

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

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CHAIRMAN: Maybe they should. Let them use it in the Buy-Back Fund.

UNIDENTIFIED SPEAKER: That might not be such a bad idea.

CHAIRMAN: Okay...Entry Permit Transfer: Entry permits transferable through and by the commission. Let's do it through 60, 70 and 80. (Indisc.) transferable are not capable of voluntary or involuntary transfer by any means whatsoever, including, without limitations: Sale, (indisc.), mortgage, lease, rental, gift, possession of (indisc.) and death, whether by will (indisc.)

UNIDENTIFIED SPEAKER: Died without a will?

CHAIRMAN: Attachment, distraint. Define distraint for me.

UNIDENTIFIED SPEAKER: Distraint?

CHAIRMAN: What is distraint? How does it differ from restraint?

UNIDENTIFIED SPEAKER: Get your dictionary....

UNIDENTIFIED SPEAKER: I think it's one that is in (indisc.). It's not exactly a forfeiture, but it's a temporary holdsing.

CHAIRMAN: Two or three years ago (indisc.), but I don't remember now. I haven't used it since.

UNIDENTIFIED SPEAKER: I don't recall the word yet...if I could have used it, it must be good.

CHAIRMAN: The provision for this session shall not, however, present or otherwise restrict forfeiture brought about by violation of the provisions of this chapter as also sweared and testified to herein...or by violation of laws and regulations pertinaing to (indisc.) epartment of Fish & Game or by violation of any other State laws...State income tax (indisc.). Why don't we include all that in there? They can lose their licenses by violation of laws or regulations including the income tax law.

CHAIRMAN: Joel, do you think you can work up some language there? All right.

Eligible Transfer. "The holder of any entry permit whether it's currently renewed or not, may apply for transfer pursuant to Chapter 2, Section 280. In addition, if at the time of a death of a permit holder he was eligible to transfer his permit and his application be made within one year of the death of the permit holder, his personal representative may likewise apply." The commission may adopt regulations for the determination of a person entitled as a holder's successor and interest to apply for such post-death transfer instead of the personal representative if none has been appointed. The term "transfer" or "permit holder" is used in Section 280 and gives all eligible transfer orders described in this section." Now, Joel, as you read this...does this allow the personal representative for the holder's successor in interest to apply for transfer after the death of the permit holder of the permit to him?

JOEL: No.

CHAIRMAN: It allows the successor in interest to sell the permit, not to simply have it transferred to him.

UNIDENTIFIED SPEAKER: That's my understanding, yes.

UNIDENTIFIED SPEAKER: Under 5 of the previous section?

UNIDENTIFIED SPEAKER: What?

UNIDENTIFIED SPEAKER: Under 5 of the previous section.

UNIDENTIFIED SPEAKER: It's interesting that we haven't spoken about the man with his family and he wants to transfer within the family.

CHAIRMAN: Well, I think you can see when we get on through here that we allow this, but it takes a payment to do it.

UNIDENTIFIED SPEAKER: There may be that question about other people that it may be valuable to include that phrase in there which (indisc.)

but not to sell. Also, that last sentence probably should be in 280 referring back to this one...rather than the other way around.

CHAIRMAN: I see. All right. Will you work up the language then?

270...any qualified person who is permanently able (indisc.) in the fishery is an eligible transferee including one described in Section 180, Subsection b, c and d. Let's go back to 180.

UNIDENTIFIED SPEAKER: (Indisc.)

CHAIRMAN: Well, who is eligible to get a permit?

UNIDENTIFIED SPEAKER: Eligible holders now. (Indisc.) pursuing for fishing all one type of gear, fishing one (indisc.), fishing for (indisc.) for which separate entry permits are issued, partnership or corporation.

UNIDENTIFIED SPEAKER: What's the other question of any qualified person who is presently able and who presently intends to fish to engage actively... does "presently intends to engage actively" mean this season or is he required to fish this season to be an eligible transferee?

UNIDENTIFIED SPEAKER: If it's going to be under this way, where it will be strictly a property right, it might take a guy another year to get up the bread for a boat after he finigeld (sp) the bread for the permit. I don't know.

CHAIRMAN: Well, why do we say anything about him being presently able and intending...I thought we talked earlier about an applicant's pool. There's an approved course of training or something like this (indisc.) -- are eligible transferees going to come from that applicant pool?

UNIDENTIFIED SPEAKER: (Indisc.)

CHAIRMAN: Well, all right...let's make a big question mark there, and consider an applicant pool from which these transferees would be drawn.

UNIDENTIFIED SPEAKER: On one major part—not knowing what would be the

Committee's concensus, I tried to pick the most likely (indisc.) the value attached transferability would incorporate in a monetary enticement (indisc.) 19-25% differential between transferring...

CHAIRMAN: (Indisc.) the matter of who is eligible (indisc.). Cost to the Transferee: "(Indisc.) to the commission for the benefit of the State for the transferor or permit holder issuance of new permit. Transferees: "shall pay for each transfer fair market value thereof except as the transferor, permit holder may, as a gift to the transferee, waive the payment of any and all of his share of the transfer price as provided in Section b and c. So you want to sell yours to your son and a fair market value has been established...part of that is paid to the commission, part of it is paid to you--you may waive the payment to you. Your son still has to pay the payment to the commission. In all cases except those in which the transfer or permit holder waives the payment of any or all of his share, the fair market value shall be determined by and be equal to the total amount paid to the commission incident to the transfer pursuant to Sub-section "b" (indisc.).

UNIDENTIFIED SPEAKER: Isn't it really then you're saying the value shall be equal to determined by and "b" is superfluous? There's no determination at all. Just equal to the amount paid the commission.

CHAIRMAN: Well, now wait a minute.....

UNIDENTIFIED SPEAKER: No, there isn't a determination. (Indisc.)

UNIDENTIFIED SPEAKER: Under section....

CHAIRMAN: The value of determined (indisc.) there gives you (indisc.)-- gives the commission the expressed authority to determine the market value. Isn't that what that language says, Joel?

JOEL: As I understand the subsequent issue 227, 229 reads "applicant to who a new entry permit is to be issued per Section 227 with a subsequent issue, shall pay the commission the fair market value determined in 310 and then 310 says the commission shall adopt regulations for determining the fair market value for the purposes of Sections 280 and 290 in this chapter, so the commission is determining (indisc.)

UNIDENTIFIED SPEAKER: I understand that (indisc.) be equal. It doesn't make sense.

CHAIRMAN: All right. What's your thinking now, Joel?

JOEL: This sentence doesn't make sense. I can read that the commission shall determine the fair market value but then why does it say right after that ... "and be equal"? Is it understandable to you--that whole sentence?

UNIDENTIFIED SPEAKER: What about in the case of a waiver? Wouldn't that (indisc.) be equal to the amount determined by the commission that would be equal to the amount paid to the commission?

UNIDENTIFIED SPEAKER: Right.

CHAIRMAN: In all cases except those in which transfer or permit holder waives the payment of any or all of his share, the fair market value shall be determined by, be equal to the total amount paid to the commission incident to the transfer. In any transfer which the transferor waives the payment of any or all of his share, then the fair market value shall be determined by the commission pursuant to Section 310. Let's go on and see if that makes sense...see if we have the whole picture. The transferred price, in its entirety, shall be paid to the commission at the time of transfer. After deducting the share for the benefit of the State as determined in Section C, the balance shall be paid to the

transferor or permit holder. In all transfers, the share from the transferor or permit holder shall be determined as follows: a share for the benefit of the State to be retained by the commission at the time of the transfer shall be the balance. 1.) for a transfer of an initial entry permit, 100% of the fair market value, if the transfer application is submitted within one year of the time of the issue of the permit...

UNIDENTIFIED SPEAKER: That's what I thought...(indisc.) 100% goes to the State?

CHAIRMAN: If you're going to transfer within a year after you get the thing, then you don't make any windfall. If during the second...What?

UNIDENTIFIED SPEAKER: I was going to say it sure sounds like that's the transfer or permit holder's share.

CHAIRMAN: Say that again please.

UNIDENTIFIED SPEAKER: It sure sounds, the way it's written, that that's the transferor or permit holder's share rather than the State's.

UNIDENTIFIED SPEAKER: Yeah, if you read to the first comma "In all transfers the share of the transferor or permit holder shall be determined as follows: 1) for transfer of initial entry permit 100% of the market value".

CHAIRMAN: Go back to "C" again--in all transfers, the share of the transferor shall be determined as follows: "and the share to the benefit of the State to be retained by the commission shall be the balance".

UNIDENTIFIED SPEAKER: (Indisc.) shall be transferor or permit holder shall be the difference between 100% and what is left as specified in 1-5 of this section. So in that case of one, let's say it would be nothing--

in the case of 2, it would be 10%. In the case of 3, it'd be 20%-- something like that to clarify it somehow.

CHAIRMAN: Well, again, you get the idea, so let you and Mike work out what we are trying to do. Don't want to get stalled too long here. Now, the House put in a clause saying that six month's notice was necessary prior to any transfer of a permit so that there would be no, well to help this matter--if a guy gets drunk and sells his permit in a bar some night. I don't see anything wrong with that do you. And I'm not so sure but what we shouldn't have a two or three, four year period here where none are sold anyway. None are transferred anyway. And then we have less 100% and 9¢ thing starting at the end of that time.

UNIDENTIFIED SPEAKER: How long? What period?

CHAIRMAN: Oh, I don't know...2, 3, 4 years ..moratorium before any of them can be transferred.

UNIDENTIFIED SPEAKER: Aren't they entitled up to the amount of time that in this (indisc.) to get (indisc.) to get to that point?

CHAIRMAN: No, not during this transitional phase. As long as we show what we are going to do when we get down to the desired maximum level and we're doing that here...

UNIDENTIFIED SPEAKER: (Indisc.)

CHAIRMAN: You'd be in favor if we could do it.

UNIDENTIFIED SPEAKER: Yeah.

CHAIRMAN: Dave.

DAVE: What's the purpose of the declining percentages? Is it to encourage people not to drop out or not to sell out or is it just to discourage speculation or what?

CHAIRMAN: It's to discourage speculation and windfall gains and recognizing that in all probability they will be assessed for buy-backs over the years and the longer they are in the more they will have paid in buy-back fees and, therefore, there's justification for greater retention of the value of the thing after having paid a lot more into a buy-back fund.

UNIDENTIFIED SPEAKER: Plus the fact that the fishery over a period of, in this case ten years, or nine years, theoretically would have improved to the point that the value of the permit is not so important (indisc.).

UNIDENTIFIED SPEAKER: Does this whole section mean that if a man gives a permit to his son, he has to pay....his son has to pay the State three-quarters or whatever?

UNIDENTIFIED SPEAKER: No, not if he gives it as a gift.

CHAIRMAN: It means...that's what I was saying a while ago...if you give yours to your son, then he still has to pay the State share, you can waive your share.....

UNIDENTIFIED SPEAKER: Oh, but your share...you mean during the first year your share would be zero?

CHAIRMAN: Yeah, during the first year your share would be zero. Well, there's just no way of getting around that one. That's the thing that we do here. I think there is a real tendency to keep the price lower through this thing because there's not going to be so much speculation..we're just not gonna have so much windfall value.

UNIDENTIFIED SPEAKER: ...a windfall to the son.

CHAIRMAN: A windfall to whoever is going to sell it.

UNIDENTIFIED SPEAKER: (Indisc.) he's giving it to the son.

CHAIRMAN: That's the reason, yeah.

UNIDENTIFIED SPEAKER: The guy that's giving the (indisc.)

CHAIRMAN: This is true.

UNIDENTIFIED SPEAKER: Isn't this going to tend to raise the price insofar as a person would rather wait a year before selling it so if a guy wants to buy in, buy one from someone who wants to get out of the raised price (indisc.)

CHAIRMAN: All right, go ahead and do some (indisc.). All right...a big question mark about that whole (indisc.).

UNIDENTIFIED SPEAKER: Yeah. If a guy who's been fishing three years, and so he would have to give 70% of it to the State, he might say, "Well, I'll fish one more year and sell it to you next year because then I only have to give 60% to the State and I get 40".

CHAIRMAN: On the other hand, the seller may have decided he wants to go elsewhere too by that time. Especially if he's got a guy to buy his boat and gear and so on. So, I don't know. I think, gentlemen, that maybe that section is not so important to us at this time. And what one legislature does, another may change. And this is not going to be operative for two or three years anyway. So it may very well be something that we can put in here...have something that does stand together constitutionally..and then it's something that we can look at next year or the year after when we have better information and more time to look at the specific features here.

UNIDENTIFIED SPEAKER: Yeah..I agree. Would you recommend, Bob, that you keep the whole thing in?

CHAIRMAN: Yes, I would. I think that you keep the whole thing in because it does show the courts what you intend to do. And I would go ahead and put in this idea, I think, of no transfers for the first two, three,

four years...whatever we can get away with. And, then, this type of value and sale after that point.

UNIDENTIFIED SPEAKER: By that time (indisc.)

CHAIRMAN: With the idea of us coming back then and looking at it and seeing what we can work out. Okay. 290: Retirement of Entry Permits. Price paid by the Commission---I know it's late and we don't have a great deal more to do and I assume that as long as we've been at this thing, as many days, you'd just as soon go ahead and finish up what you can.

290: Retirement of Entry Permits: Price paid by the Commission - "The holder of an entry permit whether currently renewed or not, may surrender to the Commission for retirement at any time. In addition, if at the time of death, the permit holder was eligible to surrender his permit, and if surrendered within one year of the death of such permit holder, his personal representative may likewise....that sentence doesn't sound right.

UNIDENTIFIED SPEAKER: change that all around....

CHAIRMAN: You changed that all around? How did you change it?

UNIDENTIFIED SPEAKER: In addition, if at the time of the death of the permit holder he was eligible to surrender his permit, his personal representative may surrender the permit for retirement if he surrenders it within one year of the death of the permit holder.

CHAIRMAN: Okay, You're saying the same thing, it's just.....(indisc.).

