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do want free transferability.

CHAIRMAN: Did you still want to--^{yeah?}~~you know~~.

PHIL STORMICK (sp): Phil Stormick from Douglas. I am for free transferability on licenses. As far as the State, for the people in your area, like Senator Radar's case, getting anything out of this renewable end source, or resource, I just wonder if the raw fish tax, if that is not enough ^{return} ~~(income)~~ for your constituents, or would you want more for every pound of fish that I catch on this renewable resource?

SENATOR RADAR: My difficulty is, and it really isn't just my constituents, but the difficulty is that we have the same problem here as if we turned ^{over} the oil resource or the timber resource to somebody, and only charged them a royalty, and didn't charge them to go into it, see? Or if you turned over the land and when you sold the land you didn't charge anybody for it some way or another. It's just--as long as everybody can go into the resource, there isn't any problem with that, but that's what we're trying to prohibit, is everybody going into the resource, and the moment you start stopping people from going into the resource, then it seems to me like that you have this difficulty we're talking about here.

MR. STORMICK: I don't think we've stopped anybody from going into it. We've put a limit on who can go into it, and how many can go into it, and then another thing is, by buying these permits and paying an annual fee on these permits, plus up to seven percent of your catch ^{each} year assessments for buy-back and so forth, I think we are paying adequate amounts for the use of this--for fishing on this resource, plus the fact that everybody in the State gains from this raw fish tax when you catch a fish and take it to market.

CHAIRMAN: You know, the Legislature...

SENATOR RADER: You've got a good point. You've got a good point, a good argument.

CHAIRMAN: The Legislature did do almost exactly this same thing with a group of people a few years back that were trying to get the value of oil leases for practically no input themselves, and I don't know how many of you remember, I think about 1968 when we went through the dirty oil bill, and here a group of people had put in ten dollars apiece per lease simply on the speculation that they'd be given the lease then, that they could turn around and sell for literally hundreds of millions, the group of them would have had at least that, and that certainly to them would have been a windfall, and the Legislature said no, that is a resource that belongs to all of the people and we're not going to let you have those leases. You're not validly entitled to them. Now, don't get me wrong. I'm not making a flat-out, across-the-board comparison here. I realize it's not a comparison, but in that case there was an opportunity for those people to get a windfall in a State resource, and we said no, we're going to save it for everybody, and there's a little bit of comparison here as far as the ultimate value of the permit itself, and that being shared with the rest of the State.

UNIDENTIFIED SPEAKER: We would not have to drill, have a permit to drill and drill themselves.

CHAIRMAN: Alright. Let's start back over here again.

MIKE GROSS: This is Mike Gross from Sitka again.

CHAIRMAN: Yes, Mike.

MR. GROSS: Mr. Rader, if we took your route and only gave the permit over--back to the value that we had in the permit, be it 500, 10,000, what have you. For example, if Phil had a permit and had \$800 invested in it, and that's all he could realize on the sale, and Jim and I both wanted that permit, how would we bid back and forth for it? How would Phil determine who he was going to give it to?

SENATOR RADER: Well, I assume that we've--the proposal that Senator Palmer made was that the--you'd be able to keep a certain percentage of that and only a certain percentage of it would go to the State, so you'd have some interest in maximizing that.

MR. GROSS: So Phil could realize a gain on...

SENATOR RADER: So he could realize some gain on it. He wouldn't realize a hundred percent of what he got on it, though, see? A portion of that would go back ^{to the State.} ~~for (indisc.)~~. He would still, even under the--what I've been arguing here, he would still recognize some benefit and some gain on it. I have to admit to you that that is--that's not a satisfactory solution to me. It only gets around the one argument that was presented to me by some people, and that is, if you're going to give away the resource you're going to have to charge somebody for it like you do any other resource, or if you're going to give away or whatever you want to call it--the right to harvest it, you see? And it's only trying to handle that argument that we came up with this as being a reasonable way of doing it that would not hurt the fishermen. You know, it wouldn't take a lot of money out of their pocket, and if the thing ever gets to be worth something, why, they get what they get out first and the rest

of it can go back to the State, but I agree with you that it's got real problems in making it work.

