

SCOMM

#31:15

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AS A UNIT IN THE ORIGINAL DOCUMENT.

I-1 3-6-73

Jay Gage

Senator Bob Palmer

Dave Herrnsteen

Mike Whitehead

Senator Lowell Thomas

Senator George Hohman

Senator John Sackett

: This is one of the big advantages of this idea of Jay's.

Herrnsteen : I haven't studied this.....

Palmer : It has no value, everybody is in to begin with, but as soon as you don't revalidate one year, your out. Rights for new entry on a rate of 10% or we could make it 20% or 5%. Course the question is, does it do anything quickly enough. When you let everybody in in 73, and you really haven't done anything towards cutting gear? And I don't know whether you have or not. I just can't assess the impact accurately.

: How would you be able to tell how many people are going to lapse? Not re-new their licenses?

Palmer : You wouldn't till after the fact. When they had not at the end of the year.

: There is no history.....

Palmer : Well, there is, this one shows that out of the 20 some thousand a year, we have had around 2,200 a year.

Whitehead : About 20% turnover. 20.7 but I'm not sure that those figures are valid at all because once you put a freeze on, it's just like the entry permits, you don't have the slightest idea,

what attrition or turnover rates are going to be once these pieces of paper are issued. We have actually, in going through the Governor's data, and everything else, there is just no way to assess the impact of any piece of limited entry legislation. Two other considerations in regards to today's comments on transferability; I know that there are members of the industry that are very involved in the banking industry also in Alaska, and I'm not sure that it is a valid assumption that the individuals would be able to get financing from a bank. They may have some sort of policy that cannery fishermen would be financed. And that also if Jay Gages comments are all relative in that there would be any change in the relative placement of processors in regards to the number of fish that they buy, any processor that got cut short on his supply of fish because for some reason there was some bias in the number of entry permits issued on the basis.. those processors, I'm sure would be in a position to, would want to bid entry permits up very high, or would be willing to bid entry permits up very high to insure their supply of fish..

Palmer : Why don't you call Fish and Game and find out if you can what kind of an increase they are seeing right now in purchase of licenses. We have had some indication that there is a very great increase this year involving people wanting to get in under the wire. All I have heard is rumors, I really don't know.

Whitehead : I'll call Katie Conn.

Thomas : A thing like this might have to be tried before you really know.

Palmer : It is a little like Russian Roulette. You gotta be pretty sure of what you try. Otherwise you can really hurt yourself if it is the wrong thing.

Thomas : Like Jay said (unintelligible) and it doesn't seem to me, we've lost very much except time and maybe some of the fish, whereas if you tried this other thing, with the commission and all, it might be a little harder to back out of.

Palmer : That's true.

Herrnsteen : It seems to me that if we got something going, anything, in my mind, anything other than being transferability, something like Jays, then we would in that years time, we would get the data on the applicants. Then we could begin to see how classifications might set up and how, what kind of system we might have later. I tend to think, you know a lot of people say well I'm afraid of a lottery, for I might never make it. That is a very legitimate fear. Of course the more you narrow down your classifications into some sort of point system like, which has its drawbacks too. And of course the more you narrow down your classifications by giving more experince, you know you narrow down your constitutionality. Your getting into weak grounds. Thats my interpretation of Fletcher. But we wouldn't have to do that for a couple of years, but maybe when we find, when we actually see the data of the applicants, there will be a way to

look at that data and say, well look, this kind of system and this kind of system might be legal and it might be the best for the Alaskans too. Because we not only want to put a lid on the fishery but we hope to encourage the Alaskans and work for their benefit and with the time of having the data there might be a, the commission might be able to come up with something. I can see free transferability working for instance with trollers because their fish are more closer to the real market value and being a one man operation, they have, you know, a lower gross value per boat.

Palmer : Can I help you?

: We were looking for Senator Thomas.

Thomas : Right here. What can I do for you?

: Do you have a minute?

: We are breaking up the meeting right now.

Thomas : Well let's see,

Palmer : Go ahead. That is alright.

: We can wait.

Palmer : We aren't going to do much more.

Thomas : I'll . this along then, Thank you.