UNIDENTIFIED SPEAKER: The first sentence says it...he can retire the permit at any time and then in the next sentence, if he was eligible...

CHAIRMAN: Under what terms would he have not been eligible? If the first sentence says that he can retire at any time or surrender it at any time, why would there be any conditions under which you would not be eligible to...do you see anything in that respect, Joel? Why they said that?

UNIDENTIFIED SPEAKER: I agree...it's also mentioned under Section 260--

Eligible transferors. issue at the time of death the permit holder who is eligible to transfer his permit.

CHAIRMAN: All right, well, make a note of that Mike, and let's ask Fletcher that. The Commission may adopt regulations for the determination of the person entitled, as a holder successor in interest, to effect such post-death surrender instead of a personal representative if none has been appointed. I assume that you reword that too.

UNIDENTIFIED SPEAKER: Well, all I did was--to make the post-death surrender instead of the personal representative.

CHAIRMAN: Okay...may adopt regulations for the determination of the person entitled as the owner's successor in interest to effect such post-death surrender instead of the personal representative, if none has been appointed. All right...so the thing has value, in effect is dying (indisc.) and now the Commission is going to decide who it is that can surrender the thing and receive the value. Is that what we're saying? (Indisc.) for retirement, the Commission shall pay the surrender or that part of the fair market value determined as follows: 1) For surrender of initial entry permit, and entering the first three years after issue, 100%. In other words, you get nothing.

UNIDENTIFIED SPEAKER: No, he get's 100%.

CHAIRMAN: He gets 100%.

UNIDENTIFIED SPEAKER: That's the way the other one reads, too.

UNIDENTIFIED SPEAKER: You know, it seems backwards to me...

UNIDENTIFIED SPEAKER: It's a declining thing because you're assuming the value of the permit initially is relatively low as the fishery proves the value's going to increase.

CHAIRMAN: Yeah. That's just rewarding..Well, all right. That's the incentive though for them to get out early, isn't it? That's the incentive for them to get out -- 100%, the first....

UNIDENTIFIED SPEAKER: They don't have much choice if they're dead.

CHAIRMAN: No, No....that's the truth. That's for you if you want to surrender. Let's turn it around...from what we're talking about a while ago. You've got a permit and you just got it this year, gonna pay you 100% of the value if you want to get out this year. If you wait two years, only 80% and so on.

UNIDENTIFIED SPEAKER: This is (indisc.) three year....

CHAIRMAN: All right, 100% for the first three years.

UNIDENTIFIED SPEAKER: Right...75% for the next and 50 for the next and then 25.

CHAIRMAN: We'd better think this thing through a little more, hadn't we?

UNIDENTIFIED SPEAKER: We'll all be absent...(lots of laughter)

UNIDENTIFIED SPEAKER: In 80....the Cost of Transferee--the previous section, in all transfers (indisc.) transfer or permit holder would be 100% for the first year...and then decline by 10% each year...to a minimum of 10.

chairman; All right. The price paid by the Commission. Upon such (indisc.) of retirement, the Commission shall pay, if (indisc.) the first three years after issue, 100%, the next three years 75, the next three years 50 and the next 25. ..the surrender of all of the entry permits - 25. What others would there be?

UNIDENTIFIED SPEAKER: One that's been transferred.

CHAIRMAN: One that's been transferred, that's right. That's where...okay.
Yeah, Line #1--is the surrender of an (indisc.)

UNIDENTIFIED SPEAKER: felt that they hoped that we would include them in....

CHAIRMAN: (Indisc.) areas...any problem, Joel, or Mike or anybody?

UNIDENTIFIED SPEAKER: No change.

CHAIRMAN: Termination of desired maximum standards.

UNIDENTIFIED SPEAKER: This section's (indisc.) specify a quote--financially healthy fishery in Paragraph One and curtailment of economic opportunities available to all persons in Paragraph Three. It essentially just broadens it...in the same way that he broadened (indisc.)

CHAIRMAN: But in Number 2 here we have this matter of number of units of gear necessary to fully harvest during all years. Now, I think we have improved the concept when we were talking the other day about it being the number necessary to average--to harvest the average of maybe a four year run and then (indisc.) temporary permits to increase (indisc.) years when we need it. Can you work that language into it, Mike? I think we've got that somewhere. Is there any objection to making that change in (indisc.) and then we'll...Okay. (indisc.) of numbers?

UNIDENTIFIED SPEAKER: This is one thing...if I'm not sure if you want to require the Commission, it says the Commission shall annually review the previous determination which is the number of desired (indisc.) maximum units of gear. They'd have had a helluva job just determining that... then to require them to annually review that might be a burden on them--administrative burden.

UNIDENTIFIED SPEAKER: I don't quite understand the last sentence in "B".
I put a question mark on that one.

UNIDENTIFIED SPEAKER: And also, well, provided that the Commission shall annually review this determination of the desired maximum number of gear units based on the standard in the previous section rather than:

1) long-term change in biological condition of fishery, and 2) long term change in the market condition. Those were the standards under the Committee Substitute.

CHAIRMAN: Suppose we were saying a two-year (indisc.) instead of annually?

UNIDENTIFIED SPEAKER: It's almost sort of a reasonable requirement for the Commission to do it anyway...certainly it's necessary to have "A".

UNIDENTIFIED SPEAKER: What about "may" rather than "shall"?

CHAIRMAN: That may need it, too.

UNIDENTIFIED SPEAKER: Because I would think that the maximum number of units of gear is going to be a relatively (indisc.) thing unless there is a change in the -- a biological change in the fishery..or something in market conditions. There are optimum units of gear for a given area.

UNIDENTIFIED SPEAKER: What do you mean by long-term change? the fishery itself?

CHAIRMAN: In 160, the previous page, the desired maximum number of entry permits shall be established - the number shall be established. It doesn't say anything about making the regulations that there shall be no more (indisc.). Isn't that the value of "A", then? Determination made under 160 shall be immediately promulgated(sp)? so it becomes locked. In 160, you're talking about establishing the number, determining the number.

UNIDENTIFIED SPEAKER: Determining by regulation, I assume...since the Commission can't determine anything, really, without....

CHAIRMAN: Well, they don't (indisc.) they establish, don't they? In 160? Maybe we can look up the definition of establish.

UNIDENTIFIED SPEAKER: I would assume that meant by regulation.

CHAIRMAN: Well, there's a case where it would be better to have it and not need it than need it and not have it? In number "A"?

UNIDENTIFIED SPEAKER: Well what the Commission can also do is they can go through and establish the areas, each area, it may take them two years to do it...and here you're saying as they do each area, it immediately goes into effect.

CHAIRMAN: All right, well, we'll make a question mark there...and let's go on.

Permits required: After January 11st, (indisc.), no person may operate gear, engage in commercial taking of a fishery resource designated under Section 145, and we may have to change that if we're going to include all of them...without a currently renewed entry permit, temporary or permanent, issued by the Commission. A crewman or other person assisting the holder may not himself hold an entry permit. The person may hold more than one entry permit issued subsequent to this chapter only if for any one or more of the following purposes: more than one type of gear, or (indisc.) area, fishing for species for which a permanent entry permit is not issued.

UNIDENTIFIED SPEAKER: Okay, up to that point, it's the same as the Committee Substitute. These two provisions have been included (indisc.) partnership to beneficially hold entry permit and a corporation (indisc.) beneficiary hold an entry permit if an individual is designated the principal operator. Now, I'm not...

UNIDENTIFIED SPEAKER: ...you have a catch-all statute that entitles that the prime person as the (indisc.)...but I think in this case where you're talking about the partnership and a person within it--holding it...that it's okay...this clarification is good. And put down "B" that the 50% or more (indisc.)

CHAIRMAN: Would this allow the person that's named...the language you said.. if in a writing submitted to the commission and signed by all partners,

one of the partners is designated as the principal operator, such person shall be considered the applicant and the holder of the entry permit for all purposes of (indisc.). Can it be conceived that this would allow that designation to be changed from one partner to another over a period of time. That once it's done then that one for the life of the permit is the designated person? Actually, all this would do would be to assist in the technical operation of a family perhaps that had incorporated and some do for tax purposes...and so on.

UNIDENTIFIED SPEAKER: In other words, you're saying it can't be transferred within the partnership.

CHAIRMAN: Well, I was asking that question first. You're saying the answer to that is No. So then I'm saying the other benefit is that if a family had incorporated then, this is simply a technical matter to allow them to operate as a corporation and really doesn't hurt the idea of the concept of limited entry at all. Now, in "D", I suppose that this would apply to any of the canneries, too. Except that, who of the canneries' partners are actually gonna get out and operate the gear?

UNIDENTIFIED SPEAKER: And also who has 50% or more of the voting stock of the corporation?

UNIDENTIFIED SPEAKER: question him further on those two and ask him why he thinks.....

CHAIRMAN: Yeah. Let's do, let's ask him specifically why he thinks that's valuable. 190: Pending the initial issue of entry permits for a particular fishery, the Commission shall issue interim use permits for that fishery to all qualified applicants who are presently able and who presently intend to participate; in other words, as I interpret it, if they get entry permits, they've got an interim permit also, (indisc.)

they might have used other entry permits, but they've got to fish that season under that permit. Other language that had been suggested was, you know, presently able and who intend to participate...presently intend to participate.

CHAIRMAN: Why would you issue an interim permit unless they didn't intent to participate...I can understand that for a permanent permit...but just an interim permit...

UNIDENTIFIED SPEAKER: Right, I have the same notes on that page...

UNIDENTIFIED SPEAKER: They're gonna fish under an interim permit...

CHAIRMAN: Yeah. There's no reason for them to apply for one unless they do intend to fish.

CHAIRMAN: Okay. All such interim permits for any particular fishery shall expire upon initial issue of entry permits for that fishery...under Section 220. Now, does that mean that if there are 500 entry permits out, initial entry permits, and consider the first one of the permanent permit was issued, then all the others, all the initial entry permits are expired?

UNIDENTIFIED SPEAKER: I don't think so. I don't think initial in this case would be that specific because on the next page he says "entry permit standards for initial issue".

UNIDENTIFIED SPEAKER: In that last sentence, I think it's pretty clear that they would expire...

CHAIRMAN: Yeah, but I think that all of the permanent ones are going to be issued for that first year, together, in a batch, so I don't know--I don't think there's much problem there. And, in any case, it does give them an out, gives the Commission an out, with that last part of the sentence - "except as may be extended pursuant to..."

UNIDENTIFIED SPEAKER: that extension is 255 "B" is the alleged compensation. In other words, if they continue fishing until fully compensated.

UNIDENTIFIED SPEAKER: I've done some pretty drastic re-writing of these things..adding--particularly reorganization, changing format in some cases (indisc.)...

CHAIRMAN: Have we come to any of those places where you've changed yet? Okay, well, when we get there, holler.

UNIDENTIFIED SPEAKER: But, back in 170 where we agreed the questions marks should be put, I think long-term change should be further clarified.

CHAIRMAN: Entry Permits - Standard for Initial Issue: Following the establishment of a desired maximum number of entry permits for a particular fishery, pursuant to Section 160, the Commission shall adopt regulations for the selection from among qualified applicants, who are perfectly able and permanently intend to participate actively in the fishery. Those who would suffer hardship, should they be excluded from the fishery, by the imposition of the Limited Entry System described (indisc.) chapter.. using the following standards: 1) The extent to which this fishery constitutes an income source to the applicant in decreasing order of importance as follows: a) Consistent participation in this fishery has provided the primary income source during all, or substantially all, of the 3 years immediately prior to January 1, 1973. So, there's our first big question...do we leave it all at 3 years, 2 out of the last 3 years, or what?

UNIDENTIFIED SPEAKER: I would take 2 out of the last 3 because if somebody had been sick or...

UNIDENTIFIED SPEAKER: (Indisc.) wouldn't it decrease the amount that we're (indisc.)? Now, these are the initial primary criteria that fit into the (indisc.).

CHAIRMAN: Pretty insignificant factor that we're reaching right now, because we've got this group of people that maybe just fished for the first time last year or they're new in the fishery and have fished in the last two years. If we required all three, fished up to the last three years, why (indisc.) two out of the last three years...it's a very fundamental basis for all the rest of these things in "1" and "2" in determining hardship. It doesn't do any good to go down here and include one, two and three if we base it all on consistent participation over the last four years, or five or ten...still, that's a lot of time and it's an important factor, so I don't know, what do you think? Do you think two out of three, George? What do you think? Important to you?

GEORGE: No.

UNIDENTIFIED SPEAKER: I'll take two out of three.

CHAIRMAN: You'll take two out of three. Okay, well, let's, at this point, adopt two out of three.

UNIDENTIFIED SPEAKER: I don't know why, but I just think...

CHAIRMAN: Yeah, well, again, our contest has been to try to not cause any more hardship on those people who've really been in than necessary...and we're still gonna be causing some on those who just started a year ago. But we're saying that starting in '72 (indisc.) and up...which means we're starting in '71, (indisc.) to be able to be included. All right.

(b) Consistent participation in this fishery, together with participation in other fisheries, has come to the primary income source and all, or substantially all, of the three years immediately prior to (indisc.). (c) Participation in this fishery has provided substantial income supplement to incomes from sources other than fishing during all, or substantially all, of the three years immediately prior.

UNIDENTIFIED SPEAKER: One objection that Jay Hammond had...you could favor residents very much by putting "c" up one step. Put "c" in place of "b" and move "b" down. You're speaking of single fishery participation.

CHAIRMAN: Yeah, but it doesn't make a bit of difference if you're locking all three units.

UNIDENTIFIED SPEAKER: Now, are you locking all (indisc.)...the best fishery areas?

CHAIRMAN: Well, I don't think we need it..with Jay saying that he can take care of it through the sliding scale..plus the fact that...

UNIDENTIFIED SPEAKER: (Indisc.)

