

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

2435 SCOMM 102: HOUSE SPEC. COMM. ON FISHERIES, 1997-98

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

16:48 Sunday, February 16, 1997 1

PROJECT NUMBER : 96159
PROJECT NAME : IRS Selective Permit Information

Report #4 - Alaska Resident Permit Holders Subject To IRS Summons For 1993-94
By Alaska Census Area And City
(The Vast Majority Are Identified By The IRS As Non-Filers)

Census Area	City	# Pmt Holders
ALEUTIAN ISLANDS	KING COVE	2
	NELSON LAGOON	2
	SAND POINT	4
-----		-----
ALEUTIAN ISLANDS		8
ANCHORAGE BOROUGH	ANCHORAGE	40
BETHEL	AKIACHAK	5
	AKIAK	5
	ATMAUTLUAK	2
	BETHEL	26
	CHEFORNAK	2
	EEK	3
	GOODNEWS BAY	13
	KALSKAG	1
	KASIGLUK	2
	KIPNUK	1
	KONGIGANAK	2
	KWETHLUK	5
	KWIGILLINGOK	3
	MEKORYUK	2
	NAPAKIAK	10
	NAPASKIAK	3
	NEWTOK	1
	NIGHTMUTE	3
	NUNAPITCHUK	3
	OSCARVILLE	1
	QUINHAGAK	11
	TOKSOOK BAY	3
	TULUKSAK	9
	TUNTUTULIAK	8
	TUNUNAK	3
-----		-----
BETHEL		127
BRISTOL BAY	KING SALMON	2
	NAKNEK	12
	SOUTH NAKNEK	6
-----		-----
BRISTOL BAY		20
DILLINGHAM	ALEKNAGIK	3
	CHIGNIK	1
	CHIGNIK LAGOON	1
	CLARKS POINT	2
	DILLINGHAM	24
	EGEGIK	5
	ILIAMNA	2
	LEVELOCK	1
	MANOKOTAK	8
	NEW STUYAHOK	2
	NONDALTON	3
	PEDRO BAY	1
	PILOT POINT	2
	TOGIK	30
	TWIN HILLS	3
-----		-----
DILLINGHAM		88
FAIRBANKS NORTH STAR	FAIRBANKS	9

Exhibit A
(1 of 4)

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

16:48 Sunday, February 16, 1997 2

PROJECT NUMBER : 96159
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Report #4 - Alaska Resident Permit Holders Subject To IRS Summons For 1993-94
By Alaska Census Area And City
(The Vast Majority Are Identified By The IRS As Non-Filers)

Census Area	City	# Pmt Holders
HAINES	HAINES	1
JUNEAU	AUKE BAY	3
	JUNEAU	14
-----		-----
JUNEAU		17
KENAI PENINSULA	ANCHOR POINT	2
	HOMER	8
	KASLOF	8
	KENAI	9
	NIKISHKA	2
	NIKISKI	3
	NINILCHIK	3
	PORT GRAHAM	1
	SELDOVIA	1
	SEWARD	1
	SOLDOTNA	5
	TYONEK	1
-----		-----
KENAI PENINSULA		44
KETCHIKAN GATEWAY	KETCHIKAN	11
KOBUK	KOTZEBUE	19
	NOATAK	2
	NOORVIK	1
	SELAWIK	2
-----		-----
KOBUK		24
KODIAK	KODIAK	8
	LARSEN BAY	2
	OLD HARBOR	5
	OUZINKIE	3
-----		-----
KODIAK		18
MATANUSKA-SUSITNA	PALMER	5
	TALKEETNA	2
	WASILLA	6
-----		-----
MATANUSKA-SUSITNA		13
NOME	ELIM	12
	GOLOVIN	2
	KOYUK	1
	NOME	6
	SHAKTOOLIK	3
	STEBBINS	5
	UNALAKLEET	11
	WHITE MOUNTAIN	1
-----		-----
NOME		41
NORTH SLOPE	POINT HOPE	1
PR OF WALES-OUTER KTKN	CRAIG	6
	HYDABURG	2
	KLAWOCK	2
	METLAKATLA	3

Exhibit A
(2 of 4)

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

16:48 Sunday, February 16, 1997 3

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Report #4 - Alaska Resident Permit Holders Subject To IRS Summons For 1993-94
By Alaska Census Area And City
(The Vast Majority Are Identified By The IRS As Non-Fileers)

Census Area	City	# Pmt Holders
PR OF WALES-OUTER KTKN	POINT BAKER	10
	PORT PROTECTION	1
-----		-----
PR OF WALES-OUTER KTKN		24
SITKA	SITKA	17
SKAGWAY-YAKUTAT-ANGOON	ANGOON	5
	ELFIN COVE	2
	GUSTAVUS	1
	HOONAH	7
	PELICAN	6
	TENAKEE	1
	YAKUTAT	16
-----		-----
SKAGWAY-YAKUTAT-ANGOON		38
SOUTHEAST FAIRBANKS	TANACROSS	1
VALDEZ-CORDOVA	CORDOVA	6
	WHITTIER	1
-----		-----
VALDEZ-CORDOVA		7
WADE HAMPTON	ALAKANUK	17
	CHEVAK	1
	EMMONAK	14
	HOOPER BAY	10
	KOTLIK	10
	MARSHALL	1
	MOUNTAIN VILLAGE	20
	PILOT STATION	2
	RUSSIAN MISSION	1
	SAINT MARYS	7
	SCAMMON BAY	11
	SHELDON POINT	11
-----		-----
WADE HAMPTON		105
WRANGELL-PETERSBURG	KAKE	3
	PETERSBURG	6
	PORT ALEXANDER	2
	WRANGELL	5
-----		-----
WRANGELL-PETERSBURG		16
YUKON-KOYUKUK	FORT YUKON	1
	GALENA	1
	GRAYLING	1
	KALTAG	3
	MANLEY HOT SPRINGS	1
	NENANA	1
	NULATO	5
	TANANA	1
-----		-----
YUKON-KOYUKUK		14
		=====
		684

Exhibit A
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2/18/97

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

PROJECT NUMBER: 96159
1993-94 IRS SELECTIVE PERMIT INFORMATION

Exhibit A
(4 of 4)

1993 COUNTS OF INCOME LEVELS FOR ALASKA RESIDENT PERMIT HOLDERS NAMED IN IRS SUMMONS

EARN	Frequency	Cumulative Frequency
> 30	82	82
00-05	181	263
05-10	108	371
10-15	53	424
15-20	29	453
20-25	13	466
25-30	13	479
UNKNOWN	164	643

1994 COUNTS OF INCOME LEVELS FOR ALASKA RESIDENT PERMIT HOLDERS NAMED IN IRS SUMMONS

EARN	Frequency	Cumulative Frequency
> 30	99	99
00-05	165	264
05-10	114	378
10-15	46	424
15-20	20	444
20-25	19	463
25-30	9	472
UNKNOWN	194	666

* Note: The number of unique permit holders represented in this report is 684.

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

PROJECT NUMBER : 94139

PROJECT NAME : IRS Selective Permit Information : Permit holders who failed to file in 1992

Report #6 - IRS Data by Area & Community

Geographic Areas	City	# Permit Holders
ALEUTIANS EAST BOROUGH	AKUTAN	2
	ALEXANDER CREEK	1
	CHENEGA	3
	COLD BAY	1
	FALSE PASS	1
	KING COVE	9
	NELSON LAGOON	5
	OSCARVILLE	1
	SAND POINT	18
-----		41
ALEUTIANS EAST BOROUGH		
ALEUTIANS WEST CENSUS AREA	ANCHORAGE	17
	ATKA	1
	DUTCH HARBOR	16
	MOSEY BAY	1
	NINILCHIK	14
	SAINT GEORGE ISL	1
	SAINT PAUL ISLAND	1
	UNALASKA	5
-----		56
ALEUTIANS WEST CENSUS AREA		
ANCHORAGE BOROUGH	ANCHORAGE	126
	CHUGIAK	7
	EAGLE RIVER	5
	GIRDWOOD	1
	INDIAN	1
-----		140
ANCHORAGE BOROUGH		
BETHEL CENSUS AREA	AKIACHAK	5
	AKIAK	7
	ANIAK	4
	ATHAUTLUAK	4
	BETHEL	44
	CHEFORNAK	8
	CHUATHBALUK	1
	EEK	10
	GOODNEWS BAY	26
	KASIGLUK	5
	KIPNUK	15
	KONGIGAMAK	5
	KWETHLUK	14
	KWIGILLINGOK	8
	LOWER KALSKAG	2
	MEKORYUK	9
	NAPAKIAK	14
	NAPASKIAK	4
	NEWTOK	3
	NIGHTMUTE	2
	NUNAPITCHUK	3
	PLATINUM	2
	QUINAGAK	22
	STONY RIVER	1
	TOKSOOK BAY	7
	TULUKSAK	18
	TUNTUTULIAK	16
	TUNUNAK	4
-----		263
BETHEL CENSUS AREA		
BRISTOL BAY BOROUGH	NAKNEK	27
	SOUTH NAKNEK	10
-----		37
BRISTOL BAY BOROUGH		
DILLINGHAM CENSUS AREA	ALEKNAGIK	16
	CLARKS POINT	9
	DILLINGHAM	81
	KOLIGANEK	3
	MANOKCTAK	27
	NEW STUYAHOK	8
	PORTAGE CREEK	1
	TOGIAK	69
	TWIN HILLS	4
-----		218
DILLINGHAM CENSUS AREA		
FAIRBANKS NORTH STAR BOROUGH	ESTER	1
	FAIRBANKS	13

Exhibit B
(1 of 6)

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

PROJECT NUMBER : 94139

PROJECT NAME : IRS Selective Permit Information: Permit holders who failed to file in 1992

Report #6 - IRS Data by Area & Community

Geographic Areas	City	Permit Holders
FAIRBANKS NORTH STAR BOROUGH	NORTH POLE	2
FAIRBANKS NORTH STAR BOROUGH		16
HAINES BOROUGH	HAINES	10
JUNEAU BOROUGH	AIKE BAY	3
	DOUGLAS	3
	JUNEAU	50
JUNEAU BOROUGH		56
KENAI PENINSULA BOROUGH	ANCHOR POINT	23
	CLAM GULCH	9
	FRITZ CREEK	5
	HALIBUT COVE	1
	HOMER	66
	KASILOF	19
	KENAI	27
	NIKISHKA	2
	NIKISKI	8
	NIKOLAEVSK	1
	PORT GRAHAM	1
	SELDOVIA	7
	SEWARD	19
	SOLDOTNA	31
	STERLING	3
	TYONEK	3
KENAI PENINSULA BOROUGH		225
KETCHIKAN GATEWAY BOROUGH	KETCHIKAN	63
	SAXMAN	1
	WARD COVE	5
	WHALE PASS	1
KETCHIKAN GATEWAY BOROUGH		70
KODIAK ISLAND BOROUGH	CHINIAK	1
	KODIAK	115
	LARSEN BAY	1
	OLD HARBOR	13
	OUZINKIE	9
	PORT LIONS	4
KODIAK ISLAND BOROUGH		143
LAKE AND PENINSULA BOROUGH	CHIGNIK	1
	CHIGNIK LAGOON	3
	EGETIK	18
	ILIAMNA	7
	KOKHANOK	4
	LEVELOCK	8
	NEWMALLEN	1
	NONDALTON	7
	PEDRO BAY	1
	PILOT POINT	10
	PORT HEIDEN	5
	WOODLAND HILLS	1
LAKE AND PENINSULA BOROUGH		66
MATANUSKA-SUSITNA BOROUGH	BIG LAKE	5
	CHICKALOON	1
	PALMER	14
	TALKEETNA	2
	WASILLA	20
MATANUSKA-SUSITNA BOROUGH		42
NOME CENSUS AREA	ELIM	12
	GOLovin	3
	KOYUK	1
	NOME	7
	SAINT MICHAEL	5
	SHAKTOOLIK	11
	SHISHMARF	1
	STEBBINS	10
	UNALAKLEET	36
	WHITE MOUNTAIN	2
NOME CENSUS AREA		88

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Report #6 - IRS Data by Area & Community

Geographic Areas	City	Permit Holders
NORTHWEST ARCTIC BOROUGH	KOTZEBUE	30
	NOATAK	1
	NOORVIK	2
NORTHWEST ARCTIC BOROUGH		33
PR OF WALES-OUTER KTN CENSUS AREA	CRAIG	27
	HYDABURG	10
	KLAWOCK	5
	METLAKATLA	20
	MEYERS CHUCK	2
	POINT BAKER	9
	THORNE BAY	2
PR OF WALES-OUTER KTN CENSUS AREA		75
SITKA BOROUGH	PORT ALEXANDER	7
	SITKA	66
	TENAKEE	4
SITKA BOROUGH		77
SKAGWAY-YAKUTAT-ANGOOK CENSUS AREA	ANGOOK	9
	ELFIN COVE	9
	GUSTAVUS	4
	HOONAH	20
	PELICAN	11
	SKAGWAY	1
	YAKUTAT	42
SKAGWAY-YAKUTAT-ANGOOK CENSUS AREA		96
SOUTHEAST FAIRBANKS CENSUS AREA	HEALY	2
	TANACROSS	1
SOUTHEAST FAIRBANKS CENSUS AREA		3
VALDEZ-CORDOVA CENSUS AREA	COPPER CENTER	1
	CORDOVA	52
	GLENNALLEN	1
	TATILEK	1
	VALDEZ	9
	WHITTIER	5
VALDEZ-CORDOVA CENSUS AREA		69
WADE HAMPTON CENSUS AREA	ALAKANUK	44
	CHEVAK	7
	EMMONAK	42
	FORTUNA LEDGE	3
	HOOPER BAY	18
	KOTLIK	22
	MARSHALL	12
	MOUNTAIN VILLAGE	37
	PILOT STATION	8
	RUSSIAN MISSION	4
	SAINT MARYS	16
	SCAMMON BAY	18
	SHELDON POINT	11
WADE HAMPTON CENSUS AREA		242
WRANGELL-PETERSBURG CENSUS AREA	KAKE	8
	PETERSBURG	31
	WRANGELL	27
WRANGELL-PETERSBURG CENSUS AREA		66
YUKON-KOYUKUK CENSUS AREA	ANVIK	1
	FORT YUKON	2
	GALENA	4
	GRAYLING	1
	HOLY CROSS	2
	KALTAG	8
	NENANA	5
	NULATO	7
	RAMPART	1
	RUBY	1
	STEVENS VILLAGE	2
	TANANA	4
YUKON-KOYUKUK CENSUS AREA		38

Exhibit B
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STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

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PROJECT NAME : IRS Selective Permit Information: Permit holders who failed to file in 1992

Report #6 - IRS Data by Area & Community

Geographic Areas	City	# Permit Holders
ALASKA	EDNA BAY	2
WASHINGTON	ABERDEEN	8
	ACHE	1
	AMANDA PARK	1
	ANACORTES	1
	ARLINGTON	2
	AUBURN	1
	BAINBRIDGE IS	1
	BATTLEGROUND	1
	BELLEVUE	1
	BELLINGHAM	19
	BLAINE	8
	BOTHELL	2
	BREMERTON	2
	BRINNON	1
	BURLINGTON	1
	CAMANO ISLAND	1
	CARNATION	1
	CATHLAMET	4
	CHEHALIS	2
	CHINOOK	1
	CLE ELUM	1
	CONWAY	1
	COPALIS BEACH	2
	COSMOPOLIS	1
	CUSTER	1
	DARRINGTON	1
	DEER PARK	1
	DUVALL	2
	EATONVILLE	1
	EDMONDS	10
	ELMA	1
	ENUMCLAW	1
	EVERETT	6
	FEDERAL WAY	2
	FERNDALE	2
	FOX ISLAND	1
	FREELAND	1
	FRIDAY HARBOR	7
	GIG HARBOR	8
	GRAHAM	1
	HADLOCK	1
	HAMILTON	1
	HOOQUIAM	2
	HOOQUIUM	1
	HUMPTULIPS	1
	ISSAQUAH	1
	KENT	3
	KINGSTON	1
	KIRKLAND	1
	LAKE STEVENS	1
	LONG BEACH	1
	LONGBRANCH	1
	LONGVIEW	1
	LYMAN	1
	LYNDEN	1
	LYNNWOOD	1
	LYNNWOOD	1
	MAPLE VALLEY	1
	MARYSVILLE	1
	MILL CREEK	1
	MOCLIPS	1
	MONTESANO	1
	MOUNT VERNON	4
	MT VERNON	2
	MUKILTEO	1
	NASELLE	1
	NEAH BAY	1
	NORTH BEND	1
	NORTH PORT	1
	OAK HARBOR	1
	OCEAN CITY	1
	OCEAN SHORES	1
	OLYMPIA	6
	OROVILLE	1
	POINT ROBERTS	1
	PORT ANGELES	4
	RAINIER	1
	SEATTLE	37
	SEDRO WOOLLEY	1

Exhibit B
(4 of 6)

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

PROJECT NUMBER : 94139

PROJECT NAME : IRS Selective Permit Information : Permit holders who failed to file in 1992

Report #6 - IRS Data by Area & Community

Geographic Areas	City	Permit Holders
WASHINGTON	SEQUIM	1
	SHELTON	1
	SKAMOKAWA	1
	SHOMONISH	1
	SNOQUALMIE	1
	SOUTH CLE ELUM	1
	SPANAWAY	3
	STANWOOD	1
	SUMAS	1
	TACOMA	5
	TAHOLA	3
	TOKELAND	1
	TOLEDO	1
	TOPPENISH	1
	VANCOUVER	5
	VASHON	2
	VAUGHN	1
	WASHOUGAL	1
	WAUMA	1
	WESTPORT	2
	WOODINVILLE	1
	YAKIMA	2
	YELM	2
WASHINGTON		257
OREGON	ALBANY	1
	ASTORIA	8
	AURORA	1
	BEND	2
	CASCADE LOCKS	2
	CENTRAL POINT	1
	CLACKAMAS	1
	CORBETT	1
	CORVALLIS	1
	DALLAS	1
	EAGLE CREEK	1
	GERVAIS	3
	GLENEDEN BEACH	1
	HOOD RIVER	1
	MILWAUKIE	1
	NEWBERG	2
	NEWPORT	4
	NORTH POWDER	1
	OREGON CITY	1
	PORT ORFORD	3
	PORTLAND	6
	PRINEVILLE	2
	SALEM	1
	SCAPPOOSE	1
	SILETZ	1
	SPRINGFIELD	1
	WARRENTON	1
	WARRINGTON	1
	WOODBURN	1
OREGON		14
CALIFORNIA	ARCATA	1
	CONCORD	1
	EL GRANADA	1
	EUREKA	1
	FAIRFIELD	2
	FORT BRAGG	1
	GARBERVILLE	1
	LOOMIS	1
	LOS ANGELES	1
	MARTINEZ	1
	MCKINLEYVILLE	1
	MENDOCINO	1
	MIDDLETOWN	1
	MONTEREY	4
	MORRO BAY	1
	MOSS BREACH	1
	NORTHRIDGE	1
	OAKHURST	1
	PACIFIC GROVE	1
	PETALUMA	1
	PLACERVILLE	1
	RESEDA	1
	SAINT HELENA	1
CALIFORNIA		65

Exhibit B
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STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

PROJECT NUMBER : 94139

PROJECT NAME : IRS Selective Permit Information : Permit holders who failed to file in 1992

Report #6 - IRS Data by Area & Community

Geographic Areas	City	Permit Holders
CALIFORNIA	SAN DIEGO	4
	SAN MATEO	1
	SANTA BARBARA	1
	SANTA ROSA	1
	SEASIDE	1
	THREE RIVERS	1
	WILMINGTON	1
	WOODLAND HILLS	1
-----		-----
CALIFORNIA		38
OTHER		19
	ANTHONY	1
	BOCA RATON	1
	BOUNTIFUL	1
	BROADUS	1
	CAMP WOOD	1
	CEDAR PARK	1
	CHATTANOOGA	1
	CHESTERTOWN	1
	COERUOALENE	1
	DAVE	1
	EAST BALDWIN	1
	ELMHURST	1
	ERIE	1
	EVANT	1
	FULTON	1
	GEDDES	1
	GLOUCESTER	1
	HONOLULU	2
	ISHINOMAKI	1
	JASPER	1
	KAPAA, KAUAI	1
	LENORE	1
	MAYPEARL	1
	MCALLEN	1
	MILAN	1
	NEOSHO	1
	OLATHE	1
	PIQUA	1
	PRESCOTT	1
	RIGGINS	1
	SAANICHTON	1
	STATELINE	1
	SUN VALLEY	2
	TELLURIDE	1
	WESTPOINT	1
-----		-----
OTHER		56

		2588

Exhibit B
(6 of 6)

Internal Revenue Service**Department of the Treasury**District
Director

915 Second Ave., Seattle, Wash. 98174

FEB 12 1997

► Governor Tony Knowles
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-001

Dear Governor Knowles:

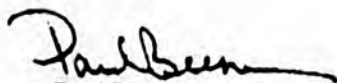
The Internal Revenue Service (IRS) is pleased with the results of the State of Alaska's administered Tax Obligation Loan Program (SB251). During the 2-year period that we have worked with the Alaska Department of Commerce and Economic Development, and Division of Investments (DOI), many Alaska fishers have successfully resolved their tax problems. To date, the IRS has received more than four million dollars. However, it is our understanding that new loan applications must be received no later than February 28, 1997, to insure that the applications are processed and the funds disbursed prior to May 26, 1997, when the Bill's sunset provision takes effect.