MR. GROSS: You'll have to come up with how much it's worth ^{right} ~~for~~ now to start with.

CHAIRMAN: Phil.

MR. DANIELS: One of the considerations. It's very likely that I'm going to switch areas, and I have no ^{history of} ~~(indiscreet)~~ participation in another fishery, so it would end up that I'll have to buy a permit, and I don't mind buying that permit because I think it's the best investment I ever made in the fishery in my life, and I figure if that limited entry bill does work, and you do have reduced gear through buy-back and initial reductions in areas, then I'll make that money back in about two years, and I think this is something that a lot of people haven't kept in mind. If you're talking about doing all these things to enhance the fishery, plus the person, of course, as has already been pointed out, is going to get that--the money for their permit back when they do sell it, so I just wanted to throw that in, and I also was curious, are you getting a lot of reaction? I was just curious if anybody is getting a lot of mail on this problem and the idea that we are giving away a resource supposedly here. I--we're having a hard time getting letters from fishermen just supporting limited entry or supporting free transferability, so I was just curious whether much is happening on that level.

CHAIRMAN: John.

SENATOR RADAR: I haven't received a great deal of--because people don't understand what's going on, you know. You're quite right, but I'm certain of this, that once this is done people are

going to understand what happened, and...

(Laughter)

CHAIRMAN: Alright. Dave has been trying to get the floor. Dave.

DAVE: I just wanted to speak very briefly about the point that the seven percent assessment would be in a way paying for the permit because that seven percent assessment is very likely, almost absolutely, going to come out of the crewman's pocket as well as the skipper's pockets.

CHAIRMAN: The who's? The consumers?

DAVE: The crewmen.

CHAIRMAN: Oh, the crewman's.

DAVE: The crewman's pocket. In other words, you don't tax seven percent of your gross stock without the crewman paying part of it, even though the law says the permit holders pays that. It's just like when unemployment came down on fishermen in Kodiak this year for the first time. Not only does the crewman pay his share, but the skippers raised the boat share one percent to compensate for what they had to pay. So in other words, you know, even though we would be benefiting from the limited entry insofar as we would have better earnings, we would also be chipping in on inflating the value of these permits that later we're going to have to buy if we want to have them. And so, there is that--I don't want any misconception that this seven percent is totally different and he's paying for his permit that way.

JAY STEVENS: I'd just like to--Jay Stevens from Yakutat. I'd just like comment on that point that the chair made earlier about us and the dirty oil deal. I know you weren't really comparing

us, but I'd like for us--for the Senators to realize that we didn't come into this fishery for a gain. We've been here for quite a while and we've been taking a lot of abuse and some of us even became moonlighters so we could feed our families.

CHAIRMAN: I understand that very well.

MR. STEVENS: I didn't come fishing--I came fishing because I love the ocean and I love that way of life, not so that I can get a gain.

CHAIRMAN: My only point was that at that time the Legislature said no, we're not going to give away that resource, and as far as the permit, there is a similarity. Now, as far as the limited entry, there is no similarity. I understand that. Yes.

UNIDENTIFIED SPEAKER: Well, I would like to say that right now we have the right to fish, so you're not giving us that right now, and the people in the future who are not getting this right to fish are being paid to be bought out of this fishery, so they're receiving a compensation, and you will have some areas where there are people literally being kicked out, but this law that you're passing here is for the whole State, not just these areas where there are people being forced to be eliminated, so in effect you're penalizing everybody throughout the State because of these other areas, and this also creates a hardship on us.

CHAIRMAN: How are we penalizing? I don't understand.

UNIDENTIFIED SPEAKER: Well, in many fisheries right now it's wide open. There aren't enough fishermen...

CHAIRMAN: Okay. There's no need for limited entry?

UNIDENTIFIED SPEAKER: No need for limited entry.

CHAIRMAN: Yeah.