CHAIRMAN: (Indisc.) sale in gear. Where you (indisc.) the amount of gear an individual can fish on the basis of how many individuals have registered. In other words, a thousand units of gear are what the fishery can have. If you have 1000 people fishing, why you're gonna have one fathom each--you're gonna have one unit each. Okay.

UNIDENTIFIED SPEAKER: They could have, let's say, one of those three years or two years--they could, all right, if they only had gear license one year but (indisc.) their income for the past three years (indisc.) -- how is that working under this thing? You say the income came from operating gear license...is that the way this is...?

UNIDENTIFIED SPEAKER: (Indisc.) fishery is to include them (indisc.)

CHAIRMAN: Yeah, we've gotta go back and (indisc.)

UNIDENTIFIED SPEAKER: Back to the sliding gear...it's a choice of either having more people in there by eliminating one of these categories for Bristol Bay where a lot of people (indisc.) same thing now...they're cutting less gear and all of them making less money.

CHAIRMAN: This is true, except if you, this sliding scale thing, so assists

the resident, because the fisherman can have his family with him there so that all of the additional income from adding several units of gear to go to one family just as it would if the man of the family himself were fishing 150 fathoms. The non-resident is not going to be bringing up a bunch of kids in order to...

UNIDENTIFIED SPEAKER: The other two areas that were mentioned in the House Bill (indisc.) that fishery were Cook Inlet and Prince William Sound.

UNIDENTIFIED SPEAKER: Copper River area.

UNIDENTIFIED SPEAKER: (Indisc.) particular type of gear (indisc.)--gill set in Bristol Bay and Cook Inlet and I think there's drift gear in Prince William Sound.

CHAIRMAN: Okay, we've got to get into this though because this is applying to those people that have...the gear holders--not just (indisc.)

UNIDENTIFIED SPEAKER: License holders that have actively...

CHAIRMAN: Gear license holders. Well, maybe we need to go to "A". Consistent participation in this fishery--have a gear license holder, as provided--the primary...And each time we think consistent participation in a fishery, we need to have that phrased...as a gear license holder. Okay?

CHAIRMAN: I'm sorry, wher?

UNIDENTIFIED SPEAKER: In "A" - for instance, "desired maximum number"

CHAIRMAN: Where are you? Oh...

UNIDENTIFIED SPEAKER: ...200...circled several different things...

CHAIRMAN: Okay. Why don't you mark up a...tell you what we better do. If you've got a copy that fairly clean showing your changes, then we can look at one versus the other. And we can talk with Dr. Fletcher about the reasons for the language, if there are any...okay? I think we can go to the next page now. "E" (indisc.) Participation - participation no more than one year out of the three years prior. Okay. (Indisc.) the extent

to which alternative livelihoods are (indisc.) available to the applicant, either permanently or (indisc.) available for training. Did you take "realistically" out there?

UNIDENTIFIED SPEAKER: Well, I would favor reasonable course of training as including both one that's reasonable in it's nature and one that's reasonably available type (indisc.). Either that, or leaving "realistically available" and then (indisc.) "reasonable course of training". Of course, the training...

CHAIRMAN: Okay, well, that will be covered anyway...your opinion...(indisc.) the extent that the applicant's investment in vessel in gear, I suppose that for set nets we ought to include some other phrasing there. Investment in vessel, gear or set nets...(laughte)...I don't know... What's the difference?

UNIDENTIFIED SPEAKER: (Indisc.) Depending on the kind of gear (indisc.)

CHAIRMAN: But gear site is kind of...okay. Next question (indisc.)

Regulations shall establish five categories of decreasing (indisc.) of hardship (indisc.) applicant, based upon application of the foregoing standards as follows: extreme hardship, continued (indisc.)...that's another question...essential to who? I hope that's clear enough. Hardship (indisc.), some hardship continues (indisc.) minor...

UNIDENTIFIED SPEAKER: I think it clears it up if you put extreme hardship making continually essential instead of - semi-colon - is (indisc.)

CHAIRMAN: All right, now let's see. The Commission may adopt regulations establishing sub-classifications of the priority classifications in "B" of this section. When (indisc.) necessary in this application, the standards stated in "A" in order to prduce groups of applicants similarly situated for each administrative area and type of gear...(indisc.)

"B" - the Commission may adopt regulation to obtain information on which

to make a determination whether the applicant is perfectly able and presently intending to participate actively in the fishery.

UNIDENTIFIED SPEAKER: Taking that "shall" there (indisc.)

CHAIRMAN: Instead of "may", huh? I don't know--it makes me think the whole thing is rather superfluous though because we've previously given them the authority to make any rules and regulations necessary to carry out the purpose of (indisc.). Aren't we just spelling that out again?

UNIDENTIFIED SPEAKER: Well, theoretically, yes, but it's helpful to do it...

CHAIRMAN: It's helpful to do it, huh? Okay.

UNIDENTIFIED SPEAKER: Yeah. In the Committee Substitute (indisc.)...

CHAIRMAN: Now, have any of you seen anywhere that we can plug in (indisc.) this matter of filing Alaska Income Taxes?

UNIDENTIFIED SPEAKER: It's in the section that we're coming to.

CHAIRMAN: Do you think that "may" ought to be "shall" at the bottom of the page, Joel?

JOEL: Yes.

CHAIRMAN: That "may" ought to be "shall"....sounds great, huh?

UNIDENTIFIED SPEAKER: Familiar with the emphasis that we've placed on that distinction (indisc.).

CHAIRMAN: 210 - Entry Permits - The Commission shall establish the opening and closing date and places (indisc.) and a form of application of initial issue of entry permits for each type of gear in each limited area. The Commission may...yes?

UNIDENTIFIED SPEAKER: There's no change here. the Committee Substitute (indisc.) different sections of the Committee Substitute all in this one area.

UNIDENTIFIED SPEAKER: That other bill, incidently, had a yearly minimum a year...within a year from the perspective day the application had to

submitted by the fisherman....That's the way the House Bill is now.

Okay, any questions about any of that? We'll have to take a look at the House language and see what we want to do about it, and (indisc.)

Initial Entry - Issue:

UNIDENTIFIED SPEAKER: Two major changes - one (indisc.) the Commission shall promptly notify each applicant (indisc.)

CHAIRMAN: Which we have now changed... Okay. All right. After the closing date for applications established by the Commission, the Commission shall assign the application of each qualified applicant to the appropriate priority classification (indisc.) under 200. Based upon the evidence established pursuant to 210: Promptly notify each applicant by mail or (indisc.) that the applicant (indisc.) whether he's (indisc.) qualified and is qualified for classification to which that application has been assigned. The Commission shall issue entry permits for each administrative area (indisc.) to all qualified applicants (indisc.) specifications... whet her or not the total number of permits issued exceeds the desired maximum number of entry permits (indisc.) Each administrative area, each type of gear...All done, huh?

UNIDENTIFIED SPEAKER: Yeah, we finally wound it up. (indisc.) and now it's up to us to sit down and go over those and put them in Bill form. Get somebody like Joel, over the weenend, to draft these (indisc.)

CHAIRMAN: If for any administrative area and any type of gear (indisc.) permit holders permit (indisc.) issued does not exceed the desired maximum number the Commission shall also issue entry permits successively in the next lower priority classification (indisc.) until the total issued equals the desired maximum. If (indisc.) in the lower priority classification of qualified applicants (indisc.) ought to be issued, there are

more applicants for (indisc.) non-entry permits be issued, the allocation of (indisc.) permits within (indisc.) classification shall be by lottery.

UNIDENTIFIED SPEAKER: It's supposed to be...the last two paragraphs ...pretty much identical to (indisc.)

CHAIRMAN: 220 continued: If at the time entry permits are issued and applicants are still appealing, okay, well, we can hold off..(indisc.)

All right..225: Denial of Initial Issue: Right to compensation in certain cases. If an entry permit is denied, the qualified applicant through application (indisc.) Section 3, well. We have already changed that so that would not be applicable. We locked in one, two and three.

UNIDENTIFIED SPEAKER: I'm sorry, I'm lost...

CHAIRMAN: Okay. 25-Denial of Initial Issue: I think that the whole thing can be wiped out.

UNIDENTIFIED SPEAKER: We had to go to three as well as one and two.

CHAIRMAN: Yeah. Well, you know what Jay was saying (indisc.) take _____ for an example...from Pedro Bay...

UNIDENTIFIED SPEAKER: Well, some of these people are being forced out of the fishery.

CHAIRMAN: Well, all right. We were earlier thinking that one and two would catch most of the people in Bristol Bay. And, we were told that there's (indisc.) that there's a very large number of them that are free classification people.

UNIDENTIFIED SPEAKER: Some hardship (indisc.) is desirable but not strongly needed...

UNIDENTIFIED SPEAKER: You're gonna have to (indisc.) resource fishery committee...

UNIDENTIFIED SPEAKER: (Indisc.)

UNIDENTIFIED SPEAKER: (Indisc.)

UNIDENTIFIED SPEAKER: (indisc.)

CHAIRMAN: Anyway, having done that, 225 becomes null and void because it's only talking about people in categories three who are forced out and we are not forcing out anybody in three so....

UNIDENTIFIED SPEAKER: Wouldn't relate to four or five then?

UNIDENTIFIED SPEAKER: No...

CHAIRMAN: Now, we have a question --category 4 - can include people over- that got in as sincere fishermen one year out of the last three. They may have a significant investment in a boat and we're saying that they may very well be out. Now, do we have any obligation to compensate to those people?

UNIDENTIFIED SPEAKER: No.

UNIDENTIFIED SPEAKER: You're also (indisc.) a slight hardship making continuance (indisc.) mildly desirable, but not needed.

CHAIRMAN: Well, I suppose we can say that if they've got a boat that's worth buying, we're leaving enough people in in Categories one, two and three that they'll have a market for the boat.

UNIDENTIFIED SPEAKER: (Indisc.) and they'd have known this was in the offing.

CHAIRMAN: Yeah, that's right. They didn't get in except as a result of (indisc.) license intent including gear.

UNIDENTIFIED SPEAKER: Could this possibly be fishing may have (indisc.) - five years and the last year was the first time they bought their boat and (indisc.) income was entirely from fishing - they wouldn't be compensated?

CHAIRMAN: Yeah, you're right.

UNIDENTIFIED SPEAKER: Now Sutton, as I understand it...we're gonna have five categories based on hardship. And then ...there will be sub-classifications based on this income participation criteria.

CHAIRMAN: Because that income participation thing all goes back in the

previous participation all go to make up the five categories of hardship.

If a mix of the two types of consideration will determine a hardship..

Well, okay. We should consider then in that 225, Denial of Initial

Issue--we might consider language like this: If an entry permit is deniee,

a qualified applicant whose application is assigned to priority classifi-

cation 4 as established in Section 200 of this chapter, full and reason-

able compensation must be made for - and then we skip clear down - for

direct economic loss resulting from a drop in the market value of the

applicant's vessel and gear which is attributable to regulation under

this chapter. I don't think for entry permit, the value of the entry

permit itself, would, for the cash (indisc.), because of the lower value

of his vessel and gear. Is that a reasonable approach?

UNIDENTIFIED SPEAKER: Sounds reasonable.

UNIDENTIFIED SPEAKER: So 225 would be back in there (indisc.)...

CHAIRMAN: All right, reasonable compensation must be made for direct economic

loss resulting from a drop in market value of (indisc.). And I guess we

need to leave "B" in otherwise the Commission could put off paying that

compensation year after year after year.

UNIDENTIFIED SPEAKER: Change "full" to "reasonable" though...

UNIDENTIFIED SPEAKER: Yeah.

CHAIRMAN. I don't know. I think there's a better way to attack that....

once you say that the Commission shall make compensation within three

years (indisc.) or something like that rather than leave them all in

fishing. "B" would say that until the Commission got around to paying

them that they could continue to fish...maybe it'd be better to simply say

the Commission shall make payment for such compensation within two years

from the date of (indisc.) Okay, you ready to look at 227? Entry Permits - Subsequent Issue: For any given administrative area and type of gear therein, after initial issue of entry permit and for as long thereafter as the number of entry permits outstanding exceeds desired maximum number, the Commission shall, upon each annual renewal of outstanding entry permits, and also issue new entry permits to qualified applicants. Upon a ratio of one new entry permit for every ten entry permits that have been (indisc.) or forfeited. Since the last previous annual renewal date. Now, if we want to (indisc.) down to the desired level..I would think we would want to use maybe as large a ratio as we can. Now, I don't know whether one to ten is reasonable, but let's...is it all right if we investigate that figure? It it is constitutionally sound and is that a figure you'd be willing to buy?

UNIDENTIFIED SPEAKER: (Indisc.) House Bill...

CHAIRMAN: Yeah, but they were going on a different basis. They're cutting 25% from last year's gear level right in the beginning, too. So, they have made a much larger cut...in the beginning. Okay. "B" If at the time of annual renewal, the number of outstanding entry permits is fewer than the desired maximum number---particular administrative area and type of gear, the Commission shall issue new entry permits to qualified applicants up to the desired maximum number...Any problems with that?

UNIDENTIFIED SPEAKER: How are they issuing them....by lot?

CHAIRMAN: Yeah, well, let's see. Let's go on to "C". New entry permits shall be issued first to those applicants who have submitted a Notice of Intended Surrender under Section 300 of this chapter. If there be more such applicants than there are new permits of issue, the applicants shall

be issued permits in order of their respective date of filing such notice. If after issuance of permits to applicants who have submitted such notice, additional permits are to be issued to other applicants if there are more such applicants than there are new entries--new permits. They shall be allocated among such applicants by law.

UNIDENTIFIED SPEAKER: 300-Section 300 (indisc.) is giving preference to people who changed (indisc.) fisheries. In other words, an individual already had an entry permit, filing notice and would have (indisc.) in obtaining an entry permit for another fishery in another area.

CHAIRMAN: That's what this intended surrender is. He can't surrender his permit from one area when he's applying for another area. Those people get first choice.

UNIDENTIFIED SPEAKER: I don't know what the answer is, but we have tried to get in that way for years.