The termination of this program could not have come at a worse time. Many fishers are in the process of completing their 1996 tax returns. Many rural Alaskans have been unable to obtain assistance to prepare their returns and loan packages. For example, IRS employees were accompanied by an employee from DOI during the week-long visit where we talked to fishers in Dillingham, Manokotak, Togiak, and New Stuyahok. However, we were unable to serve all residents wishing to resolve their problems. We have scheduled additional trips in March and April, but do not know whether these individuals will be able to avail themselves of the State's loan program in time. Tax Obligation Loan applications were received from 15 individuals. The total loan amount requested was approximately \$397,000.

The Tax Obligation Loan Program has been a positive step in minimizing the need for the IRS to take enforcement action. Over the past several years we have been working together with the State of Alaska to avoid the necessity of seizing and selling permits. In July of 1996, we met with various State agencies, members of the fishing community, Native organizations, and the Alaska congressional staff in a symposium format to look at alternatives to seizure action and various methods to improve compliance in the fishing industry. We believe progress is being made toward assisting fishers and minimizing the need for the IRS to administratively seize and sell permits. When we meet again on February 19, 1997, one of the proposals on the table for discussion is the extension of the Tax Obligation Loan Program. We believe this is critical to meeting our mutual goals and would like your support in extending the program. At this time, we have approximately 1200 delinquent permit holders of whom 900 could possibly qualify for the loan program. An extension would greatly assist these Alaskan fishers. While most of these individuals are not in jeopardy of losing their permits because of tax delinquencies, it would be an easy resolution of their tax problems and enable them to concentrate on what they do best, which is contributing to the commercial fishing industry in Alaska.

We firmly believe that our partnership efforts with key participants in this industry will resolve the issues that have divided us in the past. We look forward to working with the individuals representing the State of Alaska at the February meeting and to your support in extending the Tax Obligation Loan Program.

Sincerely,



Paul Beene
District Director
Pacific-Northwest District

Exhibit C

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

TONY KNOWLES, GOVERNOR

8800 GLACIER HWY. #109
JUNEAU, AK 99801
(907) 789-6150 Licensing Calls
(907) 789-6160 Other Business
(907) 789-6170 FAX
(907) 789-6180 BBS

February 14, 1997

Mr. Paul Beene
District Director
Internal Revenue Service
915 Second Avenue
Seattle, WA 98174

FAX: (206) 220-6045

Dear Paul:

As I stated in our February 7th phone conversation, my Co-Commissioner Marlene Johnson and I will attend the February 19th meeting in Anchorage to continue our dialogue, conditioned by the substance of this letter. There are fundamental issues we must address.

Our Existing Agreement

First, your January 14 letter acknowledges the State of Alaska has paid the IRS more than \$4.5 million in consideration under its existing agreement with the IRS. In fact, actual expenditures in human resources and dollars have been far greater. In our most recent commemoration of our agreement, the IRS committed its "best efforts" to ensure the benefits of the Tax Obligation Loan Program are available to Alaskans through meaningful intervention by the State and third parties.

We believe the two days' notice you provided the State of your pre-Christmas sale of Alaska limited fishing privileges is an actionable breach of our existing contract. With respect to contracts of which the U.S. is a party, the Federal Government has been held liable under ordinary principles of contract law. United States v. Winstar Corp., 518 U.S. ___, 116 S.Ct. 2432, 135 L.Ed.2d 964 (1996).

Our primary concern is IRS performance of its express duty to cooperate with the State in good faith under our existing agreement. This promise is virtually the only consideration given by the Federal Government in contrast to the substantial commitment of resources and money provided by the State. Now that the Federal Government has reaped the substantial rewards of the contract,

Exhibit D
(1 of 10)

including a shift of tax collection responsibilities from the Federal Government to the State, the IRS may not disregard its promises through a change of policy to obtain self relief from an agreement you may now view as improvident or to pressure the State into acting as you dictate.

Specifically, the IRS has the continuing duty to provide reasonable notice of IRS targets in order to allow for meaningful intervention and help well before an IRS seizure and attempted forced sale of a holder's interest in a permit. Under ordinary contract law, this duty precludes the IRS from taking opportunistic advantage of the State and, also, from acting in a manner which destroys or injures our right to receive the fruits of our agreement.

As your January 14 letter confirmed, the State has enjoyed notable success in assisting taxpayers to achieve IRS compliance with no loss of fishing privileges, a result which the IRS effort, alone, did not accomplish prior to our collaboration.

Your Recent Proposals

As a separate and secondary matter, your January 14 letter urges the State to respond to your recent proposals for a new, supplemental agreement.

To recount the background for your recent proposals, on May 16, 1996, during a phone conversation with former Commissioner Homan and me, you stated, in return for further commitments by the State, IRS would discuss not seizing entry permits. Subsequently, at our July 19, 1996 meeting, in the presence of more than 30 people, you offered to discuss eliminating forced sales of entry permits pursuant to an agreement under which the IRS would collect from the proceeds of fish sales instead of forcing the sale of Alaska limited fishing privileges. In consideration, I offered to discuss potential changes to state law that would support IRS' collections.

A group of participants (including at least one Representative of our Congressional Delegation) met immediately following our July meeting and

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(2 of 10)

confirmed receiving your offer. Shortly thereafter, I sent you a letter asking you to confirm your own statement. Instead, you responded, "I appreciate your sharing your reflections" on the meeting. Despite the fact your answer failed to confirm or qualify your statement, we gave you the benefit of the doubt and pursued discussions with you.

In November, the IRS sent the State four proposals to permanently change Alaska law to require the State of Alaska to assume various new responsibilities to achieve federal tax enforcement. Clearly, the Federal government seeks to shift the costs of meeting its statutory responsibilities to the State through those IRS proposals. For the State to elect to do so, the IRS must promise something meaningful in return. The confusing discussion that followed your proposals prompted us to seek written clarification as to what you are offering the State. After more than six months, you provided the clarification we first sought in July, and it is disturbing.

Your January 14 letter refers to your November proposals for Alaska to permanently change state law and assume responsibilities for the IRS, and you assert:

[t]hese proposals are what the IRS is offering the State.

The Federal government is not the creator of State law. Therefore, nothing is conveyed in IRS' purported offer to the State.

Additionally, in support of one IRS proposal for a change in Alaska law to require the Entry Commission to withhold all seasonal fishing permits until the IRS certifies each yearly applicant for a permit is in full compliance with his federal tax obligations, you represent that Alaska law already makes the same requirement for child support obligations. This is not true. The Alaska Legislature rejected the idea: both the Legislature and our Child Support Enforcement Division recognize that in order to collect from fishermen, fishermen need to be in the water catching fish.

Exhibit D
(3 of 10)

In any event, your January 14 clarification emphasizes no matter what the State may undertake to do for the IRS, you assert the unqualified right, without reasonable notice as our contract requires, to attempt to force the sale of any property interest a delinquent fisher may have in State fishing privileges, particularly in those cases IRS subjectively classifies as "egregious." On December 4, you represented to the Alaska Congressional Delegation that the targets of your pre-Christmas sales of entry permits were such "egregious" cases.

Under 26 USC §6343, Congress created an affirmative duty on the part of the IRS to release a levy when "such levy is creating an economic hardship due to the financial condition of the taxpayer" The clear requirement of §6343 mandates a levy release in all cases of economic hardship, regardless of whether or not the IRS has subjectively designated any such case as "egregious". Despite this mandate, you have insisted the State negotiate an agreement recognizing the purported right of the IRS to attempt the forced sale in cases the IRS determines are "egregious". From your pre-Christmas actions, this amounts to a demand on the State to accept a pledge to do less than Congress has already required.

In short, your January 14 letter clarifies the IRS is not offering the State of Alaska any consideration for the changes you would like to see in State law.

Recent Events

It is clear the IRS' recent actions are an improper attempt to pressure the State. In addition, those actions demonstrate a lack of best efforts with respect to our agreement and, also, a failure to act in good faith with respect to the current negotiations.

Consistent with Part 3 of IRS Form 4585, the IRS assured a taxpayer targeted for your pre-Christmas sale: "The minimum bid price is established to protect your interests in the property." This written representation was deceptive. The IRS set the minimum bid at \$3,375, which is a fraction of the average \$30,000 for an authorized State transfer. Affidavits provided to CFEC

Exhibit D
(4 of 10)

state a Revenue Officer under your direction advised possible buyers as follows: in order to pursue the IRS' present dispute with the State, the IRS intended to sell the particular permits for "substantially below the permits' fair market value" and, once a permit was transferred, it would "open the floodgates" of State permit seizures by the IRS. The affiants stated the Revenue Officer volunteered "the Commissioner of the IRS is aware of the situation and the matter is receiving attention at the highest levels at the IRS Washington D.C., headquarters" and, also, the IRS intended to pursue its disagreement with the State of Alaska "to a conclusion that is satisfactory to the IRS." Based on these affidavits, it appears the IRS willfully breached its duties to the State in an attempt to improperly coerce the State into acting as the IRS dictated.

Moreover, your December 6, 1996 letter states, if we fail to meet your expectations for future negotiations, "fishing entry permits will continue to be seized and sold [and thereby] endanger[] the interests of Alaska taxpayers (e.g., devalued fishing permits, permits sold to non-Alaskans)." Consistent with your letter, a Revenue Officer under your direction has announced he will resell an entry permit from the pre-Christmas sale on one day's notice. A Revenue Officer has threatened the seizure of seven limited entry permits in the Dillingham area at any moment. Additionally, we received a call from a widow in Anchorage who reported a Revenue Officer threatened to sell her fishing privileges and those of her deceased husband for as little as \$3,000.

In addition to disrupting orderly implementation of the Loan Program, IRS' pre-Christmas actions and threatened actions require the Entry Commission as Administrative Law Judges to rule on any claims that result. If we are in the midst of negotiating with you, and, on 2 days' notice, we are required to rule on a related claim, we face a conflict that creates at least an appearance of impropriety. We need sufficient warning from you to be able to withdraw from negotiations before such a conflict arises.

Apart from our requirements to function as Administrative Law Judges under State law, your pre-Christmas actions damaged the climate for cooperation between

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(5 of 10)

the State and Federal Government. See the enclosed letter from our Governor to the Alaska Congressional Delegation.

Again, our agreement requires meaningful notice from you identifying your targets well in advance of an IRS forced sale.

Where Do We Go From Here

More than once in the past, we have discussed the possibility of extending the State's Tax Obligation Loan Program presently due to sunset this spring. We committed to explore that alternative. When we talked last Friday, you asked again about this possibility, and I told you the door was not closed to this option. Accordingly, you prepared a letter to Governor Knowles' advocating this alternative.

In contrast to the other IRS proposals, this option makes the most sense for several reasons.

First, the State-IRS "partnership" has proven effective to assist Alaskan fishers damaged by the post-1988 adverse market conditions not only in achieving federal tax compliance, but in ordering their other financial affairs.

Second, our joint cooperation has reaped rewards in cases in which the IRS, alone or through contractors, otherwise has been unsuccessful. In this regard, we are aware the IRS instituted a pilot program in 13 states, including Alaska, through which private collectors were to be hired by the IRS to collect delinquent taxes. According to a recent article, the IRS is disappointed in this program, because the five collection agencies hired by the IRS were able to contact only about 9% of the taxpayers and, according to the collection agencies involved, the poor results were "because the IRS was late in getting the files to them and the files were extremely old."

Third, our mutual cooperation has provided an opportunity to accomplish our respective goals, largely without counterproductive adversarial conflict. We

believe this effect has and continues to raise our citizens' confidence in our respective governments. Specifically, the process has become less threatening and less fearsome to the lone fisher with tax problems, because we are working together.

Fourth, our cooperation has identified many Federal and State tools available to assist fishers. As a result, these tools have been more fully utilized than has been the case in the past.

Fifth, our respective efforts have put a human face on what otherwise could be characterized as mechanical processing by the IRS in relative isolation from the community. In this time of shrinking federal budgets and operations, we believe our cooperative undertakings should serve as a model for the future. In short, we continue to achieve good results and, thus, should persist on the path we know to be productive.

This week, after conferring with the Commission and the Division of Investments, State Representative Ivan introduced HB 123 to extend the Tax Obligation Loan Program. While this is a positive first step, persuading the Legislature and the Administration of the merits of this legislation will be an extremely difficult task. As you well know, there are very many worthy and competing alternative uses for the same funds. We need meaningful numbers from the IRS to show (1) the extent of the current problem; (2) the extent to which Alaskans have been helped; and (3) the extent of improvement in tax compliance since the original information presented by the former IRS Chief of Collections in 1993. This is the same information we requested more than a year ago consistent with our agreement. The numbers you employed in your January 14 letter suggest a substantial improvement of at least 58%. However, the figures you employed in your more recent letter to the Governor appear inflated. We need some real information from the IRS to present to the Legislature and the Governor.

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Mr. Paul Beene

-8-

February 14, 1997

In the interim, we have to operate with the sunset of the Loan Program in mind. We must evaluate and coordinate our outreach efforts to ensure maximizing service to Alaskans and revenue to the federal government. To further this goal, I reported to your Chief of Examination, Mel Joseph, that, on the recommendation of the IRS, the State has already modified its regulations governing permanent fund dividend recipients. Mr. Joseph and I are discussing practical ways to make use of the information that will be generated. This is an experimental work in progress, and we do not yet know whether it will prove to be a practical tool. Nonetheless, we remain committed to working through the process as we promised IRS.

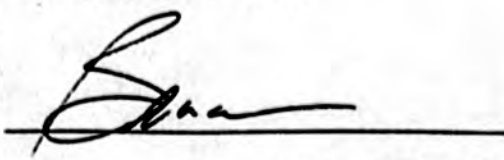
Finally, as we have stressed in this letter, we must have meaningful notice of IRS' targets for seizure and sale well in advance of any action by the IRS so as (1) not to disrupt our planned cooperative efforts, and (2) to allow sufficient time for intervention and help well before an IRS seizure and forced sale.

The Legislature is in session for only 120 days. We hope you will address these points at our meeting on Wednesday, February 19.

Yours truly,

COMMERCIAL FISHERIES ENTRY COMMISSION

Dale Anderson, Commissioner
Marlene Johnson, Commissioner
Bruce Twomley, Chairman

by: 

Enclosure

Exhibit D
(8 of 10)

TONY KNOWLES
GOVERNOR

P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 21, 1997

The Honorable Ted Stevens
United States Senate
522 Hart Senate Office Building
Washington, DC 20510-2354

Dear Senator Stevens:

I am writing to request your administrative or legislative assistance in stopping the Internal Revenue Service (IRS) from forcing the sale of Alaska limited fishing privileges.

As you know, the IRS has persistently attempted to force the sale of Alaska limited fishing privileges for some time. Last March, the Alaska Commercial Fisheries Entry Commission (CFEC), in its *Carle* decision, denied a demand by IRS to force transfer of privileges held by an elderly Alaska Native fisherman.

Notwithstanding the *Carle* decision, on December 11, 1996, the IRS shocked the State of Alaska by conducting a pre-Christmas sale of an Alaska limited entry permit. The Cook Inlet set net permit was held by a 54-year-old Alaska Native fisherman from a small coastal community and valued at \$30,000. The IRS sold the permit for only \$5,005.

The IRS is well aware the State of Alaska stands ready to cooperate and intervene to help such individual fishermen through Alaska's secured loan program. With the help of the Alaska Business Development Center and others, the state has so far aided numerous individual fishermen in meeting their tax obligations and generated more than \$4 million in revenue to the IRS. Yet the IRS gave the state only two days' notice of its sale.

The pre-Christmas timing of this sale is deplorable. People are especially vulnerable at Christmas, both financially and emotionally. Adverse actions taken at this time can cause tragic consequences. Additionally, two days' notice effectively precludes the state from meaningful intervention and counsel to the individual fisherman.

Despite congressional direction to the IRS to avoid hardship in its collection practices, this sale appears calculated to inflict maximum harm on the taxpayer.

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Senator Ted Stevens
January 21, 1997
Page 2

As you know, in Alaska's small coastal communities, fishing privileges represent a right to work and a way of life for thousands of Alaskans. You are also aware the IRS led the state into talks about this issue promising a "fresh start." This pre-Christmas sale represents a giant step backward.

As the IRS knows, Alaska is in the last months of our successful tax loan program. The state and the Alaska Business Development Center are systematically traveling throughout the state to help Alaska's fishermen secure the benefits of this program. IRS' precipitous action drops a grenade into these planned efforts and causes extreme hardship to the individual fisherman. Such action can destroy a small business and force a fishing family onto public assistance.

We would welcome your help in avoiding such hardship. I invite you to work with John Katz of my Washington office, and Bruce Twomley, Chairman of the CFEC, toward this end.

Sincerely,



Tony Knowles
Governor

**Exhibit D
(10 of 10)**

Chapter 062
Chapter: CH062
Source: HCS CSSB 251(FIN)
Action Date: May 25, 1994
Effective Date: See Chapter

AN ACT

Relating to the commercial fishing revolving loan fund and the fisheries enhancement revolving loan fund; and providing for an effective date.

*** Section 1. AS 16.10.310(a) is amended to read:**

(a) The department may

(1) make loans to

(A) individual commercial fishermen who have been state residents for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370 and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for the year immediately preceding the date of application and any other two of the past five years, and who actively participated in the fishery during those periods,

(i) for the purchase of entry permits;

(ii) to upgrade existing vessels and gear for the purpose of improving the quality of Alaska seafood products; or

(iii) to satisfy past due federal tax obligations that may result in the execution upon and involuntary transfer of the individual commercial fishermen's entry permits, to the extent allowed under (d) of this section;

(B) an individual for the repair, restoration, or upgrading of existing vessels and gear, for the purchase of entry permits and gear, [AND] for the construction and purchase of vessels, or, to the extent allowed under (d) of this section, to satisfy past due federal tax obligations that may result in the execution upon and involuntary transfer of the individual's entry permits, if the individual has been a state resident for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370, and either

(i) because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities

available other than commercial fishing; or

(ii) is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska;

(2) designate agents and delegate its powers to them as necessary;

(3) adopt regulations necessary to carry out the provisions of AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for services provided;

(4) establish amortization plans for repayment of loans, which may include extensions for poor fishing seasons or for adverse market conditions for Alaskan products;

(5) enter into agreements with private lending institutions, other state agencies, or agencies of the federal government, to carry out the purposes of AS 16.10.300 - 16.10.370;

(6) enter into agreements with other agencies or organizations to create an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of the state;

(7) allow an assumption of a loan if

(A) the applicant has been a state resident for a continuous period of two years immediately preceding the date of the request for an assumption; and

(B) approval of the assumption would be consistent with the purposes of AS 16.10.300; an applicant for a loan assumption may not be disqualified because the applicant does not meet the loan eligibility requirements of (1) of this subsection;

(8) prequalify loan applicants for a limited entry permit loan and charge a fee not to exceed \$200 for prequalification;

(9) charge and collect the fees established under this subsection;

(10) refinance a debt obligation incurred by a borrower or borrowers under this section if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination charge of one-half percent of the amount of the debt obligation that has been refinanced when the first refinancing payment is due;

(11) refinance debt obligations, not to exceed \$300,000, incurred by a borrower or borrowers for the purchase of a commercial fishing vessel or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370; the department may collect a refinancing loan origination charge as provided by regulation.

* Sec. 2. AS 16.10.310(a) is repealed and reenacted to read:

(a) The department may

(1) make loans to

(A) individual commercial fishermen who have been state residents for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370 and have had a crew member or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for the year immediately preceding the date of application and any other two of the past five years, and who actively participated in the fishery

during those periods,

(i) for the purchase of entry permits;

or

(ii) to upgrade existing vessels and gear for the purpose of improving the quality of Alaska seafood products;

(B) an individual for the repair, restoration, or upgrading of existing vessels and gear, for the purchase of entry permits and gear, and for the construction and purchase of vessels, if the individual has been a state resident for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370, and either

(i) because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities available other than commercial fishing; or

(ii) is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska;

(2) designate agents and delegate its powers to them as necessary;

(3) adopt regulations necessary to carry out the provisions of AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for services provided;

(4) establish amortization plans for repayment of loans, which may include extensions for poor fishing seasons or for adverse market conditions for Alaskan products;

(5) enter into agreements with private lending institutions, other state agencies, or agencies of the federal government, to carry out the purposes of AS 16.10.300 - 16.10.370;

(6) enter into agreements with other agencies or organizations to create an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of the state;

(7) allow an assumption of a loan if

(A) the applicant has been a state resident for a continuous period of two years immediately preceding the date of the request for an assumption; and

(B) approval of the assumption would be consistent with the purposes of AS 16.10.300; an applicant for a loan assumption may not be disqualified because the applicant does not meet the loan eligibility requirements of (1) of this subsection;

(8) prequalify loan applicants for a limited entry permit loan and charge a fee not to exceed \$200 for prequalification;

(9) charge and collect the fees established under this subsection;

(10) refinance a debt obligation incurred by a borrower or borrowers under this section if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination charge of one-half percent of the amount of the debt obligation that has been refinanced when the first

refinancing payment is due;

(11) refinance debt obligations, not to exceed \$300,000, incurred by a borrower or borrowers for the purchase of a commercial fishing vessel or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370; the department may collect a refinancing loan origination charge as provided by regulation.

