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Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

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MEMORANDUM

February 18, 1985

TO: Members
Special Committee on Fisheries

FROM: Representative Peter Goll *Peter*
Chairman

SUBJECT: Background Reports on Limited Entry

Attached are executive summaries or abstracts of several reports on limited entry that closely relate to issues under consideration by the Special Committee on Fisheries. Please notify me or staff assistant Rodger Painter if you want a full copy of a report.

Attachment #1 is the executive summary of a report entitled, "Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries--1975-1983." (CFEC Report 84-10.)

Attachment #2 is the abstract of a report entitled, "Non-pecuniary Benefits in Commercial Fishing: Empirical Findings from the Alaska Salmon Fisheries." (CFEC Report 85-7.)

Attachment #3 is the abstract of a report entitled, "Low-Interest Loans and the Markets for Limited Entry Permits in the Alaska Salmon Fisheries." (CFEC Report 83-8.)

#1

EXECUTIVE SUMMARY

This is the third edition of the Commercial Fisheries Entry Commission's "Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries." The report was initiated in response to widespread concern by the legislature and general public regarding the long term effects of limited entry and free transferability on Alaskan permit ownership, especially in rural Alaskan communities heavily dependent upon local fisheries. The purpose of the report is to keep all interested parties accurately informed on the nature and extent of changes in the distribution of permit ownership.

This edition covers the time period 1975 through 1983 and includes detailed information on the changes in permit ownership between Alaskans and Nonresidents in 31 limited fisheries.¹ Extensive information is also provided on the distribution of permits among Alaskan residents.²

In order to analyze permit ownership by Alaskan residents, permit holders have been classified into six resident types. These resident types are defined as follows and are referred to in the text by either the underlined words or by their acronym (shown in parentheses):

¹A fishery refers to the harvesting of a particular specie(s) using a specific gear type within a defined area.

²Changes in Native Alaskan permit ownership are presented in "Alaskan Natives and Limited Fisheries of Alaska; A study of changes in the distribution of permit ownership amongst Alaskan Natives, 1975-1983," by Nasser Kamali, CFEC Report Number 84-8.

- A. Alaska resident of Rural community which is Local to the fishery for which the permit applies (ARL);
- B. Alaska resident of a Rural community which is Nonlocal to the fishery for which the permit applies (ARN);
- C. Alaska resident of an Urban community which is Local to the fishery for which the permit applies (AUL);
- D. Alaska resident of an Urban community which is Nonlocal to the fishery for which the permit applies (AUN);
- E. Nonresident of Alaska (N);
- F. Department of Commerce signifies permits which have been foreclosed and which are temporarily the property of the state (DOC) or of the Commercial Fishing and Agriculture Bank (CFAB).

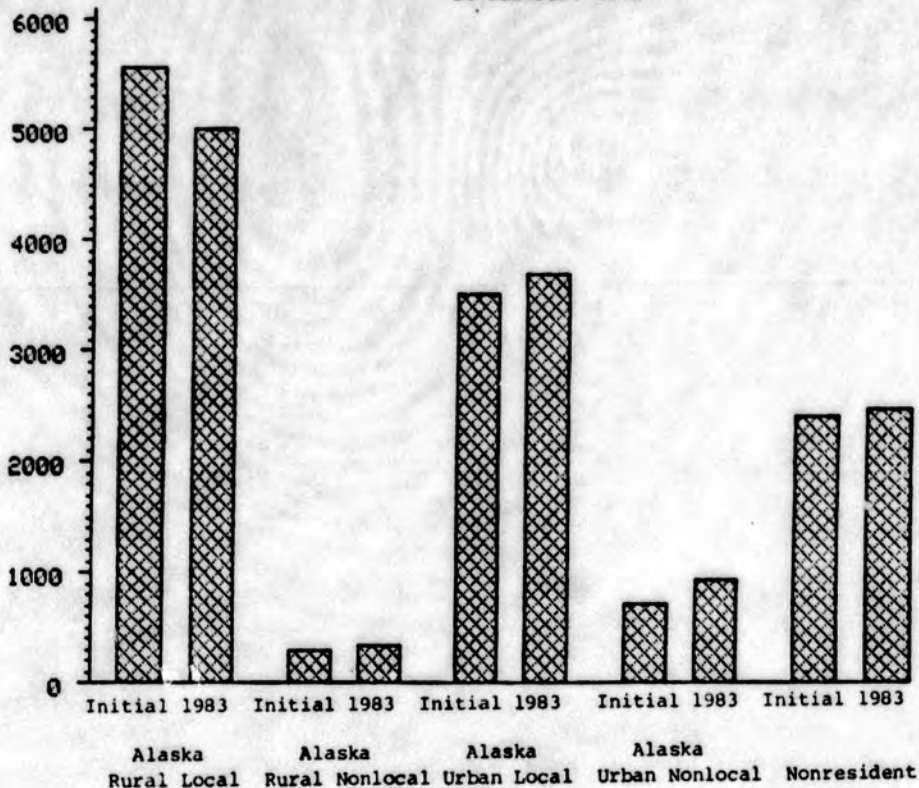
The report presents summary data on a statewide basis and detailed information by fishery, year, and resident type.