CHAIRMAN: 229 - Entry Permits - (indisc.) to issue. The applicant to whom a new entry permit is to be issued pursuant to Section 227 shall prior to the receipt of the permit pay to the Commission for the use of the State the fair market value as determined under Section 310 of this chapter. Yes?

UNIDENTIFIED SPEAKER: (Indisc.) Did Professor Fletcher come up with any other recommendations (indisc.)

CHAIRMAN: Yeah. This is not really transferability here we're talking about. This is just reissuance where there is a larger number of permits to put out.

UNIDENTIFIED SPEAKER: Could we not--do you suppose (indisc.) transferability?

CHAIRMAN: Well, but these are the ones that have been turned back to the Commission.

UNIDENTIFIED SPEAKER: I'm thinking in terms of preference (indisc.).

CHAIRMAN: Or where new ones have become available because of change in the fishery.

UNIDENTIFIED SPEAKER: Yeah, well, that's what I'm thinking of...the new ones that become available purely - if Lowell had applied last year and George had applied last year and I didn't apply til this year.... they should have some kind of a preference...

CHAIRMAN: Well, that's what I said. If there be more such applicants (indisc.) surrender. All right?

UNIDENTIFIED SPEAKER: (Indisc.)

UNIDENTIFIED SPEAKER: (Indisc.)

CHAIRMAN: All right for the last line; we have an alternative there of saying--a new permit shall be allocated in order of the respective date of application. This is what you're talking about?

UNIDENTIFIED SPEAKER: Yes. Same language as above.

CHAIRMAN: It's a possibility.

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March 13, 1973

UNIDENTIFIED SENATOR: I have a couple of other commitments this afternoon, so I'm going to be coming in and out. I wanted to say that at the start, because I didn't want anybody to think that I was uninterested or walking out in the middle of their testimony, so if I walk in or out, why don't take it as a personal affront. I'm not trying to comment on it or insult it. I just have some other things I have to do.

CHAIRMAN: If some of you fellows that are in the back would rather take some of these chairs here along the wall, feel welcome to do so. I apologize for having this expansive table between us. I'd much prefer we had less table here, but we've got to work with what we've got. We're missing...

(Long pause in tape)

CHAIRMAN: ...Senator John Radar from Anchorage. As I indicated Senator Lowell Thomas and John Sackett are the other two members of the committee, and our aide, our administrative assistant, without whom we would have been lost all this time, Mike Whitetail. And Mike, have you--do we have a list of people that would like to talk or should we start that around now?

MR. WHITETAIL: No, I think we'll probably start that.

CHAIRMAN: Alright. We'll just send a list around and if you'd like to talk, why sign up and then I'll--we'll go from there. Now...

UNIDENTIFIED SPEAKER: Could I comment, Rob, on this?

CHAIRMAN: Yeah. The purpose of this meeting is to hear from you today, so--alright, go ahead.

UNIDENTIFIED SPEAKER: I think everybody was--at least the U.F.A.

members, there are people that are not members of the U.F.A. that are here, too, that might want to testify, but I think they wanted me to lead off, mainly, and then, have comments.

CHAIRMAN: We normally take--we normally give an opportunity to people from out of town to talk first, since we can always hear from these guys that are in town, but we'll make an exception for Bill, and...go ahead, Phil.

PHIL DANIELS: Shall I set here?

CHAIRMAN: No, why don't you go ahead and sit up there, and--it's not a round table, but then it's...

MR. DANIELS: Well, I've--you've heard me speak before so I'll try not to dwell on anything for very much of what I've said before, but the delegates of U.F.A. did adopt in concept the bill that's in the House, and they didn't want to, by any means, slight the work that's going on in this committee by doing that, because we are well aware of the fact there's been an enormous amount of work go on here. We did have that bill before us, and of course, by endorsing it in concept we don't want to be locking ourselves absolutely into anything, but we are very concerned that some of the concepts in that bill be entertained in whatever the Senate may come out with, and I think I'd like to start out by saying that I think one of the big problems is faced--at least the people in the Attorney General's who were initially concerned with presenting the Governor's bill with the idea of selling--or convincing, or persuading the fishermen themselves that limited entry was something that they needed and could live with and I think the action by the board of delegates of U.F.A. has indicated now that they are interested in limited entry for

themselves and as it might affect them, and I think that's coming a long, long way from where we were back down the line a couple of months ago. I think there was an awful lot of reaction, and of course, part of our ability to accommodate ourselves to some of the concepts in this bill is based on the fact that it does reflect some of the interests that have been enunciated by the fishermen in these meetings that have been held around the State. It's unfortunate, and we know the reason why, due to the fact that there's a time problem here, that we couldn't--I know that you didn't express the interest in holding committee hearings all over--among the fishermen around the State. We understand why that was not possible, and of course, now, we don't claim to represent fishermen's interests universally, but we are, we hope, a cross-section of fishery interest that is faced across the State, and so we would hope the committee would consider some of the ideas that we are interested in. I think we'd also like to indicate that the fishermen feel that they are, in some ways, imposing limitations on themselves. If--in the fishery that we had in the past, anybody could get into any kind of gear or any kind of fishing area simply by going and buying a license, and of course, we're now voluntarily placing restrictions on ourselves for reasons that we're all well aware of, and we feel that it's something due to the biological nature of the problem that we have, the shortage of fish which are down to a third of historic levels, due to the economic problems we have, it is necessary. I think we're aware--perhaps we agree with Henry David (indisc.) when he said the best government's no government, and we realize that's

not possible, and we also realize a wide open fishery hasn't solved our problems in Alaska. Now, by way of adopting some of the concepts that are in the bill in the House, I'm sure the committee members are familiar with that bill, so I won't labor that, or go through what's in the bill, but we are particularly concerned, of course, about initial cuts, how they will be accomplished, and I believe the--there've been many fishermen who have even expressed support for the initial bill that the Governor's committee sent out and it called for a lot more drastic cuts than are in the present bill as it's now written. We do support the bill as now written. I think we're aware of the practicalities of the matter, that from a political point of view, this may be best the way to make sure we do get limited entry this session. Now that bill, of course, calls for modified cuts, up to 25 percent in drift and set nets in Bristol Bay, up to 25 percent in Cook Inlet in both of those categories, and up to 25 percent in the drift category in Prince William Sound. We were very interested in seeing a buy-back program used to achieve the additional reductions that are necessary, and again, we're placing something on ourselves as fishermen. According to the way that bill's presently written, we could be assessed as much as seven percent of the value of our catch per year. I have reservations on that seven percent figure. I understand it's rather an arbitrary figure, and it might be reduced. By way of illustrating that, if we use the seven percent figure and took the gross value of salmon in Alaska, you'd come up with about five point five million dollars that could be used for buy-back. Now, we would hope that that would be used to

serve as a loan program, so that you could start out with a bigger buy-back program. If you did use the five point five million dollars to service that loan and you could come up with a buy-back program--as I understand, a million dollars will service a \$12 million loan, so if you multiplied that, you would get a--with a five point five million dollar initial figure you'd come with something like \$60 million for buy-back. That's probably more than is necessary, and we would hope that the buy-back will be based, as we have been informed that it would, that the commission would go to various areas areas in the State and talk to the fishermen, and ask them how fast you want the gear reduced in your area. In some areas it doesn't need to be reduced as quickly as others, and we hope that whatever assessments are made, they'd be made as reflected of the desires of the people that live in those areas. We've been very concerned about transferability. The fishermen are pushed--when we consider the alternatives, we've come up with the idea of free transferability. That's not to say completely unrestricted. We are certainly willing to see as in the bill in the House, it calls for transferability, you have to go through the commission, there's a six months' waiting period for approval before someone can transfer their license. We see this as protecting people from making a spur-of-the-moment decision or selling out in a bar some night, or just making a foolish decision. I think we favor that idea very much. We also are favorable of the idea of two categories of license and that again is built in to protect people in low income situations. On the one hand you'd have the five-dollar license, which is available

to a person in the low income bracket, if he wants it. If a person who wants to have a license that is transferable, it would cost him \$50 to maintain that license. The person taking the \$5 license, of course, would have a non-transferable license for a period of five years. Again the idea being to protect people from making a foolish decision or to discourage them from transferring their license and seeing those license migrate to moneyed interest. We're also extremely concerned, if at all possible, to encourage the State to consider if this license is made freely transferable, to consider the possibility of the State's setting up loan programs to help people in low income brackets and perhaps also crewmen who've had years of experience in some other area in the fishery, to be eligible for these loans so they can be encouraged--we can encourage the license to end up in the hands of these persons. Now we feel like it's in the long-term best interest of the State to see those licenses end up in Alaskans' hands, and it's one of the ways you can legally, as we understand it, actually discriminate in favor of Alaskans by way of requiring Alaskan residency, also by way of putting in economic requirements, before you could qualify for this loan assistance, and optimistically, perhaps naively, we think that over a long period of time you might see an actual increase in the number of Alaskans who are made eligible--or who end up with these licenses. Now we're aware of a lot of the problems involved if the license becomes a transferable property right, but we're also aware of the enormous problems that can occur if the license is not a property right, and if you end up either in a lottery

or an apprenticeship pool. One of the biggest concerns we have is with the fisherman's being able to hand his license back into the ranks of his own family. We think this would be horrendously complicated by way either of an apprenticeship pool, or the lottery-type system, if you had it as a leasing right instead of a property right. We had initially hoped that you could have apprenticeship pools for specific areas around the State. It might be able to favor the Alaskan resident this way. One for Bristol Bay, for example, one for Cook Inlet, one for various other areas. We understand, after Dr. Fletcher's testimony, that the apprenticeship pool would be stronger constitutionally if it were based on something like nautical experience and included fishermen from all over, including fishermen from outside as well as Alaska State residents. We feel that people in areas like Bristol Bay, where they had a short-term fishery, would be put at a grave disadvantage if they had to compete against people from, say, Washington or Oregon, who had an in-depth fishery and were able to fish many months of the year. These are some of our concerns, some of our worries, if the transferability is moved from a freely transferable property right to some other formula. We have also taken up in a very smattering form, the idea of a deferential tax that has been discussed. The fishermen reacted adversely to that. You can get their comment on it. There may be some explanation from--that hasn't been touched in the way I presented it, but the thinking is, that the fisherman who would really achieve a windfall gain is the fisherman who comes into the fishery, let's say ten years from now, after you've

reached your optimum level. He has no assessments to pay, and yet he gets into the fishery for, say, maybe five or ten thousand, and yet--and then he gets that money back when he sells his permit, so he also is for a possible recipient of a windfall gain. Now, we've touched on a lot of these ideas, and I know a lot of this you've already heard and that the fishermen themselves will have, perhaps, some comment to make, and I could go on with quite a few other things that we'd like to see in the bill. I think the biggest things we're after, we want to recognize the validity of the concern of people who say that the license might tend to migrate toward money interests, and by that we'd love to see some kind of loan program established to help get away from that problem. Our thinking there simply is that as long as a fisherman, on a lean winter, may end up borrowing money from a cannery, then the cannery, of course, if going to have his hands on that fisherman, regardless of whether this is a leasing right or a freely transferable property right. So I think by making it a leasing right you will not have solved the problem of getting the fishermen out from under cannery domination, whereas if we are able to make low-interest money available to the fishermen, perhaps we can solve that problem. If we had enough money available from those sources, it might be in order to pass a law forbidding canneries to loan fishermen money, but I think we're a long way from that point.

CHAIRMAN: Thank you. Before we go into questions--why don't you stay there for a minute, Phil. People may have questions of you. Before we go into that, however, I'd like to state something that I should have stated earlier, perhaps. There's been

some concern that this committee was dragging its feet for one reason or another, and that there was a question about the bill coming out, and so on and so forth. I'd like to use the opportunity to assure you that while action, perhaps, did slow down, I think there probably were good reason for it, but that it has nothing to do with not passing the bill this session. As I've told Newt over the phone a few days ago, I feel the chances are at least 95 to 5 that it will be passed this session. Certainly, I'm going to make every effort that I can to make sure that it does and I think the rest of the committee feels the same way about it. I think we need to recognize the fact that in the House this bill was referred to three different committees. In the Senate it only had one committee referral, and part of the procedure here was because we felt, if it looked to the House that their's should pass first, and it had three committees to go through, then it might get hot and act on it a little bit faster. We might not get caught in that last minute crunch. So, that as soon as the House bill comes across to us, and it's in Finance know, as I'm sure you know, that's the last committee, and the speaker has said as early as today that he does expect to have it out yet this week, then in the Senate we expect to be ready for it, and it will be on the calendar, I would say, within a matter of just a very few days, in the Senate from the time it passes the House. So, if you are concerned about the time element as far as the Senate's concerned, why, please let me reassure you there that there is no problem. If we get the bill this week from the House, we'll have it on the calendar, definitely, next week, and so, we are,

I think, all of us, committed to doing everything we can to get this bill out this year. And, now, if I speak incorrectly, why, correct me, or any of the other committee members. Okay. If anybody has any questions on that, why, we'd entertain them at this point. If you want any clarification, if I've not made it clear enough. Okay. Bill, you didn't mention anything about a moratorium on transferability to individuals for a year or two. Is, then, something that you've discussed at all? Do you have any position on that?

MR. DANIELS: We discussed it, and we discussed it, as I recall, Dr. Fletcher's testimony, and I'd understood that without transferability a moratorium is not likely to succeed in the courts. Is that incorrect, or?

CHAIRMAN: I think his position was that we would have no problem with moratorium if we showed what we were going to do when we get--after we get this moratorium, period. Now, Dr. Fletcher-- Dr. Fletcher's point was that to have a moratorium, without showing what we were going to do with the licenses when we got down to--or with the permits when we got down to optimum levels, would appear to the courts to be simply a trick to buy time and that we really didn't intend to do anything about making these available to other people in getting around the closed-class problem. However, he said that if you show in your bill a definite transitional period, and then what you're going to do when you get to the number of licenses that is desirable, then you can do almost anything in this transitional period, and there would be no problem with a moratorium.