UNIDENTIFIED SPEAKER: And yet when somebody gets into this gear and area he's going to have to pay through the--permit, and it's going to be an inflated price because the original owner is going to jack up his price that much to get what he thinks his speculative value is worth in that permit.

CHAIRMAN: If there's not enough permits yet to reach the optimum level, then he can go to the commission for a permit. He doesn't have to buy from somebody else, and the initial entry permit would be issued at no charge. He's not going to...

UNIDENTIFIED SPEAKER: Well, for \$50.

CHAIRMAN: Well, \$50 for the permit, but it wouldn't be a...

UNIDENTIFIED SPEAKER: Okay, what about the next man down the line, though?

CHAIRMAN: Well, again, you said somebody was being penalized. Who is it that's being penalized? The next man down the line?

UNIDENTIFIED SPEAKER: The way I feel is the people in other, in the depressed areas, are being penalized to pay the right to enter--these few people in Bristol Bay and Cook Inlet and that are--pay to kick them out of the fisheries is what it amounts to. In most circumstances, everybody who now has the right to fish will in the future still have the right to fish, so you're not giving them something new, and only in these depressed areas will you be kicking somebody out of the fishery who is not being compensated for being--no longer have the right to fish.

CHAIRMAN: Okay. Yes, sir.

MIKE McNIVEN: Mike McNiven from Juneau. Mr. Radar, well, arguing against the free transferability on the grounds that it would be giving a windfall to present fishermen hasn't offered any

alternatives as to how these permits are going to be transferred.

I would be receptive to some other type of transfer if I understood exactly what it was. I don't really feel that it's going to be easy for me to get into some other fishery, particularly let's say a king crab fishery where we're talking about a good deal of money changing hands, a good deal of investment. Under the free transferability clause right now I can see how I can do it--get a lot of money. Under what Mr. Rader is suggesting I'm not really sure how he's going to allow me to enter this fishery. Is he going to do it by putting my name in a hat? Is he going to do it by requesting that I work on a crab boat? Is he going to use some other criteria for this? I'd be interested to know.

SENATOR RADER: Mr. Chairman. First of all, I'm not at all certain that we shouldn't have free transferability, but I'm pretty certain, I believe, that if we do have free transferability that the value of that license, over and above what the fishermen put into it, probably would end up ^{as} a percentage of that going back to the State, so don't have this argument of the windfall, you see? I don't know if you get that or not, but you can have free transferability and still have the portion of the license which exceeds the assessments that you put into it paid back to the State when you sell it, when you get through with it. That'd still be free transferability. It has been suggested, and as I say, I'm not--don't put me in a position of being against free transferability, but ~~we're~~ ^{we're} only talking about the windfall aspect of that, and we can handle that in the manner we suggested here today. The other suggestions were

that--the other testimony that we've heard is that you should try to limit the fishery when a guy--when a license turns up, when a man gets through with his license because he gets sick, or he dies, or he wants to retire, or he wants to go do something else, or just tired of fishing, and his license goes back to the State, but then the State could issue that, it's been suggested they could issue--try to issue to people on an apprenticeship program, people that have been in the fishery, crewmen or something like that, and try to--but you'd have--that's very difficult, too. Who you going to really give it to, you know? What if you've got a whole lot of crewmen? ^{What if} ~~Suppose~~ you have five licenses and 50 crewman that want them.[?] Well, then I supposed you'd have to draw names or something to see which one of the 50 crewmen got the five licenses and they'd get them free just exactly in the same way that the guys today are getting it free. The disadvantage of that, of course, is that you can't necessarily insure that your son's going to get ^{it} _A for example, if you want to, but a lot of licenses are not connected by blood anyway. You know, that's a medieval guild really, where if your father was a carpenter you can be a carpenter and your son can be a carpenter, but nobody else can be a carpenter. It was inherited so to speak, and you can turn fishing into a guild in this State if you wanted to to where, you know, if you were one of the families that had a license, why, it could be passed from father to son or something like that, but other people couldn't get into it.

MR. McNIVEN: Not by law you couldn't.

