

SCOMM

#31:16

CSSB 39: LIMITED ENTRY WORK SESSION - I/1

(Fletcher Proposition)

March 9, 1973

UNIDENTIFIED SPEAKER:....there are a number of years and that would be the beginning of the longevity thing, wouldn't it?.....Unless all applications are thrown out each year.

CHAIRMAN: Why?

UNIDENTIFIED SPEAKER: Well, I mean, when a person who's applied five years ago has preference over one who applied three years ago.

UNIDENTIFIED SPEAKER: I would think so.

UNIDENTIFIED SPEAKER: Fine with me.

UNIDENTIFIED SPEAKER: Wouldn't you feel that way if you were applying and every year you were thrown in the hat with all the new ones and....

UNIDENTIFIED SPEAKER: Yeah. Okay. Is it generally agreed that this is desirable if we can do it this way? Joe, can you look at the constitutionality of that question at this point? I mean, do you have any judgment on it?

JOEL: I think it sounds reasonable to do it the way you're talking about.

CHAIRMAN: Okay. 229

JOEL: I think either way is legal.

UNIDENTIFIED SPEAKER: 229 is a new section which requires that those receiving initial entry permits pay the fair market value determined by the commission.

CHAIRMAN: Not the initial but a new entry permit? It doesn't apply to all those who are going to have initial entry permits from the very beginning.

UNIDENTIFIED SPEAKER: I don't know...that's the way I read it.

CHAIRMAN: Well, let's go on to Section 227...that subsequent issue.

UNIDENTIFIED SPEAKER: (Indisc.) prior to the receipt of the permit as a condition of receiving the permit.

CHAIRMAN: Okay. Shall as a condition of receiving.

UNIDENTIFIED SPEAKER: Right.

CHAIRMAN: The permit, pay the commission to use the State fair market value determined in Section 310.

UNIDENTIFIED SPEAKER: You said you're going to (indisc.) regulations.

UNIDENTIFIED SPEAKER: What does that mean? How much do you think fair market value will be?

CHAIRMAN: That's what I'm having discussions with the people about. I don't know. I think a reasonable price or a prospective price may be anywhere from five to twenty five or thirty thousand dollars for gill net---the seine could be much more than that, I suppose. Maybe it's not going to be over four or five or ten. Now the best information I suppose we really have is the British Columbia experience in supposedly a drift gill net fishery there--it's in the neighborhood of about \$10,000 now after what--four or five years in operation.

UNIDENTIFIED SPEAKER: Now that includes the vessel?

CHAIRMAN: No, I'm told that this is in addition to the vessel.

UNIDENTIFIED SPEAKER: Why do they have to buy it?

CHAIRMAN: Why do they have to buy it?

UNIDENTIFIED SPEAKER: Yes, the original ones don't have to buy theirs.

UNIDENTIFIED SPEAKER: The originals are also being taxed or giving benefits to the State when they sell in a section here that we are coming to.

UNIDENTIFIED SPEAKER: I thought they got new empty permits for the same price they usually gets permits for \$10, \$60.

CHAIRMAN: Well, let's go on and look at the whole thing. Joel?

JOEL: What does that "for the use of the State" really mean there in the last (indisc.) (Several Speakers....indisc.)

UNIDENTIFIED SPEAKER: I was thinking of that too. We've never used that language anywhere that I've seen, have we? "To pay the commission for deposit in the general fund (indisc.) fair market value".

UNIDENTIFIED SPEAKER: Is it superfluous? It probably is.

UNIDENTIFIED SPEAKER: ...to pay the general fund.

UNIDENTIFIED SPEAKER: ...or pay to the commission.

UNIDENTIFIED SPEAKER: (indisc.) pay to the commission.

CHAIRMAN: ...to pay the commission. I don't know any reason we need...

UNIDENTIFIED SPEAKER: When you're (indisc.) the market value and I don't know what they are and I don't know what they pay in Canada, but insofar as this (indisc.) there could be process of financing behind the permit. A gill netter in B.C. might be less than a gill netter in Bristol Bay because there may be more repressed prices in Bristol Bay. That would have to be taken (indisc.).

CHAIRMAN: Well, let's take a look at 230. "Except as herein provided in this sub-section, the holder of a currently renewed entry permit must himself be at all times present and actively engaged in the operation of the unit of gear for which the permit was issued". "The commission shall adopt regulations for alleviation of hardship caused by illness, incapacity or death of the permit holder prior to or during the fishing season whereby another person may be issued a temporary entry permit to operate the gear for the remainder of the season; or in the case of illness or incapacitation for the duration thereof if that be shorter than the remainder of the season". Okay, well that answers one of the earlier

problems that people have had. What happens to the crew in case a captain who has a gear license gets sick.