MR. DANIELS: Again, I'm recalling, only from having said in that day, and

you may have this off on tape, and trascribed, which I have not had the opportunity to look at, but I was recalling--I believe he was speaking with Mr. Adasiak from the Attorney General's office, and he said he felt, as I recall, that a six-month moratorium would be the lot stronger...

CHAIRMAN: No.

MR. DANIELS: No?

CHAIRMAN: No, you're talking about a separate thing. At one point we saw this transferability thing as so involved and so complex that if there's any way possible we could give it to the commission, charge them with the responsibility of coming back in a year or two with recommendations on how to handle transferability, that's the way that I, personally, would have liked to have gone. And this is when he says, no, you can't do that, you've got to show on the bill what you're going to do as far as transferability is concerned. That's where we asked him--well, okay, it wasn't two years, how about if we had them come back within a year. And he says, you're in better shape. Six months would be better yet, but that's doing nothing with ultimate transferability, but making recommendations to the Legislature. That's the question he was speaking to.

MR. DANIELS: Could I ask then, how long a period of time are you thinking about as far as a moratorium is concerned?

CHAIRMAN: Oh, I'm--I don't have anything in mind. We've discussed the idea of a couple of years, and I don't have any position on it. I was just wondering if you did.

MR. DANIELS: Could we ask the fishermen for their reaction?

CHAIRMAN: Sure.

MR. DANIELS: We didn't bring this up.

CHAIRMAN: Well, Jim here wants to talk right behind you.

JIM: I really don't want to talk right now, Senator. I just wanted to ask you--I wonder if you could elaborate a little bit. I don't quite understand your position on this moratorium bit. Do you in effect--are you in effect saying that you establish certain people that are eligible and they're frozen into it with the intent...?

CHAIRMAN: Yeah. Well, again, please, I don't have any position on it.

JIM: No, I don't mean a position. I just mean, if you would tell me what you're referring to.

CHAIRMAN: Right. For those that have just--haven't met Senator Thomas before, why, Senator Thomas has just arrived, and Senator Radar, of course, has not. Well, the idea, I think, that was put forth at one time was that it might be desirable, after the initial--after the entry permits had been issued, that it might be of value to have a couple of years moratorium before they could be transferred to another individual. Now, we might want to retain--if we did that, we might want to retain the option of the commission buying them out, transferred to the commission, but not to an individual. There were some advantages that were expressed. I don't know whether there's anything that's very important or not, but I just wondered if you did have a viewpoint on it.

MR. DANIELS: There might want to be someone else who'd want to comment on it. I...

CHAIRMAN: Well, if your group has not discussed it, maybe it would

be better for you to discuss it...

MR. DANIELS: Well, I would guess that the reaction would be something like this: that if this made the bill more, you know, include the bill and safeguarded some of the abuses that might occur, that some kind of moratorium might be considered. I do think that many of us might have reservations on any lengthy moratorium, because what you're talking about is the pluralities of the fishery by way of anybody switching gear types, or anything of this nature. This is one of the prime items--prime considerations that has moved the fishermen in the direction of free transferability, is because it leaves the fishery somewhat liquid as it has been in the past, but still keeps the lid on the number of units of gear in each area. It allows people to move from one type of gear to another. We're very, very fearful of anything, I think, that would tend to freeze fishermen into their gear types, and especially for any long period of time. That's one of the big considerations we've had when talking about free transferability and one of the reasons people have been favorable to the idea of free transferability.

CHAIRMAN: Any questions of Mr. Daniels, committee members?

UNIDENTIFIED SENATOR: Well, I would like to ask, can you give us some of the advantages of a moratorium of that type?

CHAIRMAN: Not at this time, I wouldn't. I don't know what they might be. It was proposed, and I was simply asking if you people have a position on it. Just a minute, Clancey. You don't have any questions of Phil?

SENATOR THOMAS: No. I'm sorry I missed testimony. I was pretty interested in what I heard.

CHAIRMAN: Alright. Clancy.

CLANCY: I would just like to ask a point here. This moratorium means there would be no licenses issued as such...

CHAIRMAN: No, no.

CLANCY: ...for instance, I'll give a demonstration. I'm going out this Spring and do a thing that I've gear for for several years, but I haven't bought a license for for the last three years. Would this stop me from doing this particular thing?

CHAIRMAN: No. No, no. Maybe I didn't make it plain. The proposal that was put forth, and maybe it's not important enough to spend this much time on, but once the permits had been issued, simply a moratorium on the sale of those from you to somebody else who wants to buy, for a couple of years, to an individual, however, still allowing you to sell to the commission if you want to get out. One advantage might be to, again, to provide a reduction of gear, some incentive for reduction in gear, so the guy that's selling out could sell to the commission which might retire than license, rather than to somebody else. Again, just for a couple of years.

CLANCY: Yes. Thank you.

CHAIRMAN: Alright. Phil?

MR. DANIELS: I just wanted to comment. I think the way we understand it, although we could be in error on it, that it will be--let's say the bill were passed this year. It would probably be two years or so before anyone would be issued a permanent permit, so, in effect, you'd have two years already. Now, if you added two years on to that, I think that might complicate the matter in some people's mind, because you'd be talking about four years

instead of--but you already have two years, probably, in which to consider some of the problems involved in transferability.

CHAIRMAN: Okay. Yes, go ahead. Would you identify yourself for the tape, please.

UNIDENTIFIED SPEAKER: Well, I didn't want to--I just wanted to say something about that, if it's okay. However, I'll be glad to have a question (indisc.).

CHAIRMAN: No, go ahead.

UNIDENTIFIED SPEAKER: One complication might be that there would be some permits available after this two-year period you spoke of. Maybe just right now, while this is taking place, somebody may have invested in a boat, you know, substantially, and would like to buy one of those permits, and it's possible (indisc.) in that respect, if I understand it right.

CHAIRMAN: Yes. Okay.

UNIDENTIFIED SENATOR: It's my feeling that any moratorium that's been presented so far, a moratorium seems to endanger the bill as far as constitutionality--the length of the moratorium. On this grounds I would be hesitant to support anything that would possibly cause this bill to be rejected under constitutionality terms.

CHAIRMAN: I'm glad you brought that up. That is one of the reasons that our progress has not been any faster than it has been. I feel, personally, that it's absolutely essential, that when this bill comes out, that it be constitutionally solid. That we cannot afford to go through what we did in '68, when we passed legislation that went to the courts, was found to be unconstitutional, but as a result of that legislation many

with the first major one. The second is the extent to which alternative livelihoods are realistically available to the applicant either presently, or following a realistically available course of training, and through the applicant's investment in vessel and gear. Then using a meld of those things, the regulations show established five categories of decreasing severity of hardship for grouping similarly situated applicants based upon application of all those standards that we've enumerated. The five categories should be, one, extreme hardship making continuance essential. In other words, if he's pushed out of the fishery then it would cause extreme hardship on him, making his continuance in the fishery essential to him. Number two, hardship making continuance strongly needed. Number three, some hardship making continuance desirable, but not strongly needed, and this generally is your part-time fishermen. Number four, minor or slight hardship, if he's forced out, making continuance mildly desirable, but not needed, and number five, no hardship. So, those are the five categories we're talking about at the present time and the way we arrive at them. And then later we say that statewide we will lock in one, two and three. Now, that's a big difference. Your--in the House bill, why, they're cutting in some of those fisheries to 75 percent. We're saying that the guy that's been a bona fide fisherman, even as a part-time fisherman, recognizing that Bristol Bay to a very large degree is now made up of part-time fishermen. Cook Inlet is to a very large degree, and so on. Those people shall be in in the beginning, and we provide incentive for them to get out--buy them out, and so on. So, that's one area. The

other one is transferability itself, whether it--I think we have no--no, I shouldn't say that either. Some of the committee members may be in favor of something other than free transferability. I know some members desire free transferability, but even after you've said free transfer, then you have to ask the question, what about the property right, to what extent should this windfall go to the individual, and to what extent should the rest of the State share in that windfall. And, so, that question has not been decided here, but as far as I can see, these are the only two differences at the present time. Yeah, Phil.

MR. DANIELS: I was just curious. Does the committee have before them any figures that would give an indication of how many units of gear, if you handled initial entry permits in this way, how many units of gear you might end up with in a particular fishery? How many people would be recognized?

CHAIRMAN: We're not looking at that right now, no.

MR. DANIELS: Our concern--I don't know, now, somebody correct me if fishermen themselves disagree with this statement, but one of our concerns is, I think, one of the reasons we rather liked what was in the House bill is that it does put the lid on it. I believe it's stated in the House at the level not to exceed the high year out of the last four years. In other words, you're not--you're not allowing a lot more people to be qualified for entry permits than what we already have, and I know several approaches that we considered would have allowed a lot more people to become eligible for licenses. I think this would be one of the concerns the fishermen would agree with.

more people got into the fishery than would have, probably, without the legislation, and so, I think that whatever we do this time it has to be right constitutionally, and that's the reason we have Professor Fletcher in and that is the reason that there's been some slow downs, because working with him and the mail going back and forth, telephone phone calls and so on. You know, we've had him up here once and we expect him probably again next week. And...okay. Any other comments or anybody else that would like to have their say before the committee? Today has been reserved to hear what you people have to say, so... Newt.

NEWT: Has the board made any decision on what they think of the House bill?

CHAIRMAN: Has this group?

NEWT: Board of Fisheries. (Indisc.)

CHAIRMAN: Well, now wait a minute. You're talking about our group, or are you talking about the Fish and Game Board?

NEWT. No, I'm talking about your group here as far as the fisheries commission.

CHAIRMAN: And your question, again. Have we made any decision about how we feel about 126?

NEWT: Yes, sir.

CHAIRMAN: No, we have not. What we have done, Newt, is to go through ours, and try to make ours jive wherever we could with 126, and try to narrow down whatever differences we might have. Now, as I see it, there really are only two basic differences at this time. One, and I'm not sure how important that is, is the initial level of entry, and at the present time, we looking--well,

let me read what we have to say. Do you have that page handy? Okay. Is that it right there? (pause) Okay. Well, let me just say, basically, maybe you're already aware of it, but in our bill we are using. Alright, let me say first of all, I guess, that we have operated from the beginning from the concept that we should try to hurt as few people as--of those that have actually been involved in the fishery, as few as necessary in this initial cut here, and then try to achieve maximum or optimum levels of gear by providing for an incentive for them sell out and so reduce numbers that way. And we say the commission shall use the following standards: number one, the extent to which this fishery constitutes an income source to the applicant in decreasing order of importance as follows: consistent participation in this fishery has provided the primary income source during all or substantially all of the three years immediately prior to January 1, 1973, or as an option, two out of the last three years, of those three years prior to January 1, 1973. B, consistent participation in this fishery together with participation in other fisheries has constituted the primary income source for that same period of time. C, participation in this force in this fishery as a gear license holder has provided a substantial income supplement to income sources other than fishing during all, or substantially all, of this same period of time. And, then, D, irregular participation in this fishery during this period of time has provided a variable minor income source. And, then, E, little or no participation. In other words, paper license holders. And then, a second major type of criteria is used in conjunction

CHAIRMAN: Yes.

UNIDENTIFIED SPEAKER: Those criteria there, does that apply only to initial entry, or to new entry when it's...?

CHAIRMAN: No, it's initial entry.

UNIDENTIFIED SPEAKER: I kind--I, from, you know, attending hearings and studying the bill I understand this is in no way (indisc.) part-time fishermen in the Senate bill, and...

CHAIRMAN: You mean the House bill?

UNIDENTIFIED SPEAKER: Yeah.

CHAIRMAN: Yeah, okay, except that under that 25 percent cut in those several fisheries would be a rather large number, I think that would...

UNIDENTIFIED SPEAKER: It already was brought out, too, that there are pretty much optimum levels, or what we could accept as optimum levels in (indisc.) places.

CHAIRMAN: Did I see another hand over here? Yeah, Clancy.

CLANCY: I would like to just to make a statement on this windfall type of thing.

CHAIRMAN: Okay.

CLANCY: ...that's been bandied around some.

CHAIRMAN: Yeah.

CLANCY: I've fished every year in Alaska since 1939. I have no retirement. I have to pay my own bills. I have to buy my own boat and things like this, and I don't see this as a windfall of any kind. I'm gonna have to fish for a living till I get too old to be able to do it, and it's never going to do me, personally, any good, except to be able to fish. I just wanted to bring this out to point that there is a few people in this

State that has to operate under these conditions, so I can't quite see how you can classify it as any windfall in my sake, except that the fact that I'm still going to be able to fish.

CHAIRMAN: Well, the question has been raised, if, when you're ready to retire, the thing has appreciated in value to where maybe it's forty thousand bucks worth in the permit itself, and I don't think that's impossible. Does it then become a windfall?

CLANCY: Well, you put 30 years, or 35 or 40 years of fishing in, ain't you entitled to a little something? You know, on a Federal job or a State job, or any other job--I mean, look at it in this light. This is what I'm trying to say. So, I don't really look at it as that. The same guy that buys one ten years from now and fishes 20 years, he's probably going to be--his so-called investment is going to be worth more than when he paid for it, so he's a windfall at the same time, even though he bought it. Just a point, that's all.

CHAIRMAN: Yeah, fine. Thank you.

UNIDENTIFIED SPEAKER: Speaking along those same lines, don't you feel that through the buy-back program, we will actually have that money invested, then, in the permit, and that it--that way it isn't a windfall?

CHAIRMAN: Well, I don't think that anything that has been considered here would subtract anything from what you have invested as far as the buy-back is concerned, any assessments or anything like. I think there's complete agreement with everybody that anything you do have invested, certainly that--you're entitled to that back when you sell your permit. No question about that.

UNIDENTIFIED SPEAKER: So, you're talking about the moneys that the

permit might be worth, other than the...

CHAIRMAN: The appreciated value over and above anything you put in, yeah. Yeah.