* Sec. 3. AS 16.10.310 is amended by adding a new subsection to read:

(d) The department may not make a loan to an individual under (a)(1) of this section to satisfy past due federal tax obligations unless the individual has filed past and current federal tax returns with the federal government and has executed an agreement with the federal government for repayment of past due federal tax obligations. An individual may receive only one loan under (a)(1) of this section to satisfy past due federal tax obligations during the individual's lifetime. A loan made under (a)(1) of this section to satisfy past due federal tax obligations may not exceed \$30,000.

* Sec. 4. AS 16.10.320(d) is amended to read:

(d) The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000. The total of balances outstanding on all loans, including debt refinancing under AS 16.10.310(a), made to a borrower under AS 16.10.300 - 16.10.370 may not exceed \$300,000.

* Sec. 5. AS 16.10.340 is amended by adding a new subsection to read:

(c) If the commissioner determines that the fund contains money that is excess to that needed to carry out the purpose of AS 16.10.300 - 16.10.370, then the commissioner may use the excess money to carry out the purpose of AS 16.10.500 - 16.10.560.

* Sec. 6. AS 16.10.505(a) is amended to read:

(a) There is created within the Department of Commerce and Economic Development a revolving fund to be known as the fisheries enhancement revolving loan fund. Except as provided in (b) and (c) of this section, the fund shall be used to carry out the purposes of AS 16.10.500 - 16.10.560 and for no other purpose. All principal and interest payments, and money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 16.10.500 - 16.10.560, shall be paid into the fisheries enhancement revolving loan fund.

* Sec. 7. AS 16.10.505 is amended by adding a new subsection to read:

(c) Money in the fund that the commissioner determines to be excess to that needed to carry out the purpose of AS 16.10.500 - 16.10.560 may be used to carry out the purpose of AS 16.10.300 - 16.10.370.

* Sec. 8. AS 16.10.520 is amended by adding a new subsection to read:

(f) The commissioner may not make a loan under AS 16.10.500 - 16.10.550 from funds available under AS 16.10.340(c), unless the commissioner determines, in consultation with the appropriate regional planning team established under AS 16.10.375, that the hatchery or other enhancement or rehabilitation activity for which the loan is requested will provide a significant contribution to common property fisheries, be operated in a manner beneficial to the public interest, and be managed in a financially viable manner that is reasonably expected to result in repayment of the loan.

* Sec. 9. AS 16.10.310(d) is repealed.

* Sec. 10. Sections 2 and 9 of this Act take effect three years after the effective date of sec. 1 of this Act.

* Sec. 11. Except for secs. 2 and 9 of this Act, this Act takes effect immediately under AS 01.10.070(c).

CITY OF ALEKNAGIK
P.O. Box 33
ALEKNAGIK, ALASKA 99555
(907) 842-5953

February 12 1997

Representative Ivan Ivan
State Capitol
Room 204
Juneau, AK 99801

RE: Commercial fishing Revolving Loan Fund

Dear Sir,

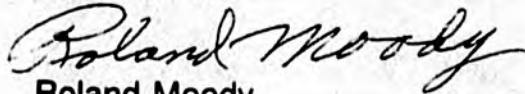
The Aleknagik City Council and Mayor would like to urge you to support the continuation of the Revolving Loan Fund (1994 - SB 251) which is due to expire May of 1997.

As you are aware our economy is based on our fishing business. Programs designed to help bridge possible revenue short falls that fisherman experience, can only help to stabilize, the rural Alaskan frail economy.

If rural Alaska is to have any chance of a independent self supporting economy, its fishing industry needs continuing oversight, to insure stable capital investment sources are available.

Thank you for your attention to this matter, we are sure your interests are parallel to those of our local residents.

Respectfully,



Roland Moody
Mayor

TRADITIONAL COUNCIL OF TOGIAK

P. O. Box 310
TOGIAK, ALASKA 99678-0310
907-493-5003
FAX: 907-493-5005

February 11, 1997

Representative Ivan Ivan
State Capitol
Room 204
Juneau, AK 99081-1182

Dear Representative Ivan:

The Traditional Council of Togiak do support for the continuation of the State of Alaska Commercial Fishing Revolving Fund (1994 - SB251), which is due to expire during May of 1997.

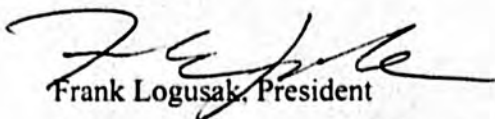
This important program has assisted many Alaskan fishermen during the past three years. Approximately four million dollars in loans have been awarded to fishermen to pay delinquent taxes since the programs inception.

This Commercial Fishing Revolving Loan Fund is now beginning to be effective and residents are becoming aware of the benefits this program can have on their tax obligation problems. It would be a great disadvantage to our region's fishermen if this program expired as scheduled. As far as we know, no alternative loan funds are available for this purpose.

The remaining commercial fishing permits which are held by Alaska residents infuses millions of dollars into the Alaska economy annually. If any other commercial fishing permits are lost by the sale or seizure for tax delinquencies in the future, all of Alaska will feel the effects.

Once again, the Traditional Council of Togiak urges your support for the continuation of this most important program for our state's commercial fishermen. We encourage your immediate attention and support regarding this issue.

Respectfully,



Frank Logusak, President

Traditional Council of Togiak

CC: H. Robin Samuelson, Jr., President
Bristol Bay Economic Development Corporation

Bristol Bay Economic Development Corporation

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842-4370 • Fax (907) 842-4336 • 1-800-478-4370



February 5, 1997

Representative Ivan Ivan
State Capitol
Room 418
Juneau, Ak 99803

Re: Commercial Fishing Revolving Loan Fund

Dear Representative Ivan:

The Bristol Bay Economic Development Corporation (BBEDC) Board of Directors would like your consideration and support for the continuation of the State of Alaska Commercial Fishing Revolving Loan Fund (1994 - SB 251), which is due to expire during May of 1997.

This important program has assisted many Alaskan fishermen during the past three years. Approximately four million dollars in loans have been awarded to fishermen to pay delinquent taxes since the programs inception.

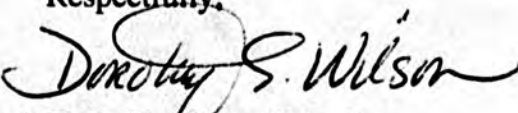
During this past week, \$334,000 in tax loan obligation applications were submitted to Division of Investments personnel who were traveling in our region. A total of 12 commercial fishermen will be assisted by this program if their applications are approved, and this was done in just one week!

The BBEDC's Permit Brokerage staff works closely with the IRS and Division of Investments, assisting resident fishermen in coming into compliance with their tax problems. This Commercial Fishing Revolving Loan Fund is now beginning to be affective and residents are becoming aware of the benefits this program can have on their tax obligation problems. Our staff plans to visit many more of the villages in our region this year to assist with these types of tax problems. It would be a great disadvantage to our region's fishermen if this program expired as scheduled. As far as we know, no alternative loan funds are available for this purpose.

The remaining commercial fishing permits which are held by Alaska residents infuses millions of dollars into the Alaskan economy annually. If any other commercial fishing permits are lost by the sale or seizure for tax delinquencies in the future, all of Alaska will feel the effects.

Once again, the BBEDC urges your support for the continuation of this most important program for our state's commercial fishermen. We encourage your immediate attention and support regarding this issue.

Respectfully,


for H. Robin Samuelsen, Jr.,
President

January 19, 1997

TO: REP IVAN
FROM: KOLIGANEK VILLAGE CORPORATION
RE: DIVISION OF INVESTMENTS TAX OBLIGATION LOAN

One of the most useful State loan programs affecting our Bristol Bay area is the Tax Obligation Loan Program. This program has helped numerous village residents in Bristol Bay, as well as other parts of the State. Many fishing permits would have been lost to back IRS tax bills if we didn't have this program to help pay the IRS. And, as a result of this, village fishermen and the village economies around them have been saved.

This program will come to an end sometime this spring, unless it is extended by the State Legislature. Please help people in your region who are in trouble with the IRS , and the villages in which they live, save their permits from IRS seizure by extending this useful loan program.

Sincerely



Charlie Nelson- President Koliganek Village Corp.
Koliganek, Alaska 99576

Cordova District Fishermen United

Celebrating 62 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / Telephone (907) 424-3447 / Fax (907) 424-3430

February 24, 1997

**Oral testimony given re: HB 123 (Extending federal tax obligation loan program)
and HJR 23 (Relating to the seizure and sale of commercial fishing entry permits)**

Sent via facsimile to House Special Committee on Fisheries (907) 465-4956

Good evening. Mr. Chairman and committee members, my name is Cheri Shaw. I hold the position of executive director for Cordova District Fishermen United (CDFU) and will be speaking to both HB 123 and HJR 23 on behalf of CDFU and myself this evening.

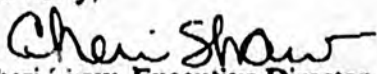
CDFU strongly supports HB 123 and HJR 23. Since the tax obligation loan program came into effect, the State has been successful in enabling commercial fishermen to pay tax obligations that have been in arrears. It has also empowered the limited entry commission to step in and council delinquent taxpayers on programs available to help them in these situations. Extending this program could only benefit the state and the commercial fishing industry while it increases revenues collected by the Internal Revenue Service. CFEC will be able to continue in their efforts to bring commercial fishermen in compliance with their federal tax obligations.

I personally have been involved in many of the aspects of HB 123 and HJR 23. My husband was a recipient of the federal tax obligation loan program and I was the fishermen's representative during the Alaska Symposium held in July of last year when the IRS, CFEC and different interested parties came together to discuss solutions to the commercial fishing tax delinquency problems. The intention of the symposium was to brainstorm different ideas to further assist those in arrears.

I was appalled to hear of the attempt by the IRS to seize and force sale permits prior to the Christmas holiday. My understanding of what was discussed at the symposium and the literature that followed, was an effort to avoid such drastic measures and to allow time for the CFEC to intervene and try to rectify the problem by suggesting solutions to the delinquent taxpayer. A trust was broken that had only begun to foster and I personally find it reprehensible that the IRS could turn its back to the agreements that were made.

Mr. Chairman and committee members, due to time constraints I will end my testimony by saying once again that CDFU supports HB 123 and HJR 23. Thank you for the opportunity to testify and I welcome any questions you may have on either bill.

Sincerely,


Cheri Shaw, Executive Director
Cordova District Fishermen United

SCOMM

102:9

SPONSOR STATEMENT

HB 141

A VESSEL PERMIT MORATORIUM FOR THE ALASKA WEATHERVANE SCALLOP FISHERY

I have introduced HB 141 to implement a moratorium within the state waters off Alaska similar to the moratorium being implemented by the North Pacific Fisheries Management Council affecting the federal waters off Alaska. Without a moratorium implemented in state waters, it is probable that there would be an increase in effort on our state water scallop stocks, as well as on the associated marine habitat, and create an unmanageable fishery.

World wide scallops have proven to be susceptible to overfishing and boom/bust cycles. Scallops are long lived shellfish. The large scallop meats which bring premium prices come from scallops eight years or older.

The Alaska scallop fishery started in 1968. Nineteen east coast scallop vessels came to Alaska and took 1.7 million pounds of scallop meats. The fishery continued at a harvest level of 1.3 million pounds of meats annually until 1973. Catches dropped off sharply after 1973 and fishing ceased in 1978 when scallop beds were depleted. This boom and bust cycle was repeated in the 1980's and appeared to be repeating for a third time in the 1990's until the state developed a fishery management plan for scallops in 1993. All scallop fishing was stopped in February 1995 in order to prevent an east coast scalloper, Mr. Big, from fishing in unregulated federal waters. The fishery reopened in late 1996 under a federal management plan.

At present weathervane scallops are managed jointly by the federal government and the State of Alaska. There is a federal fishery management plan to delegate management authority of scallops to the state "in process" which has not been finalized. The management plan includes mandatory 100% observer coverage, caps on the amount of crab bycatch which can be taken and area specific quotas. Under new language in the Magnuson-Stevens Fisheries Conservation and Management Act, the State of Alaska could exercise management authority out to 200 miles under delegated authority.

It is also in the State of Alaska's best interest that both the State and federal water scallop fisheries have a similar management plans and be managed by the State of Alaska. My goal is delegation of management authority by the U.S. Department of Commerce to the State of Alaska with a more restricted moratorium base. It should be noted that the North Pacific Fishery Management Council's Environmental Assessment and Regulatory Impact Review found that far fewer vessels than established by the federal moratorium could efficiently harvest the Alaska scallop quotas.

Within this legislation, I have separated out the weathervane scallop fishery conducted in Area H, Cook Inlet. The Area H scallop fishery is unique in that it is managed as an entirely separate fishery, has different gear specifications, and has more recently been developed.

HB 141 is needed to ensure careful conservation of the scallop stocks, as well as the marine habitat in which the scallops live, and to ensure that the bycatch of other marine animals, such as crabs, are properly controlled and managed. It is imperative to implement a moratorium on new entrants into the weathervane scallop fishery now.

Post-It Fax Note	7871	Date	1-31-97	# of pages	6
To	Cheryl Dougherty				
From	Mark Kandianis				
Cell/Dept.	Co.				
Phone #	Phone #				
Fax #	907-465-4956				

rk Kandianis
c Fish Company
326 Center Avenue
Suite 205
Kodiak, AK 99615

January 30, 1997

Mr. Dale Anderson
Commercial Fisheries Entry Commission
State of Alaska

VIA FAX: 907-784-6170

Dear Dale:

My name is Mark Kandianis. I'm a commercial scallop fisherman from Kodiak. I have fished scallops commercially in Alaska since 1980 as mate and captain aboard the F/V Pursuit and later owner and captain aboard the F/V Provider.

In 1993, the North Pacific Fishery Management Council did an analysis which stated that the Alaskan scallop fishery could support nine vessels at break-even with a GHL of approximately 1.0 - 1.3 million lbs. of shucked scallops. This overstates the abundance of Alaska's scallop resource as GHL's are actually all set at 0 to the upper range of harvest. Since 1993, several management areas have had GHL's reduced or were closed early due to low CPUE, with signs that other areas may also be in decline. Additionally, many of the areas for which a GHL is established do not support any commercial weathervane scallop beds while other areas are closed due to crab bycatch long before the GHL is reached. Many commercially viable scallop beds are not available to harvest due to their location within closed areas such as sea lion rookeries and crab savings areas.

I have witnessed localized stock depletions often in the past. The Bering Sea started with no set quota in 1993 - later a GHL was set at 0-600,000 lbs. I fully expect to see reductions in this area in the near future. In Kodiak, the long term mainstay of our fishery, the GHL was set at 400,000 lbs. In the recent past, this production came almost exclusively from the Shelikof District as beds on the east side of Kodiak are depleted. Last year, the CPUE in Shelikof dropped quickly, and as I recall, the harvest was 210,000 lbs. when it was closed. The Prince William Sound quota was set at 50,000 lbs in 1994 and was reduced this year to 22,000 lbs. even after a lengthy closure.

I believe that many of the western area stocks are comprised of sporadic year classes with little or no sign of recruitment. In light of this, I believe in the near future that the statewide GHL's will be diminishing. I believe the Alaskan scallop resource to be classified as being spasmodic which shows irregular pulses of high abundance followed by periods of scarcity or collapse. Most scallop stocks fit this type. Environmental conditions

underlie spasmodic pulses in at least two well documented and dramatic cases. Another factor to consider is crab bycatch which can and has limited catch in most districts in the westward region.

However, conservative management measures can allow this fishery to stabilize. The weathervane is a longlived animal so good year classes can be spread out to accomodate a small fleet over time until the next successful recruitment event occurs.

As small a number as it might seem, it has been my experience over time that this resource has never supported more than four to five full time vessels on a year round basis and in some years fewer than that.

I own one vessel in the fishery and have many times in the past been asked if I would be interested in expanding to other vessels in the fishery. I have declined knowing from nearly two decades of experience the limits of the resource and the abundance fluctuations.

In 1992 with the arrival of two unusually large, high capacity vessels and with very little in the way of management, it became evident that the resource was about to be overexploited with no consideration for the future health of the fishery.

As word of large landings reached the east coast, gold fever seemed to prevail as owners sent vessels through the Panama Canal two at a time. In 1992, a Federal moratorium was sought when it became evident that the State of Alaska had no mechanism to limit the number of permits by vessel. (We also found that the Federal groundfish moratorium would not cover scallops as they were not covered under the federal groundfish management plan. Though the resource is located primarily in the EEZ, the scallop fishery had been managed by the State for over twenty years.)

As the newly arrived fleet steadily increased, their assertions were that though the fishery had been prosecuted for twenty years, neither the State nor the long-term fishers really knew the extent of the resource. Also, the North Pacific Fishery Management Council had only limited interest in this fishery as they had bigger fish to fry. State management concerns grew, along with many restrictive measures - which we supported.

At this time, with the inclusion of the newly arrived east coast vessels there were approximately 9-10 full time vessels participating. The historic participants found themselves operating at break even or less. In January 1995, one of the new high capacity vessels (Mr. Big) turned in its Alaskan scallop permit and fished exclusively in federal waters in order to avoid Alaska's regulations. Without an FMP, operators in the EEZ without any Alaskan permits could fish without adhering to any regulations. This resulted in the fishery being shut down completely by the NPFMC for over eighteen months. Only a limited fishery in state waters occurred during that time.

The result to the long time fishers were lost homes, broken families and near insolvency for the resident fleet. But all but one of the recently arrived east coast vessels returned to fish back east during the federal closure as they had permits to do so. On their way, this fleet stopped to fish off Washington and Oregon. They depleted those beds with gear that is illegal in both Alaska and on the east coast. The resident Alaskan fleet does not have the licenses to fish in the east coast's limited entry scallop fishery. Neither did our single purpose vessels qualify for any of the other Alaskan fisheries.

These events happened, I honestly feel, due to the lengthy three and a half years the NPFMC took to develop a management plan and federal moratorium for the Alaskan scallop fishery. This allowed the fleet, along with greed from the then newly arrived east coast fleet, to double in size and increase capacity way beyond the boundaries the resource can support in the long run.

It is sad that regulators do not react to curtail overcapitalization in fisheries until it is too late. It is then left to managers and what fishers remain to pick up the pieces to try to make a viable fishery. In this case, the cost and harm done to the resident fleet was, without question, immense.

In closing, I must again state that, in my estimation, this fishery can only support a handful of dedicated full time vessels. Anything more than this will result in attrition due to insolvency. The long term fishers here can not move to other fisheries as they have no other fisheries to move to.

I can not speak to issues concerning the Cook Inlet scallop fishery as this is not an area that we fish.

Thanks for your attention to these issues. Please call for any additional information.

Sincerely,

Mark P. Kandianis

MARK P. KANDIANIS
FV Provider

Draft for Public Review

**ENVIRONMENTAL ASSESSMENT/
REGULATORY IMPACT REVIEW/
INITIAL REGULATORY FLEXIBILITY ANALYSIS
of**

Amendment 1

**to the
FISHERY MANAGEMENT PLAN
for the
SCALLOP FISHERY
off Alaska**

NOTE: *The Council is scheduled to take final action on this amendment at it's June 1995 meeting. However, reviewers should note that there are a number of policy decisions regarding State and Federal management that need to be resolved before management measures considered by this amendment could be implemented. Also note that several management measures proposed under the alternative to the status quo contain more than one option. The suite of management measures and options identified under Alternative 2 in this document are subject to change when the Council takes final action.*

**Prepared by staff of the
National Marine Fisheries Service
North Pacific Fishery Management Council
Alaska Department of Fish & Game**

May 26, 1995

harvested may indicate an increase in fishing mortality of larger individuals, or high recruitment (Ricker 1975). It has been well-established that scallop populations worldwide are vulnerable to overharvest, and stock recovery may be slow (Aachan-1991; Bannister 1986; Bourne 1986; McLoughlin et al. 1991; Orensanz 1986). For these reasons, significant increases in scallop harvests in Alaska beyond historic levels should be avoided, as they may jeopardize stock health and sustained yield.

The longevity of weathervane scallops in Alaska implies that they experience low natural mortality rates (Hoenig 1983), and this requires that conservative commercial harvests of weathervane scallops may be necessary to maintain healthy stocks and sustainable fisheries. The rate of natural mortality is one of the biological reference points commonly used in management of other fisheries to establish appropriate exploitation rates (Clark 1991). Unfortunately, other benchmarks that would bear on the choice of appropriate exploitation rates for weathervane scallops are not presently available; there is inadequate information on other biological production parameters, and uncertainty in scallop population dynamics for Alaskan scallop fisheries.