Statewide Distribution of Entry Permits

Between 1975 and the end of 1983, 12,515 permanent permits were issued in Alaska's limited fisheries. 80.7% were issued to Alaska residents (10,103 permits) and 19.3% to Nonresidents (2,412 permits). Alaska Rural Locals received more permits than any other resident type, (44.4% or 5,556 permits), and Alaska Urban Locals received 28.2% (3,526 permits). Alaska Rural and Urban Nonlocals received 2.4% (300 permits) and 5.8% (721 permits) respectively.

By the end of 1983, as a result of transfers, migrations, revocations³ and loan foreclosures, Alaskan residents owned 95 fewer permits than they had been originally issued and Nonresidents owned 68 more. Twenty-six Alaskan permits and one Nonresident permit had been

INITIAL ISSUANCE AND 1983 YEAREND DISTRIBUTION
OF PERMANENT LIMITED ENTRY PERMITS
BY RESIDENT TYPE



³By the end of 1983, 27 permits had been revoked as follows: (a) 1 permit was revoked under AS 16.43.960 for supplying false residency information in the initial application. (b) 11 permits were forfeited to the Commission because renewal fees had not been paid for two consecutive years [AS 15.43.150(d)]. (c) 14 permits were revoked because they had been originally issued as a result of administrative error. (d) 1 permit was revoked after revocation proceedings were initiated under AS 16.43.960 due to false claims involving the lease of an entry permit.

revoked. Thirteen of the 23 permits repossessed by the Department of Commerce and Economic Development had not been resold at year-end 1983. Thus, the percentage of permits owned by Alaskans had declined by 0.8% (9,995 permits) and the percentage of permits owned by Nonresidents had increased by 0.5% (2,480 permits).

The rate at which Nonresident permit ownership has increased has not been steady throughout the time period. Transfer and migration activities resulted in a net decrease of 100 permits held by Nonresidents in 1975 and 1976. From 1977 through 1982, Nonresident permit ownership increased each year resulting in a net increase of 208 permits during this period. In 1983 Nonresident permit ownership decreased by 40 permits.

Among Alaskan residents, permit ownership had increased in every resident type except Alaska Rural Local. Permit ownership by this resident type has declined by 553 permits statewide, a 10.0% decrease from the number of permits originally issued. At the end of the 1983, 40.1% of all permits were owned by Alaska Rural Locals (5,003 permits), 29.5% were owned by Alaska Urban Locals (3,689 permits),⁴ 2.8% were owned by Alaska Rural Nonlocals (351 permits), and 7.6% were owned by Alaska Urban Nonlocals (952 permits).

⁴Alaska Urban Local permit ownership has increased by 163 over the entire period. However, transfer activities during 1982 and 1983 resulted in a net decrease of 29 AUL owned permits.

Permit Transfer

Of the 12,515 permanent permits issued, 1,535 were designated as nontransferable⁵ and 10,980 as fully transferable. During the 1975-1983 period, there were 9,504 permanent transfers. Of these, 5,478 were transfers from the original owner. Thus 50.0% of all transferable permits originally issued were transferred at least once. Annual ratios of transfers to number of permits varied between 0.08 and 0.13 over the time period and averaged 0.11 for all years combined. Most (66.2%) of the 9,504 transfers were between people of the same resident type.

Age Distribution of Permit Holders

The statewide average age of permit holders decreased from approximately 43 years in 1975 to 41 years in 1977, and has remained at 41 years through 1983. This suggests that the persons entering limited fisheries have been young enough to offset the natural aging of those retaining their permits. The statewide average age of transfer recipients has consistently been in the 32 to 34 year range over the entire 1975 to 1983 time period.

⁵As 16.43.250 required CFEC to rank individuals by determining the degree of hardship they would experience if excluded from a fishery and also to determine if any of these classifications represented only minor economic hardship. Permits issued to persons in minor economic classifications were nontransferable.