UNIDENTIFIED SPEAKER II: If you're going to take advantage of the fisherman, why don't you--we have a windfall right now in liquor licenses. Why don't you go up to that one?

CHAIRMAN: Yeah, we've talked about that quite a lot, but then the other side turns around and says, well, hey, if you're going to treat fishermen that way, then why don't you open up the forest around here and let the first one in, or divide it up among people without any stumpage, or the same thing with the oil lands, so, there's good arguments to be made on either side of that question. I agree with you a hundred percent.

SENATOR RADAR: Yeah, to add a little further on that. I believe if you look around the State and saw how many fishermen that do have families that they would pass these licenses on down to, there wouldn't be nobody changing hands there.

CHAIRMAN: Yeah. I think Senator Radar has raised a point that's a very good one, though, that we're not--this is not something that we can agree upon ourselves and then just automatically assume that everybody else is going to accept it. You do have a rather Anchorage delegation that feels that this is a State resource and that they've got to have a say so in it, too, to a certain degree, but it is a pie that is being divided up, and it's not the pie that involves some fishermen. The rest of the State does have some say so in it. Now, I don't want to be putting words in your mouth at all. Why don't you go ahead, and...

SENATOR RADAR: Well, you get this problem, too. And that is

if we take a billion dollar resource and divide it up between ten thousand people to harvest it, there's no objection to that, but when they get through using that and there's another generation of fishermen come along, should they have to pay, then, for what was given to the first generation for nothing? You see the difficulty. We're talking about the ones--the next generation of fishermen. Your sons and my sons and the people's sons who aren't here, and so on and so forth. And that's--and, really, what you're talking there is if you get back your assessment that you paid into it then you will have had the privilege of harvesting the resource for your lifetime, as long as useable to you, then you'll get back, I would think with interest, any assessments that had been levied on you, to enhance that. And the difference, then, is what the resource was worth, what you really got by having a one-one-thousandths share, one ten thousandth share in this industry, and unless we were to charge you for it now like we would charge an oil company for harvesting a resource, or a timber company for harvesting a resource, or we charged a man who wanted to graze cattle, we would lease him grazing land and charge him a rental fee, instead of--we could do that with fishermen, too, but it's thought that the fishermen can't afford, and shouldn't have to afford that, but if you don't charge them a use permit or a use fee, so to speak, or make them buy the resource, then when they get through with it, whatever that value is has to be passed on to the next to the next generation of fishermen. If that's to be sold to anyone, then the money should go to the State. If it's to be

used by fishermen, as long as they're able to use it, then they should be able to get the money that they've invested in it, and that would be all they'd be entitled to. That's the problem that we're into, and of course, you have to recognize this, and I recognize that those that use the resource have a prime and first interest in it, but by the same token, you know, we wouldn't think about giving to the oil companies the oil resource, because they wanted to use it. It belongs to all of us, and it belongs to the fellows who are fishermen just as much as it does to the people that live on the North Slope, or some place else. This is a State resource, and the benefit from that resource has to inhere to all the people of the State, and we're not able to divide up for one group of our citizens, one particular resource, and say they get it to the exclude of other groups of citizens, but we can, I think legitimately, try to control and to make sense out of the harvest of that resource by those people who are harvesting it in the past and who will harvest it in the future. That's the nature of the problem. And as I say, it isn't necessarily what you would like, necessary to this committee, but you have a whole lot of people in the State who do consider this to be the most important resource the State has. I'm one of them. I think it's more important than the oil resource. I think it's a greater value than the oil resource, and, for that reason, you have to be real careful about an accusation that it's a giveaway of this resource to anybody, rather than a harvest permit that's useable, and that's--if you get the idea that this is a giveaway of a resource, the biggest and best resource this State has, then this bill will die. It

won't happen, but if we can put it on some other basis, then I think that we could move forward to everybody's benefit.

UNIDENTIFIED SENATOR: I believe the prime concern right now is what is happening to this resource.

SENATOR RADAR: You're absolutely right.

UNIDENTIFIED SENATOR: Cause the way we looked at it, speaking just for our area alone, having the influx of gear that's coming in, you let it go for another five or ten years, we'll be all part-timers, and I can also see that if we have a limited entry program which is successful, you look ahead in the neighborhood of ten years, when build this resource back up, I think it's only fair then the fishermen are going to have to put more into it. We really realize how much money the fisheries is putting into this general fund right now, compared to how much we're taking out, but once this thing is established I think your going to find that the fishermen are going to be willing, also, to put money back into the State to help fisheries.

CHAIRMAN: Alright, Jim, we'll start here and go around the room.

JIM: Yeah, I'd like to make a statement to Senator Radar there. I--course, my mind probably don't work quite like his does. I seem to have kind of gotten lost there in that mental excercises we was going through. First of all--I mean, it's quite obvious. Newt made the point there that the resources terrific jeopardy, Phil gives elaborate testimony about the fact that it's down to a third and everything. It looks to me like we're sitting here talking when we're literally cutting off our nose to spite face, or something. We're going to sit here and grapple with

the problem, what's just and unjust about it, and forgetting about the fact that it's--to me, it's almost like it is a point of war at this point. Generals do a lot of things that maybe aren't extremely fair, or aren't, you know, a hundred percent the best decision, but they just have to be done, and this is what I feel we're facing right up to now with the fisheries issue. As far as my own license is concerned, I probably would be eligible for a type of gear license, although as Phil has pointed out, I'd simply opt out on most of the other fisheries, which I have a high degree of past experience at, such as crab fishing and every other type of fishing in Alaska, except for scallops. However, I'd certainly be willing to take that in order to save the resources as we've talked about here, but if we don't do something right now and do it fast, why, we're just literally going to completely lose the resource. I certainly wish I was in a position, or all of us were, of willing this landfall, as you guys call it, to the legislative retirement fund or some such thing, to try to help this thing through, because if we don't do it and do it right now in this session, it's--there's no question, I think, in any of our minds that it's all over with, and we're still grappling with these problems about, you know, whether it's fair or just or who's going to get this big landfall. I fail to see, you know, this type of reasoning at this point in time.

UNIDENTIFIED SENATOR: Mr. Chairman. If you'll do it my way we'll have no problem.

(Laughter)

SENATOR RADAR: Well, I don't know what your way is either,

that's why I don't know what your saying, because I'm not against what you're saying, but the difficulty here is just exactly that. It's not that we don't have the same desires here. It a question that we have a lot of people involved, and it's more difficult than just taking care of the guys in this room, or one bunch of people, you know.

JIM: Well, yes, I'm sorry. I should have--I should have--I didn't quite get the--just from your stand there, just what you're-- maybe we came up a day and a half (indisc.) because we don't really know really what your position is or anything is. Well, Phil had elaborated that we could live with this type of a thing as was put out, and House Bill 126, I listened to your dissertation there, and I never did quite get exactly what you were in favor of. Maybe we didn't have a starting point to begin with, and I mean, are you in favor of a lottery, or a free transferability, or a commission to completely controlling it or what. I guess I maybe missed your...

SENATOR RADAR: Well, I haven't made my mind up as to what position I want to go on. The only thing I was talking about, though, in this particular instance, was if you have free transferability and if you do sell the license, then the question is, to what portion of what you sell it for belongs to you, and what portion of what you sell if for belongs to the State, because it is a share of the State's resource, and that's the difficulty here. Certainly, part of yours because you will have put money into it and investment into it. Part of it belongs to the people in the State, though, because it's their resource, and if you're selling an exclusive right to harvest, or a franchise, so to

speaking, the second generation of fishermen really should not have to pay for what you're receiving for free. That's really the basic point.

CHAIRMAN: Let me make this one, too, if I may, before we go on, and that is that, for instance, Jim, we're not--this is not slowing things down at all. I figure that we've got, oh, till probably Monday or Tuesday of next week before the House bill gets over here, and so we've got that amount of time to have this kind of discussion and make our decision on what we're doing, what we're going to do, and it doesn't affect the ultimate timing at all, because we're still going to take that House bill when it gets here and work on it, and so, we're using that time to get ours into shape so--to substitute for theirs when it gets here, and so, this kind of a discussion doesn't slow us down at all. Our bill is close enough to the goal, and as soon as we solve this kind of a problem, and perhaps the other one on initial entry, why, we go right on.

(End of one side of tape)

MR. DANIELS: I'm curious whether there's any possibility of talking about some of the alternatives that might be under consideration on transferability, because I think this is what's got everybody curious, because we don't know, really--many of the fishermen may not know how to react until they understand what you and I have under consideration.

CHAIRMAN: Fine. Okay.

JAY STEVENS: I just wanted to say--comment on Senator Radar's statement there. I think it might have many good merits, but I do know, sitting through many committee meeting with U.F. of A., the delegate from Yakutat, that we have seriously gave

thought to future investment in this fishery ourselves, as farmers, you might say, like buying the seed and the fertilizer and tilling the ground. We do realize that the State hasn't been able to put a lot of money back into this industry to develop it and manage it and possibly it has been so called rape instead of perpetuated by reinvestment, and we didn't want to dwell into it too heavy right now because of limited entry, but I think it's one of the subjects that will come up in the future years, and any fishermen is in disagreement with me that we do feel a responsibilities to our fisheries, then I would like for them to say so here.

SENATOR RADAR: Well, Mr. Chairman, let me make something...

CHAIRMAN: Wait a minute, John. Just for the purpose of the tape and the record again, can we get you name on the...

MR. STEVENS: Jay Stevens from Yakutat, Alaska.

CHAIRMAN: Alright. Thank you.

SENATOR RADAR: Mr. Stevens, I want you to make something real clear to me. I'm not opposed to limited entry.

MR. STEVENS: No, I realize that.

SENATOR RADAR: The problem is how to do this to be fair to everybody, and how to make it an acceptable bill not only to fishermen, but to the other people in this State who have an equal ownership in this resource, see. That's the difficulty.

MR. STEVENS: Well, the point I was bringing out, we kind of feel possibly that we're going to get something for nothing, but in talking from the fishermen from the different organizations, we do hope to perpetuate this industry through our own money in the future, like taxing ourselves, to make this industry a

strong industry again so that we can pull a full living out of it, so actually, we're not going to be gaining anything for nothing if we put money back into it, is what I'm trying to say, sir.

SENATOR RADAR: You understand, also, that I'm saying that under any circumstances it's agreed that whatever you put into the fishery you get back. We're talking about what if you--what you should get back in addition to that if you sell a permit or if it's saleable and has a value in addition to that. If this is a billion resource, and if we divide it between ten thousand people, you see, should you be able to sell that to the next generation of fishermen? That's the question, see. You certainly should be able to get your money back that you put into it. We don't argue about that, but the question is, how-- what should you get in addition to what the money you put into it, should you get back. See, that's the difficulty.

MR. STEVENS: Course, if you're going to have a rise in the dollar all the time, how are you going to determine how much is really-- can come back to the fishermen? What (indisc.) his?

SENATOR RADAR: Take your assessments and interest on it the same way you do any other debt. It's the best you can do, I think.

CHAIRMAN: Okay. Further in the back, and would you indentify-- no, that's right, and would you identify yourself.

RON BALANGER: Ron Balanger, Petersburg.

CHAIRMAN: Balanger?

MR. BALANGER: Balanger.

CHAIRMAN: Balanger.

MR. BALANGER: Petersburg Fishermen's Union.

CHAIRMAN: Okay.

MR. BALANGER: Now, we're going to add one thing here. What you're talking about, Senator, is going to be completely in my favor. I'm a deck hand. I'm, you know, work on--as a crewman. Now, we've been talking about 10,000, 20,000, 30,000 dollar value of our license. Now, if these boat owners had to sell that license--I mean, had to pay 90 percent back to the State or 75 percent if the State buys the license--I mean, the permit, don't you think it's going to keep the value of that license way down? About a thousand dollars maybe? Because somebody will not like paying, you know, \$9,000 out of \$10,000 or anything on the point. They'll just say, well, heck then, I'll sell it for a thousand dollars and you'll only get 900 or--(indisc.) 50 persons.

SENATOR RADAR: I think that you make a real good point, and the point that you also make is that maybe the guy says, well, if you give me for my boat and I'll give you my license. You know, type of thing. It's going to be pretty hard to regulate, because that's been pointed out to us. It's been suggested that what we're suggesting is not feasible. Then you get back to, then how should it be transferred then? That's where you get into the problem of free transferability. The second thing that's wrong with that suggestion that I made, it's been noted by other people, and that is, the second generation of fishermen are still going to have to pay it even if it goes to the State, which means the only people who are going to be able to get in the fishing business, besides this generation, are going to be rich men. They're not going to be a guy that's a deck hand.

It's not going to be a guy who worked his way up, because he's not going to have the 10 or 15 or 20 thousand dollars that it takes to buy his way in, and most of us feel that the fishermen in this industry, most of them are going through their pockets when they went into it, and that doesn't make them bad guys. We're, you know, that's the where most of came to Alaska that way, one way or another. But the problem is, how about the next generation of fishermen? What are we going to do about them? The deck hands, the guys who's in high school now that want to go fishing. How do they get into this fishery? And who do they pay and how much? And that's where you get into the problem of whether or not you should have a lottery or an apprenticeship pool, so that people can get in. The other suggestion is this: that people would use this franchise as long as they could use it. Any human being that's here today and is using the fishing--the fishery can harvest fish, but when they get through using it that that license would go back to the State then, and the State would reissue maybe half of the licenses that came back to it, you know, to cut down the number, but they would reissue them. Then the question is, who gets those new licenses on the second generation of fishermen? How're you going to let a guy get into the industry the same way that you got into it? And then you could say, well, you could either--you could have a lottery or you could sell them if you wanted to, you could bid on them like you would on oil or timber or land, State land or something, or you could have an apprenticeship pool and try to give them back to somebody who had an interest in the fishery somehow, had some experience

with it, or something like that. But that's a very difficult thing to figure out how to do that. So, you have to--what I'm for, I'm very much for limited entry, but I'm convinced we have to solve these problems or else we're all going to be sick of limited entry in three or four years, and it's going to work to benefit or a very few people and to the detriment of a great many.