An unrestricted harvest in the EEZ would allow recruitment overfishing. It is widely accepted that fishery harvest levels should be prescribed in ways to prevent "recruitment overfishing", which is the condition that occurs when stocks are reduced to levels too low to produce adequate numbers of young scallops -- the future recruits to the fishery (Gulland 1983). Recruitment is a prerequisite for maintenance of viable populations, and is needed for sustainable harvests that support long-term economic benefits from the fishery. By closing the EEZ to harvest, recruitment overfishing of scallops would be prevented, and a future fishery would be assured.

Overcapitalized Fleet

The existence of an overcapitalized fleet increases the potential of overfishing the resource in an unrestricted fishery. At its January 1993 meeting, the Council determined that unrestricted access to this fishery may be harmful to the resource and result in a net loss to the Nation. A control date of January 20, 1993 was set to place the industry on notice that a moratorium for this fishery may be implemented. This control date was again reaffirmed at the Council's June 1993 meeting. As anticipated, effort in this fishery apparently increased in 1993; 32 permits, representing 21 vessels were issued to fish scallops in 1993. Eleven of these vessels had made landings as of July 31, 1993, and a total of 15 vessels had made landings by the end of the year.

Even without additional vessels entering the fishery, the 1993 fishery was overcapitalized. In 1992, seven vessels harvested 1.8 million lb (816 mt), for an average of 257,143 lb (116.6 mt) harvested per vessel. The 1993 quota was set at 890,000 lb (403.7 mt) for areas with specified guideline harvest levels, or about one-half of the 1992 landings. Efficient harvesting of this quota could be done by only three to four vessels. Preliminary estimates of 1993 landings from areas without guideline harvest levels total 524,000 lb (237.7 mt), that potentially could have been taken by an additional two vessels. Yet, 11 vessels participated in the 1993 fishery by July 31. Hence, the 1993 fishery was overcapitalized, meaning that too much capital was invested relative to the fleet size necessary to efficiently conduct the fishery. In 1994 the fishery continued the trend; 16 vessels harvested 1,235,269 lb (560.3 mt) of scallops.

Conservation impacts of the scallop fishery in Alaska depend upon the particular suite of management measures adopted. Where no management exists there is every indication that the fishery would be subject to local and eventual general overfishing were the condition to persist. One vessel fishing in the EEZ without the effort restrictions on gear, and crew required by State law was apparently able to take over 100 percent of the State's GHL (54,000 lb) (24.5 mt). When the overcapitalization of the fishery is considered, it is clear the current scallop fleet could take several years' worth of the State's GHL in many areas in several months.

Because of the serious effects unrestricted fishing in this overcapitalized fishery would have on this resource, this proposed action concentrates on strict conservation in the fishery. Ideally, management strives to achieve a balance of factors, such as cost-effectiveness, enforceability, resource conservation, and positive economic

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1.6 Management Measures Considered under Alternative 2

1.6.1 Permit Requirements

Fishing Permits will be required for moratorium qualified vessels to harvest scallops in the EEZ. Permits are necessary to implement a moratorium and to track replacement of moratorium qualified vessels. A Federal permit for scallops would also be a requirement to process or transport scallops in the EEZ. A vessel without Federal fishing permits could still fish in State waters. However, vessels may also be required to be registered with the State of Alaska and comply with all state regulations when fishing in State waters.

1.6.2 Limited Access

A system for limiting access, which is an optional measure under section 303(b) of the Magnuson Act, is a type of allocation of fishing privileges that may be used to promote economic efficiency or conservation. For example, *"limited access may be used to combat overfishing, overcrowding, or overcapitalization in a fishery to achieve OY"* (50 CFR 602.15 (c)). The Magnuson Act (Section 3(21)) further defines "...The 'optimum' with respect to the yield from a fishery, means the amount of fish -- (A) which will provide the greatest overall benefit to the Nation, with particular reference to food production and recreational opportunities; and (B) which is prescribed as such on the basis of the maximum sustainable yield from such fishery, as modified by any relevant economic, social, or ecological factor."

A moratorium is proposed as an essential element to keep the fishery from being further overcapitalized. The intent of the proposed vessel moratorium is to stabilize the size and capitalization of the scallop fleet during the time that the Council is considering limited entry alternatives for this fishery. As such the vessel moratorium does not resolve the underlying problems of existing overcapitalization and excess effort in the fishery, but may prevent these problems from worsening while comprehensive solutions are being developed. The qualifying criteria and other elements previously adopted by the Council, and the analysis of these options are detailed in Chapter 3.

Permit limitation or participant limitation with individual fishing quotas (IFQ's) are two other forms of limited access that may be considered for management of the scallop fishery. Although not fully analyzed here, the Council has expressed interest in using IFQ's as a management measure for the scallop fishery. A study of the Atlantic sea scallop fishery found that significant benefits would accrue to the industry and the Nation if an IFQ program were implemented for the sea scallop fishery (Sutinen et al. 1992). However, given the extended time frame necessary to develop and analyze IFQ's for the Alaska scallop fishery, a moratorium would serve to stabilize capitalization of the fleet while limited entry alternatives for the fleet are being considered. Under an individual fishing quota (IFQ) system, the total allowable catch is divided into units (shares) that are then allocated to individuals. Individual shares allow fishermen to adjust their strategies to efficiently harvest the resource. IFQs were recently implemented for the halibut and sablefish fisheries in the North Pacific. As such, monitoring systems and other infrastructure will be already instituted should an IFQ system for scallops be proposed. An IFQ program for scallops would require additional analysis for plan amendment.

One potential drawback to all limited access measures is that they would apply only to Federal waters. Hence, under an IFQ system, quotas would not apply to state waters where 40% of the historic harvest has occurred. Similarly, under a moratorium or license limitation system, state waters would still be under open access, potentially creating problems with monitoring and enforcement.

At its September 1993 meeting, the Council tentatively identified its preferred moratorium options, but requested that additional analysis be done to assist with determining appropriate qualifying criteria. The options that the Council identified were 1) Vessels must have participated in either 1991 or 1992, or participated for a minimum of four years within the qualifying period (January 1, 1980 to January 20, 1993), or 2) Vessels must have participated in either 1990, 1991, 1992 or 1993 through July 30, or participated for

a minimum of four years within the qualifying period (January 1, 1980 to January 20, 1993). Additional information was provided in the draft FMP dated November 30, 1993.

★ In April 1994, the Council recommended the following qualifying criteria as its preferred option. To qualify under the moratorium, vessels must have participated (made at least one landing) in 1991 or 1992 or 1993, or must have participated for at least four years between January 1, 1980 and January 20, 1993. The 1980 date was adopted because it (1) matched with the proposed groundfish moratorium, (2) data prior to 1980 were not available, and more importantly, (3) 1980 marked the first year of the second phase of the scallop fishery, and was thus considered to be a reasonable base year for historical participation. Note that less than 3 vessels participated in 1974, 1976, 1977, and 1979, and no vessels participated in 1978. The January 20, 1993 date was adopted as a cutoff date for historic participation, because vessels making landings in 1993 would be included as recent participants; participation after January 20, 1993 would not accrue towards historic participation. The Council did not include those vessels that participated in 1990, but did not have historic participation or more recent participation in the fishery, as moratorium qualified. It was determined that these vessels had neither recent nor historic dependence on the fishery. Vessels that were in the "pipeline" to fish for Alaskan scallops (i.e., under construction, being refitted, relocated, etc.) but had not made a required landing, would not qualify under the moratorium. The Council had been discussing a scallop moratorium throughout 1993, and by including the 1993 participants as moratorium qualified would address the problem of those vessels in the "pipeline".

Permits would be issued to the owner of each vessel at the time of qualifying. If two owners qualify for a single vessel, the most recent owner qualifies, such that each vessel generates only one permit. Vessels that made landings from Cook Inlet only would receive permits for that area only, and no crossovers between Cook Inlet and other areas will be allowed unless a vessel qualifies for both areas.

In addition to qualifying criteria, the other moratorium elements are: duration, crossovers, reconstruction, replacement, exemptions for small vessels, and appeals. The Council's preferred options for these moratorium elements are listed Table 1.6. A 3 year limitation on the duration of the moratorium should provide sufficient time to develop, approve, and implement a permanent limited access program for the affected fisheries, or to decide to abandon limited access in favor of open access management measures. Crossovers of vessels between fisheries (scallop to or from groundfish, crab, salmon, or halibut) would not be allowed, except for those vessels qualified under both the scallop and groundfish moratoria. Additional crossovers would amplify any economic and biological impacts associated with the increased capacity of the fleet. Reconstruction and replacement of vessels was limit to prevent further increase the capacity of the fleet. Regarding exemptions, the preferred option was to allow exemptions for small vessels, but to limit the gear used by these vessels to gear other than dredges or trawls. Such an exemption would allow small vessels to develop alternative methods of harvesting weathervanes and other scallop species, such as by diving or longlining.

North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

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#3-95

NEWSLETTER

6/28/95

Dutch Harbor/Unalaska Rolls Out Red Carpet

From the first plane carrying meeting attendees to the last one to leave, participants in the NPFMC's June meeting in Dutch Harbor were greeted with enthusiasm and treated like royalty during their week-long stay. Several after-meeting social activities were provided by Dutch Harbor and Unalaska businesses and associations throughout the week, including a BBQ and recreational evening. Other opportunities for after-meeting sightseeing, plant tours, and fishing were abundant through the careful planning of the NPFMC Organizing Committee, composed of Mayor Frank Kelty, Doug Bagnell and Jane Schroeder (Grand Aleutian), Stephanie Madsen (Aleutian Logistics-ASPA), Shirley Marquardt (Freight Mgmt Services), Annemarie McElroy (Convention & Visitors Bureau), Herb Callahan (Arctic Alaska/Tyson Seafoods), and Emil Berikoff (Unalaska Fishermen's Assn). It seemed that every citizen of Unalaska and Dutch Harbor was in some way involved in ensuring a pleasant visit and worry-free meeting. Meeting participants and attendees alike commented on the extraordinary hospitality provided. An impromptu activity room provided by Grand Aleutian employees, equipped with a TV, VCR, loads of movies and games, was a life-saver when weather prevented many participants from leaving on Sunday.

The hospitality of Dutch Harbor/Unalaska is much appreciated!

Though a variety of issues were addressed during the meeting, the centerpiece of this meeting was final action on a license limitation program for the groundfish and crab fisheries off Alaska (details inside). The Council also took final action to recommend to the Secretary of Commerce that the inshore-offshore processing allocations established under Amendment 18/23 be extended for an additional three years. This action includes an extension of the pollock CDQ program.

The Council, Advisory Panel, and Scientific and Statistical Committee will meet next the week of September 25 at the Radisson Hotel/Quality Inn at the Sea-Tac Airport. Specific starting times and a draft agenda should be available by mid-August. [PLEASE NOTE: The original meeting date was delayed by one week because of meeting space availability.]

Major issues scheduled for the September meeting will include:

- Discussion of full utilization and waste reduction initiatives.
- Various amendments to the halibut/sablefish IFQ program.

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- The domestic Observer Program and the North Pacific Fisheries Research Plan (fee collection program).
- Long-term crab management and rebuilding programs.
- Next steps in Comprehensive Rationalization, including development of a BSAI pollock ITQ proposal.
- A review of Magnuson Act Reauthorization, and
- Initial specifications of groundfish TACs and PSC allowances for the 1996 fisheries.

Council Bids Farewell to Two Members

The June 1995 meeting marked the end of six years of service on the Council for Mr. Ron Hegge of Anchorage. His direct presence on the Council will be missed, but given his keen interest in fisheries management issues, we don't expect to see him disappear into the sunset. We all look forward to his continued participation in the Council process.

Another member of the Council, Rear Admiral Roger Rufe Jr., will be moving on to warmer climates in the southern U.S. Admiral Rufe served for three years as the Coast Guard representative on the Council. He is replaced by Rear Admiral Ray Riutta, to whom the Council extends a warm welcome.

Incidental Taking of Marine Mammals

NMFS has published a proposed rule to implement new marine mammal takings requirements in commercial fishing operations. This proposed rule, published on June 16, 1995, responds to changes made to the Marine Mammal Protection Act as amended in 1994. There still are three categories of fisheries in terms of marine mammal takings, each having different registration and reporting requirements. Category I is for fisheries with frequent incidental mortality and serious injury of marine mammals. No Alaska fisheries are in this category. Category II is for occasional incidental mortality and serious injury of marine mammals. Alaska fisheries in this category include most drift gillnet and setnet salmon fisheries, Southeast salmon purse seiners, BSAI groundfish trawlers, pair trawlers, and southern BSAI and Western Gulf of Alaska sablefish longliners in federal waters. Category III has fisheries with remote likelihood or no known incidental mortality or serious injury of marine mammals. They include most other commercial fisheries off Alaska.

Comments on the proposed regulations must be submitted to Chief, Marine Mammal Division, Office of Protected Resources, NMFS, 1315 East-West Highway, Silver Spring, MD 20910, by July 31, 1995. Comments on the listing of fisheries by category are due by September 14. Contact for the Alaska Region of NMFS is Dr. Steve Zimmerman at (907) 586-7235. We have limited copies of the federal register notice available upon request.

Scallop Management

In June, the Council adopted Amendment 1 to the scallop fishery management plan which will allow a federally regulated scallop fishery to occur outside 3 miles in the Exclusive Economic Zone. The management program is based on the State of Alaska's management regime with additional measures previously adopted by the Council. Management measures include permit requirements, limited access, regulatory and reporting areas, districts and sections, scallop catch limits, inseason adjustments, reporting requirements, observer requirements, fishing seasons, closed waters, gear restrictions, efficiency limits, and prohibited species bycatch limits. A vessel moratorium, based on previously adopted criteria, was approved as a limited access measure for three years. If approved, the vessel moratorium would qualify vessels which participated (made at least one landing) in 1991, 1992 or 1993, or which participated for at least four years between January 1, 1980 and January 20, 1993. Areas to be closed to scallop fishing include those federal areas of the EEZ currently closed to bottom trawling to protect crabs and crab habitat. The Council also urged NMFS to require 100% observer coverage on all scallop vessels. NMFS and ADF&G will work together to develop a real-time monitoring system to monitor scallop

vessel locations relative to State water boundaries. If approved by the Secretary, a scallop fishery may be prosecuted under federal regulations by mid-1996, or earlier if opened by emergency rule. However, if the Magnuson Act is amended this year to allow extension of state jurisdiction into federal waters under certain conditions, the Council may revise the scallop FMP to defer management to the state. Staff contact is David Witherell.

Crab Bycatch

The Council reviewed an analysis of area closures to trawling that would protect red king crabs in Bristol Bay. The Council released the document for public review contingent upon completion of an economic analysis by late July and approval by the scientific and statistical committee. Please contact the NPFMC office if you wish to receive a copy of the analysis. Final action on this plan amendment is scheduled for September. If approved, an area closure would be implemented in early 1996, likely along the same lines as the 1995 closed area. NOAA General Counsel will examine the possibility of implementing this by emergency rule in January 1996. In September, the Council will also be receiving a report from the Crab Rebuilding Committee chaired by Dr. Fluharty, and perhaps initiating other, long-range crab management programs.

The Council also directed staff to analyze a proposal to combine the Zone 1 and Zone 2 Tanner crab PSC cap for the Pacific cod trawl and other fisheries. It was felt that the Bristol Bay closure may have increased bycatch rates of Tanner crab, causing an early closure of Zone 1. In turn, vessels fished in Zone 2 which may have increased halibut bycatch to the extent that the trawl fishery was unable to harvest its apportionment of the cod TAC. A draft analysis of this plan amendment proposal will be ready in December. Staff contact is David Witherell.

Halibut Discard Mortality Rates

At the December 1994 meeting, the Council recommended to NMFS the halibut discard mortality rates to be used for managing the Bering Sea/Aleutian Island and Gulf of Alaska 1995 groundfish fisheries. The Council recommended an assumed rate of 12.5 percent for the Pacific cod hook and line fishery for the first half of 1995 with a review of observed rates at the June 1995 Council meeting. The International Pacific Halibut Commission staff reevaluated the halibut discard mortality rate for BSAI Pacific cod hook and line fishery using in-season observer data, and reported the fishery is exhibiting a rate of 11.5 percent. The Council recommended that NMFS apply this new rate for the remainder of the 1995 BSAI Pacific cod hook and line season, and to adjust the discard mortalities for this fishery for the first half of 1995. Staff contact is Jane DiCosimo.

Electronic Reporting

The Council approved a regulatory amendment to implement hardware requirements for electronic reporting. The amendment requires all processor vessels that process groundfish to have satellite communication equipment and the necessary hardware and software for electronic transmission of observer data and requires all shoreside processors that process groundfish to have the necessary computer hardware and software to send data electronically via a modem. It will become effective January 1, 1996. The objective is to facilitate electronic reporting of fisheries data. Use of this equipment by observers should reduce both the time and expense of collecting fishery information by providing real-time data and reducing the workload of the Observer Program. Currently, most industry reports are submitted by FAX, and all logbooks are kept on paper.

The Council appointed a committee composed of industry representatives and agency staff to work out the remaining software and hardware requirements of the program. That committee will meet in early February 1997 at the Alaska Fisheries Science Center in Seattle. Contact Nick Hindman at the NMFS Regional Office (907-586-7228) for more information.

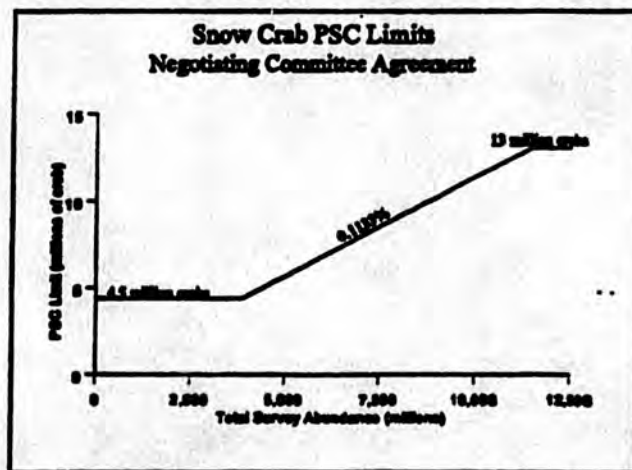
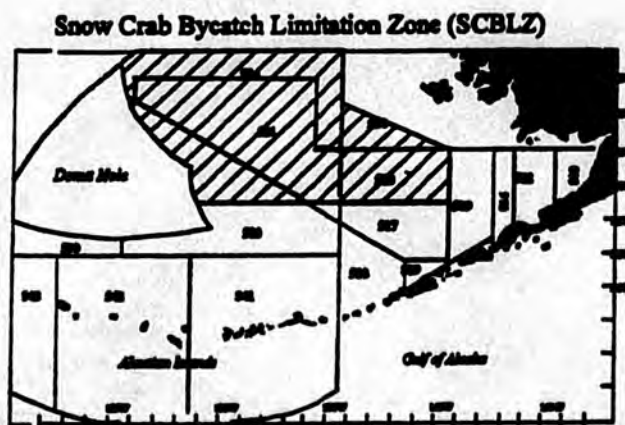
Scallop Management

In June 1995, the Council approved an amendment package that established management measures to replace an interim closure of Federal waters off Alaska to scallop fishing. Amendment 1 allowed scallop fishing to resume in most registration areas on August 1, 1996, and about 750,000 pounds have been landed to date by nine vessels. Amendment 2 proposes a 3-year vessel moratorium on additional vessels entering the scallop fishery. To qualify, vessels had to have made at least one landing in any year from 1991 through 1993, or during any four years from 1980 through 1990. A notice of availability for the moratorium (Amendment 2) was recently published in the Federal Register; comment deadline is February 3, 1997.

Under the Magnuson-Stevens Act, the State of Alaska may now regulate vessels not registered with the State if they are operating in the EEZ. As such, one option the Council may consider is to delegate management authority of the scallop fishery to the State. At its December meeting, the Council recommended analysis of a proposal by NMFS to examine impacts of this option. The Council also initiated analysis of a proposal for a license limitation system for the scallop fishery. The Council is tentatively scheduled to review progress on the analyses in September. Staff contact is Dave Witherell.

Snow Crab Bycatch Limits

The Council approved the agreement negotiated by affected industry groups regarding PSC limits for *C. opilio* snow crab taken in BSAI trawl fisheries. Under proposed Amendment 40, PSC limits for snow crab will be based on total abundance of *opilio* crab as indicated by the NMFS standard trawl survey. For 1998 and thereafter, the snow crab PSC cap will be set at 0.1133% of the Bering Sea snow crab abundance index, with a minimum PSC of 4.5 million snow crab and a maximum of 13 million snow crab. Snow crab taken within the "Snow Crab Bycatch Limitation Zone" (SCBLZ) would accrue towards the PSC limits established for individual trawl fisheries. Upon attainment of a snow crab PSC limit apportioned to a particular trawl target fishery, that fishery would be prohibited from fishing within the SCBLZ.