Transfer Survey Information

Since 1980, the Commercial Fisheries Entry Commission has required transfer recipients to provide information concerning the relationship between transfer parties, whether the transfer was a gift, sale or trade, how the permit was financed, and the sales price. The survey has been the sole source of information for CFEC permit price estimates which are used by the Department of Commerce and the Alaska Commercial Fishing and Agriculture Bank (CFAB) as appraisals for fishing loans. The 4,353 survey responses received by CFEC represent 96.6% of the total number of transfers during 1980-1983. Key results from the survey can be briefly summarized as follows:

A. Relationship of Transfer Parties

Over seventy percent of the transfer recipients responding to the 1980-1983 survey indicated a prior relationship with the transferor. On a statewide basis, 33.2% of the transferors were immediate family members, 31.8% were friends or business partners, and 6.2% were other relatives. The relationship between transfer parties varied according to the transfer recipient's resident type. For example, Alaska Rural Locals were more likely to have received their permit from a family member or relative (61.1%) and less likely to have received one from someone they did not know (11.9%).

B. Methods of Payment

Statewide, 59.0% of the transfers occurring in 1980-1983 were sales, 37.1% were gifts, 2.1% were trades, and 1.8% could not be classified as any of the above. These percentages varied considerably by fishery and by resident type. For example, 57.9% of the transfers to Alaska Rural Locals were gifts and only 38.4% were sales.

C. Sources of Permit Financing

Of the 2,556 permit sales, 38.3% were financed through personal resources, 23.5% through the Alaska Department of Commerce's fishing loan program, 21.7% through the seller, and 10.4% through private lending institutions. CFAB financed 1.2% and seafood processors financed less than 1% of the sales, and 4.3% could not be classified into any of the above.

When only purchases by Alaskan residents (1,799 out of 2,556) are considered, 33.3% indicated the use of state loan programs. Seventy percent of these (423 out of 599) were to the urban resident types.

Alaska Rural Local Permit Ownership

From initial issuance through 1983, Alaska Rural Local ownership of permits declined by 553 permits as the net result of transfer activity with other resident types. Statewide, 68.0% of this decrease went to urban Alaskans: 43.4% to Alaskan Urban Nonlocals and 24.6% to Alaskan Urban Locals (240 and 136 permits respectively). 26.4% of the net

decrease went to Nonresidents (146 permits) and 5.1% to Alaskan Rural Nonlocals (28 permits). Three permits of the net decrease were a result of loan foreclosures (0.5%).

Information from the 1980-1983 surveys on 573 transfers from Alaska Rural Locals to other resident types indicate that:

1. Only 51.5% of the transfer parties had a pre-existing relationship, compared to 71.2% statewide;
2. Sales represented 79.9% of the transfers, compared to 59.0% statewide;
3. Of the 458 transfers which were sales, 46.7% were financed through personal resources, and 17.5% through state financing. Similar statewide percentages were 38.3% and 23.5% respectively.