Hohmen : Sure hope you settle this one Bob.

Palmer : Yeah, thank's fells. Read the darn thing will you.
(unintelligible)

Whitehead : A dramatic increase? (on phone)

Hohmen : You have to have gear before you apply for a gear
license, right?

: I could just go down.

Palmer : Go down and buy a gear license.

Herrnsteen : One of the interesting problems that came up Saturday,
is the fellow, Chris Christenson, from Petersburg, who is in the
same position as Ernie, he's been crewman for 20 or 30 years, and
they have been fishing halibut, salmon, and seining a lot as crewman,
and now they sort of want to semi-retire and get trollers and gill
license.

Whitehead : Is that right? (on phone)

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Herrnsteen : He said my whole life's been into it, why should I

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have to go buy one off some part timer who gets in under the gun, you know. It's a problem. But one way of possibly changing that would be, the way it presently reads 126, it says all applicants must have previously held a gear license. If you take out that requirement that they must have held a gear license, it would increase your applicants coming in. Maybe then, you say, well maybe a guy who has been in for 30 years but who never held a gear license maybe he should qualify over someone who has held a gear license for 2 years or 1 year, I don't know what the answer to that is.

Palmer : Well you know, we could always change this thing, the very first paragraph, not in anyone, not in 1973 anyone would be eligible, but anyone would be eligible who had previously held a g... a license in a area. Now we substantially reduce getting away from something like evidently what he is coming out with. It wouldn't serve to the interest of some of the guys who want to be able to switch to other areas. But, again, we can't have the best of worlds for every person.

Whitehead : Do you have that in memo form? Could you route a copy to us, please? Thanks very much. Better hang onto your hats gentlemen. Through March of 73 compared to March of 72, there is an aoverall increase of 82.88%. Drift gill net is up 82.47%. Troll is up 163.93%. Long Line is up 291.66%. Vessel Licenses are up 77.88%. Set Gillnetters are down 48.6% because everyone is changing set gill nets to drift. Especially the minors that have been registered as paper licenses for set gill net. Beach Seine, no change. Purse Seine is up 55%. Beam Trawl is up 85.71%. Otter Trawl is up

3.77%. Shell fish is up 55.68%. Clam diggers are up 66.67%. Resident commercial fishermen are up 96.92% and non-resident commercial fishermen are up 83.44%.

Hohman : What was the resident thing again?

Whitehead : Resident commercial fisherman is up 96.96% over through March of last year.

Hohman : Non-resident figure?

Whitehead : Non-resident is 83.44%. This is over, this is as a result of present deliberation.

: (whistle)

: Jeez.

Hohman : The overall percentage increase is, 82.8...?

Whitehead : 82.88. Most of them seem to be much higher than 80. Your Beach Sets are down or what ever you call them?

Palmer : Yes. Down 40.

Whitehead : Down 40 and one other very small change.

Hohman : More beach sets.

Whitehead : Right, they are going from set gill net to drift gill net.

Hohman : Must be a hell of a percentage of the gear license that are beach sets, in order to hold the 160.%.
.

Whitehead : Yeah, Troll was 163.93%

Palmer : They didn't destinguish between hand troll and power troll.

Whitehead : Probably not. I could call back.

Palmer : I think an awful lot of that must be this local hand troll, fishery, don't you?

Whitehead : Could be.

Hohman : Gotta watch those clam diggers.

Herrsteen : The long line increase could be legitimate reasons.

: (unintelligible)

Palmer : You can see that increase in price of Halibut, why...
Okay, thank you George. Come up with some good ideas. Put that subconscious to work.

Whitehead : I'll get a copy of all these packages to Senator Rader and Senator Poland. And I'll type all of this information up and Katie's gonna write a memo up, I'll make copies for everyone. It would appear that perhaps participation in 72 would be advisable criteria.

Sackett : It would appear so, huh?

Herrnsteen : I wonder how many of that increase, people had, course there is no way of knowing, but I wonder how much experience they have.

: Hard telling.

end tape

3-6-73

John
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: This is one of the big advantages of this ~~side~~ ^{idea} of

Harrold : I haven't studied this.....