SENATOR RADAR: Well, it's very difficult to figure out whether or

not you can do it by law. That's right. I think that the only way that you could--I agree with you. You couldn't do that, and therefore, the argument that we're doing this so that you can pass them onto your son, you can't make a law that'll do that in this country, as where you can't pass it on to anyone else. I don't believe you can. But you could--if there were 50 crewmen that wanted to get the licenses and five licenses, you could draw ^{it} ~~one~~ out of the hat, or you could bid for it if you wanted to. You could sell it ^{to them (?)} ~~then~~ if you wanted to. I don't know, there's a lot of other things that have been suggested here.

MR. McNIVEN: One thing that bothers me is that when I came into fishing I did it because that's what I wanted to do, and I was able to, through my own initiative, gather about me the equipment that I needed to go into this fishery. I was able to do that unhampered, relatively speaking. A lottery would cause me, if I wanted to move from one type of gear and expand it to another type of gear, possibly a complimentary types of gear, ^{one} ~~on~~ where seasons wouldn't overlap, something that would get me broader employment, I would be pretty much at the mercy of luck as to whether I would be able to enter into this or not, and the question would arise in my mind whether I had more rights to enter into this particular gear than a person that's working as a crewman in this type of gear. I feel that because I've fished one type of gear doesn't necessarily indicate that I have absolutely no knowledge of any other types of gear.

SENATOR RADER: I think--I think you make good points. I'm not really--I don't have a satisfactory answer for those--those

points.

CHAIRMAN: Phil, and then this gentleman, and then we're going to talk a little bit.

MR. DANIELS: I just wanted to say that I think that some of the fishermen have testified that they don't mind so much seeing that they are paying back to the State something by way of acknowledging their use of the permit, or however you want to put this thing, by way of getting the fishermen to put something back into the State coffers. Many of the fishermen, when we were having these meetings all over the State, indicated they wouldn't mind seeing themselves taxed somewhat more heavily if they could see that go back by way of improving this very sick industry, but I think one of the things that really concerns me in my mind is the nature of the tax. If the tax is at that very high level, it's the fear that it'll be abused, and if you're asking for a reasonable recompense to go back to the State, then I would say this is something the fishermen might very well adjust to, so it's not so much that ^{they} ~~we~~'re not willing to pay. It's a matter of that we don't want to be forced to be dishonest.

JAY STEVENS: I'd just like to comment--Jay Stevens from Yakutat.

I'd like to comment again on the free transferability. I don't see how--any other way we could have professionalism in the industry if we don't have this right of free transfer, because, such as the gentleman here beside me stated, he might be kept out of utilizing a full year or a half of year because he couldn't pick up another type of gear, and I think this is part of what the Governor was looking for, was for a greater

professionalism in the industry to where we could be more competitive with other nations and states.

CHAIRMAN: Okay. Let me try to pose a couple of problems. Alright, I'll take you since you haven't had an opportunity, and then I want to talk--pose a couple of problems and get a response from you.

NICK GREGORY: Well, I'm Nick Gregory. I represent the (indisc.). I'm not much ^{on} talk here, but I'd like to have the Senators and yourself read what the people up in Bristol Bay, want me to deliver these personally to you.

CHAIRMAN: Alright.

MR. GREGORY: After listening to all these fishermen here, I know several of them, I still take this stand I have here on these papers. Thank you.

CHAIRMAN: Incidentally, you might tell your people in Bristol Bay that just before I came into this meeting I was at a Finance Committee meeting dealing with the budget, and we were dealing with the public protection source--or section of the budget, and we added a footnote to the weights and measures section. I added it, the Committee approved it, saying that the Weights and Measures Division budget included two men being in Bristol Bay from June 23rd to July 23rd to travel around those tenders and the rest--wherever you find a scale with 50-pound weights adding up to two thousand pounds, so they could load a scale up with two thousand pounds of lead and check those scales out. I fished Bristol Bay for a couple of years myself. I know what some of you are going through there, so your drift fishermen out there might be interested in that.

MR. GREGORY: Yeah, thank you. I'll talk to them about it.

