, increasingly restrictive financing options, stock declines — and the continued outmigration of permits and quota from Alaska communities. These issues have compounding consequences: the loss of our economic self-sufficiency, professional development, food security, and heritage.

As leaders and policy makers you have the opportunity to consider concrete options for improving and protecting community access to local fisheries. It is imperative that Alaska develop long-term tools for anchoring fishing access in communities and in Alaska, an essential piece of the state's economic stability and community well being. Permit banks are one option, and a strong and practical mechanism to revitalize fishing communities. As the future leaders of Alaskan fisheries, we urge you to consider this and other viable tools for ensuring a strong fishing future for Alaska's coastal communities.

Despite the challenges we face, we continue to build our businesses. Fishing is integral to our livelihood and to Alaska's well being. Please help us to ensure that the next generation of Alaskans has access to Alaska's fisheries.

Sincerely,

Name: Elsa Sebastian  
Hometown: Sitka  
Fishery: SE Power Troll

Name: Hannah Heimbuch  
Hometown: Homer  
Fishery: Cook Inlet Drift, Gulf Longline

Name: Thomas Emerson  
Hometown: Juneau  
Fishery: Power - Troll

Name: Alec Schramek  
Hometown: Petersburg  
Fishery: Power troll / cucumber Dike

Name: Iris Nash  
Hometown: Juneau AK  
Fishery: Salmon Trolling

Name: Chris Nash  
Hometown: Juneau AK  
Fishery: Salmon Trolling

Name: Kristu Crump  
Hometown: Valdez, AK  
Fishery: PWS purse seining

Name: David Fleming  
Hometown: Anchorage AK  
Fishery: ~~PWS~~ setnet

Name: Alexander Smith  
Hometown: Aleknagik AK  
Fishery: Bristol Bay

Name: Hunter Davis  
Hometown: Juneau  
Fishery: SE seine / crab

Name: Aaron Johnston  
Hometown: Eagle River, AK  
Fishery: Bristol Bay

Name: Jared Oien  
Hometown: Ketchikan, AK  
Fishery: southeast salmon

Name: Sean Hawk  
Hometown: Ketchikan  
Fishery: Troll / LL

Name: Billy Hayden  
Hometown: Homer  
Fishery: Direct markets

Name: Steve Johnson  
Hometown: Sitka / Wrangell  
Fishery: Tender

Name: Patrick Lone  
Hometown: Homer  
Fishery: Tender / longline

Name: Darren Platt  
Hometown: Kodiak  
Fishery: Salmon, Herring

Name: Hugh Fleming  
Hometown: Petersburg  
Fishery: S.E. seine / BB drift

Name: Tori Connor  
Hometown: Petersburg  
Fishery: S.E. - PWS Seim - Long Line  
SETTLE

Name: Melissa Nagamine  
Hometown: Ketchikan  
Fishery: SE Seine

Name: Sommers Cole  
Hometown: Juneau, AK  
Fishery: SE GILLNET

Name: Amanda Johnston  
Hometown: Homer, AK  
Fishery: Bristol Bay

Name: Brant Widness  
Hometown: Ketchikan, AK  
Fishery: Troll / Dive

Name: Amy Schaub  
Hometown: Homer  
Fishery: SEINE / LONGLINE

Name: Margaret Borsch  
Hometown: Homer  
Fishery: gillnet and setnet Bristol Bay

Name: Jonah N. Yakunin  
Hometown: Nikolaevsk, AK  
Fishery: gillnet and Longline