Palmer : It has no value, everybody is in to begin with, but as soon as you don't ^{re}validate one year, your out. Rights for new entry on a rate of 10% or we could make it 20% or 5%. Course the question is, does it do anything quickly enough. When you let everybody in in 73, ^{how} ~~and~~ you really haven't done anything ^{to where its gotta} gear, ~~and~~ I don't know whether you have or not. I just can't asses the impact accurately.

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it's hard to have the best of worlds for all persons, I think that's why

Whitehead : Better hang onto your hats gentlemen. Through March of 73 compared to March of 72, there is an overall increase of 82.88% per cent. Drift gill net is up 82.47%. Troll is up 163.93%. Long Line is up 291.66%. Vessel Licenses are up 77.88%. Set Gillnetters are down 48.6% because everyone is changing set gill nets to drift. Especially the ^{paper}miners that have been registered as paper licenses for set gill nets. Beach Seine, no change. Purse Seine is up 55%. Beam Trawl is up 85.71%. Otter Trawl is up 3.77%. Shell fish is up 55.68%. Clam diggers ^{are} is up 66.67%. Resident commercial fishermen ^{are} are up 96.92%. and non-resident commercial fishermen are up 83.44%.

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Johnson : They didn't distinguish between hand troll and power troll.

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Johnson : Okay, thank you George. ^{come up with some} Good ideas that should work.

Whitehead : I'll get a copy of all these packages to Senator
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Sabott? : It would appear so, *but?*

Harrington : I wonder how many of that increase, people had,
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CSSB 39: LIMITED ENTRY WORK SESSION - I/I

March 6, 1973

CHAIRMAN: What do you think ought to be done?

UNIDENTIFIED SPEAKER: Well, Mr. Chairman, I don't think I can really give you an intelligent answer until I spend some time reading....

CHAIRMAN: Okay.

UNIDENTIFIED SPEAKER: And I suspect the way I go on these things, it will take me at least an hour to get through (indisc.) and compare it with the other things....making notes and things.

CHAIRMAN: Yeah, I think probably that would be the best way to go...

UNIDENTIFIED SPEAKER: And I don't know what the House is doing.

(Several unidentified speakers (indisc.))

CHAIRMAN: Do you know or do they...which one of you would rather telephone the House? However, we don't really have to pay that much attention to it because apparently they got a large number of people there each with their own concern and amending a bill of another elaborate fashion to take care of each little problem as it comes up -- this is what I've been told.

UNIDENTIFIED SPEAKER: We have here a summary of what they did in the House (indisc.) committee report and I can read it if you'd like.

CHAIRMAN: All right.

UNIDENTIFIED SPEAKER: Committee Substitute for House Bill 126--to change the basic structure and objective of House Bill 126 which was essentially the Governor's bill--so there's just that one change in five members of the Committee. What would require the Limited Entry Commission to utilize the voluntary buy-back program in order to reach optimum levels

of gear in the various commercial fisheries. The Commission would still proceed area by area and would deal independently with each type of gear; however, instead of making initial reduction to the optimum number of use of gear, the Commission would issue entry permits at the present level of fishing effort and reduce the amount of gear to optimum level through a voluntary buy-back program. In those fisheries where the present level of gear is acceptable, no buy-back program would be required. The only exception to this freeze (?) at the present level, our effort will be three specifically innumarated distressed fisheries when initial reduction is 75% of present gear levels would be permitted. The distressed fisheries innumarated and Committee Substitute for House Bill 126 are the Bristol Bay drift net and set net fishery, the Cook Inlet drift and set net fishery and Prince William Sound drift net fishery. The Buy-Back Program would be self-financing. It would be funded by assessments of the holders of entry permits based on a percentage of the value of their annual catch. Separate buy-back funds would be administered for each area and type of gear as required and assessments will be made only on catch values attributable in the entry permit for the given area and type of gear. The Commission would adopt regulations providing for the purchase of entry permits and vessels and gear as necessary until the number of units of gear was reduced to optimum levels. Once the optimum gear level was reached, the buy-back program would terminate for that area and type of gear. Committee Substitute for House Bill 126 also made special provisions for establishing the initial number of entry permits in the troll fisheries. Rather than issue permits at the present level as with other types of gear,