UNIDENTIFIED SPEAKER: Senator, I've been saying the same thing the whole week.

CHAIRMAN: Well, that's a perfect example. It depends upon whose ox it is being gored. We find that (indisc.) we're going to do.

SENATOR RADAR: That's pretty human. I don't--I'm not mad at anybody for wanting to protect their own situation. I want to protect mine, too, you know. That's perfectly human, but there's--as senators, we're here, really, to protect the interests of the guys in this room, but also the guys that aren't in this room.

CHAIRMAN: Alright. Next in line, and again, if you'd identify yourself for the tape.

MR. CLAUSON: (Indisc.) Clauson from Pelican. Well, in the first place, I think maybe to answer the first part of Senator Radar's reservation argument would be that this permit is not really selling the resource, it's a permit to fish for it and at the beginning it wouldn't have a great deal of monetary value, nor should it. It may require--it may become valuable. So, if becomes valuable through a man's efforts, then when the man that does buy it, he is buying something of value, where at

the beginning it's--we don't know the value until it's determined by the market. Now, I don't see how that is unfair or that it gives a man a right to a specific part of the resource.

SENATOR RADAR Well, Mr. Chairman, if I have the right to harvest the crops on a piece of land, I don't care who owns it. If I have the right to graze cattle on that land, I don't care who owns it. If I have the right to fish the free fishery, I don't care who owns the fish when they're swimming free. The only valuable thing on the resource is he who harvests it, no matter who owns it, and if you give the exclusive right to harvest it, you have effectively divided up that resource among those people who have the exclusive right to harvest, see. Which is alright. You know, we're not complaining about that, but we're only saying that....

UNIDENTIFIED SPEAKER: ...monetary value to begin with, though.

SENATOR RADAR: Well, now, I'm not sure that's true. If we cut out half the people the moment we go into a fishery this year, if we gave a fishery permit to everybody who wanted one, they'd have no value, but if we cut out 50 percent of the people who have applied for licenses this year--who have taken out licenses, as we've hoped to do, it's going to have a value the day that this thing goes into--the law is enacted. There's going to be an immediate value to that thing. I don't know what it's going to be.

UNIDENTIFIED SPEAKER: Without seeming to argue, I mean, cause this is kind of an argument, this thing, this type testimony, it would be open to speculation on whether it would have a value because in some fisheries you can cite examples, it has become

a thing of no value, because the fishing time this fishery has gone, cause this is why the problem of limited entry comes apart. It comes up. That was really all I meant to comment on it, on that one thing. I'd like to comment on your second point.

SENATOR RADAR: Well, let me comment on that. If you have two thousand people apply in Bristol Bay for licenses and you issue a thousand of them, don't you think that license is going to have a value? There's going to be a thousand guys there that's going to be wanting to buy a license from somebody, and they're going to buy them from the guys that's got them. If they--I don't know what the value's going to be, and it's going to be hard for either the seller or the buyer to know, because the value of that thing is going to depend upon what the State does in the future, whether or not they really limit the resource. If they don't limit entry in the future, it isn't very valuable. But if you cut out half of the guys that are there standing line for a license, half of them get a license, half of them don't, the guy that's got a license can walk to the guy that didn't a license and say, what'll you give me for my license if you want to fish this year? And he's going to get a...

UNIDENTIFIED SPEAKER: The bill that we've approved in concept would neither be that theory or...

SENATOR RADAR: Well, that's what we hoped to do. If we don't do that, why, it won't have a val.

UNIDENTIFIED SPEAKER: But my only comment was on the--you know, we've analyzed it on the hearing, and so on, and so have you, of course, that possibly that monetary value would just amount to later transferring it, the thing that does become valuable.

On the business of--I don't quite remember how you stated it, but--the second part, but it amounted to saying that, well, the fish belong to everyone in the State, which of course, they do, or even everyone in the country. The economists argument, as I understand it, on this is that--now, most people aren't fishermen, especially due to the whole country, and they have a right to this fish, just as we have to an oil resource, and all--you stated this. Now, the argument from the point of the economy, as I see it, is none of this value is accruing to the State simply because the fishermen are putting into equipment and gear just to gouge each other and the devil takes the hindmost, because of this wide open situation, and the thing is designed to alleviate that.

SENATOR RADAR: I agree with that point. You're right.

CHAIRMAN: Mr. Clauson, then it doesn't really make any difference to you whether you get a permit or not?

MR. CLAUSON: Doesn't make any difference to me? Well...

CHAIRMAN: ...has no value. If it has no value, then it doesn't make any difference to you whether you get one or not.

MR. CLAUSON: Well, I didn't...

(Laughter)

CHAIRMAN: Well, how much are you willing to give for one then?

MR. CLAUSON: Okay. You've made this...

CHAIRMAN: How much are you selling yours for today?

MR. CLAUSON: Now, wait a minute...

(Laughter)

MR. CLAUSON: He's playing with words now. Things are wide open now.

CHAIRMAN: No, no, I just...

MR. CLAUSON: No. I said that the permit itself wouldn't have a monetary value that I could sell--it may have, but it wouldn't be--it certainly would increase as it got more valuable to me. In other words, it--presumably if this program worked, and if it didn't you might as well repeal it later on, but if it worked, then unless that permit becomes more valuable to me, and unless other than fishermen benefit slightly from my contribution to the State as a result of it, then it--you know, it's value wouldn't increase. Presumably it would. That's what the program is designed for.

CHAIRMAN: Oh, I have no argument with you at all. I agree with you a hundred percent, that if we succeed at all then the value will increase, but I do think that probably it has some value the first year, too.

MR. CLAUSON: Well, I think your point was apt in humor, but it's distracting, you know...

CHAIRMAN: Well, I don't think it was humorous at all. I think it does have value now and I think that your reaction proved that.

MR. CLAUSON: No, I won't accept that (indisc.). After all, we're serious about this. It isn't a battle of wits, although it is entertaining.

CHAIRMAN: Alright. Then we'll start back again. Phil.

MR. DANIELS: I was curious. I've heard the--heard reference made about giving away the resource several times, and I've always felt a little reservation about that. It seems to me you're regulating a person's ability to enter the fishery and no one's giving away the resource, and again I'd like to refer back to the decision made by--in the Holland versus Missouri case where

it was pointed out that wild game belongs to no one until it's actually in someone's possession, and I think it does maybe prejudice the situation a little bit when you talk in terms of actually giving it away. In this respect, that it seems to me that it's very parallel to what you do in liquor license and also in insurance. When you've issued those your issuing a license that allows a person the right to earn a livelihood and it seems to some of the fishermen, perhaps, that this is parallel to what your doing when your talking in terms of limited entry, and I think what we're curious about, I don't know what type of tax structure you have in mind, what type payment. I know the analogy was used the way was used the way the oil companies operate. I think they pay a 12 percent severance tax. I have heard cost figures on the license that were way in excess of that. I just wondered whether there was any justification, if you are going to draw that parallel between what the oil companies pay and what the fishermen would be doing, whether there's a justification for talking on one term of a 90 percent tax or a 75 percent tax, and then on the other term of a 12 percent tax, say, on the oil companies. Would anybody have a comment?

SENATOR RADAR: Mr. Chairman. First of all, the idea that nobody owns the fish is true in the situation where everybody has an equal right to catch the fish, and you say that all the public has an equal right to go catch the fish. Nobody owns them until their caught.

MR. CLAUSON: You're not quoting me, are you? That isn't what I said.

SENATOR RADAR: No, I was just trying to go with what Phil's saying

here, but the sense that no one owns the fish is presupposed that everybody has an equal access to it. Once you decide that only certain people have the right to that fish, then you're taking the fish that were owned by all the people and you're letting certain people harvest them, and there you are giving something, you are giving a franchise. And again, I'm not objecting to that, but I think that that factually is what it is. And we're not talking about a 90 percent tax. The only thing we're talking about is, after you, as a fisherman who have used this resource for your lifetime, and you get back the money that you've put into it in terms of assessments plus interest on that, that if there is something else left over there, that that is really the resource, and that's the public's right and the public's interest. And you should no more have the right to sell that nor the next generation of fishermen have to buy it from you than we should today. If you're going to do that then we should sell it to you today. If we're going to do that we've got to put up 10,000 fishing licenses and sell them to the highest bidder.

MR. CLAUSON: Well, Senator Radar, everybody can't be fair...

SENATOR RADAR: And then when you get through with that you can sell it to the highest bidder. But if we're going to give it to you...

MR. CLAUSON: Everyone can't be fishermen, though. Everyone can't be fishermen, and if the rest of the people are to benefit then there has to be something in it, so that the fishermen's profit is going to accrue to the State also. Otherwise, we'd all have to take turns being fishermen.

SENATOR RADAR: Well, let me ask you this. What's wrong with my theory that says you get to use the resource and we're going to limit the entry into it and you get back all the money you've put into it? What's wrong with that? Why do you think that you should be able to get, not only all that you put into it and the exclusive right to fish for 20 years, but also the value of the resource when you get ready to sell that to the next guy that's coming along.

CHAIRMAN: Let's wait a minute. Let's go through the chair now, and we've got several people that haven't been heard so we'll let them answer the questions if they'd like to. And we'll start over here.

UNIDENTIFIED SPEAKER: Can I answer that one?

CHAIRMAN: Yes. That's what I'm asking you to do.

UNIDENTIFIED SPEAKER: ...testify later.

CHAIRMAN: Yeah.

UNIDENTIFIED SPEAKER: What's wrong with it is that you do not do this in any other license or franchise that you issue. We feel that we're being discriminated by--against by this proposal, and that's what--the basically is that the animosity generated on this. That--since then you don't do this in other fields of business when you sell a law, then, to transfer their license from one person to another and don't tax such transfer and whatever--money they've made off it, capital gains or whatever else you want to call it. When you don't tax that why should you put a charge on our transfer?

CHAIRMAN: Go ahead.

SENATOR RADAR: Because you're using our resource. It isn't your

resource. It's the public's resource. That's what...

UNIDENTIFIED SPEAKER: ...liquor license people are the resource.

CHAIRMAN: Wait a minute. We're going to go through the chair.

SENATOR RADAR: You're right, and I suspect that that's a mistake, the liquor license, but I want to say this. I'm a lawyer. I don't have any right to sell my license. When I die that license dies. The next guy gets one and he gets it independently of that. Most of the things of your license to do are like that, but when you're going to give someone a resource for property, the use of it, you're into a different ball game. Then you're into grazing land. Why don't we do this grazing land and the rest of our resources, see? We're not talking about harvesting people or lawyers' licenses or doctors' licenses, you're talking about using the greatest natural resource this State's got. The most important one in my view.

CHAIRMAN: Let's answer Phil, too. Phil said, why 90 percent on this versus 12 and a half percent on oil. You've said that you don't do this, or the State doesn't do it, on any other resource. Well, I think that's probably mistaken, because, for instance, where did the 900 million come from? I think the 900 million is a much better, and the oil leases are a much better example of this same type of thing than a liquor license, though we use that so often. In each case, with the oil and the fish, it's the State's resource. In the case of the oil we have said to companies, you bid on the privilege for using that land to drill on. If you strike something, fine. If you don't, that's too bad. So, the bonus bids, when we lease land, I think, is rather a good analogy of--same thing holds true, I think, to

the--for the timber. We've put a certain tract of timber up for lease to a company, and the guy that bids the most is the guy that has the opportunity to use that timber. Now, after that lease bid for the oil has been accepted then they turn around and pay 12 and a half percent use tax for the oil that they take out, 12 and a half percent royalty, and another about eight percent severance tax, or about one-fifth of the total. And that's on top of the original permit to go in and use it. So I think if you want to use a comparison of oil and fish, you'd better take--that's a more accurate comparison.

UNIDENTIFIED SPEAKER: It isn't a renewable resource...

CHAIRMAN: Wait a minute. We're going to go one at a time now.

MIKE GROSS: My name's Mike Gross and I'm from Sitka.

CHAIRMAN: Okay.

MR. GROSS: Personally, I don't think that they can gain on this (indisc.). What I do want to seek is, since more than likely I'll be eligible for one permit only and one (indisc.) in several fisheries, that I will be able to--through my ability, get a hold of one of these other permits some way, and I guess it's going to take a dollar value to do it, and I want to be able to bid competitively, or what have you, to be able to get a hold of one of those permits, and I don't want to get a landfall gain in my pocket.

CHAIRMAN: Mike, I think that we could say that the committee is pretty well in agreement that the advantages of transferability, as far as the kind of thing you're talking about and the other people have talked about are substantial enough that we favor this, too. The question is, whether or not the individual should

or shall have the total value when he is through using it, or whether he should share that value with the rest of the people. I think that's the real question that we're asking primarily. Okay, next.

BOB BISHOP: I'm Bob Bishop from Ketchikan. I think we more or less asked Phil to represent our feelings on limited entry. I'd like to say, as far as my group is concerned in Ketchikan, that we feel that anything that is fair and equitable that can be worked out, would be satisfactory. We'd like to see it as uncomplicated as possible, and especially we want to see it legal. I don't think anybody really wants it, the windfall gain at the end of their fishing time, although if we could realize some gain to pay us back for, especially the expenses of limited entry which are going to be considerable on the fishermen themselves, but what we want to see is limited entry, and we want to see it this session and we'd like to see it as simple and as fair and as workable and as legal as possible.

CHAIRMAN: Alright. Thank you very much. Alright.

UNIDENTIFIED SPEAKER: (Indisc.) from Petersburg. That's one thing I cannot, you know, swallow, I mean--your comparison between oil companies...

CHAIRMAN: Okay.

UNIDENTIFIED SPEAKER: And I mean companies, and us single fishermen. This 20 and a half percent you're talking about--royalty and severance, this--that doesn't bother me. They just turn around and pass it on to the public. That power, you know...

CHAIRMAN: Yeah.