CHAIRMAN: Alright, apparently, from what everyone has said, that the majority opinion of the U.F.A. is in favor of free transferability with a hundred percent--excuse me, with a hundred percent of whatever windfall--call it whatever you will. I use that word because you all know what I'm talking about that way. With a hundred percent of that going back to the fishermen. Now, is that correct? Is that the majority opinion of...? Alright. Now, let me ask a second one. If that is unobtainable, then would you be willing to take a program that did work as we've tried to indicate earlier, and let me run through it again. Say that...

SENATOR RADAR: Mr. Chairman, I have to leave...

CHAIRMAN: Alright, fine.

SENATOR RADAR: I think I know what you're going to say.

CHAIRMAN: Alright. If Jim were going to sell out, and if he sold to Phil the first year, he'd keep a hundred percent of it. If he sold to the commission the first year, he'd keep a hundred percent of whatever the price of his permit was. If he sold the second year to Phil, he'd keep 80 percent--I'm sorry. The second year, let's add another factor in, if he has paid any assessments then he is able to keep 90 percent above whatever assessments he's paid so that he's not being penalized for those assessments. The--if he sells out to an individual the third year he gets to keep 80 percent, and you reduce it ten percent a year, but again, it's what's left after the assessments, so that he doesn't have to take the assessment out of his pocket. On the other hand, if he sells to the commission,

there's an incentive for the first few years, maybe it doesn't have to be five or ten, but an incentive the first few years to reduce gear by being able to keep more of it if he sells to the commission. And again, we'll put a ceiling on this, ^{down} ~~down~~ at 50 percent, so he'd always be able to keep at least 50 percent of the value of the permit, and the other 50 percent shared with the people of the State. My question is then, under that kind of an arrangement, if you understand it now, if that's the best we can do, is this acceptable to you? And I think what--alright, let's have some talk about it, and then we'll have a show of hands. Jim, go ahead.

JIM: I was like to see if that's the case, that that money went back to the State it would go ~~back~~ into the buy-back program.

CHAIRMAN: Alright, good. I'm glad you brought that ^{up}. Your buy-back assessments would be reduced by whatever did go ~~back~~ into the State, yes. This is one other advantage of that system. It might tend to keep the values down a little bit, plus it would certainly keep your buy-back assessments down.

UNIDENTIFIED SPEAKER: Personally, if I want to gain another permit within a five-year period and it would severely limit me, in fact I would probably be financially bankrupt, so on that point I would have to argue against it.

CHAIRMAN: You say another one. Does that mean that you would one and you wanted to go get into another fishery?

UNIDENTIFIED SPEAKER: Right.

CHAIRMAN: In addition to or instead of?

UNIDENTIFIED SPEAKER: In addition to.

CHAIRMAN: And staying in the one fishery for that period of time

would bankrupt you?

UNIDENTIFIED SPEAKER: If we had some way to get free transferability there the first year so that I'm not having to--under this program a man would be crazy to sell it to me. It'd be money out of his pocket.

CHAIRMAN: No, the first year is not. It's a hundred percent either way.

UNIDENTIFIED SPEAKER: One year grace.

CHAIRMAN: Yeah. Alright, Mr. Clauson.

MR. CLAUSON: It seems like that any money accrues to the State, if accrues the right word, should come from normal taxation of the industry, and I don't understand why would it maybe necessary to have this other program rather than just free transferability? I mean, who would insist on that?

CHAIRMAN: Well, as Senator Rader, I think, has made very obvious, there's a large number of the people who are not involved ~~at all~~ in the fishery that do see this as a giveaway of a state's resource when they've created that property value.

MR. CLAUSON: He also said that they didn't understand it, and of course, like he's says, he's ^{raising} ~~raising~~ these questions to feel out how it would work. And, of course, we've done the same thing for weeks now, and we always come back to free transferability.

CHAIRMAN: Well, that's what I'm doing. I'm say if that's the only thing you could get, or the best you could get, is that better than nothing at all?

VOICES: Yes, Yes.