For 1997 only, all snow crab bycatch in areas 513, 514, 521, 523, and 524 will accrue to the PSC limit, and the PSC limit will be increased by 10%. Based on 1996 survey abundance (5,425 million crabs), the 1997 snow crab

historical fishing practices in, and dependence on, the fishery; (3) the economics of the fishery; (4) the capability of fishing vessels used in the fishery to engage in other fisheries; (5) the cultural and social framework relevant to the fishery; and (6) any other relevant considerations (16 U.S.C. 1853).

Scallop Management Background

Management of scallops in the EEZ of Alaska was conducted by the Alaska State Department of Fish and Game (ADF&G) from 1968 until the implementation of the Federal FMP and an interim closure of the EEZ to fishing for scallops in 1996. In 1992, ADF&G developed an Interim Fishery Management Plan (IFMP) for scallops, as fishing effort was rapidly increasing and maximum sustainable yield may have been exceeded. The IFMP specified three major management measures: (1) Setting area-specific guideline harvest levels and gear restrictions to prevent localized overharvesting; (2) creating an observer program to monitor the fishery and obtain biological information; and (3) limiting effort via gear restrictions, seasons, minimum size limits, and other measures. Consistent with scallop management actions taken on the east coast, the State of Alaska (State) promulgated regulations that limit crew size to a total of 12, and mandated that weathered scallops only be shucked manually to control effort. In 1993, the Commissioner of ADF&G declared scallops a High Impact Emerging Fishery (5 AAC 39.210) because of mounting resource concerns. A fishery may be regulated as a high impact emerging commercial fishery if the Commissioner determines that any of the following conditions apply to a species or species group in an area or region: (1) Harvesting effort has recently increased beyond a low sporadic level; (2) interest has been expressed in harvesting the resource by more than a single user group; (3) the level of harvest might be approaching a level that might not be sustainable on a local or regional level; and (4) comprehensive regulations to address issues of conservation, allocation, and conduct of an orderly fishery have not been developed.

In 1993, the Council also began to address the issue of overexploitation and overcapitalization in the scallop fishery. At the January 1993 meeting, the Council determined that the scallop fishery may require Federal management to protect the fishery from overexploitation and further overcapitalization. The Council set a control date of January 20, 1993, to

notify the industry that a moratorium for this fishery may be implemented. This control date, which was published in the Council's newsletter, meant that fishermen and/or vessels not participating in the fishery by that date may not be guaranteed future access to the fishery.

The Council was presented with information indicating that the stocks of weathered scallops were fully exploited and any increase in effort would be detrimental to the stocks and the Nation. Information indicated that dramatic changes in age composition had occurred after the fishing-up period (1980-89), with commensurate declines in harvest. In recent years, many fishermen abandoned historical fishing areas and searched for new areas to maintain catch levels. Increased numbers of small scallops were reported. Additionally, scallops are highly susceptible to overfishing and boom/bust cycles worldwide.

The need to limit access was the primary motivation for the Council to prepare the FMP in lieu of State management of the scallop fishery. As anticipated, effort in the scallop fishery increased in 1993 when 32 scallop permits, representing 21 vessels, were issued by the State. Fifteen of these vessels had made landings by the end of 1993. Even without additional vessels entering the fishery, the Council believed that the 1993 fishery was overcapitalized, meaning that too much capital was invested relative to the fleet size necessary to conduct the fishery. In 1992, seven vessels harvested 1.8 million lb (816 mt), for an average of 257,143 lb (116.6 mt) harvested per vessel. The 1993 quota was set at 890,000 lb (403.7 mt) for areas with specified guideline harvest levels, or about one-half of the 1992 landings. This quota could have been harvested by three or four vessels. In 1993, landings from areas without guideline harvest levels totaled 524,000 lb (237.7 mt), which could have been taken by an additional two vessels. Yet, 15 vessels participated in the 1993 fishery. In 1994, the growth trend in the fishery continued with 16 vessels harvesting 1,235,389 lb (560.3 mt) of scallops.

At its January 1993 meeting, the Council directed staff to proceed with an analysis to evaluate potential Federal management of Alaskan scallops. A vessel moratorium was proposed as an essential element of a Federal management regime to stabilize the size and capitalization of the scallop fleet during the time that the Council considers limited entry alternatives for this fishery.

At its June 1993 meeting, the Council and its advisory panels reviewed a draft EA/RIR/IRFA analysis of management alternatives for the scallop fishery. Also at that meeting, the Council reaffirmed the control date of January 20, 1993, and recommended several revisions to the draft analysis, which was subsequently released for public review on August 9, 1993. At the September 1993 Council meeting, public testimony was received on scallop management, particularly on the qualifying criteria for a moratorium. At that meeting, the Council tentatively identified its preferred alternative of a separate FMP for the scallop fishery, with shared management authority with the State. The preferred alternative also included a vessel moratorium option. However, the Council requested additional analysis to assist with determining appropriate qualifying criteria. Additional analysis was incorporated into the revised draft FMP, including a draft EA/RIR/IRFA, and was released for public review on November 30, 1993.

At its April 1994 meeting, the Council and its advisory bodies reviewed the draft FMP, took public testimony, and voted to adopt a separate FMP for the scallop fishery. Eighteen vessels would qualify under the criteria adopted by the Council in April 1994. The 1994 draft FMP, which deferred most management measures to the State, was based on the premise that all vessels fishing for scallops in the Federal waters off Alaska would also be registered with the State.

While regulations were being drafted to implement the FMP, a vessel that had nullified its registration with the State began fishing for scallops in the Federal waters of the Prince William Sound Registration Area, which the State had already closed after the guideline harvest level of 50,000 lb (22,686 kg) was taken on January 26, 1995. The State did not have authority to stop the vessel from fishing, because it was no longer registered with the State and was fishing in the EEZ. On February 17, 1995, the Council met by emergency teleconference and recommended that NMFS implement an emergency rule to close the EEZ off Alaska to scallop fishing to prevent further uncontrolled harvests in Federal waters. The emergency rule went into effect on February 23, 1995 and was published on March 1, 1995 (60 FR 11054).

At its April 1995 meeting, the Council took additional steps to prevent unregulated and uncontrolled harvests after the emergency rule expired. On April 19, 1995, the Council adopted an FMP, which continued the closure of the EEZ to fishing for scallops for a 1-year period. The FMP was approved by

<i>Number of vessels fished during the eligibility periods for the federal scallop vessel moratorium</i>	
Time Period	Number of Vessels with Landings
1991	7
1992	7
1993	15
Fished in 4 years during Jan. 1, 1980-Jan. 20, 1993	7
Total Unique Vessels	18

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DEVELOPMENT OF THE FISHERY FOR WEATHERVANE SCALLOPS, *PATINOPECTEN CAURINUS* (GOULD, 1850), IN ALASKA

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ABSTRACT The Alaska scallop fishery harvests weathervane scallops, *Patinopecten caurinus* (Gould 1850), in the Gulf of Alaska and Bering Sea, although small quantities of *Chlamys* spp. were harvested in recent years. The fishery began in 1967 and evolved from a sporadic, low-intensity fishery to one characterized by a highly specialized fleet by 1993. An influx of larger, more efficient vessels from 1990 through 1993 increased harvests and altered the character of the fishery. Vessel length increased 85% from a mean (± 1 standard error) of 18.5 ± 2.9 m in 1983 to 34.3 ± 4.5 m in 1991, and crew sizes doubled. The number of scallop landings increased significantly from 65.9 ± 8.3 y⁻¹ during 1980 through 1989 to 140.7 ± 3.3 y⁻¹ during 1990 through 1993, although the mean number of vessels did not change significantly between the two periods. Scallop harvests averaged 667.1 ± 54.8 mt of shucked meats from 1990 through 1993, three times the average harvest of 216.7 ± 30.3 mt from 1983 through 1989. The percentage of the fleet's total Alaskan fishing income derived from the scallop fishery increased from 57.7% in 1983 to 100% by 1990. The decreased diversification of scallop vessels into other fisheries represented a shift from a part-time fleet to a dedicated, full-time scallop fleet with greater harvesting efficiency. New management measures were adopted to address the changing nature of the fishery and included altered fishing seasons, observer coverage, area harvest limits, ceilings on catch of incidental species, restrictions on crew size and a moratorium on vessels fishing in the exclusive economic zone.

KEY WORDS: Scallops, fishery, *Patinopecten caurinus*, Alaska

INTRODUCTION

The commercial fishery in Alaska for weathervane scallops, *Patinopecten caurinus* (Gould 1850), is a relatively small fishery occurring primarily in the Gulf of Alaska and the Bering Sea in the northeastern Pacific Ocean. Although other scallop species (*Chlamys pseudoislandica* and *C. rubida*) were harvested in 1991 and 1992 in small directed fisheries in the Aleutian Islands or caught incidentally in the fishery for weathervane scallops, their contributions to the total harvest were minimal.

Interest in the Alaskan fishery developed in the late 1960s at the time catch-per-unit-effort (CPUE) was declining in the U.S. and Canadian scallop fisheries on Georges Bank (Orensanz 1986). The decreasing supply of Georges Bank scallops to U.S. markets and increased prices encouraged development of new fisheries and expansion of existing fisheries worldwide to meet the demand for scallops (Caddy and Lord 1971).

The contribution of the Alaskan fishery to the total U.S. harvest of scallops is small, but has grown in recent years. Landings for Alaska and U.S. are commonly reported as shucked meat weight (e.g., U.S. Dept. Commerce 1993). The Alaskan percentage of the U.S. harvest increased from an average of 1.7% from 1980 through 1985, to 2% from 1986 through 1990, to 4% in 1991 through 1992 (U.S. Dept. Commerce 1982-1993). The larger percentage resulted from declining harvest in other U.S. fisheries and increased harvest in the Alaskan fishery. Worldwide scallop landings are commonly reported as live whole weight (e.g., Anonymous 1991). Shucked weight of weathervane scallops averages 11.5% of whole weight (Haynes and Powell 1968). Thus, in 1991 the Alaskan harvest of 536 mt shucked weight was approximately 4,661 mt (0.57%) of the world scallop harvest of 816,000 mt whole weight (Anonymous 1991).

Because the Alaskan scallop fishery was relatively minor until recently, it was passively managed and data collection was minimal. Without a time series of routine abundance and catch sampling data, historical description of stock dynamics is not possible. Standardized CPUE data are unavailable. In any case, CPUE data may not be indicative of relative abundance due to the spatial distribution of scallop beds and the pattern of vessel movement among beds to sustain high CPUE (Orensanz et al. 1991). On the other hand, good records on landings, vessels, and participants have been maintained since the inception of the fishery.

In this paper, we review the geographic distribution of weathervane scallops in Alaska and chronicle the development and management of the commercial fishery, with particular emphasis on the evolution of the scallop fleet from a part-time, diversified, small-vessel fleet to a full-time, large-vessel fleet fishing almost exclusively for scallops.

MATERIALS AND METHODS

We analyzed databases of commercial vessel license applications, commercial fishing permit applications, and fish tickets which are maintained by the Alaska Department of Fish and Game (ADF&G) and Commercial Fisheries Entry Commission. Vessel license applications contain data on fishing vessels such as length, whereas fishing permit applications include information on permit holders such as residency, age, fishery and type of fishing gear.

Fish tickets are sales receipts which include information such as the date of landing, species, number and weight of fish caught, and area of harvest. In Alaska, scallop landings data are generally considered to be accurate, because there have been fewer than 20 vessels to monitor and overall compliance with fish ticket requirements is excellent. The scallop harvests reported herein include all

from 1967 through 1977, previously unexploited scallop beds were explored and harvested. Scallop landings were greatest in the years 1968 and 1969 (Fig. 2). Harvest effort decreased from 1970 to 1978, and a smaller, more stable fishery followed from 1979 through 1989. Beginning in 1990, the fishery for weathervane scallops in Alaska expanded with an influx of new, more efficient vessels. New state and federal management regimes were implemented in 1993 and 1994 to address concerns in the growing fishery.

The first commercial landings of weathervane scallops in the Alaskan fishery were made in 1967 in the western Gulf of Alaska near Kodiak Island. The fishery consisted of two vessels which delivered scallops alive and in the shell to processors on shore for an ex-vessel price of \$0.15 kg⁻¹ (Kaiser 1986). The fishery expanded rapidly in 1968 and 1969 when 19 vessels entered the fishery in the Kodiak area and the eastern Gulf of Alaska near Yakutat. A record harvest for the Alaskan fishery of 839.2 mt was produced in 1969. The costly process of shucking scallops by shore-based processors was soon abandoned, and scallopers began delivering shucked meats to processors for freezing and packaging (Kaiser 1986). The weighted average ex-vessel price for shucked meats in 1969 was \$1.89 kg⁻¹. Unsuccessful attempts were made to extract scallop mantles and gonads for sale as frozen food (ADF&G 1968). To this date, a market for "roe-on" scallops has not developed, and shucked meats continue to be the only product of the Alaskan scallop industry.

During the years 1970 through 1978, the scallop fishery entered a phase of declining effort and harvest. Harvest levels of 1968 and 1969 were not sustained. More restrictive management measures, such as closed areas to limit bycatch, may have contributed to a reduction in the fishery. A catch sampling program conducted during 1968–1972 showed that the largest scallops were fished from previously unexploited populations. Hennick (1973) estimated catch age composition by enumerating annuli on the left valves of scallops. In the early years of the fishery the majority of scallops sampled from commercial harvests were at least 7 years old, but by the early 1970s, the percentage of scallops 2 to 6 years old had increased (Hennick 1973, Fig. 3). Scallopers continued to explore for new beds in attempts to boost their harvests in response to the decreasing abundance of large scallops.

The number of vessels in the fishery dropped from 19 in 1969 to 7 in 1970, but because the most efficient scallop vessels remained in the fishery (Kaiser 1986), the relatively high harvests continued from 1970 through 1973 and mean (± 1 standard error

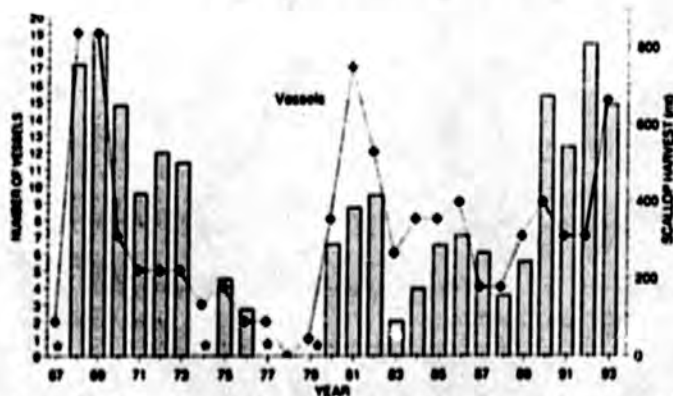


Figure 2. Annual scallop harvest (metric tons of shucked meats) and number of vessels fished in the Alaskan scallop fishery. Confidential harvests are indicated by an asterisk (*).

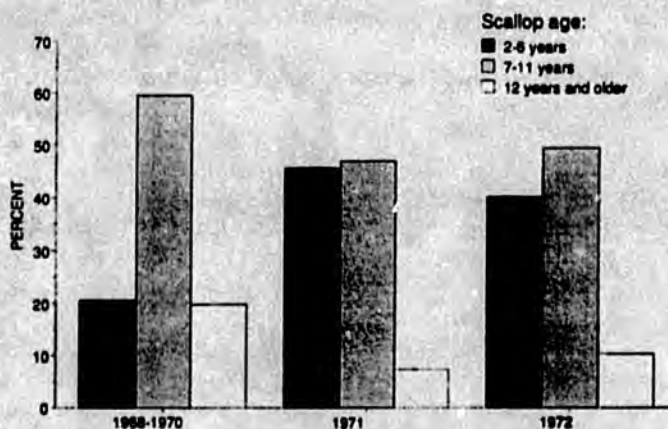


Figure 3. Age composition of scallops sampled from 1968 through 1972 commercial harvests from the Kodiak and Yakutat areas combined (Hennick 1973).

landings were 522.9 ± 94.9 mt y⁻¹. By 1977, the number of vessels had dwindled to two. The fishery was opened in 1978, but no vessels participated and commercial harvest of scallops ceased.

The scallop fishery emerged again in 1979 with one vessel fishing off Kodiak Island. Marked increases in ex-vessel prices from an average of \$3.49 kg⁻¹ in 1976 and 1977 to \$6.11 kg⁻¹ in 1979 to \$9.23 kg⁻¹ in 1981 stimulated more interest in the fishery, and the number of vessels increased to 17 by 1981. Kaiser (1986) attributed much of the growth in the Alaskan fishery to an influx of vessels from the east coast of the U.S. A five-fold increase in the number of vessels in the Atlantic sea scallop fishery from 1975 through 1979 and a 22% decrease in the sea scallop harvest from 1978 through 1981 (NEFMC 1982) caused scallopers to move to the west coast in search of more productive scallop fisheries. This search led to an intense fishery for weathervane scallops off the Oregon coast in 1981 in which 532 mt (shucked weight) was harvested by 118 vessels (Starr and McCrae 1983). Subsequent landings in Oregon have been small (Bourne 1991).

Vessels began harvesting scallops from new areas of Alaska in the 1980s. Whereas previous fisheries occurred entirely in the Kodiak and Yakutat regions of the Gulf of Alaska, an increasing percentage of the harvest in the 1980s was from less traditional areas. Scallopers were harvested from Southeast Alaska along the Alexander Archipelago south of Yakutat, for the first time in 1980. The first scallop harvest from the Alaska Peninsula in the western Gulf of Alaska south of Kodiak was recorded in 1982. Harvests were reported from the Dutch Harbor area of the Aleutian Islands beginning in 1982, and the first harvest from Cook Inlet was produced in 1983. Expansion of the scallop fishery continued into the Bering Sea in 1986. From 1983 through 1989, effort in the Alaskan fishery varied from 4 to 9 vessels. The harvest level fluctuated during that period, and averaged 216.7 ± 30.3 mt y⁻¹.

Expansion of the fishery continued as scallopers explored and exploited new scallop grounds further west along the Aleutian Islands chain to Adak in 1991. In 1992, scallops were harvested from Prince William Sound in the north central Gulf of Alaska for the first time.

The period from 1990 through 1993 represented the most recent growth phase in the fishery. The average harvest more than tripled from an average of 216.7 ± 30.3 mt y⁻¹ during 1983 through 1989 to 667.1 ± 54.8 mt y⁻¹ from 1990 through 1993. The 1992 harvest of 806.9 mt, with an ex-vessel value of \$6.9

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species, and represent weights of shucked meats without roe. Alaska state statutes protect the confidentiality of individual fishers' harvests and earnings. To maintain the confidentiality of this information, we omitted scallop harvest and earnings data when the number of persons or number of vessels participating in the fishery was less than four. For this reason, data were considered confidential in 1976, 1977 and 1979.

The Weathervane Scallop

The weathervane scallop, *P. caurinus*, is a large, long-lived species. The largest specimen recorded in Alaska was 250 mm shell height (SH), and had an adductor meat weight of 340 g (Hennick 1973). Bourne (1991) reported weathervane scallops over 20 years of age from the Strait of Georgia, British Columbia, and scallops up to age 28 have been found in Alaska (Hennick 1973).

Weathervane scallops are distributed along the western coast of North America from California northward to the Bering Sea and westward as far as the Aleutian Islands in depths to 300 m (Grau 1959, Bernard 1983). Commercial quantities of weathervane scallops in Alaska are located primarily in the relatively shallow waters of the submerged continental shelf (Kaiser 1986, Fig. 1). From 1973 through 1976, 68 to 100% of the calculated scallop biomass in Alaska was reported at depths of 0 to 100 m, and commercially harvestable quantities were identified at depths of 46 to 128 m (Ronholt et al. 1977). *P. caurinus* in the northeastern Gulf of Alaska comprised 31% to 37% of the benthic biomass, at depths of 100 m or less (Feder et al. 1981). Unfortunately, scallop assessment surveys were conducted in only a few years and their geographic coverage was limited.

Locations of commercially important beds of *Placopecten magellanicus* on the Atlantic coast were characterized in areas with oceanographic features, including persistent tidal gyres, which contribute to retention of pelagic larvae in the area during the larval period (Sinclair et al. 1985, Caddy 1989). The dominant oceanographic feature of the Gulf of Alaska is a permanent, counterclockwise gyre of the Alaska Current which generally parallels the continental slope at velocities of 30 to 100 cm s⁻¹. The velocities are relatively slow, but as the current narrows into the Alaskan Stream from Kodiak Island westward, velocities increase to a maximum of 100 cm s⁻¹ (Hood 1986). Shoreward of the shelf break, the Alaska Coastal Current borders the Gulf of Alaska from the southeastern panhandle to beyond Kodiak Island and into the Bering Sea. The Alaska Coastal Current flows counterclockwise and is driven by wind and freshwater discharge (Royer 1983).

The largest commercial scallop harvests in Alaska were produced from the coastal margin of the Gulf of Alaska near Kodiak and Yakutat (Fig. 1). Smaller harvests occurred in Southeast Alaska, Prince William Sound, Cook Inlet, Dutch Harbor and the Bering Sea. Analyses have not been completed to determine if scallops in these areas are genetically distinct populations, although larvae could conceivably be transported by currents between some of the closer areas.