Alaska Local Permit Ownership

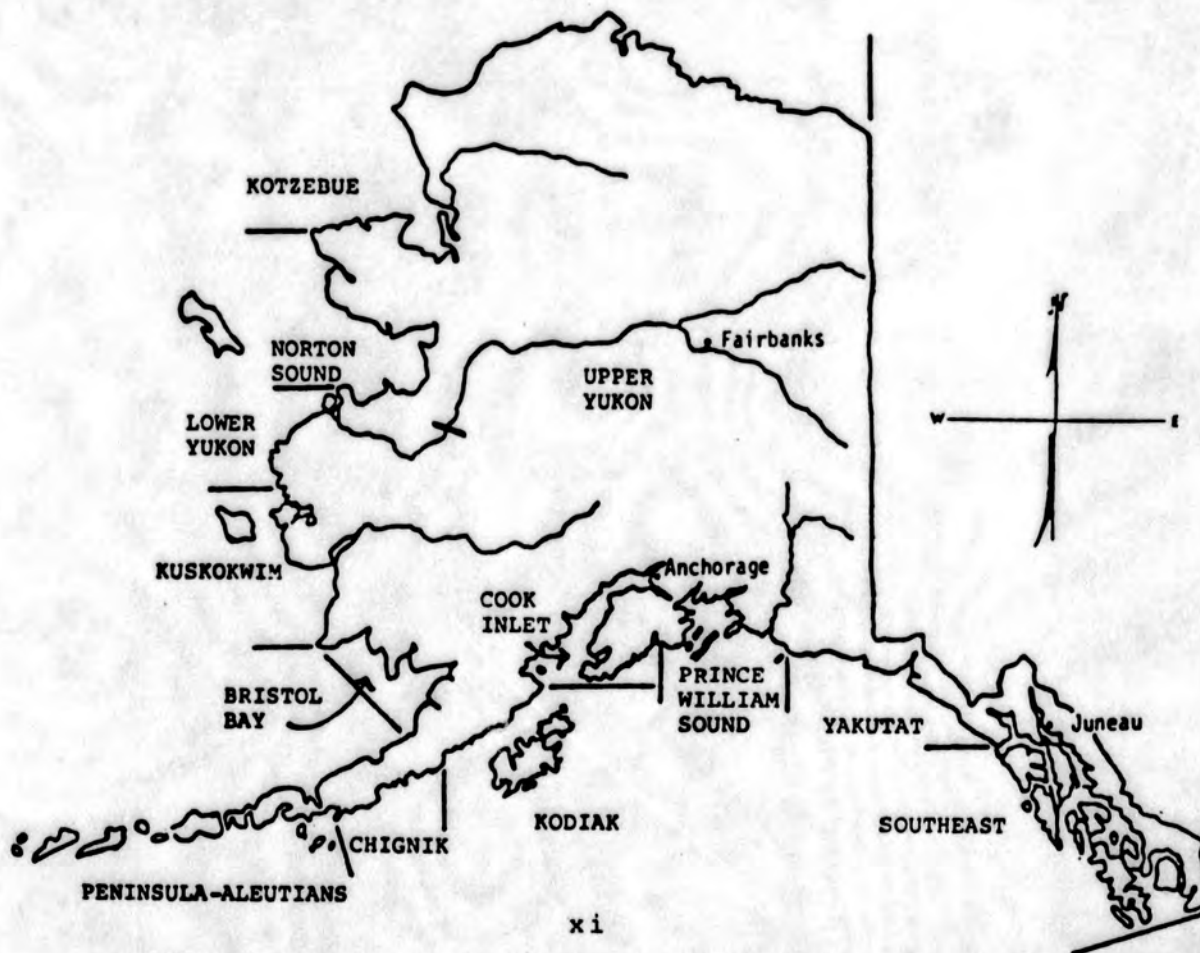
Changes in local permit ownership can be seen by combining urban and rural local permit holders into a single resident type. During 1975-1983 there has been a decrease of 359 locally owned permits as the net result of transfers with other resident types. 65.7% (236 permits) of the decrease went to Alaska Urban Nonlocals; 28.1% (101 permits) went to Nonresidents, and remainder to either Alaska Rural Nonlocal permit holders or the Department of Commerce.

Examination of the fishery specific data indicates that 61.3% of the statewide decrease in local permit ownership occurred in the Bristol Bay drift and set gill net fisheries (220 permits).

Information from the 1980-1983 surveys on 856 transfers from Alaska Locals to other resident types is also provided. Compared to statewide percentages, there was a substantially lower percentage of transfers between family, friends, or relatives (54.7%), a higher percentage of sales (77.9%), and a higher percentage of self financing (45.3%).

Summary

This report provides detailed information by fishery, year and resident type in the body of the text and its appendices. CFEC plans to update this report on an annual basis and hopes that it will serve as a useful reference document for all persons concerned with the changes in permit ownership that have occurred since limited entry began in 1975.



2

Abstract

The issue of non-pecuniary benefits in commercial fishing is examined using data from the Alaska salmon fisheries, which are subject to entry limitations. It is concluded that, while limited entry permit prices reflect primarily pecuniary factors, the continued presence of many low-revenue fishers in the fisheries suggests that they, at least, derive non-money benefits. However, the existence of non-pecuniary benefits does not appear to substantially depend on the gear type or geography of the fishery.