MR. CLAUSON: We don't want to see this die because of this.

CHAIRMAN: Well, let's have some other questions, first discussion before we...

UNIDENTIFIED SPEAKER: This still doesn't answer a question that

bothers me. I don't mind paying--it doesn't bother me to pay a portion or whatever type of assessment the State feels it must have from these permits in order to take away what we've been calling a windfall. That doesn't bother me at all. That's not my primary interest. One of my primary interests is, however, how I am going to diversify, and so far this hasn't been answered. All--it doesn't bother me if I have to--if I'm taxed on my permit, that isn't the point. The point is, how do I--how do I spread ^{myself} out into another area, or how do I change areas, or how, if I'm not a fisherman now, do I enter the fishery? This is what I'm curious about.

CHAIRMAN: Well, and again, the first year it would be equal. There would be no incentive to sell to the State because the individual selling out would get the same amount whether he sold to an individual or the State. Now this is not time for you to buy into a another fishery?

UNIDENTIFIED SPEAKER: What I'm getting at is this. If I make a deal with Joe Dokes who wants to retire, am I going to be able to make that deal personally, am I going to have to go through a lottery, or a list of priorities?

CHAIRMAN: No. No lottery, no priority involved. No. You can make it personally.

UNIDENTIFIED SPEAKER: And the amount of money that must exchange hands here, is that governed?

CHAIRMAN: The commission would have the authority to determine that it was a true arm-length transaction and not a sweetheart deal. Of course again, the first couple of years they wouldn't have

any concern about it, because it's going to be a hundred percent going to the seller, regardless, of the first year.

MR. McNIVEN: I understand.

CHAIRMAN: So, the only privisos that we we're considering here, or at least I was, would be that of giving the commission the authority to make sure that it was not an under-the-table deal, that it was the true price that was involved in the sale.

MR. McNIVEN: And this you feel can be done and still maintain this freedom of negotiability?

CHAIRMAN: Yes.

UNIDENTIFIED SPEAKER: I'd like to speak again to the fact that I want to be able to diversify, and like Mike, I'm concerned--you say, well, if only one year it'd be a hundred percent, but I don't--probably couldn't come up with that money maybe that first year, so then if I can't come up with it the first year, then I'm going to be jeopardized for the next three or four years until that reaches the optimum level. Financing isn't that easy to come up with right now as a fisherman.

CHAIRMAN: Well...

UNIDENTIFIED SPEAKER: Unless we have a loan program.

CHAIRMAN: Yeah, I agree.

MR. BALENGER: Why don't you simplify the whole thing and make it easy, down to 50 percent and State get in the bidding themselves?

CHAIRMAN: So the State gets in the bidding? Well, of course, then you're back to the same thing, aren't you?

UNIDENTIFIED SPEAKER: You're bidding against yourself.

MR. BALENGER: Well, I'd be willing to bid more than \$5,000 for a license, and ^{don't} ~~not~~ forget ^{that} ~~this~~, if ^{they're} ~~you're~~ buying him out of the

business ^{they} you'll have to buy the boat, also, so maybe the State will be very reluctant...

CHAIRMAN: Yeah, right. Newt?

NEWT: (Indisc.) interesting (indisc.) of that boat on it, but I don't believe in that game, also, and a decision of this type, I'd like a chance to kick ^{it} around.

CHAIRMAN: Fine. I have no problem, but I think we would like to...

NEWT: Hypothetically, now, if this--excuse me for my inability to speak, but if this one solution is worth putting other solutions (indisc.), what are you basing this on? Do you think this could possibly happen if we wouldn't get the free transferability any other way, what would cause this?

CHAIRMAN: Well, very often when we get to the floor with bills, we find that they have to be amended before they get up enough votes to get passed. For instance, I'm simply saying if, for instance, this went to the floor and it's free transferability, and there were enough of the type of debate that you've heard here this afternoon so that it became obvious that the bill wasn't going to pass that way, then if we ^{had} ~~have~~ an amendment prepared to go the other direction, or even if happens in this Committee, that we couldn't get out of this Committee, without that kind of an arrangement, so this...