Weathervane scallops are found in aggregations which tend to form elongated beds, oriented along the direction of current flow as described for other scallop species (Orensanz 1986, Caddy 1989), on substrates of sand, mud, clay and gravel (Hennick 1973). Growth and size at maturity of weathervane scallops may vary spatially within beds in the same area or between beds in geographically different areas (Haynes and Hitz 1971, Orensanz

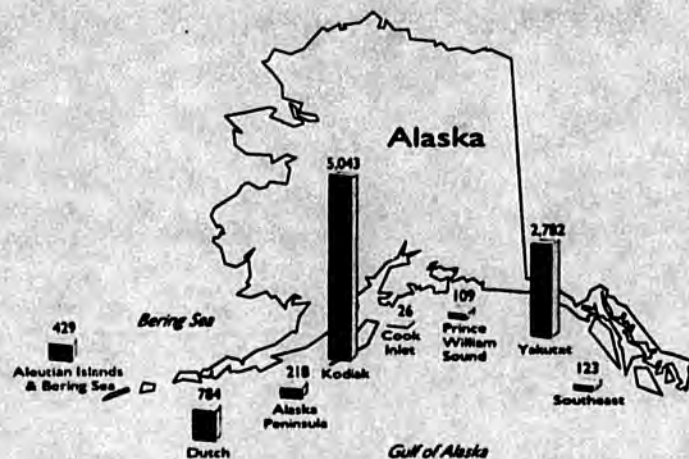


Figure 1. Distribution of total commercial scallop harvest in the Gulf of Alaska and Bering Sea from 1967 through 1993. Cumulative harvests in metric tons of shucked meats are indicated above the bar for each area; bar height is proportional to the area harvest.

1986, MacDonald and Bourne 1987, Caddy 1989). Based on von Bertalanffy growth estimates, weathervane scallops sampled in 1975 from Marmot Flats off the northeast side of Kodiak Island grew faster (131 mm SH at age 4) and achieved larger asymptotic sizes (L_{∞} = 190 mm SH) than those sampled in 1980 from Cape St. Elias to Cape Fairweather in the eastern Gulf of Alaska (91 mm SH at age 4; L_{∞} = 144 mm SH) (Kaiser 1986). Growth and mortality rates may be density dependent (Orensanz 1986) or may vary with spatial differences in temperature or feeding conditions (MacDonald and Thompson 1985).

Annual survival of long-lived species, such as the weathervane scallop, tends to be high. Kruse (1994) estimated the instantaneous natural mortality (M) of *P. caurinus* between 0.04 and 0.25, corresponding to annual mortality rates of 4 to 22%. A median estimate of M = 0.16, corresponding to 15% annual mortality, was obtained using Hoenig's (1983) method based on a Hennick's (1973) maximum scallop age of 28 (Kruse 1994).

The level of fishing mortality for weathervane scallops in Alaska is unknown. For other species of commercially important scallops, direct and indirect mortalities have been identified in association with fishing activities. Direct mortality includes damage or crushing within scallop dredges, and handling and exposure of undersized scallops that are later returned to the sea (Naidu 1988, Medcof and Bourne 1964). Indirect mortality results when scallops in the path of a dredge are not caught but are lethally damaged or exposed to increased predation as predators are attracted to dredge tracks (Caddy 1968, Elner and Jamieson 1979, Caddy 1973). Indirect fishing mortality of Iceland scallops, *Chlamys islandica*, was estimated to range up to 17% or 31%, depending on the type of dredge used (Naidu 1988).

The vulnerability of scallops to fishing mortality may be increased by commensal or parasitic organisms. Scallops in the Cape Yakutat/Cape Yakutat region of Alaska were reported to be infested by the burrowing, spionid polychaetes *Pygospio elegans* and *Polydora ciliata* in the mid- and late-1970s (Feder et al. 1981). The polychaetes weakened the valves and increased the susceptibility of scallops to breakage in trawls or dredges.

The Fishery

The commercial scallop fishery progressed through several developmental phases along the Alaskan coast. In the initial phase

from 1967 through 1977, previously unexploited scallop beds were explored and harvested. Scallop landings were greatest in the years 1968 and 1969 (Fig. 2). Harvest effort decreased from 1970 to 1978, and a smaller, more stable fishery followed from 1979 through 1989. Beginning in 1990, the fishery for weathervane scallops in Alaska expanded with an influx of new, more efficient vessels. New state and federal management regimes were implemented in 1993 and 1994 to address concerns in the growing fishery.

The first commercial landings of weathervane scallops in the Alaskan fishery were made in 1967 in the western Gulf of Alaska near Kodiak Island. The fishery consisted of two vessels which delivered scallops alive and in the shell to processors on shore for an ex-vessel price of \$0.15 kg⁻¹ (Kaiser 1986). The fishery expanded rapidly in 1968 and 1969 when 19 vessels entered the fishery in the Kodiak area and the eastern Gulf of Alaska near Yakutat. A record harvest for the Alaskan fishery of 839.2 mt was produced in 1969. The costly process of shucking scallops by shore-based processors was soon abandoned, and scallopers began delivering shucked meats to processors for freezing and packaging (Kaiser 1986). The weighted average ex-vessel price for shucked meats in 1969 was \$1.89 kg⁻¹. Unsuccessful attempts were made to extract scallop mantles and gonads for sale as frozen food (ADF&G 1968). To this date, a market for "roe-on" scallops has not developed, and shucked meats continue to be the only product of the Alaskan scallop industry.

During the years 1970 through 1978, the scallop fishery entered a phase of declining effort and harvest. Harvest levels of 1968 and 1969 were not sustained. More restrictive management measures, such as closed areas to limit bycatch, may have contributed to a reduction in the fishery. A catch sampling program conducted during 1968–1972 showed that the largest scallops were fished from previously unexploited populations. Hennick (1973) estimated catch age composition by enumerating annuli on the left valves of scallops. In the early years of the fishery the majority of scallops sampled from commercial harvests were at least 7 years old, but by the early 1970s, the percentage of scallops 2 to 6 years old had increased (Hennick 1973, Fig. 3). Scallopers continued to explore for new beds in attempts to boost their harvests in response to the decreasing abundance of large scallops.

The number of vessels in the fishery dropped from 19 in 1969 to 7 in 1970, but because the most efficient scallop vessels remained in the fishery (Kaiser 1986), the relatively high harvests continued from 1970 through 1973 and mean (± 1 standard error

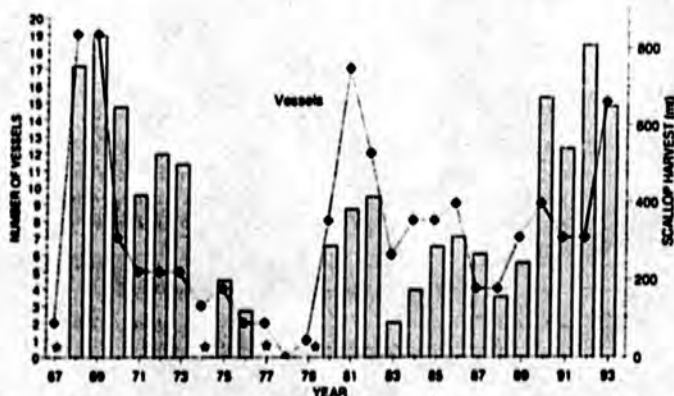


Figure 2. Annual scallop harvest (metric tons of shucked meats) and number of vessels fished in the Alaskan scallop fishery. Confidential harvests are indicated by an asterisk (*).

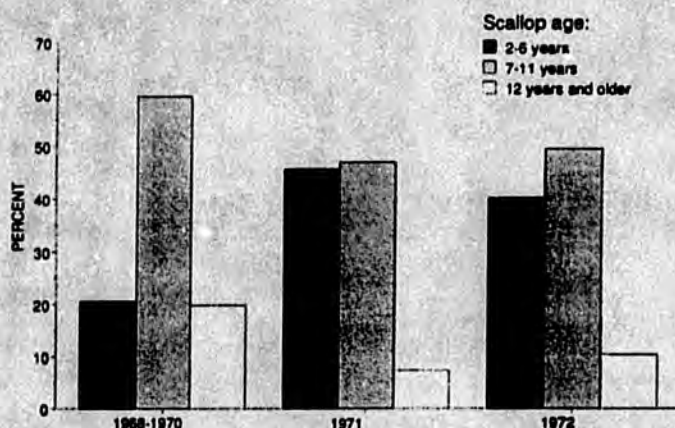


Figure 3. Age composition of scallops sampled from 1968 through 1972 commercial harvests from the Kodiak and Yakutat areas combined (Hennick 1973).

landings were 522.9 ± 94.9 mt y⁻¹. By 1977, the number of vessels had dwindled to two. The fishery was opened in 1978, but no vessels participated and commercial harvest of scallops ceased.

The scallop fishery emerged again in 1979 with one vessel fishing off Kodiak Island. Marked increases in ex-vessel prices from an average of \$3.49 kg⁻¹ in 1976 and 1977 to \$6.11 kg⁻¹ in 1979 to \$9.23 kg⁻¹ in 1981 stimulated more interest in the fishery, and the number of vessels increased to 17 by 1981. Kaiser (1986) attributed much of the growth in the Alaskan fishery to an influx of vessels from the east coast of the U.S. A five-fold increase in the number of vessels in the Atlantic sea scallop fishery from 1975 through 1979 and a 22% decrease in the sea scallop harvest from 1978 through 1981 (NEFMC 1982) caused scallopers to move to the west coast in search of more productive scallop fisheries. This search led to an intense fishery for weathervane scallops off the Oregon coast in 1981 in which 532 mt (shucked weight) was harvested by 118 vessels (Starr and McCrae 1983). Subsequent landings in Oregon have been small (Bourne 1991).

Vessels began harvesting scallops from new areas of Alaska in the 1980s. Whereas previous fisheries occurred entirely in the Kodiak and Yakutat regions of the Gulf of Alaska, an increasing percentage of the harvest in the 1980s was from less traditional areas. Scallops were harvested from Southeast Alaska along the Alexander Archipelago south of Yakutat, for the first time in 1980. The first scallop harvest from the Alaska Peninsula in the western Gulf of Alaska south of Kodiak was recorded in 1982. Harvests were reported from the Dutch Harbor area of the Aleutian Islands beginning in 1982, and the first harvest from Cook Inlet was produced in 1983. Expansion of the scallop fishery continued into the Bering Sea in 1986. From 1983 through 1989, effort in the Alaskan fishery varied from 4 to 9 vessels. The harvest level fluctuated during that period, and averaged 216.7 ± 30.3 mt y⁻¹.

Expansion of the fishery continued as scallopers explored and exploited new scallop grounds further west along the Aleutian Islands chain to Adak in 1991. In 1992, scallops were harvested from Prince William Sound in the north central Gulf of Alaska for the first time.

The period from 1990 through 1993 represented the most recent growth phase in the fishery. The average harvest more than tripled from an average of 216.7 ± 30.3 mt y⁻¹ during 1983 through 1989 to 667.1 ± 54.8 mt y⁻¹ from 1990 through 1993. The 1992 harvest of 806.9 mt, with an ex-vessel value of \$6.9

million, was the second largest recorded in the Alaskan scallop fishery. Although scallop harvests were much larger, effort was similar to that of recent years. Nine vessels fished in 1990 and 7 vessels in 1991 and 1992.

The number of vessels in the scallop fishery doubled to 15 in 1993. As in the early years of the fishery, many of the new vessels entering the fishery from 1990 through 1993 were east coast scallopers. A proposed moratorium in the Atlantic sea scallop fishery (NEFMC 1993) caused some vessels, which would be excluded from the east coast fishery by the moratorium, to move into west coast scallop fisheries.

In 1993, the North Pacific Fishery Management Council (NPFMC) considered a vessel moratorium for the Alaska fishery within the exclusive economic zone (3–200 miles) and gave notice to scallopers that new participants in the fishery after January 20, 1993 may not qualify to fish during a moratorium (NPFMC 1993). Effort escalated in anticipation of a moratorium in the Alaska scallop fishery as vessel owners established their eligibility by harvesting scallops in Alaska prior to January 20, 1993. State management agencies also considered a moratorium on new entrants within territorial (0–3 miles) waters (Kruse et al. 1992).

Vessel Length

Vessel size in the Alaskan scallop fishery increased substantially from the onset of the fishery in 1967. During the developmental period of the Alaskan fishery, scallop vessels consisted of a variety of converted crab, halibut and shrimp vessels, as well as scallop vessels from the east coast of the U.S. The east coast vessels averaged 24 to 28 m keel length and were capable of fishing two scallop dredges 3 to 5 m wide. These were the most efficient harvesters in the fleet (Kaiser 1986). Other vessels were fishing modified beam and otter trawls and an assortment of scallop dredges of various sizes.

Kaiser (1986) summarized vessel lengths in the scallop fishery from ADF&G data for 1967 through 1981. Vessels that fished in the Kodiak area were reported separately from vessels in Yakutat, although some vessels fished in both areas. Vessels that fished near Yakutat varied in length from 12 to 16 m to 24 to 28 m from 1967 through 1977. The largest number of vessels each year is 24 to 28 m in length. Similarly, most scallop vessels that fished in the Kodiak area were 24 to 28 m, although the size range for Kodiak vessels was greater than the range for Yakutat vessels in the early years of the fishery. Kodiak vessels varied from a 6 to 10 m length class to 48 to 52 m in length.

Vessel lengths after 1977 are shown in Figure 4 for all fishing areas combined. The largest component of the fleet in most years was the 18 to 31 m vessel class (Fig. 4A). Registered vessel length averaged 25.1 ± 0.8 m from 1980 through 1982 (Fig. 4B). An influx of vessels smaller than 18 m was evident beginning in 1982 and was associated with initiation of a scallop fishery in the Cook Inlet area where vessels tended to be smaller than vessels fishing in other areas. The mean vessel length reached a minimum of 18.5 ± 2.9 m in 1983 as a result of the increase in small vessels.

By 1988 all scallop vessels in the Alaskan fleet were larger than 18 m. Mean vessel length increased as the number of vessels over 31 m began to rise. Vessel size was largest during the years 1990 through 1992, when the percentage of vessels over 31 m varied from 30 to 57% of the fleet (Fig. 5). Mean length in 1991, 34.3 ± 4.5 m, was 85% larger than the mean length of 18.5 ± 2.9 m in 1983. The mean vessel length dropped to 26.8 ± 1.7 m as more vessels under 31 m in length entered the fishery.

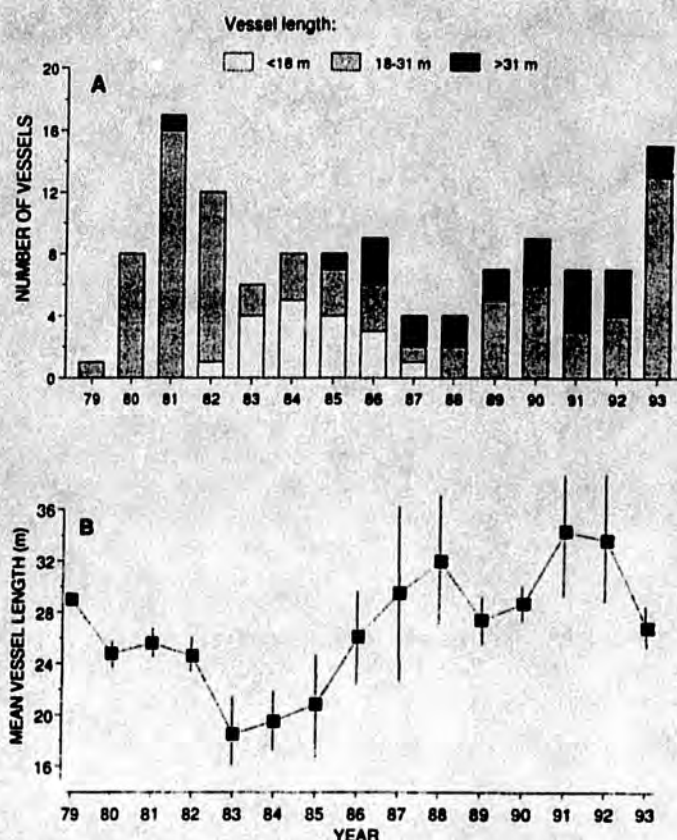


Figure 4. (A) Annual number of vessels in the Alaska scallop fishery from 1979 through 1993, by vessel length class. (B) Annual mean vessel lengths ± 1 standard error.

Fishing Capacity

One of the more important changes in the scallop fishery was the change in fishing capacity of the fleet. Fishing capacity was measured as the mean number of scallop landings (deliveries) per year and the mean size of landings.

In a previous study, we reported an escalation in the number of landings in the Alaskan scallop fishery in recent years (Kruse and Shirley 1994). A Student's *t*-test (SAS 1989) revealed that the mean number of landings of 140.7 ± 3.3 in 1990 through 1993 was significantly larger ($p \leq 0.01$) than the mean of 65.9 ± 8.3 landings in 1980 through 1989. The number of landings increased although the mean number of vessels fished per year from 1990 through 1993, 7.7 ± 0.7 , was not significantly different from the number of vessels fished in the earlier period, 8.3 ± 1.2 . The mean landing size (in mt) was not significantly different between the two time periods.

Diversification of Fishing Income

The proportion of Alaska fishing income derived from the scallop fishery was used as an indicator of the economic dependence of vessels on the scallop fishery and the extent of effort exerted in the fishery by these vessels. All ex-vessel earnings (gross receipts paid to fishers) from Alaskan fisheries were compiled annually for vessels that made scallop landings each year. Scallop earnings were calculated as a percentage of the scallop fleet's total earnings to estimate the degree of diversification from 1975 through 1992. The fleet was considered to be more diversified in years when the percentage of fishing income derived from scallops was low and

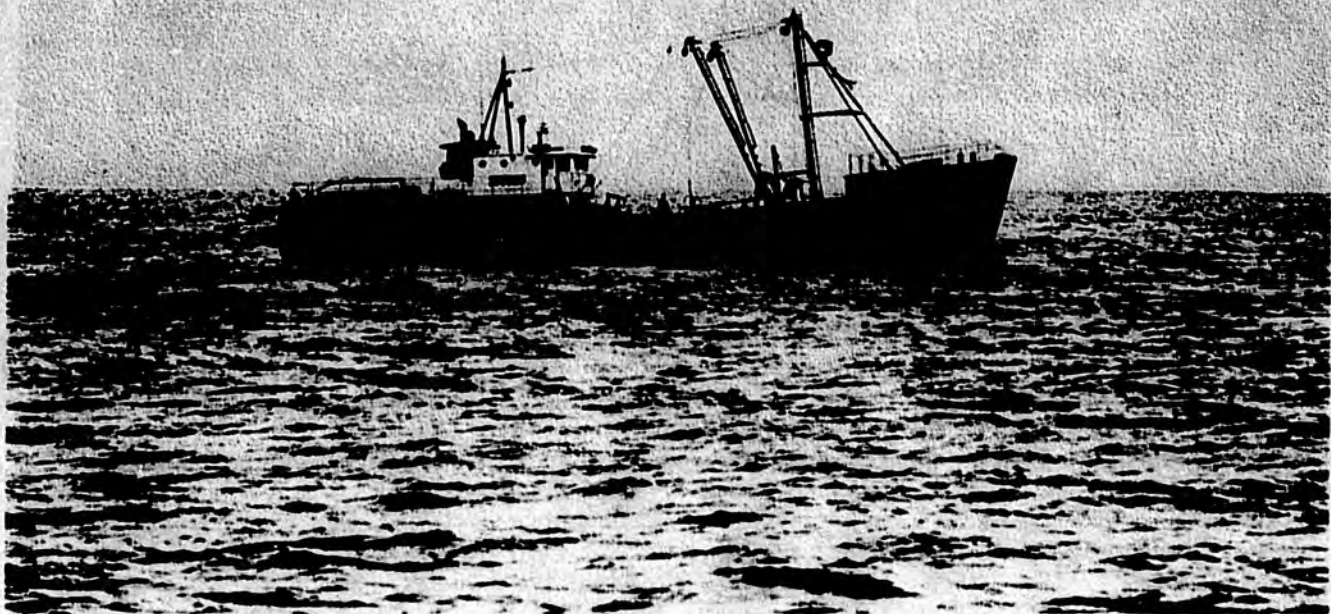


Figure 5. The commercial scallop vessel F/V PROVIDER which is an example of the type of vessel which has been used in the Alaskan scallop fishery since 1990. (Photo by Augustine Delahay)

less diversified in years when scallops contributed larger percentages to the fishing income.

The percentage of fishing income derived from the scallop fishery varied over time from a low of 57.7% in 1983 to 100% in 1979, 1990 and 1991 (Fig. 6). In 1975 through 1979, effort and harvests were reduced, and almost all fishing income for the few vessels during that period was generated from the scallop fishery.