anyone who is licensed and fished troll gear at least one out of the last three years would receive an entry permit for troll gear at the outset of the program. After entry permits have been issued for the troll fishery, it would come back under the general program and be reduced to optimum level through a voluntary Buy-Back Program. An amendment to the definition also makes it clear that the Commission is to treat power troll gear and hand troll gear separately for the purpose of issuing entry permits. A new section was added providing for the emergency transfer of entry permits which will allow the temporary transfer of a permit when sickness, injury or other unavoidable circumstance temporarily makes it impossible for a holder to fish his gear. During deliberations on House Bill 126, the possible problems resulting from the transfer and sale of entry permits were considered at some length. Concern was expressed that the free transferrability of entry permits might result in a pattern of economic coercion and against fishermen holding permits. Fear was expressed that the general act of adequate financing for fishermen particularly in some areas of the State might make it possible for those providing financing to indirectly control the entry permits to some degree. Certain safeguards against the abuse of transfer provisions were contained in House Bill 126 that had been retained in the Committee Substitute. Entry permits cannot be held by corporations and can be only fished by the holder. Entry permits cannot be pledged as security for loans or taken (indisc.) judgment. To these provisions Committee Substitute for House Bill 126 has added a special provision for low income fishermen. When a fisherman whose family income is below federal poverty guidelines receives an

entry permit, he may avoid the \$50 annual fee for five years by electing to take his entry permit (indisc.) to a five year prohibition on transfer. These special fee provisions should help low income fishermen in two ways. First, it will remove the opportunity for economic coercion into taking their entry permits away from them. Second, it will remove the direct economic burden of the \$50 annual fee. One more major amendment was included in Committee Substitute for House Bill 126. House Bill 126 applied only to the salmon fishery. The Committee Substitute will allow the Commission to designate the specific fishery resources to be subject to limited entry. This would enable the Commission to extend limited entry to other fisheries such as crab and shrimp fisheries without additional legislation. In addition to the regular changes discussed here, Committee Substitute for House Bill 126 contains several clarifying and consolidating amendments that shall improve the basic approach and procedures set forth in the initial bill.

_____, Chairman, House Resources Bill.

CHAIRMAN: What do they do about establishing initial entry?

UNIDENTIFIED SPEAKER: Pretty much at the present levels.

CHAIRMAN: But, who gets in--how does that depend?

UNIDENTIFIED SPEAKER: Okay. Back to the Governor'slet me find it here..

Entry permit qualifications for the following establishment of maximum number of units (indisc.) such and such the Commission shall adopt Regulation 34, the qualification for entry permits for each (indisc.) and for each type of gear. The regulation shows upon a reasonable priority classification that similar (indisc.) applicants based upon reasonable (indisc.) of the following, there is a preference. One--degree of economic depends upon the fishery including but not (indisc.) to percentage of income derived from the fisheries, derived from alternative

occupations, the availability of alternative occupations and investment in vessels and gear. And, two--extent of past participation in a fishery including, but not limited to, the number of years participation in the fishery and the consistency and character of the participation during this year--pretty much the two we are working with.

UNIDENTIFIED SPEAKER: What do you think about Fletcher's....Have you had a chance to hear his (indisc.)?

CHAIRMAN: Yeah, I think it's pretty good, really. I didn't think so at first. But, the more I read of it the better I like it. It seems very lengthy and all, but maybe this is necessary in order to have it do the job and be legal.

UNIDENTIFIED SPEAKER: I certainly like his approach in his setting up the categories. He gets away from just talking to a specific class and talks, you know, as far as hardship is concerned (indisc.)

UNIDENTIFIED SPEAKER: How can you say about Jackman's constitutional problem....

UNIDENTIFIED SPEAKER: Well, you see, they let in gear...Dave hasn't had the opportunity to

UNIDENTIFIED SPEAKER: But what did he change?

UNIDENTIFIED SPEAKER: He changed all the way through beginning right from the Purposes and Findings..he broadened that whereas the fishing gear (indisc.) the fishermen (indisc.) the economic welfare of the State. And then we worked a majority portion of the Bill.