Name: Bernina Veneta  
Hometown: Dillingham, AK  
Fishery: Bristol Bay

Name: Gary Cline  
Hometown: Dillingham, AK  
Fishery: Bristol Bay Salmon

Name: Forest Sebastian  
Hometown: PSG  
Fishery: Troll

Name: Hayley Hoover  
Hometown: CORDOVA AK  
Fishery: DRIFT GILLNET

Name: Andrew Scudder  
Hometown: BOISE ID  
Fishery: PWS Seine

Name: MERANIE BROWN  
Hometown: JUNEAU AK  
Fishery: BASKET BY SOCKEYE

Name: MIKEY SHARP  
Hometown: TWIN HILLS  
Fishery: NORTH PACIFIC FISHERY

Name: Carina Nichols  
Hometown: SITKA  
Fishery: troll

Name: Darin Gilman  
Hometown: CORDOVA AK  
Fishery: PWS

Name: SOPHIE NETHERCUT  
Hometown: SITKA  
Fishery: Salmon troll

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

Name: \_\_\_\_\_  
Hometown: \_\_\_\_\_  
Fishery: \_\_\_\_\_

**Alaska Independent Fishermen's  
Marketing Association**

P.O. Box 60131  
Seattle, WA 98160  
Phone/Fax (206) 542-3930

P.O. Box 178  
Naknek, AK 9963



March 16, 2016

House Fisheries Committee  
Representative Louise Stutes, Chair  
State Capitol Room 416  
Juneau AK, 99801

Via Email: [reid.harris@akleg.gov](mailto:reid.harris@akleg.gov)  
Phone: 907-465-4087

Re: HB 366

Dear Representative Stutes and Members of the House Fisheries Committee:

I am president of the Alaska Independent Fishermen's Association (AIFMA). AIFMA is a fishermen's cooperative, organized in Alaska in 1966, and represents commercial fishing permit holders in Bristol Bay, who are members of AIFMA. I am writing on their behalf regarding HB 366.

Although HB 366 has the understandable goal of trying to encourage residents of economically depressed areas of Alaska to purchase commercial fishing permits in those areas, HB 366 employs unconstitutional means of doing so. Furthermore, HB 366 will not accomplish its goal, and the bill may even defeat the ability of commercial fishermen to negotiate fair prices. I'll explain.

**A. HB 366 violates the Prohibition of Special Privileges of Fishery by Section 15 of Article VIII of the Alaska Constitution.**

Article VIII, Section 15, of the Alaska Constitution provides in part that "[n]o exclusive right or *special privilege* of fishery shall be created or authorized in the natural waters of the State." (Italics added) Although this prohibition does not prevent the State from managing fisheries to prevent economic distress among fishermen, the prohibition expressly bars special privileges in doing so.<sup>1</sup>

HB 366 creates an impermissible "special privilege of fishery." The bill does so by establishing criteria for leasing permits based on "the degree of economic hardship posed to the applicant and

---

<sup>1</sup> See Section 15, Art. VIII, Alaska Constitution.

the applicant's community by not being able to gain entry in to the fishery for which the leased permit is for" and on other criteria tailored to an individual's lack of alternative occupations and income, and the historical dependence of the applicant, the applicant's family, or the applicant's community on a particular fishery. See proposed AS 16.44.050(c). These criteria create a special privilege for applicants who meet the criteria. That violates Section 15 of article VIII of the Alaska Constitution.

In *McDowell v. State*, 785 P.2d 1 (Alaska 1989), the Alaska Supreme Court explained that, in Article VIII, Section 15, Section 3 (the "common use" clause) and Section 17 (the "uniform application clause" that laws and regulations governing the use of natural resources "shall apply equally to all persons similarly situated") mean that "exclusive or special privileges to take fish and wildlife are prohibited." 785 P2d at 15. Section 15 states this explicitly with respect to fisheries. *Id.* The proceedings of the Constitutional Convention show that the same meaning was intended with respect to sections 3 and 17. A memorandum of the Constitutional Convention Committee on Resources expresses the view that the common use clause has as one of its purposes a prohibition on exclusive grants or special privileges. The memorandum states: "The expression 'for common use' implies that these resources are not to be subject to exclusive grants or special privileges as was so frequently the case in ancient royal tradition." 785 P2d at 15-16 citing Alaska Constitutional Convention Papers, Folder 210, Papers Drafted by Committee on Resources, entitled "Terms." The Committee on Resources commentary with respect to the uniform application clause states:

This section is intended to exclude any especially privileged status for any person in the use of natural resources subject to the disposition of the state.<sup>2</sup>

Similarly, in *Owsichek v. State*, 763 P.2d 488 (Alaska 1988), the Court observed that the article VIII provisions were designed to ensure to the public the broadest possible access to wildlife, and that "the common use clause impose[s] upon the state a trust duty to manage the fish, wildlife and water resources of the state for the benefit of *all* the people." *Id.* at 495 (emphasis added). "[A] minimum requirement of this duty is a prohibition against any . . . special privileges." *Id.* at 496.