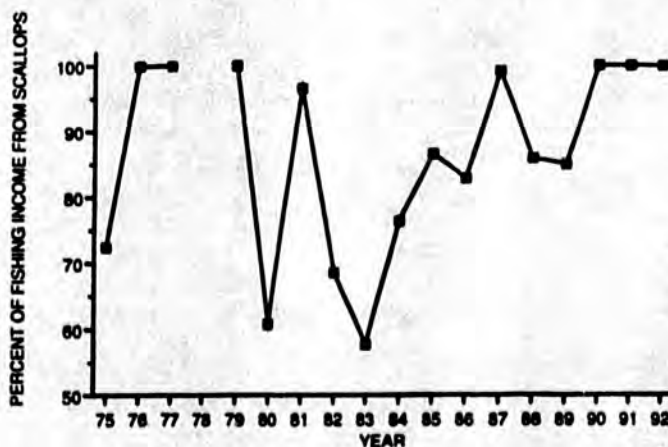


Figure 6. Percent of total ex-vessel fishing income derived from the scallop fishery for vessels participating in the fishery from 1975 through 1992. Total fishing income does not include any income generated from fisheries outside of Alaska.

Small percentages of non-scallop income were produced from king crab, halibut and salmon fisheries.

The contribution of scallops to total fishing income generally decreased after 1979 to the lowest level in 1983, suggesting an increased diversification of the fleet into fisheries other than scallops. Scallop vessels were also used in king crab, Tanner crab, shrimp, salmon, halibut and herring fisheries during that period.

Diversification of the scallop fleet began to change in 1983. The percentage of fishing income produced from the scallop fishery increased from 1983 to 1990. By 1990, scallops contributed 100% of the fishing income for the first time since 1979. All of the fishing income for the scallop vessels from 1990 through 1992 was produced from the scallop fishery. The change in fishing income represented a shift from a diversified fleet in the 1980s to a fleet concentrating almost entirely on scallops. The number of landings and the total harvest increased concurrently.

The contribution of the scallop fishery to total fishing income was not directly related to ex-vessel price of scallops or to the total scallop harvest. Ex-vessel prices remained relatively stable from 1982 through 1992, although when corrected for inflation, the price of scallops decreased over time (Kruse and Shirley 1994).

Harvesting Efficiency

The harvesting efficiency of the scallop fleet improved during the 1980s and 1990s. As vessels became larger and more specialized, crew sizes expanded and mechanical shuckers came into use. The average crew size for scallop vessels during 1980 through

1984 was estimated to be 5 persons per-vessel in the Yakutat area, 6 per-vessel in Prince William Sound, 6.3 per-vessel in Cook Inlet, the Alaska Peninsula, Aleutian Islands and Bristol Bay, and 8 per-vessel in Kodiak (Alaska Department of Labor, unpublished). By 1993, all vessels except the smallest in the fleet carried 12-person crews (NPFMC 1993). The Alaska Board of Fisheries limited the crew size on scallop vessels to 12 persons in 1993.

The use of mechanical shucking devices in Alaskan scallop fisheries was first reported in the 1991 fishery (Griffin and Ward 1992). Automatic shucking machines were employed to make harvest of smaller scallops more economical (Kruse and Shirley, in press). Although shucking machines were used primarily on vessels exploiting *Chlamys* spp., their use in processing weathervane scallops was banned in Alaska in 1993.

DISCUSSION

Alaska's commercial fishery for scallops evolved from a sporadic, low-intensity fishery to a fishery characterized by a highly specialized fleet capable of harvesting with greater efficiency. This growth and specialization within the fishery created conservation concerns for the scallop resource. Recent anecdotal reports indicated that the proportion of smaller scallops harvested in the commercial fishery may be increasing (NPFMC 1993). Additional concern has arisen over the increased threat to species caught incidentally in non-selective scallop dredges. Particularly vulnerable are benthic migratory species, such as crab, which move into shallower depths during their molting and mating periods (Haynes and Powell 1968, Hennick 1973, Stone et al. 1992). Protection of non-targeted species is especially critical in some areas of Alaska where depressed populations of commercially valuable king and Tanner crabs are rebuilding.

The rapid growth, specialization and over-capitalization of the scallop fishery may have jeopardized the economic viability of the fishery. Larger vessels and crews and mandatory observer coverage have increased operating costs for scallop vessels. Shorter fishing seasons and harvest limits have constrained the earning potential in the scallop fishery.

With increased competition, over-capitalization and decreased ex-vessel value, the tendency for some fisheries in Alaska has been for vessels to become more diversified by participating in more fisheries in order to maintain the level of income necessary to support their operations (Shirley 1993). More restrictive measures (e.g., harvest limits, seasons, crab bycatch caps) recently adopted by state and federal management agencies may also cause some scallop vessels to diversify their fishing activities.

Management changes have been made to address some of these problems in the fishery and to provide more scientific data to analyze the impact of the fishery on Alaskan scallop populations. For many years, the small scallop fishery prompted few conservation or management concerns, and was managed using gear restrictions, fishing seasons and closed areas (Kruse and Shirley, in press). The Alaska scallop fishery recently shifted from a passive management mode to more active management and monitoring of the fishery in response to expanded effort and increased harvest levels in the 1990s.

A management plan adopted in 1994 established a more comprehensive management regime for the scallop fishery (Kruse 1994). Scallop gear in Alaska was restricted to two New England-style dredges (Bourne 1964) per vessel, with a maximum dredge

width of 4.57 m and a minimum ring size of 10.16 cm. Dredges used in Cook Inlet cannot exceed 1.83 m in width. Alaskan waters were divided into 9 registration areas, and vessels are now required to register with ADF&G before harvesting scallops in an area. Annual harvest limits were established for each registration area. All scallop vessels are required to have, and pay for, observers on board to monitor incidental catch of crab and collect biological data on scallops. Restrictions on scallop crew size and prohibition of automatic shucking machines on vessels fishing for weathervane scallops were implemented to control harvesting efficiency. Fishing seasons were amended in the new plan to protect molting and mating crabs from incidental harvest by scallop dredges. The regulatory season extends from July 1 in most areas (August 15 in Cook Inlet) through February 15. In the Yakutat and Prince William Sound areas, the season opens on January 10. The fishing season ends when the harvest limit has been met, when the incidental catch limit has been met, or on the regulatory closing date, whichever comes first.

The NPFMC adopted a federal management plan for scallops in 1994 which included a moratorium on vessels fishing in the exclusive economic zone (NPFMC 1993). Vessels fishing scallops outside of territorial waters were previously managed by ADF&G in the absence of a federal management plan. Management changes provided by the new ADF&G and NPFMC management plans should help to curtail rapid expansion of the scallop fishery.

Because the weathervane scallop is a long-lived, slow-growing species with low natural mortality, it may be vulnerable to overfishing (Adams 1980). Historically, an overall depletion of scallop populations may have been avoided because of the widespread distribution of scallops in the Gulf of Alaska and the Bering Sea and the small fleet's motivation to move to new areas to maintain catch rates or to other fisheries. However, some local populations may have been overfished. As a fishery begins on virgin stocks it is normal for age composition to shift toward younger ages. However, the magnitude of the age shift during the early years of the fishery, coupled to subsequent fishery performance, suggests to us that high harvests during the early years of the fishery off Kodiak and Yakutat may not have been sustainable over the long term. Unfortunately, fishery-independent data are unavailable to verify whether overfishing occurred.

Oceanographic features similar to those described by Sinclair et al. (1985) and Caddy (1989) for self-sustaining scallop populations also may have contributed to the apparent resiliency of weathervane scallop populations in Alaska. Nonetheless, recent expansion of fishing capacity by the fleet concerned fishery managers who sought to conserve and sustain natural populations, and thereby avoid stock collapses that have often occurred in many other scallop fisheries after periods of intense fishing (Orensanz 1986, Bourne 1991, Gwyther et al. 1991, Orensanz et al. 1991, Piquimil et al. 1991). As biological data are collected from the new observer program, our knowledge of the sustainability of exploited weathervane scallop populations in Alaska should improve markedly with the estimation of recruitment, growth and mortality parameters.

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Effective January 1, 1996, all commercial pots were required to be partly covered by rigid mesh, which must have 7/8ths inch minimum diameter openings. This regulation was designed to reduce handling of small non-marketable shrimp thereby decreasing avoidable fishing mortality. Similar regulations are utilized in the Prince William Sound Management Area, Southeast Region, and State of Washington.

KAMISHAIK BAY
SCALLOP FISHERY
(AREA H)

Introduction

The commercial scallop fishery in the Cook Inlet Management Area (H) began in 1983. The target species for the fishery is the Pacific weathervane scallop (Patinopecten caurinus). In 1983 and 1984 the Alaska Board of Fisheries responded to a public proposal by directing the department to allow restricted exploratory fisheries for scallops. These initial fisheries were characterized by low effort due to severe permit restrictions when compared with traditional scallop fisheries both inside and outside Alaska. The most important restrictions were:

- 1) Legal gear limited to a 6 foot wide dredge with minimum ring size of 4 inches inside diameter.
- 2) Only 1 unit of gear allowed on board at any one time.
- 3) Mandatory log book completion.
- 4) Contact with the Homer office prior to and at the completion of each trip.
- 5) An agreement to carry department observers on board if requested.

Except for some brief exploratory fishing elsewhere in the Kamishak District in 1984 and in the Outer District in 1987, a single bed of scallops near Augustine Island in the Kamishak District has sustained almost the entire harvest since the fishery began in 1983 (Figure 1). Using the state research vessel Pandalus, the department conducted an assessment survey in August, 1984 to define the extent of this particular bed and to aid in establishing appropriate harvest levels.

Based on information from the 1984 survey as well as data from the initial fisheries, the 1985 Board of Fisheries adopted regulations for scallops in Cook Inlet. These regulations included a season in the Kamishak District from August 15 through October 31, a guideline harvest level of 10,000 to 20,000 lb (changed to 0 to 20,000 lb in 1994) of shucked meats, and the restrictions mentioned previously (except for the single unit of gear provision). Commercial fishery performance has been used inseason to adjust guideline harvest levels. Historic harvest and effort peaked fishery during 1994 when 4 vessels took 20,431 lb of shucked meats (Figure 12 and Appendix K).

By regulation the Southern District was not open to scallop fishing in order to protect crab stocks, while the Outer and Eastern Districts were opened year round to encourage exploratory fishing.

In 1987 review of inseason fishery performance data clearly demonstrated that the Kamishak District stock had taken an unexpected decline. Substantial undocumented information indicated that the Kamishak scallop bed had been fished illegally between the 1986 and 1987 seasons. Regardless of the reason for the sharp decline in abundance, the department closed the fishery.

No commercial effort occurred in Cook Inlet from 1988 through 1992. Although some local fishermen expressed interest in fishing during these years, the potential of a fishery closure after 1 trip did not warrant the investment in time and effort because the department told fishermen that their catch data would be used to justify continuance of the fishery. Fishermen speculated that the probability of good catches were low. Information required from the fishermen would have included logbooks, shell samples, interviews, and a potential for observers.

In 1993 the fishery was essentially redeveloped when a single fishermen took a chance and began fishing the Kamishak District scallops. After his initial trip it was apparent that the stock had recovered to near historic levels. Two other boats joined the fishery before the season was over. The resultant catch was 20,115 lb. Logbooks and shell samples indicated a small but healthy stock of weathervane scallops once again existed near Augustine Island.

1995 Season Summary

In early 1995 a single vessel commercially fished scallops in a venture that was illegal by state law. This occurred in federal waters off Kayak Island (adjacent to the Prince William Sound Management Area) and resulted in the closure of all commercial scallop fisheries in federal waters. Virtually the entire stock of scallops in the Kamishak District resides in federal waters. Although state waters opened by regulation on August 15, 1995, no one fished as fishermen did not want to waste their time in an area where few scallops existed.

1996 Management Outlook

It appears that the state and federal regulatory problems, that provided a loophole for illegal fishing, have been resolved. The Kamishak District fishery, in both state and federal waters, will likely open by regulation on August 15, 1996. It appears that management of the fishery will be by the state with consent from the federal government. The harvest guideline, however, will be set based on the results of a department dredge survey that will occur in July 1996. It seems likely that the data should justify a harvest guideline of 20,000 lb or more because of the size and age structure of the stock coupled with no fishing mortality in 1995.

The scallop fishery in the Outer and Eastern Districts will be managed by regulation, which includes a requirement for an observer. The department does not anticipate significant effort or catch from these districts because exploratory fishing by 2 large commercial scallopers in 1994 yielded a catch of 11 scallops.

Appendix K. Pacific weathervane scallop catches, Cook Inlet
Management Area., 1983-95.

Year	District	Number of vessels	Catch in pounds of shucked meats
1983	Kamishak	1	2,346
1984	Kamishak	3	6,305
1985 ^a	Kamishak	1	11,810
1986	Kamishak	3	15,364
1987	Outer	1	1,128
	Kamishak ^b	2	360
	'87 Total	2	1,488
1988		NO	EFFORT
1989		NO	EFFORT
1990		NO	EFFORT
1991		NO,	EFFORT
1992		NO	EFFORT
1993	Kamishak	3	20,115
1994	Kamishak	4	20,431
1995 ^c	Kamishak	0	0

a/ Season and harvest guideline set by regulation.

b/ Season closed by E.O. on August 21, 1987, one week after opening,
due to low cpue.

c/ State waters open only.

1996	Kamishak	5	28,228
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ALASKAN SCALLOP FISHERY (BERING SEA AND GULF OF ALASKA)**AREA PRODUCTION FORECASTS 97-98**

1. **BERING SEA --** SEASON STARTS JULY '97. EXPECT DROP IN CPUE MID SEASON AND BYCATCH PROBLEMS. VIRGIN GROUNDS STARTED '92" (NO QUOTAS, NO OBSERVERS). '93" 100% OBSERVERS AND QUOTAS, HEAVY FISHING EFFORT AND HIGH BYCATCH RATES.
2. **SHUMAGINS --** CRAB BYCATCH HAS BEEN MAJOR PROBLEM, TWO VESSELS HAVE CLOSED AREA EARLY WITH HEAVY BYCATCH RATES LAST TWO SEASONS. LOW SCALLOP HARVEST.
3. **KODIAK (SHELIKOF) --** EXPECT DROP IN CPUE EARLY ON. HAS BEEN MAINSTAY OF KODIAK SINCE MID 80'S. HAS HAD HEAVY FISHING PRESURE SINCE 92, BYCATCH MED.
4. **KODIAK (EAST SIDE) --** FISHED HEAVLY SINCE EARLY 80'S, NOW DEPLETED. NEEDS RECRUITMENT.
5. **PRINCE WILLIAM SOUND --** KAYAK ISLAND - DOWN, VESSEL MR. BIG OVEREXPLOITED RESOURSE BY OVER 100% IN '95". QUOTA HAS BEEN CUT FROM 50K TO 17K
6. **YAKUTAT --** STABLE, NO BYCATCH PROBLEMS, FISHING SEASON CHANGED FROM JAN 10TH TO JULY 1ST. NEEDS TO BE WATCHED, MAY BE SOURCE OF LARVAL RECRUITMENT FOR WESTERN AREAS DUE TO THE CURRENT FLOW PATTERNS IN THE GULF OF ALASKA
7. **SOUTHEAST (AREA 16) --** CPUE DROPED FEB '97, EXPECT RESRICTIVE ACTION FOR '98"

SCALLOP HARVEST SHOULD LEVEL OUT AT BETWEEN 600K TO 800K IN THE NEXT FEW YEARS

COST DATA FOR ALASKAN SCALLOP FLEET

**AVERAGE BREAKEVEN COST FOR SCALLOP FLEET IS \$ 824,234.00, NPFMC
RANGE 1.1 MIL- 7 MIL**

**NUMBER OF VESSELS THAT WILL BREAK EVEN AT PROJECTED PRICE LEVELS
AND AVAILABLE HARVEST LEVELS**

<u>PRICE /LB</u>		<u>6.00/LB</u>	<u>5.50/LB</u>	<u>5.00/LB</u>	<u>4.50/LB</u>
IF QUOTA =	900,000 LBS	6.5	6	5.4	4.9
IF QUOTA=	800,000 LBS	5.8	5.3	4.8	4.3
"96 HARVEST" aprox	704,000 LBS	5	4.6	4.2	3.8
IF QUOTA=	600,000 LBS	4.3	4	3.6	3.2
IF QUOTA=	500,000 LBS	3.7	3.3	3	2.7

*** VESSELS WITH ABOVE THE AVERAGE BREAKEVEN COSTS WILL HAVE TROUBLE WITH
THIS SCENARIO**

SCOMM

102:10

ALASKA STATE LEGISLATURE



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REPRESENTATIVE VIC KOHRING
DISTRICT 26

Sponsor Statement

HB 149, An Act relating to the Management of Salmon Fisheries

House Bill 149 addresses the issue of salmon management with the intent of giving priority to the "consumptive user" (subsistence, personal users and sport fishers). The legislation's ultimate objective is to "put more salmon in our rivers".

Greatly diminished returns of salmon in rivers and streams of Cook Inlet's Upper Susitna River Drainage System in recent years has forced closures and restrictions on sportfishing, much to the detriment of Southcentral Alaska's economy.

Many of our constituents have demanded the legislature take action to address this inequity of our salmon resources. I myself have numerous constituents who are sportfishing advocates (as I am), and are frustrated with what they perceive as inaction of the Board of Fisheries to satisfactorily address the problem. Given this, as well as the apparent lack of success of the mediation efforts, I felt compelled to file this legislation.

HB149 is *not* a reflection of any opposition to the commercial fishing industry, but rather merely an attempt to more equitably share the resource that belongs to *all* Alaskans. The consumptive user currently receives a miniscule 1% (approx.) of the entire resource state-wide.

The sportfish industry is vital to the economy of Alaska, particularly in Southcentral. With the recent river closures and restrictions, it has been devastating, particularly to the economy of the Matanuska-Susitna Valley.

4/25/97

**The House Special Committee on Fisheries
welcomes you to a legislative hearing on
HB 149 and other fishery-related issues.**

As chairman, it is my intention to make these statewide meetings as constructive as possible! If you have come to these meetings to discuss interception in one area versus another, then read no further and go home and prepare to argue with the Board of Fisheries. We are here to listen to your fishery concerns and hopefully, all get educated with facts.

The House Fisheries Committee views the sustainability of Alaska's fishery resource as a state priority. We can brag we have the healthiest wild sustainable salmon resource left in the world. We all benefit in prioritizing this principle for our resource.

Alaska hasn't always had this level of successful returns. Several decades ago many of our salmon runs bore fractions of what they yield now. Introduction of the 200 mile limit led to minimization of high seas drift net interception. Over time fish traps and cannery-owned boats have given way to independent fishermen and hatcheries. Alaska's commercial salmon fisheries have changed and presently support thousands of Alaskan families.

Good management is crucial and essential in maintaining the viability of our salmon runs. Is the present level of management acceptable? Is the present level of funding acceptable? Are there concerns that cannot be addressed with dollars, such as environmental concerns?

The other big issue on the list of problems facing our fisheries is use policy. How do we resolve the allocation issues between commercial, sportfish, personal use and subsistence fisheries? Should allocation preference be determined in state law for all fishery management areas or do individual areas need review and possible adjustment to accomodate more Alaskans? Currently, the board's fisheries managment plans identify the priorities under which Department of Fish & Game managers operate.

Make no mistake that population pressures on Cook Inlet salmon fishing opportunities are steering the contentious fishery debates throughout our state. That is why I have chosen to hold interim statewide hearings on HB 149, the FISH initiative legislation. This legislation, as was its predecessor, characterizes and exposes the issues surrounding our salmon fisheries today.

What action should be taken to relieve the pressure on the Cook Inlet from the rapidly expanding sportfish and personal use fisheries?

Some suggestions I hear are:

- 1) Extension of roads around Cook Inlet providing access to other, less utilized river systems
- 2) Better stocking system for all river systems in Cook Inlet to provide amply for Anchorage residents
- 3) Reduce number of commercial fishers in Cook Inlet
- 4) Limit number of sportfish commercial guides in Cook Inlet

Also relevant to this hearing, feel free to comment on of the following current fish legislation which is available at these meetings:

- | | |
|--------------------|---|
| HB 19 - | establishes data collection on charter businesses and provides for regulation of charter businesses by fisheries management areas |
| HB 56 - | establishes a program to buy back limited entry permits |
| HB 123-
HJR 38- | federal tax obligation loan program renewal
constitutional amendment allowing limited entry for charter operators |
| SB 40 - | discrete salmon stock management and assessments |

Again, let's keep discussion constructive when we examine Alaska's fisheries problems. What we share here can help shape where our fisheries will be in the decades ahead.

I appreciate your participation. Please keep your comments short and concise so everyone will have an opportunity.

**REPORT ON
HB 149
AND OTHER FISHERY-RELATED ISSUES
1997 INTERIM HEARINGS**

The House Special Committee on Fisheries held meetings in five locations around the state this fall and was generally well attended. Testimony was only taken via teleconference when time allowed and from areas in those regions. Testimony brought forth at these hearings varied with location and local concerns and was generally broad in scope. The chairman urged participants to keep their comments constructive.