UNIDENTIFIED SPEAKER: Joel is reviewing it and would be glad to accept him as a committman.

UNIDENTIFIED SPEAKER: I got a question -- I don't know about some of Professor Fletcher's language. It seems to be, perhaps--I don't know-- it might be a little too academic in legal language--perhaps more than

requires, but Joel can evaluate that.

UNIDENTIFIED SPEAKER: That sort of thing is pretty easy to iron out.

UNIDENTIFIED SPEAKER: It might be...he's got the best document right there.

CHAIRMAN: It certainly....

UNIDENTIFIED SPEAKER:having problems with transferrability.

CHAIRMAN: Why? You mean under the (indisc.)?

UNIDENTIFIED SPEAKER: You didn't have an effective....

CHAIRMAN: Well, it certainly would be wonderful if we could have anything as simple and short as this thing of Jay's.

UNIDENTIFIED SPEAKER: Do we have that?

CHAIRMAN: Yeah. Does everybody have a copy of that? Sure gets away from a lot of problems with this one. (indisc.) I'm sure it would over a period of time, but it doesn't do it quick enough.

UNIDENTIFIED SPEAKER: I just see the position that is somebody fails to re-purchase for any year, then he's out. Is that the way it goes?

CHAIRMAN: Yeah.

UNIDENTIFIED SPEAKER: Just attrition.

UNIDENTIFIED SPEAKER: Bristol Bay licenses are open for sale on the first of April or closed?

CHAIRMAN: All gear licenses are open January 1 and closed April 15.

UNIDENTIFIED SPEAKER: Something to keep people from buying in that wouldn't ordinarily be there. There's nothing to keep people from buying into the Bristol Bay fishery anticipating limited entry.

CHAIRMAN: That's correct, however, our stated position was with the sliding gear scale (indisc.) they're going to be able to do as far as taxation over there--why they could take care of the problem.

UNIDENTIFIED SPEAKER: Do we meet tomorrow after we've read these? This material.

CHAIRMAN: Yeah. I think so. What are you planning for tomorrow, John?

UNIDENTIFIED SPEAKER: To continue (indisc.) the fishery tax.

UNIDENTIFIED SPEAKER: Joel, we also have that NCER (?) thing John had.

(SEVERAL UNIDENTIFIED SPEAKERS (INDISC.) (C.B. OR VHF RADIO INTERFERENCE)

UNIDENTIFIED SPEAKER: Then after that (indisc.) were expected, as many of us as possible, to go and join these people. Well, it's on this whole rural school and this is the sort of combination of all that's gone on for the last almost 60 days now.

CHAIRMAN: OK.

(SEVERAL UNIDENTIFIED SPEAKERS (INDISC.) (C.B. or VHF RADIO INTERFERENCE)

CHAIRMAN: Oh, might as well and can we get a copy of this thing from Fletcher to John so that he can have time to look through it and study it carefully.

UNIDENTIFIED SPEAKER: (Indisc.) expect to pass a law having a ninety day limit...we don't even have time to look at (indisc.).

(CB OR VHF RADIO INTERFERENCE)

CHAIRMAN: Dave.

DAVE: If you're getting ready to adjourn, can I take a couple of minutes to explain why I think House Bill 126 wouldn't work.

CHAIRMAN: Yeah.

DAVE: To me, the key of the whole bill is that the market value of the permit (?) will reflect what the fishermen can earn with that permit and (indisc.) (VHF RADIO OR CB INTERFERENCE) which means I can attach my boats (indisc.) (VHF OR CB RADIO INTERFERENCE), but you can't drive a (indisc.) without permits or liquor license permit -- the value would