UNIDENTIFIED SPEAKER: Doesn't he really mean that type of gear up in the third sentence instead of a "unit"? Couldn't somebody have more than one unit of the same type of gear? The permits are being issued for a type of gear, aren't they?

CHAIRMAN: Well, what unit of gear is.....150 thousands of gears of net is a unit of drift net. Must, at all times, be present and actively engaged in the operation of...why don't we just say "the year for which the permit was issued". Take out "a unit of operation of the gear" which could (indisc.).

UNIDENTIFIED SPEAKER: What's the new language? Line 3?

CHAIRMAN: Line 3. So it reads: "engaged in the operation of the gear for which the permit was issued". Okay, now on up to the third/fourth line of the bottom of that paragraph..."the commission may adopt regulations whereby in extra-ordinary circumstances the holder of a currently renewed entry permit may act as crewman or other assistant in the operation of gear by another permit holder in order to alleviate hardship of that other permit holder".

UNIDENTIFIED SPEAKER: I'm wondering if that whole sentence is necessary.

CHAIRMAN: I don't know why it would be. It seems to me that we can do it anyway, can't we? Joel, do you see any reason why that's necessary?

JOEL: Well....

CHAIRMAN: Why don't you check with Fish & Game, Mike?

UNIDENTIFIED SPEAKER: In view of the previous sentences?

UNIDENTIFIED SPEAKER: "(Indisc.) currently renewed entry permits must themselves at all times be present and actively engaged"....then he goes on

in this last sentence and says..."a holder may act as a crewman which he could do anyway.....

CHAIRMAN: Whether he has a license or not.

UNIDENTIFIED SPEAKER: And/or other assistant in the operation by another permit holder..

CHAIRMAN: Actually, what it's saying, as I see it, is that I've got a gear license and I'm fishing gear out here but you've got a gear license, too, and you are fishing gear and if you get sick, then I can come over and act as a crewman for you to alleviate hardship on you because you got sick.

UNIDENTIFIED SPEAKER: I can do that anyway....

UNIDENTIFIED SPEAKER: And then for a lengthy illness, the provide for ...

CHAIRMAN:transferring that permit temporarily to somebody else so that you don't have to be on the boat.

UNIDENTIFIED SPEAKER: Yeah, right, right.

CHAIRMAN: Okay, well, let's just check and see if that last sentence is necessary. Let's check with the (indisc.). "B". Due to the extent that the commissioner of Department of Fish & Game authorizes in individual cases pursuant to 15 of AS 250..that's on down, is it?

UNIDENTIFIED SPEAKER: That's an adendum right at the very back...and it's the wrong Statute number. It should be, I think, 15:05050. Right (indisc.)?

CHAIRMAN: 050 instead of 250....

UNIDENTIFIED SPEAKER: "050" and then it (indisc.) page 11 and that back page should be changed to 15:05050.

CHAIRMAN: Well, are you saying that 15 should be changed to 11?

UNIDENTIFIED SPEAKER: Yeah. Right, and the Statute #12 shall be changed to 15:05050.

CHAIRMAN: "To the extent that the commissioner of the Department of Fish & Game authorizes in individual cases pursuant to 11 of 05050, a holder of an entry permit for any type of gear for any administrative area may on an experimental basis engage in commercial taking from any fishery resource in the State". Well, then 11:05050 is what then?

UNIDENTIFIED SPEAKER: It's a new section--should be the very last page authorizing any holder of a currently renewed entry permit under Chapter 1643 engaged on an experimental basis in commercial taking of fishery resources (indisc.) gear (indisc.) not presently suitable for or qualifying for licensing under any of the licenses specified in this chapter. Same standards therein for the commissioner to follow in determining fish entry permit holders bestowed to be authorized in (indisc.) of the objective to develop a better fishery both biologically and economically and (indisc.) the issuance of such authorizations and such number of duration if there are no more than blank entry permit holders (indisc.) anyone fishing.

CHAIRMAN: Well, all right. Now, I wonder if we don't have a problem though because we've now brought in all fishery resources if we adopt the House version of this thing and, therefore, that would cause some problems here. I think the idea is good that when any resource is not presently being utilized.....

UNIDENTIFIED SPEAKER: Or the resource is presently being utilized but on an experimental basis...

CHAIRMAN: Okay.

UNIDENTIFIED SPEAKER: (Indisc.) by the department and by the commissioner.

CHAIRMAN: Right. Well, will you work on that one?