Summary

The following general points were consistently voiced at meetings:

- Increase funding for ADFG, CFMD for additional research and management work in order to protect the sustainability of the fisheries resource.
- Increase funding in ADFG to ensure adequate habitat oversight on the Upper Cook Inlet rivers system due to high traffic in-river.
- Additional enforcement is needed to curtail abuses of the resource, particularly nonresidents bringing excessive quantities of fish south.
- In some areas, limit the number of sport fish guides operating by passage of HJR 38.

Regarding HB 149, the most consistent comments included:

- Allocation should remain in the hands of the Board of Fisheries, not legislators.
- The five percent was misleading since sport fish and personal use harvest the majority of the King and Coho stocks in Cook Inlet.
- Harvest increases are due to non-resident angler efforts which keep increasing unlike the numbers of commercial fishermen and resident anglers.
- It was felt that passage of HB 149 would have a disastrous effect on the state's commercial fisheries.

Dillingham

The first hearing was in Dillingham on September 12 and was dominated by testimony reflecting the economic distress of the region due to the summer's poor salmon returns of the summer.

No one spoke in support of HB 149 and it was stated that if it passed, it would largely benefit nonresidents. It was suggested that if HB 149 were implemented, it would shut down the commercial fisheries in Bristol Bay in order to address problems in the Cook Inlet. Several testified that they believed allocation should remain with the BOF.

There was consistent concern voiced that current CFMD research and management budget funding level was inadequate in meeting the needs of our fishery resources and that the general fund dollars generated by the commercial fisheries are not being appropriated towards benefiting the resource. An older Alaskan pointed out that before oil, when the state had less money before oil, there was more ADFG research locally. There was also testimony supporting an increase in habitat funding.

There were comments made in support of a limited entry on guides and that local river systems are now overcrowded with sport fishers. Frustration was voiced that guides were largely recruited outside and something should be done to get local kids hired by the lodges.

Other testimony received supported the state retaining control of fisheries regarding subsistence, support for passage of HB 123 and testimony against HB 285 as currently written. There was also support voiced for AMSEA funding.

Palmer

The second hearing was held in Palmer on September 30 and surprisingly testimony against HB149 outnumbered supporters two to one. Most of the Mat-Su residents who testified were against the bill and most of the commercial fishermen who testified reside in the Mat-Su.

Again it was expressed that HB 149 would have "devastating" effects on the commercial fishing industry, would mostly benefit lodge owners, and that the five percent in the legislation is misleading and would lead to over-escapement. Supporters testified that HB 149 would not eliminate commercial fisheries, the five percent was not mandatory and that the sport fishing industry economically helps the Mat-Su Valley.

It was pointed out twice that sport fishers take 33.5 percent of the total harvest of cohos and over 80 percent of the kings in Cook Inlet. Another testified that in the

Northern District the sport fishermen already take 98 percent of the kings, 60 percent of the cohos and 20 percent of the reds. The decline in commercial fishing days through the years of Northern District of Cook Inlet fishermen was sited as well as their 80 percent resident ownership.

There was strong and consistent testimony regarding the lack of limitation on the number of guides allowed in the area and that local streams were overcrowded where there is the most impact on spawning beds. Only one testifier stated that habitat degradation was not a cause for concern in the Upper Cook Inlet drainage system and that individual felt that limited entry for guides would create another elitist group but was supportive of limiting the number of guides.

Several testified that in order to protect spawning ground habitat impacts must be minimized and it was suggested that powerboat use should be eliminated in the rivers.

Testimony also included concerns that nonresidents were transporting huge quantities of fish south and that there was no enforcement of this activity. Another testified that the legislature is allowing nonresidents to "rape Alaska's waters". Only one testified that the number of fish caught by outside residents was not a significant amount.

Applause surfaced when it was suggested that king salmon harvest be restricted to residents only, similar to that which takes place in a Minnesota fishery, and again the crowd applauded for restricting the level of catch which can leave the state, as done in Canada.

There was strong support for increased CFMD research and management dollars. It was pointed out that diminishing dollars to the department does not make sense in light of all the increasing research needs and that no amount of tourism, sport fishing or subsistence can replace commercial fishery economic base in the state. Frustration was voiced that the commercial sports fishery does not financially contribute to the state.

One testified suggested that the present management system violate the Public Trust Doctrine since personal consumption should be the priority of fisheries. He indicated that it is the responsibility of the legislature to protect and enhance the fisheries resource. Another testified that the increase in population of the Mat-Su Borough requires a legislative fix to provide fishing opportunities to these families.

Several testified that returns to the rivers were too low. One testifier stated that the prevailing lack of fish in the area is attributable to commercial fish interception. Another testified and that salmon just aren't getting up the rivers.

Two testifiers expressed concern that harvests of hatchery fish contain too many wild stock fish. One testified that fish were getting up to Ship Creek but not the Deshka River and therefore pointed to the sport fishers as major interceptors of the Deshka.

One testified suggested that sport fishing should be eliminated from the bill as a consumptive use. Another testified in support of a permit buy-back program and stated she was tired of fighting the issues.

Kodiak

On October 24, the committee held the hearing in Kodiak where there was unanimous testimony against HB 149.

There was consistent testimony in support of increasing CFMD's budget in order for them to adequately manage the fish resource. One testified that management is not adequate in the Northern Cook Inlet and more weirs are needed. He pointed out that commercial fishermen bear the burden of sustainability as fish are counted daily to ensure escapement to rivers versus management by aerial estimation, which is known to be less accurate, and prior sport fish harvest (not the strength of the runs) in the Northern Cook Inlet.

There was also consistent support voiced for increased habitat monitoring and concern about degradation in rivers. One testifier cited a letter published in the ADN where the author attempted to obtain enforcement for days to stop three-wheelers from driving through spawning beds. He suggested that problems in the Mat-Su were not being addressed there. Another stated that the Mat-Su problems may be related to the congestion in that area and the airboat traffic and the consequential impact on the riverbeds. Another testifier pointed out that a survey showed that most resident anglers were frustrated with overcrowding on areas they traditionally fished.

Testimony included observations that although the tourists out-number Alaskans, Alaska's fishermen's livelihood should not be threatened. Another Pointed out that the commercial fishermen's numbers have stayed fairly constant and resident sport fishermen have been constant yet nonresident fishing has escalated. There was testimony in support of having the "growing commercial guide industry" report their catches.

There was testimony from several which supported leaving allocation with the Board of Fisheries. One stated there is a lack of communication between the state advisory committees and the current Board of Fisheries.

Testimony was received indicating that shellfish management has not been adequately addressed despite the magnitude of those fisheries. Another testified that the University of Alaska, School of Fisheries and Ocean Sciences has been returning \$7 in research grants for every \$1 of general funds appropriated to it, yet it was the most drastically cut unit in the University system.

One testified in support of Governor's plan on subsistence and urged cooperation of the legislature on this matter.

Kenai

The November 5th Kenai meeting was well attended with testimony against HB 149 strongly outweighed the few supporters. The testimony against this legislation included comments from a guide and a sport fisherman as well.

There was consistent testimony in support of the Board of Fisheries process retaining allocation and keep the legislature out of allocation issues as it is preferred that these decisions be based on science, not politics. It was voiced that a majority of the current Board of Fisheries members ascribe to similar goals as those found within HB 149 and that the Board will probably eliminate commercial fishing in Cook Inlet, just slower than HB 149.

There was also consistent testimony in support of an increase in budget for fisheries management and research. One testified in support of increased enforcement. A few testified that there are habitat concerns within the Mat-Su Valley, which need addressing.

Those opposed felt that HB 149 would put commercial fishers out of business and that the 5% was unfair and deceiving and, if passed, the inevitable impact would be devastating to commercial fishers. Many spoke of their economic dependence on commercial fishing and their communities' dependence. One testified that HB 149 would lead to lower quality fish being harvested.

It was pointed out that commercial fishing in Cook Inlet is closed in May, June, most of August, September and October and that escapement goals have increased drastically. According to the testimony, there is a dipnet fishery that takes place below the sonar counters so that the fish taken are not counted towards escapement goals and a personal use fishery that takes place before the commercial fishery begins. Another stated the Upper Cook Inlet Salmon Management Plan only gives the commercial fishing industry a priority from July 1 to August 15 and that during the sport fish priority there is no commercial fishing allowed, but during the commercial fishing priority all other users are allowed to fish. He testified that the sport fishery has grown into another

commercial fishery and that sport fishermen in Cook Inlet already harvest 82 % of the king salmon, 25 % of the coho and 5 % of the sockeyes.

There were several supporters for passage of HJR 38, commercial and sport fish users. It was questioned how lodge owners and sport guides can qualify as common consumptive users since a profit is made on the resource. Another asked why commercial fishermen are not included as a common consumptive user. It was questioned if HB 149's goal was to help the resource or help the "overexpanded commercial sport fishery".

There was also testimony stating that the growing tourism industry is what is putting pressure on the rivers and habitat and that the Kenai River cannot supply all tourists with fish at the rate which nonresident sport anglers are increasing. One testified that the fish resource can not renew as fast as it is being used.

A supporter voiced concern that consumptive uses currently make up only 1.5 percent of the statewide salmon harvest and that more fish are taken commercially by non-residents than by nonresident sport fishers. One of the supporters testified that he would prefer to see the Upper Cook Inlet Management Plan changed rather than see HB 149 pass.

One sport fish guide asked that sockeye salmon enhancement be eliminated in Cook Inlet until local stocks rebound. Another voiced concern that aquaculture practices contribute to the wild stock declines. One testifier read a statement by a renowned sport fish biologist which indicated that returns of hatchery fish have not been of a magnitude to influence the management strategies that were developed for natural stocks.

Sitka

On November 18, the House Special Committee on Fisheries held a meeting where there was no testimony in support of HB 149. Many other issues surfaced at this meeting as well.

Testimony was consistently in support of leaving allocation decision in the hands of the Board of Fisheries and that passage of HB 149 is inherently bad for commercial fisheries. It was again pointed out twice during this hearing that HB 149 would lead to lower quality fish being harvested. It was also reiterated that the stated five percent is very misleading.

The issue of inadequate fisheries management information due to budget shortfunding was stressed by several that testified. Habitat and predation were

voiced as concerns which need addressing in the Mat-Su area. Another gave an example of lack of enforcement on mariculture sites.

It was pointed out that Southeast Alaska recorded 530,000 angler days in 1995 and therefore would be effected by HB 149. One testified that HB 149 affects the entire state and will not give the sponsor one more fish in the river. Another who sits on the Northern Panel of the Pacific Salmon Treaty and NSRAA Board stated that there is no point in conserving or producing salmon if they're going to be caught by foreigners.

There were several who strongly supported limiting guides. It was pointed out that the only growth is in the nonresident sport harvest and that two thirds of nonresident catch occurs on charter vessels. One testified about the abuses of nonresidents who bring home huge quantities of fish, sometimes selling it.

One testifier explained the recent actions by the North Pacific Fisheries Management Council regarding guided sport on halibut. She indicated there is widespread misinformation surrounding this issue and when the guided sport fish industry reaches or exceeds the 125 % guideline harvest level, which is not expected to happen for 3 to 5 years, they will not be shut down, allowing them the industry a continuous season of historic length. The following season, management measures developed with local involvement and the Board of Fisheries can be implemented to slow down their harvest. Another voiced support for these Council actions.

There were several supporters of the current subsistence plan and resolving the issue before the federal government takes over fisheries management.

One testified in support of AMSEA and the work they do in safety training. Another supported HB 176, processor tax credits, and HB 173, the ASMI assessment bill.

FROM : 1

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NOV. 17 1997 03:23AM P1

ALASKA STATE LEGISLATURE



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REPRESENTATIVE VIC KOHRING
DISTRICT 26

November 17, 1997

RECEIVED

The Honorable
Representative Alan Austerman
P.O. Box 2368
Kodiak, Alaska 99615

NOV 1 1997

Ans'd

Dear Alan:

In advance of tomorrow's public hearing in Sitka on House Bill 149, I wish to suggest some modifications to the legislation.

Given the concerns we've heard at the hearings thus far about the "inigratory route" language as well as the five percent provision, I would propose we delete both items. My goal is to end up with legislation that *both* the commercial industry and personal consumptive groups find reasonable.

Would you be amenable to these changes, and willing to accept a "committee substitute" to reflect them? If so, I would be happy to direct the Legislative Legal Division to modify the bill for further consideration by the Fisheries Committee.

Again, thank you for your willingness to hear this legislation throughout the state, and I look forward to seeing you tomorrow.

Sincerely,

Vic Kohring

The other Vic Kohring

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Wasilla • Fairview Loop • Eklutna • Peters Creek

ALASKA STATE LEGISLATURE



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REPRESENTATIVE VIC KOHRING

November 23, 1997

DISTRICT 26

The Honorable
Representative Alan Austerman
P.O. Box 2368
Kodiak, Alaska 99615

Dear Alan:

Thanks again for taking time to travel to Sitka to once again hear House Bill 149 and other fish-related concerns. I'm looking forward to the session reconvening, so we can discuss my legislation further, and possibly make modifications to the bill.

During the course of our hearings this interim, I took note of the many suggestions made by the public. Perhaps they could be given consideration by the Fisheries Committee, as a way to help enhance the salmon runs in the Southcentral area. The primary ones are as follows:

- 1.) Take measures to protect habitat along streams and rivers.
- 2.) Provide for additional law enforcement.
- 3.) Conduct further studies on fish migration (with wire studies, the use of weirs, etc.).
- 4.) Commission an advisory committee to research the issue, and to identify potential solutions.
- 5.) Implement a set net "buy back" program.
- 6.) Study the predation issue (i.e. beluga whales, pike, etc.).
- 7.) Increase the number of salmon overall, through fish farming, hatcheries, etc.
- 8.) Restrict gill net, drift net and/or set net operations in Cook Inlet.

Of course, I've been advocating for #8 (drift net operators), but I certainly would give consideration to other possibilities. As previously mentioned, my goal is to enhance our salmon fisheries so that *everyone* gets a larger share--commercial and personal consumptive users alike.

I appreciate your assistance Alan.

Sincerely,

Vic Kohring



UNITED FISHERMEN OF ALASKA

April 28, 1997

211 Fourth Street, Suite 112
Juneau, Alaska 99801
907/586-2820
Fax: 907/463-2545

The Honorable Alan Austerman, Chairman
and Committee Members
House Special Committee on Fisheries
State Capitol Building, Room 434
Juneau, Alaska 99801-1182

Dear Chairman Austerman and Committee Members:

HB 149 seeks to give priority to sport and personal use fishing over commercial fishing by allocating five percent (5%) of the total statewide salmon harvest to sport and personal use. This allocation would be based on projected harvest capability each year or how much the Board of Fisheries thinks the sport fish user may be able to catch, not what is needed to maintain quality sport fishing experiences, food for Alaskan residents, and viable commercial fisheries.

On Page 2, Line 17-21. This addresses every mix stock fisheries in the state. If the priority is for 1,500 King Salmon to reach sport users in Bristol Bay, millions of red salmon for commercial fishing would be lost.

HB 149 allocates five percent (5%) statewide, not by region or stock. In some regions, the priority sport and personal use fisheries could take all of the harvest as long as the statewide total does not exceed five percent (5%) which, based on the average statewide projected each year, would give an average of six to ten million salmon to sport and personal use of their choice. This would be a 1,000% increase compared to existing statewide sport and personal use harvest levels.

After Salmon for Alaska's Future did a statewide poll (included in your packet) and educated people on what the five percent (5%) really means, we found a high percentage of satisfied sport fishermen in the state of Alaska. This bill is being driven by a few (commercial) sports guides for their own gain and not in the interest of resident sportfishermen or any other fisheries.

For these reasons, United Fishermen of Alaska opposes HB 149. The healthy and abundant salmon runs Alaskans enjoy today are a result of successful management plans developed by the Alaska Board of Fisheries and implemented by the Alaska Department of Fish and Game.

If you have any questions or need information or assistance, please feel free to call the UFA Office.

UFA Board of Directors

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Cordova District Fishermen United • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Northwest Setnetters Association • Peninsula Marketing Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative • Southeast Alaska Seiners Association
Southern Southeast Regional Aquaculture Association • United Cook Inlet Drift Association • United Southeast Alaska Gillnetters

NorQuest Seafoods, Inc.

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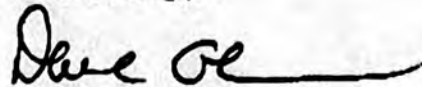
Dear Committee Members,

I would like to voice our companies concern over HB149 "An act related to the management of Salmon fisheries and providing for an effective date". This bill which sets a priority for substance, personal use and sport fisheries, would if passed, undermine completely the management of Alaska's salmon stocks.

Presently, Alaska's salmon fisheries are characterized by management which is even handed, conservative and has lead to record salmon returns throughout the state. The Alaska Board of Fish and the Department of Fish and Game have developed management plans that are good from a biological, economic and social stand point. We should be fine tuning our present management strategies, not passing a bill which would dramatically charge all that has been achieved.

The commercial salmon industry must be recognized for what it provides for the states citizens. With a labor force of over 30,000 workers and 80 percent of Alaska's permit holders this industry touches many peoples lives. To sustain itself in these difficult times, we must be able to improve the quality of fish we harvest, increase value added opportunities and fight to hold on to world-wide market share with the best fish we can catch. This bill, if passed, would undermine the quality of the fish we process and in the end seriously undermine our ability to compete and survive. The state of Alaska needs a commercial fishing industry to provide jobs and opportunities. I ask you to see the risks related to this bill and refrain from supporting its passage.

Sincerely,



Dave Ohmer
Plant Manager
Norquest Seafoods
Petersburg

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TOTAL P.02



Southeast Alaska Siners
With Members in Southeast Alaska and the Pacific Northwest

Testimony of
Cliff Skillings,
Southeast Alaska Siners Association
before the
House Special Committee on Fisheries

April 30, 1997

Thank you Mr. Chairman for the opportunity to testify before your committee today regarding House Bill 149, an Act relating to the management of salmon fisheries.

My name is Cliff Skillings. I am here today representing the Southeast Alaska Siners Association (SEAS). SEAS represents the interests of the southeast Alaska limited entry seine permit holders, associated crew members, and local businesses with a vested interest in the longevity and productivity of the southeast Alaska commercial seine industry.

SEAS would like to voice opposition to HB 149 as we feel it supersedes the proven state management of our fisheries resource. HB 149 is clearly allocative in nature. As such, this issue should be taken up before the Board of Fisheries and not even be an issue before this legislative body.

Here in Southeast, our seine fleet alone harvested 52 million pinks last year. Non-commercial harvesters would be hard pressed to catch the 2.6 million pinks needed to make up 5% of that stock. But this 5% involves all salmon stocks. In that sense, the implementation of the 5% language equates roughly to 100% of all commercially harvested chinook, 100% of all commercially harvested coho's, and a large percentage of the commercially harvested sockeyes. This equation alone is one which would eliminate the commercial troll fleet and place severe harvest restrictions on the commercial seine and gillnet fleets.

All commercial fisheries will be affected by this bill. Before we can harvest the pink salmon resource, our seine fleet will be forced to wait at the docks until 5% of the total allowable catch is

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harvested by non commercial interests. When finally allowed to fish, our fleet will be moved closer to terminal harvest areas. This will lower the quality of Alaskan fisheries resource products and economic values to our fishermen and coastal municipalities that depend on the generation of raw fish taxes.

This bill not only supersedes ADF&G area management, but for us in southeast, it also supersedes ongoing Pacific Salmon Treaty negotiations. These negotiations hold conservation goals in high regard for the entire Pacific Northwest. Salmon treaty negotiations have produced, amongst other management goals, a chinook conservation agreement between Alaska, Washington, and Oregon. Under this agreement, our trollers have taken a severe decline in harvestable chinook to provide for long term chinook conservation.

When deliberating HB 149, please keep the following in mind:

- this is clearly allocative and as such, is best handled by the Board of Fisheries. Not Legislated!
- passage of HB 149 will result in lost fish tax revenue to coastal municipalities.
- this will result in lower quality product at a time when Alaska has made a commitment to high quality Alaska salmon products.
- eliminates sound ADF&G management practices by pushing commercial harvests closer to terminal harvest areas.
- provides for a 1,000% increase of non-commercially harvested salmon and takes 100% of harvestable chinook and 100% of harvestable coho's.
- The Pacific Salmon Treaty recognizes subsistence, personal use, sportfish, and commercial users and recommends harvest and conservation measures accordingly.
- ADF&G has produced record returns while managing the resource for the greatest harvest to all users.
- Alaskans support placing a high value on protecting salmon runs, preserving commercial fish jobs, and recognizing socioeconomic benefit to rural and coastal Alaskan communities derived from the commercial fishing industry.

We agree that Alaska salmon stocks should be maintained at sustained yield levels. We also agree with Sec. 2 (b) that the Board of Fish, working with the department, should look into stream bank erosion and deterioration of spawning habitat by extensive human presence.

Please do not punish an industry that provides so much socioeconomic stability to coastal communities. This is an allocation bill, one driven by greed of quantity rather than quality through competent management.

Thank you for this opportunity to testify today.