be placed at what the liquor license could make that permit and, you know, I've had the feeling all along -- though it was intuitive and I wasn't able to say in dollars and cents why it would happen, but I feel that -- well, I started looking at it this way -- if a seine boat, okay, in 1971 there were \$59 worth of salmon purchased and when the salmon left the cannery, they're worth 147 or almost 150 million dollars. So, when you get down in the reality of this situation working, let's say, 10 years from now -- let's say a cannery has a fleet of 25 boats and there's a permit up for sale--the processor is going to be thinking how much would I gain in increased profits if I could secure that that catch would come to me. Now, let's say that purse seiners would have grossed \$50,000 worth of fish--when those fish leave the cannery, they are going to be worth \$150,000 -- the processor is going to say -- is likely to say -- what are going to be my marginal costs in processing those fish? How much additional labor, how much additional cans is processing these fish going to cost? Maybe I don't know what the real figure is--whether it would be ten or twenty--but even, let's say, \$50,000 (CB OR VHF RADIO INTERFERENCE) that means he is going to -- if he could secure that (indisc.) even if he gets that (indisc.) he would have an extra (50,000. In other words, fifty thousand for the fish, \$50,000 marginal expense, plus an extra \$50,000 marginal profit. And so, the value to the fishermen of that permit is how much he can make off of his \$50,000 gross stock over a period of years after he pays off (?) 60¢ to the crew (indisc.) (CB OR VHF RADIO INTERFERENCE).. (indisc.) processors can finance fishermen to bid on the permit. The price of the permit won't be (indisc.) at the level that the fishermen could legitimately earn to pay for that permit--they will be set at the

level that the processor can earn off that fishermen;s catch. If we had (indisc.)price competition like in farming, if the fish were sold on the exchange like grain is sold on the exchange, then it would work but we don't have that--we have repressed prices, because of the lack of competition and because of the present hold and this financial hold is (indisc.) out to the canneries, the strings (?) are through the present financing system, the cannery (indisc.) them necessary and this is why I felt that committee yesterday or Saturday couldn't understand and even Dave Jackman got up and said, "well, look, we are talking about credit", and they were making it look like fishermen just want to go on welfare or something, but Jackman stood up and he said, "Look, if a guy's a good farmer, he can borrow money to buy a farm; if a guy's a good fisherman, he's gonna be able to borrow money to buy a permit, but that's only assuming that the permit's going to be at a price level that the fisherman could legitimately borrow money and pay interest and everything else for that permit--otherwise the way the bill is now coming out, I see it absolutely--will not absolutely, but very, very likely that the processors, particularly some of them--well, this bill doesn't try and cut anybody out, so it's going to be the status quo to begin with and then as people change later then the processors will bend one way or another. Ed Naughton (?) (indisc.) walking the docks a week ago in Kodiak and got the impression that the Kodiak people are-- he said everybody (indisc.) buying and selling the permits was a mistake-- but anyway yesterday I called up some people and will be calling up more and I asked this one skipper, Jim (indisc.) and I fished with him last year and he doesn't hesitate to tell me if he disagrees with me on something, so I said, "What do you think about this buying and selling-- they're beginning now to have enough information to think about it. When

the State first went there, they didn't know anything about it, so it was all starting from scratch. And he said, I don't like the buying and selling. I said, "Well you're almost certainly going to get a crab permit and you're almost certainly going to get a shrimp permit". He's an independent fisherman, he's well-heeled, he's done well with his boat and he's the kind that has worked up through the years and I said, "You're going to get a permit--you probably won't get a salmon permit because it's been so many years since you've fished salmon". I said, "You'll get a crab permit and a shrimp permit and they are likely to be worth a lot of money". He said, "Well, I'm not worried about something when I retire". He said, "I'm worried about how much I can make now while I'm making a living" and he really feels that you have to get your prices. That's only one person, but if you start off with a level of licenses like that and have to cut down to that--to give that license a value--we are going to have to buy every guy out--guys that are going to be hanging on to stay in there and even if they can't make money off the permit, they will pay their money because they are speculating on the value of that permit going up. And, if you just tell a guy--look if you want to fish, you can keep on fishing--when you get tired of fishing, then your permit goes back. If we could set something up about transferrability, you'll get more natural attrition because guys will give up their spot of "Gee, if I just hang in a bit longer then I'm going to get a big windfall someday. So if you can work with the natural attrition....