UNIDENTIFIED SPEAKER: Sure---you're saying it's not necessary then if we don't cover it all (indisc.) ...all fishery resources.

CHAIRMAN: Not necessarily written like this but it may be necessary to have a provision here to allow for the experimental fishery by these people. Okay? We're down to "C" then, right? "The holder of a currently renewed entry permit must have a permit in his possession at all times when engaged in commercial picking from a fishery resource. Each entry permit is issued for from one year to (indisc.) holder (indisc.) and renewable as long as he remains qualified. A permit holder may fail for one year to renew the entry permit, but on renewal the year thereafter shall pay all accrued annual fees. Failure to renew an entry permit for a period of two years from date of last renewal shall result in forfeiture...except as waived by the commission for good cause. May adopt regulations (indisc.).....what good cause is, I guess.

UNIDENTIFIED SPEAKER: Okay, then....

CHAIRMAN: Okay--no prescribing terms of renewal. Okay. Transferability--both voluntary and involuntary of entry permits--is governed by the provisions of Section 250 to 280 of this Chapter, surrender and return of the entry permit as governed by Section 9...forfeiture of entry permits governed by Section.....

UNIDENTIFIED SPEAKER: If it does these things, is it necessary to say it...

CHAIRMAN: Make some question marks and we'll ask that very question. Okay, annual fee is \$50 for the issuance...now, what did the House do to that? Did they change that? Do we still need a \$50 fee on this thing?

UNIDENTIFIED SPEAKER: I believe it has been changed.

CHAIRMAN: I can still see that....

UNIDENTIFIED SPEAKER: At least the House Resources...I'm not sure where House Judiciary is going.

CHAIRMAN: Last year in Bristol Bay the high set net sights, I believe, were approximately 300 fish and they may have had two or three gear licenses they use there. So many of these are a family operation with the man, the wife, two or three of the kids all licensed and if each one of these is required to pay a \$50 permit fee in addition to his commercial license, his gear license, his skiff license...then on a year like that...you get the point?

UNIDENTIFIED SPEAKER: What's the breakdown?

CHAIRMAN: I'm just wondering about the \$50...

UNIDENTIFIED SPEAKER: What about \$50 then with a hardship clause at some poverty level?

CHAIRMAN: Well, okay, we wanted to ask that question so...what do you see the problem with saying, "\$50 except in cases where the gross income is less than \$6,000, it shall be \$10". Any problem with that?

UNIDENTIFIED SPEAKER: No. That's what Fish and Game does with their (indisc.) concept.

CHAIRMAN: I know they do. Well, if we can do that there then let's do it here, too.

UNIDENTIFIED SPEAKER: Again, I'm not sure, but the House (indisc.)\$100 to 300 breakdown on these licenses.

CHAIRMAN: One hundred to three hundred dollar....

UNIDENTIFIED SPEAKER: A one to three breakdown after that...exactly what I'm not sure...seems like I remember when a non-resident was 300....

UNIDENTIFIED SPEAKER: That was just....

UNIDENTIFIED SPEAKER: Oh, was that Jay's?

CHAIRMAN: Yeah, that was the one that we had then.

UNIDENTIFIED SPEAKER: Can't we do that here also?

UNIDENTIFIED SPEAKER: In the prior year...

UNIDENTIFIED SPEAKER: The only basis you have for the elevated fee for non-residents. It would be administrative policy.

UNIDENTIFIED SPEAKER: Well, no, the three-to-one differential for licenses is based on rehabilitation, increased enforcement costs, not paying their fair share of taxes and this sort of thing, and it's not applicable. The same reasoning is applicable.

CHAIRMAN: Let's do that to licenses, not to permits. Well, okay. The commission may adopt regulations with the revising of the amount of this annual fee to reflect the cost of administering this chapter including those incurred under Section 29. These collections shall be paid to the general fund. Is that superfluous? Paid to the general fund?

UNIDENTIFIED SPEAKER: Well, we deliberately didn't say it before, did we? Before it was just paid to the commission, remember? We ought to be consistent.

CHAIRMAN: If we don't say anything here, it has to go to the general fund.

UNIDENTIFIED SPEAKER: That's what my understanding is. I'll check that out.

UNIDENTIFIED SPEAKER: Why not put it in and be safe?

CHAIRMAN: Put it in?

UNIDENTIFIED SPEAKER: God knows. The commission might figure out some way to use it.

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 holding.

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 sworn and testified to herein...or by violation of laws and regulations pertaining to (indisc.) department 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 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... whether 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.) id 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 con- tinuance (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 classification 4 as established in Section 200 of this chapter, full and reasonable 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.