**B. HB 366 violates the Equal Protection Clause of Section 1 of Article I of the Alaska Constitution.**

Article I, Section 1, of the Alaska Constitution provides in part that "all persons are equal and entitled to equal rights, opportunities, and protection under the law." It requires analysis using a "sliding scale approach instead of the tiered approach of federal equal protection analysis." *State, by and through the Departments of Transportation and Labor v. Ensearch Alaska Construction, Inc.*, 787 P2d 624, 631 (Alaska 1989). This sliding scale analysis "often provides greater protection to individual rights than does the U.S. Constitution." *Id.* The first task is to determine the importance of the individual interest impaired by the challenged enactment. *Id.* "[T]he right to engage in an economic endeavor within a particular industry is an 'important' right for state equal protection purposes." 787 P.2d at 632.

---

<sup>2</sup> *McDowell*, 785 P.2d at 16 citing 6 Proceedings of the Alaska Constitutional Convention 84 (Dec. 16, 1955).

While the goal of HC 366 trying to encourage residents of economically depressed areas to purchase permits is important, it conceals the "underlying objective of economically assisting one class over another," which the Court has held to be an "illegitimate" objective. 787 P.2d at 634. Therefore, HB 366 violates the equal protection clause of the Alaska Constitution by assisting one class of citizens over another.

**C. HB 366 will not accomplish its goal and will instead use subsidies to re-create the problem it tries to solve.**

The proposed AS 16.44.050 would allow permit banks to borrow funds and accept gifts or grants from any federal or state agency or municipality, private organization, or other source, or the gift or grant of any permit for a fishery located within the region of a permit bank. Because the permit bank would be an instrumentality of the State, such gifts or grants would be tax deductible.

The bank could enter into lease-to-purchase agreements offering favorable terms for purchase by an applicant. After the purchase is consummated (even if a loan for the purchase price is not yet paid off), the applicant could sell the permit on the market, and make a profit at the expense of the entities or persons that gave funds, gifts or grants to the permit bank. In other words, HB 366 allows schemes that abuse federal, state or local funds, grants or gifts. Such schemes abuse government and donors and unjustly enrich unscrupulous applicants. That is poor public policy. Moreover, an applicant who buys from a permit bank could sell the permit to an out-of-state or out-of-region buyer, and doing so would then re-create the very same problem HB 366 is trying to solve. Therefore, HB 366 bill does accomplish its goal and does not solve the problem it tries to solve.

**D. HB 366 fails to prevent permit banks from colluding with processors to defeat the interests of fishermen in negotiating a fair price.**

Nothing in HB 366 prevents the board of a permit bank from colluding with a particular processor (or processors) to lease permits to applicants who would agree to sell fish to that processor or those processors. Such collusion would allow processors to gain greater control of a fishery and to defeat the ability of fishermen to negotiate fair prices. Therefore, the bill is counter-productive to the goal of creating economic benefits for fishermen and local communities.

For these reasons, I encourage the House Fisheries Committee to hold, rather than advance, HB 366.

Thank you for considering these comments. If given the opportunity, I would be pleased to testify.

Sincerely,



David Harsila, President  
Alaska Independent Fishermen's Marketing Association

# **UNITED SOUTHEAST ALASKA GILLNETTERS**

**Box 2196, Petersburg AK 99833 \* (253) 237-3099 \* [usag.alaska@gmail.com](mailto:usag.alaska@gmail.com) \* [akgillnet.org](http://akgillnet.org)**

March 15, 2016

Representative Louise Stutes  
Chair, House Fisheries Committee  
State Capitol Room 416  
Juneau, AK 99801-1182  
sent via email

Dear Chairwoman Stutes, Representative Kreiss-Tomkins (Sponsor) and Committee Members:

United Southeast Alaska Gillnetters, an Alaska fisherman's organization representing the interests of 473 salmon gillnet permit holders and their families, OPPOSES House Bill 366, Commercial Fisheries Entry Permit Loans and Banks.