CHAIRMAN: That's one of the big advantages of citing (?) a date. It has no value....Everybody's in--to begin with--but as soon as you don't revalidate one year, why then you're out. Price for a new entry on a

regular 10% or it could make it 20% or 5%. Of course, the question is: does it do anything quickly enough? When you let everybody in in '73 have you really let it do anything towards cutting gear? I don't know whether you have or not...I don't know whether you have or not... I just can't assess the impact accurately.

UNIDENTIFIED SPEAKER: How would you be able to tell how many people are going to last? Not renew their (indisc.) licenses?

CHAIRMAN: You wouldn't until after the fact. When they had not paid for the year.

UNIDENTIFIED SPEAKER: There's no fishery to pay off?

CHAIRMAN: Well, there is.....(indisc.)

UNIDENTIFIED SPEAKER: It'd be different....(indisc.)

CHAIRMAN: Entry shows what...out of the 20 some thousand a year we've had around 2200 a year...

UNIDENTIFIED SPEAKER: About 20% turnover. 20.7, but I'm not sure that those figures are valid at all because once you've put a freeze on, it's just like with the entry permits you don't have the slightest idea what attrition or turnover rates are going to be once these pieces of paper are issued. We haven't actually, in going through the Governor's data and everything else, there's just no way to assess the impact of (indisc.) of limited entry (indisc.). Two other considerations in regards to Dave's comment on transferrability, I know there are mavericks of the industry that are very involved in the banking industry also in Alaska and I'm not sure it's a valid assumption that individuals would be able to get financing from a bank. They may have some sort of policy that (indisc.) and then that also that if (indisc.) comments are all relative

in that they are being changed in a relative placement of processors in regards to the number of fish that they buy, any processor that got but short on his supply of fish because for some reason there's some bias in the number of entry permits issued on the basis of (indisc.--telephone ringing). But those processors I'm sure would be in a position to (indisc.) with lots of dead entry permits up very high. Or would be willing to get entry permits up very high unless you're there to buy fish.

CHAIRMAN: Why don't you call Fish and Game or find out if you can what kind of increase they are seeing right now (indisc.). We've had some indication that there's a very great increase this year because people wanting to get in under the wire--all I've heard is rumors--I don't really know, and I don't know if it would be pertinent....

UNIDENTIFIED SPEAKER: I'll call Kate Kleinbeck (?) and she'll know.

UNIDENTIFIED SPEAKER: A thing like this, Bob, might have to be tried before you can get it off and running.

UNIDENTIFIED SPEAKER: But, it's a little bit like Russian Roulette...you've got to be pretty sure of what you try. Otherwise, you can really hurt yourself. If it's a known thing...

UNIDENTIFIED SPEAKER: You mean...like Jay's (indisc.) sometime and maybe some of the fish whereas if you try this other thing and it would do it.

CHAIRMAN: Yeah, that's true.

UNIDENTIFIED SPEAKER: It seems to me that if we got something going--well anything other than free transferrability--something like Jay's--then we would, in that year's time, get the data on the applicants--then we could begin to see how classifications might set up and what kind of system we might have later. I tend to think--you know a lot of people say, "Well, I'm afraid of a lottery so I might never make it", and that's a

very legitimate fear and, of course, the more you narrow down your classifications into some sort of point system which has its drawbacks, too, and, of course, the more you narrow down your classifications by getting more experienced--you know you narrow down your constitutionality--if you're getting into weak ground (indisc.) interpretation, but we would not have to do that for a couple of years but maybe when we actually see the data of the applicant, there will be a way to look at the data and say, "look this kind of system might be legal and it might be the best for the Alaskans'. Because we not only want to put a lid on the fisheries but we hope to encourage the Alaskans and work for their benefit in which the times of having the data we might be able to come up with (indisc.).....

UNIDENTIFIED SPEAKER: I can see free transferrability working, for instance, with trollers because their fish are more closer to the real market value and being a one-man operation, they have a lower growth value per boat.

UNIDENTIFIED SPEAKER: (Indisc.) (Laughter) I sure hope you settle it somehow....

UNIDENTIFIED SPEAKER: Okay, you have to have gear before you can (indisc.) proper gear license, right?