UNIDENTIFIED SPEAKER: ...what we have to (indisc.). We can't pass

it on to nobody.

CHAIRMAN: You're not paying it either.

UNIDENTIFIED SPEAKER: Well, you're talking that you want us to pay it.

CHAIRMAN: No. No, I was--I was trying to make a comparison between what the State sells the privilege, the permit, to oil companies to go and drill, comparing that with the State having some value in this permit for you to go out and fish it. That's the comparison I was trying to draw. Okay. And maybe it's not valid either, and please believe me, we're--there's no decision here. We have not made any decision. We're trying to explore this with you. That's the reason I called this today, to get your viewpoints on these things, and any new ideas that we hadn't already heard. That's what we're here for. Sincerely.

SENATOR RADAR. Jim, let me ask you a question here. If we have free transferability, ten years from now who do you think's going to own the permits? What do you think the fishery will look like ten years from now? You know, things going as they do, and let's assume we keep cutting it back, who are they going to be, where are they going to live, what are they going to do? I'm interested in what you think about that.

CHAIRMAN: Okay, we'll start here again.

UNIDENTIFIED SPEAKER: The answer for that...

CHAIRMAN: Identify yourself...

UNIDENTIFIED SPEAKER: The best answer for that and the only example that we have is what's happening in Canada, and I believe Phil can elaborate on that a lot better than I can. I'd appreciate it if you would tell the group what's happening in the fishery

there.

CHAIRMAN: Well, let's go to Mr. Clauson and then back to...

MR. CLAUSON: You asked what the fishery would look like, and I certainly (indisc.) look better, but I don't think anybody proposes to make a fishery better by limited the entry. I mean, if we could bring it back to anything near what it was, for instance. And, this is going to take money, and it's going to come from everyone in the State you might as well say, and I'm sure you have an orderly way without everything wide open and an oil analogy has been made in that, too, and you know, the leases were so small that they had to harvest-- or drill wastefully, and this (indisc.) renewable resource. Well, certainly we wouldn't be sitting around just cutting down the fishermen every year. Certainly assume that the State would then better be able to manage the fisheries, and I belong to several organizations who have recommended and urged and put money into salmon rehabilitation, so that's just as important a factor, but the two go together.

CHAIRMAN: Well, let me ask you this. Is that any reason to think that many of these permits, or more of these permits, won't be held by Seattle fishermen than by Alaska fishermen ten years from now?

UNIDENTIFIED SPEAKER: Well, I don't know about more of them. Course, there are--we did talk earlier there. There are ways that we feel--for instance, the loan program, that possibly eventually it would end up with more resident fishermen and thus advance the State and so on. Of course, non-resident fishermen that have fished have the same right as everyone. We all belong

to the same country, but either way it was done for the State, and with limited entry and with rehabilitation and enhancement programs it would improve the fisheries, you know, ten years from now.

SENATOR RADAR: Well, to be more specific, we have a great number of fishermen in different parts of the State who fish with a skiff and, you know, maybe only a couple of thousand dollars worth of gear or something other, you know. And do you think that in ten years they'll still have their permits? Do you think those permits will have gone to the hands of guys that live in Anchorage or Petersburg or Juneau or Seattle or some place else?

UNIDENTIFIED SPEAKER: It depends on whether they want to hang on to it, or transfer (indisc.), system used to transfer.

SENATOR RADAR: What do you think would happen if they were freely transferable?

UNIDENTIFIED SPEAKER: Well, I don't know--now, I fished, you know, I'm a troller, too, although I fish with a conventional troller. I don't know why their permit would be any different than mine if they--you know, it would be whether they wanted to keep it or not. Maybe I don't understand your question.

SENATOR RADAR: Well, you're right.

CHAIRMAN: Let's go to Phil and let's just talk about that.

MR. DANIELS: I would say that what the fishery's going to look like depends a lot on how seriously the State of Alaska were to take the idea of trying to make this fishery into an Alaskan fishery, and the only way I've understood so far that that might be done is ocmpletely out from the--from out from under

the context of the limited entry bill by way of providing loans. If the State of Alaska says we recognize that it's in our long term best interest to make these licenses end up in the hands of Alaskans and provided them low interest loans, I think you could see that transition take place. Right now the fishery is in many areas in grave trouble simply because the only possible source of funding has to be the canneries, and you go to the canneries and get that funding and they've got you from the standpoint of price negotiations, they've got you from a number of other points of view, and I haven't understood yet, by way of a lottery or an apprenticeship pool or any of these other alternatives, how that's going to work to benefit the Alaskan resident, so I don't see that free transferability is necessary the--necessarily the evil influence. It's going to end up putting the (indisc.) in the hands of the outside fisherman, but I do say that without the loan program you might have trouble, or (indisc.).

CHAIRMAN: Let's make sure that we consider this. Suppose you're from Anchorage and Fairbanks and you really don't have much interest in fish and you've sure though more about it than you want to hear anyway. Now, assuming we go ahead and limit the entry so that the guy from Anchorage and his constituents can't get into the fishery anyway, not only that, but we give them a property right which he's going to characterize as a windfall, and now we're also going to put money in Finance Committee in a loan program to help somebody buy these things and provide that property right knowing that historically fishing loans have been very high risk loans. Now, my only thought is

that you ought to consider how willing these people may be to do that. We don't have a very good history of fishermen from the fishing areas winding up as chairmen of finance committees. Usually it's an Anchorage or Fairbanks man that winds up as chairman of the Finance Committee, and he's the one that's going to have to approve that loan program and putting the several millions of dollars into it, so you have to ask yourself how reasonable this expectation is, that all three of these things will happen and it's just a thought for you.

MR. DANIELS: Well, may I respond to it?

CHAIRMAN: Yes.

MR. DANIELS: We had--this came up over in the House in the Resources Committee and we talked with several of the people who are in--some of them have been in influential positions in the Finance Committee, they had suggested that we might be able to amend the loan act that was passed last year, the advantage of it being, of course, that you can specify Alaskan residency and also economic qualifications can be built in there. Now, I grant you that we realize the State's problem as far as money's concerned, but we would also want to argue, and I think we can argue legitimately, that people--when those licenses end up in Alaskan fishermen's hands, that money goes back into the State, into the local economy. They pay the income tax, and I think the State's going to benefit tremendously.

CHAIRMAN: Oh, I'm sure they would.

MR. DANIELS: And I grant you that it's not simply saying to convince people of this, but it seems to me a legitimate argument.

CHAIRMAN: I'm sure it is. Very legitimate argument. The question

sometimes is getting legitimate arguments listened to. That's pretty difficult.

MR. DANIELS: Could I comment on that?

CHAIRMAN: You're making an awful lot of comments, but go ahead.

MR. DANIELS: This is one of the things that worries me about what's done with transferability because right now I think we can have the fishermen behind something in context of free transferability. I think if there's anything that could defeat this bill, it could be this problem, because if it's changed enough so that it paralyzes the fisherman, or even let's say we talk about a tax on the permit. Sure, we might be able to touch bases with everybody in this room, but whether we can touch bases with the fishermen all across the State of Alaska in time to get them also in agreement is another question. This really does worry me from the practical point of view.

CHAIRMAN: Okay. Clancy.

CLANCY HINKINS: Clancy Hinkins from Douglas.

CHAIRMAN: Okay. Thank you.

MR. HINKINS: I would like to make a comment. I think that this question that Mr. Radar and I don't think it was that clarified on. This loan thing we're talking about is being pretty broad and what we were talking about was a revolving fund in the already existing loan program to buy permits only for Alaskans, and not sponsor a bunch of vessels or this type of thing. I mean, this is not our intent here in this loan program we're talking about. It's to make money available which is unavailable to canneries, banks or anywhere, to buy permits.

CHAIRMAN: You mean the buy-back program.

MR. HINKINS: No.

CHAIRMAN: To retire permits?

MR. HINKINS: To buy permits for Alaska fishermen, to be able to get money in a revolving fund. It isn't a thing where your going to put up millions of dollars. It's just a revolving fund and I think this is where this loan thing got out of hand here.

CHAIRMAN: Well, let me raise a problem, and I do this because, again, I want the benefit of your answers, not that I'm opposed to it at all. In fact, I think this idea of the loan program came up in our committee. But the question has been raised since then, and I don't have an answer to it at this point and I hope that you do. If the loan were to buy the permit what--and we've already said in House Bill 126, and we see it in ours also, that a permit cannot be attached, is not for security, et cetera, et cetera, et cetera, et cetera. This is almost a necessity that we say these things about that permit, then what does the lending agency have if it loans money to buy a permit? What does it have for security? This is true and this is one of the reasons we thought that the State itself might be able to carry and hope to recover it's amount this way, where you would never get it through a cannery or a bank or any other way, and we're not proposing that this same person borrow money from this same thing to buy a boat and all the rest that goes with it, but if he comes to the point of needing a permit and can't produce the money because he doesn't have the collateral and this and that, this is one way to keep Alaskans in there fishing, and as Mr. Radar says, not all to go to somebody's moneyed in the State. This was

our hope anyhow.

JAY STEVENS: Jay Stevens from Yakutat. I'd just like to comment on the point that if a past fisherman haven't paid their loans back very well. One of the main reasons, there hasn't been any fish and through limited entry we hope to see some money back in this game to where we can become businessmen again instead of paupers, and I don't feel any problem in that that we couldn't repay our loans.

CHAIRMAN: I didn't say...

MR. STEVENS: That's all I'd like to say.

CHAIRMAN: Yeah. Okay. I think my statement was that they are high risk loans, and we have a lot of them. I mean, not fishermen, but a lot of others.

MR. STEVENS: Yeah. I've had this problem, but I think that this problem would decrease with limited entry.

UNIDENTIFIED SPEAKER: Mr. Chairman?

CHAIRMAN: Yes

UNIDENTIFIED SPEAKER: If you had a \$10,000 license, I need the money to, you know, to borrow for this license. It's worth \$10,000. It might even be worth more. Maybe I've made a deal of my own where I can get one for \$10,000 without anybody else bidding for it. If the State gets that license they could put it on a big--put a minimum on it.

CHAIRMAN: No, but my point was that both of these bills have said that the license itself and a permit itself cannot be used, cannot be restrained, cannot be used as collateral, and there's some very good reasons for that. That's the way it appears in both bills, and if it's not used for collateral then what security

does a lending agency have? Maybe it can be boats, other equipment, that's put as as security against the loan for the permit. That's a possibility.

UNIDENTIFIED SPEAKER: Well, you of course, answered part of that question yourself there. Say on the--as far as to what to secure that loan with, being that it cannot be attached or anything else it would seem obvious it'd have to be some type of guidelines built in to where a person did at least something on it or pay it back after a given period of time. It would probably fall into delinquency to the point where you'd have to take it and reissue it. Somebody else with the idea of getting money out of it eventually. I mean, like you sold to a person, say, it had a monetary value of \$5,000 or whatever, for a ten-year period of time, they'd obviously have to start making some type of payments on that thing to the State, you know, if it was issued over--through a loan type operation. Hopefully you could recover your money that way. You know, have an incentive to get them to paying you something anyway, or if they just completely ignored you on everything, take it back and reissue it to somebody else who would pay better. But that wasn't the question I was going to bring up anyway. I'll make a brief statement about this flexibility bit to Senator Radar there. I think I understand where he's at now and I just wanted to reiterate where I'm at. As far as flexibility, he's very concerned with the windfall aspect of this or the State literally giving the fishermen something for nothing or however you want to put it, but--and I'm not at all concerned with that because I'm not interested in getting something

for nothing. I really don't care what you do along the lines of assessing me or anything else for my right to enter this fishery in the first place, but the transferability part of it that allows me to be flexible is the thing I'm really vitally concerned with. I have aspirations of changing into different fisheries from time to time and different areas from time to time, and I feel it would be ambitious intent involved here that this is good. If I want to go into crabbing or anything else, I should have an avenue open to me to do that. Now, if you freeze yourself into this category whereby you are reviewed by a commission and whatnot, it becomes very unpalatable to most fishermen who think in those terms that the commission can literally control your life. You could be froze off the mouth of the Taku River literally for the rest of your life, so to speak, and that doesn't smack much of professionalism which I'm vitally interested in in the fishery. So, as far as what you people, this is personally speaking, not through U.F.A or anything, it's my personal position. I really don't care that much about what you do as far as getting this--getting value back. If you want to assess me or charge me a thousand bucks a year or whatever, I don't really care. I just want to be able to be flexible enough to go into other fisheries in other areas and the whole bit and be a professional, which I am.

SENATOR RADAR: Mr. Chairman. I think that from your point of view you're exactly right. The basic thing here is not that little bit that we're quibbling about there, and yet, that's pretty important in developing something that you can sell statewide here. It's--what we're doing there, if you have a right to go

in, if you have that flexibility, if you have a right to use this as long as you want to, you're absolutely assured that when you sell that thing you're going to get back every assessment you put into it, plus interest. Then it seems to me that you've got most of what you want there.

UNIDENTIFIED SPEAKER: But the problem is and the real crunch as I see it, though, is this thing about the flexibility bit. Without a monetary value of it, I don't see how I'm going to be able to do that. That's my switch. I don't care what the State wants to assess and everything. I just want to be flexible and monetary seems to be the only standard we can go by here. That's my whole point of this thing.

CHAIRMAN: Well, suppose you had a program that would do what you want to do as far as being able to buy from somebody else, it would have this flexibility you're talking about, but again, it did have a declining percentage that was shared with the rest of the citizens of the State? And we've talked about ten percent a year, starting at a hundred percent and going down to ten percent. We could even change that. Suppose you had a program that said, alright, if you go to sell out, Jim, to Phil and and if you do it the first year after you receive your permit, you'd get a hundred percent of the value. A hundred percent for two reasons. First of all, you're in in the first place because of hardship. That's the only basis for grandfather rights, is hardship. Secondly, the price is low these first years. It is not appreciated. So the first year if you sell to Phil you get a hundred percent of whatever the price is. The second year the State gets ten percent of