House Bill 366 proposes to change the Limited Entry Act. Limited entry has been in effect for over four decades. It has served its purpose well in restricting access to valuable state resources, allowing for regulated management of those resources. Ownership by individuals of those rights has always been seen as the guiding principle of the Act. Allowing access to those harvesting privileges by communities flies in the face of that guiding principle.

The idea that this bill would bring economic vibrancy to communities is false. Adding a handful of limited entry permits, for lease, to locals will not stimulate a local economy. Adding a few seasonal jobs will not have a measurable impact on a local economy. In other words, we will not see an increase of local business opportunity associated with these proposed community permits. The fish will be sold to processors located in other communities, the fishermen who lease these permits will buy their gear and maintenance necessities from established businesses in the region or "down south."

The excited leasers of these permits will be residents. At some point, their ability to lease will be compromised by the time limits established by this bill. Let's say, for example, a young man chooses to lease a permit because he likes the fishery and it has been profitable. There is nothing

in the Bill to keep him in his community. Also, there is no infrastructure to support his work in the communities this Bill targets.

Most new permit holders would probably choose to move to places where their spouse can find a job, where they can service their vessel or where it is less expensive to live. Many of the communities that are the subject of this bill are economically challenged in our present cash economy. It is important to realize that many of these communities are left-overs from an economy based on subsistence and/or bygone economic activity. They call places like that "ghost towns" in the rest of the world. Many individuals holding limited entry permits in these communities have moved away, likely due to economic reasons alone. It makes little sense to recreate and inject a system that has proven to be a failure for those communities. This is social engineering that will not fix the perceived problem. We are not going to see villages growing and thriving with this bill.

We keep hearing about the "graying of the fleet" like it is a bad thing. In reality, it is just a natural progression of limited entry. Remember, limited entry has only been in effect for a little over 40 years. People are making careers of it. Most people in the limited entry fisheries bought in. Nothing has changed from the time I bought into SE gillnetting in 1982. I think I paid \$34K for my permit, which was indicative of the value of the fishery. It is the same way today. I've watched the value of my permit go from there to 139K in 1988, down to as low as 18K, back up to over 100k, and I see it slowly dropping again. These price changes are because of the perceived value of the fishery, based on market conditions.

For young people wanting to launch their own fishing business, it is daunting. IT ALWAYS HAS BEEN. Anytime any business is undertaken, there is uncertainty and the very real prospect of failure. The idea that leasing a permit will allow somebody a chance to "get their feet wet", and make and save money to someday buy their own permit flies in the face of economic realities. They will still have to come up with a vessel. Will they lease these as well? With no ownership of anything, there is no equity gained. Lease payments are based on performance in most cases, such as a percentage of the financial gross. The leaser has nothing to depreciate, leaving them with a tax bill that is exactly like the one they would get from working as crew.

Many people buying into our fisheries are older. Many have crewed their entire working lives and finally would like to call the shots. There are plenty of doctors, lawyers, teachers and government workers. Despite the makeup of the people who buy in, it doesn't affect the price of permits. They have always been worth the perceived value of the fishery. Yet, this bill would also have an impact on permit prices.

In southeast gillnetting our latency rate is about 7%, probably one of the state's lowest. If CPB's were to buy up 4%, it would leave about 3 percent. Taking permits off the free market such as

this Bill proposes, would actually drive permit prices up, making it even harder for young people to buy. There could be other impacts from this Bill that are untenable. If communities are given access to permits, will they come to the table at the Board of Fisheries demanding exclusive rights to nearby fishing grounds? I could see that playing out, especially by desperate communities trying to keep their populace.

I keep hearing that this bill originated in Bristol Bay. While it is true the Bay has seen a huge swing of permits from resident to nonresident, it appears the dual permit regime accelerated that trend. It hasn't occurred in any other salmon fisheries throughout the state as most report percentages that are similar to adoption of limited entry. Alaskan ownership of our fishing rights is a good and important goal but this Bill is not the manner to achieve that.

Sincerely,

A handwritten signature in black ink, appearing to read 'Max Worhatch', with a stylized flourish at the end.

Max Worhatch  
President

Cc: Representative Kreiss-Tomkins