UNIDENTIFIED SPEAKER: One of the interesting problems that came up Saturday-- a fellow, Chris Christenson from Petersburg, was in the same position as (indisc.)--he's been a crewman for 20-30 years and they've been fishing halibut and salmon and seining a lot as crewmen and now they sort of want to semi-retire and get troller and gill net licenses. Why should I, after 20 or 30 years of my whole life time..why should I, have to go buy one off some part-timer who gets in under the gun, you know--- it's an interesting problem. But there is one way of possibly changing

that--the way it presently reads - 126 - it says, "all applicants must have previously held a gear license". Now, if you take off that requirement that they must have held their gear license (indisc.) options coming in (indisc.) say, well, guys who have been in for 30 years but have never held a gear license--maybe he should qualify over some of the fellows who held gear licenses for one or two years. I don't know what the answer to that is.

CHAIRMAN: Well, you know, we could always change this thing--the very first paragraph--not in any one -- not in 1973--in '73 anyone would be eligible, but anyone would be eligible who had previously held a license in the area. Now, we very substantially reduce getting away from something academic he's coming up here with. It would(?) serve some of the interests of some of the guys who want to be able to switch from other areas.

UNIDENTIFIED SPEAKER: Bob, do you have that in memo form? Could you route a copy of that to us, please?

CHAIRMAN: We can't have the best of all the rules for everybody.

UNIDENTIFIED SPEAKER: You'd better hang on to your hats gentlemen.

Through March of 1973 compared to March of 1972 there's an overall increase of 82.88%. Drift gill net is up 82.47; troll is up 163.93; long line is up 291.66; vessel licenses are up 77.88; set gill net is down 48.6% because everyone is changing from set gill net to drift especially the minors that have been registered in paper licenses for set gill nets; seining, no change; purse seine is up 55%; (indisc.) trawl is up 85.71%; (indisc.) trawl is up 3.77%, shell fish is up 55.68%; clam diggers are up 66.667%; resident commercial fishermen are up 96.92% and non-resident commercial fishermen are up 83.44%.

UNIDENTIFIED SPEAKER: What was the resident figure again?

UNIDENTIFIED SPEAKER: Resident commercial fishermen is up 96.92% through March of last year. Non-resident is 83.44%. This is as a result of present delivery.

UNIDENTIFIED SPEAKER: The overall percentage increase?

UNIDENTIFIED SPEAKER: 84, 80 to 8.

UNIDENTIFIED SPEAKER: Most of them seem to be much higher than 80. Your beach sets are down or whatever you call them.

CHAIRMAN: Down to 40 so that (indisc.)...

UNIDENTIFIED SPEAKER: Down 40 (indisc.)..very small change.

UNIDENTIFIED SPEAKER: More beach sets than...

UNIDENTIFIED SPEAKER: Right. They are going from set to gill net to drift gill net.

UNIDENTIFIED SPEAKER: But there must be a helluva percentage of the gear licenses that are beach sets then (indisc.) the 160 percent...

UNIDENTIFIED SPEAKER: Yeah, troll was up 163.9(?).

CHAIRMAN: You didn't distinguish between hand troll and power troll.

UNIDENTIFIED SPEAKER: Probably not.

CHAIRMAN: An awful lot of that must be those local hand troll fisheries, don't you think?

UNIDENTIFIED SPEAKER: You gotta watch those clam diggers.

UNIDENTIFIED SPEAKER: The long line of (in. sc.)

CHAIRMAN: (Indisc.) you see that increase in price in Halibut, why...

Okay, thank you, George, you've come up with good ideas--put Cox to work.

UNIDENTIFIED SPEAKER: I will get a copy of all this package to Senator (indisc.) and Senator (indisc.) and I'll type this information up or get Kitty to write a memo up. I'll make copies for everyone.

UNIDENTIFIED SPEAKER: It would appear that perhaps participation in '72
would be advisable criteria.

UNIDENTIFIED SPEAKER: It would appear so.

UNIDENTIFIED SPEAKER: I wonder how many of those increased people have --
of course, there is no way of knowing -- but I wonder how much experience
they have.

UNIDENTIFIED SPEAKER: It's hard telling.

End of tape.