NEWT: I think we should have a debate and roll this around... (indisc.)

CHAIRMAN: But when you do, why, be sure that you're getting both sides of the ramifications.

NEWT: We have been.

CHAIRMAN: Yeah. Floyd.

FLOYD: I don't know how I could even think of ^{voting on it (?)} ~~(indisc.)~~ because I

... (unclear) was (indisc.) told me that it definitely ~~happened~~ (indisc.) free transfer, so I couldn't make a decision because this is all up and down the Cook Inlet.

CHAIRMAN: Well, I would...

(Indisc.)
NEWT: I don't think there's any problem with them wanting to pay something for that, but they'd rather do it some other way than have that item (indisc.) again. Transferred. (Indisc.)
I'd rather be (?)
get taxed some way or other.

CHAIRMAN: How do you see that this would not be able to be transferred freely?

NEWT: Well, I don't know. I wouldn't want to make a decision for them.

CHAIRMAN: Well, I wouldn't be asking you to make a decision for the rest of your people, only you felt about it personally. Jim.

JIM: I don't know. I certainly don't want to get too deep in this either, because it's awfully hard to make a statement off the top of your head like this, as you well know, but it would appear to me, you know, that it would be in order that who (indisc.) endorse the concept at least, in House Bill 126. Now, if, in fact, we have another type alternative solution to it, I'd certainly like to look at it in depth, think about it awhile and say I endorse one, or I endorse the other, or I endorse a marriage of the two, which I married myself, and tell it to you in that fashion, and then if you don't want to take, you know, either mine or ^{the} U.F.A or any individual groups or whatever, if you want to say well, I don't get it, we don't think that's in line with what's good for the State and us--and you Senators have decided, why, that's your prerogative. And as far as input

I think that that's--that would be kind of the type of determination that we would make, it would appear to me. Maybe I'm ^{clear out} sort of line there, or something, but I mean, we like one or, you know, the other, or a combination of the two, which we would determine, and then if you didn't want to take that as input. I guess, why, we'd ^{just} have to settle with whatever happens. We don't make the laws, we realize that.

CHAIRMAN: I think exactly the same thing has happened to the State employees' pay bill. Their first choice was 14 percent, the pay raise. It became obvious, I guess, that they couldn't get that, so they went down to eight. They didn't get that, so now they're willing to take an \$85 across--per month across-the-board raise. And that's all--this is the ^{kind of} thing I'm trying to put to you. What are your first, second and third choices, for instance, you see? What are your fall-back positions if the best won't fly, what's next best, and so on and so forth...

UNIDENTIFIED SPEAKER: What is the alternate of the first best? I mean, is it something other than--I don't see anything in writing.

CHAIRMAN: Well, I just tried to lay it out for you here, with this package ^{deal we were talking about.}

JIM: My guys told me, is all I'm saying, they were a hundred percent behind this deal. They were a hundred percent behind the transferability bit. They liked the whole package so to speak and everything, and then, I guess they didn't realize...

CHAIRMAN: Well, as a fisherman I think I would, too, and I am... Well...

JIM: I realize your position. I not trying to begrudge you your share.

CHAIRMAN: Well, hey, I didn't mean that the way it might have sounded, as if I had been a fisherman. I think we've probably got about four of these licenses and these permits in our family, and I said eight to Phil the other day, but we got to figuring up a little bit, and I'm not sure some of those people are going to qualify, so that's--that's immaterial.

JIM: I just meant that some people might feel that it would ^{at least} weaken their stand. It's obvious that they've all stated they want something. I mean, this is pretty much common knowledge, but, you know, I don't know, it's a question sometimes of weakening your position.

UNIDENTIFIED SPEAKER: If you really think something's right, too.

UNIDENTIFIED SPEAKER II: Didn't you give us an alternate earlier, that was another one earlier, besides this one that came up here just at the last?

CHAIRMAN. I don't think so. I think ^{that} ~~it~~ was the same thing I was talking about earlier, except that I made it a little bit better this time when I said it would be over and above whatever you'd paid in in assessments. I hadn't considered that the first year the license, or first couple of years, the value of the license might not be any greater than the value of the assessments you'd already paid.

UNIDENTIFIED SPEAKER II: I thought I heard--I thought I picked up something completely different from this a little earlier than that.

CHAIRMAN: Well, you may have. I'm not aware of it. I don't remember it at this time. Let's go back in the back. We haven't heard from you.

SIG McGESSION: Yes, I'm Sig McGesson from Petersburg.

CHAIRMAN: Yes.

MR. McGESSION: And the way I see it, if I want, say, 10,000 for my permit under this second situation that you discussed, well then I'll have to sell it for 20,000, because if I sell it after a certain number of years, because I'll be paying 10,000 in taxes. So the person that's going to want to buy a permit from me is going to have to pay twice as much as ^{he} ~~they~~ should have in order for me to get my 10,000 out of it, or whatever I want.

CHAIRMAN: Well, that's assuming that what you want will set the market price, and I'm not sure that's a valid assumption.

MR. McGESSION: Well, whatever it is. I'm not--I don't--I'm not particularly for the speculative prices anyway, but if that is the case and I want to sell a permit and 30 or 40 people are waiting around wanting to get one, well, I'm certainly going to think about selling it for what I can get for it.

CHAIRMAN: Now wait a minute. If there were 30 or 40 people waiting around wanting to buy that thing and you could get 20,000, even though you were going to get all of it and weren't going to pay any in taxes, why would you go ahead and get the 20?

MR. McGESSION: Why wouldn't I?

CHAIRMAN: Yeah. Why is it that you would only want ten in the first place if you can get 20?

MR. McGESSION: If I could get 20, well, that'd be a different thing, too, but the--I think that what's going to happen is there will be a set price on what a permit is worth, and it won't be because of one guy wants more and one less. It's going to average out

that a halibut permit is going to be worth so much and a seine permit is going to be worth so much, and if you want the amount of money that you're--you feel that it's worth and the buy--or this tax program is set up so you only get 50 percent, well--that's what I think.

CHAIRMAN: Yeah. Well, okay, I... Alright, and it's getting--it's almost 5:30. We've been here for a long time so we'll take a few more here and then cut her off for this time.

UNIDENTIFIED SPEAKER: Now, I was going to say one thing there. The value of the permit is more than likely, you know, some ratio, the value of it will correspond directly with the earning value of that permit.

CHAIRMAN: (Indisc.)

UNIDENTIFIED SPEAKER II: We're talking about the...

UNIDENTIFIED SPEAKER I: We don't know, you know. With the limited entry and a good rehabilitation program the price could step higher up, but without that rehabilitation program it might not. But what I wanted to ask you was, it goes here seven years under this last little deal you placed down before us. I could bid competitively against the State, like ^{sit(?)} ~~seven~~ for the first year.

CHAIRMAN: Well, we might even sweeten that up and make it first two years.

UNIDENTIFIED SPEAKER I: First two, huh?

CHAIRMAN: There's lots of arrangements that can be made. It's the concept that we're talking about.

UNIDENTIFIED SPEAKER I: I'm just like Jim. As long as I can bid against Jim and in some (indisc.) way get a hold of that permit

I'll go for it:

CHAIRMAN: Well, you see, you're concerned about being able to transfer into another area, but other guys that are not fishing at all but want to get in, they might be concerned about trying to get in at all, you see?

UNIDENTIFIED SPEAKER I: Right. They have the same problem I would.

CHAIRMAN: Exactly.

UNIDENTIFIED SPEAKER: If you wanted in ^{and he wanted in and wanted my} ~~and want to buy a~~ permit, you have to have some way to convince me to sell to one or the other of you.

CHAIRMAN: Which only gets down to the point that if this thing is to be effective at all, well, I'd be hurt a little bit, probably. And that might be the price that you have to pay. You might have to delay for two or three years ^{your} ~~or~~ transfer into another area.

(End of one side of tape)