NON-PECUNIARY BENEFITS IN COMMERCIAL FISHING:
EMPIRICAL FINDINGS FROM THE ALASKA SALMON FISHERIES

It is popular to speculate that participants in commercial fishing derive significant non-pecuniary benefits. Anderson (1980) has noted that a failure to acknowledge non-pecuniary benefits would lead a fishery regulator to a non-optimal allocation of labor and capital in the fishery. Smith (1981) uses non-money benefit factors to explain the apparent willingness of fishermen in Washington and Oregon to continue in the business while suffering financial losses. Langdon come to the same conclusion while considering the seeming disparity between fishing incomes and prices of permits which convey the right to fish commercially in the Alaska salmon fisheries:

"...(Permit buyers) are willing to pay ever increasing amounts to lose money at an astonishingly high rate and with predictable certainty. Clearly some commercial fishermen are obtaining alternate utilities from participating in commercial fishing other than economic return alone."^{1/}

This paper derives tests for the hypothesis that fishermen receive significant non-pecuniary benefits, using data from the Alaska salmon fisheries. Because they have been the subject of an entry limitation program since 1975, these fisheries are particularly suited for these tests. To participate in these fisheries, a fisherman must have a permit. These permits are relatively fixed in number, but are freely transferable in an open market. Market prices of these permits thus

contain information about the marginal permit holder's demand-price for fishing. Very roughly, one test employed here uses fishing income data to estimate the present value of the expected rent stream from fishing. Permit prices are then examined to judge whether they reflect a premium above what monetary incomes alone would suggest. The existence of such a premium could be interpreted as evidence of non-pecuniary factors valued by permit holders. This approach has an advantage over one which depends on survey data (e.g., Smith 1981), because it uses market information and does not depend solely on responses to survey questions.^{2/}

This paper contains four sections. Part I describes the essential features of the limited entry system as it works in the Alaska salmon fisheries, and notes current arguments which contain the non-pecuniary hypothesis. Part II examines data which seem to indicate the existence of non-pecuniary benefits (npb's). Part III provides an explanation of how npb's can effect permit prices, while Part IV examines the nature of npb's.

#3

Abstract

This paper evaluates the impact of loans at subsidized rates on the markets for the affected assets. The predictions of microeconomic theory are confirmed by data from the Alaska salmon fisheries. Transferable permits convey rights to participate in these fisheries, and trade at prices which represent the capitalized values of those rights. The initiation of a state low-interest loan program coincided with unmistakable increases in both transfer volume and permit prices which are not "explained" by other factors.

This paper analyzes the effects on the market price of an asset when subsidized loan money is made available for its purchase. Under specific consideration is a State of Alaska program to provide loans at below market rates of interest for up to 90% of the appraised price for the purchase of a limited entry permit. These permits are state-granted, privately owned assets which convey the "privilege" to fish commercially for salmon.^{1/} This particular program is conducive to analysis because the number of permits is determined by a state regulatory commission and has remained nearly constant for most salmon fisheries over recent years. This eliminates the need to consider a changing supply elasticity over time. Also, data on permit prices and gross fishing revenues are available. The hypothesis advanced and tested is an extension of supply and demand analysis: that loan subsidies increase the demand for the affected asset by an amount equal to the present value of the subsidy. The price of the affected asset will increase by an amount that is positively related to this demand shift and inversely related to the elasticity of the supply-flow curve. To the extent that supply-flow is price inelastic, current owners of the asset are beneficiaries of loan subsidy programs.

This paper has four parts. Part I describes the limited entry program in the Alaska salmon fisheries and the accompanying permit loan program. Part II employs supply and demand tools to predict the effects of the loan subsidy program on market price and quantity. Included is an algebraic derivation of a loan subsidy's anticipated effect on the related asset's demand curve. Parts III and IV relate empirical tests of these predictions using data from the Alaska salmon fisheries.

THE
1983
ANNUAL REPORT
OF THE
COMMERCIAL FISHERIES
ENTRY COMMISSION



COMMERCIAL FISHERIES ENTRY COMMISSION

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INTRODUCTION

The Commercial Fisheries Entry Commission (CFEC) is a quasi-judicial agency responsible for promoting the conservation and sustained yield management of Alaska's fisheries resources and the economic health and stability of commercial fishing by regulating entry into the fisheries in the public interest. Entry limitation is governed by a balance of biological, economic and equitable considerations, with entry permits initially awarded to those with greatest historical participation in and economic dependence on the fisheries.

Commission activities include:

Establishing maximum numbers of permits for fisheries to be limited.

Reestablishing application periods and implementing systems to rank eligible applicants according to their relative hardship suffered if excluded from a limited fishery.

Processing entry permit applications and adjudicating claims not resolved in initial classification.

Issuing entry permits in limited fisheries and interim-use permits in unlimited fisheries.

Processing requests for emergency transfer and permanent transfer of entry permits, and compiling data on ownership trends and permit prices.

Enforcing provisions of the Limited Entry Act by regulating permit transfer activities, conducting investigations, and bringing civil and criminal actions.

Monitoring unlimited fisheries to assess the rate of development, the effectiveness of biological management measures, and the economic viability for the participating operators.

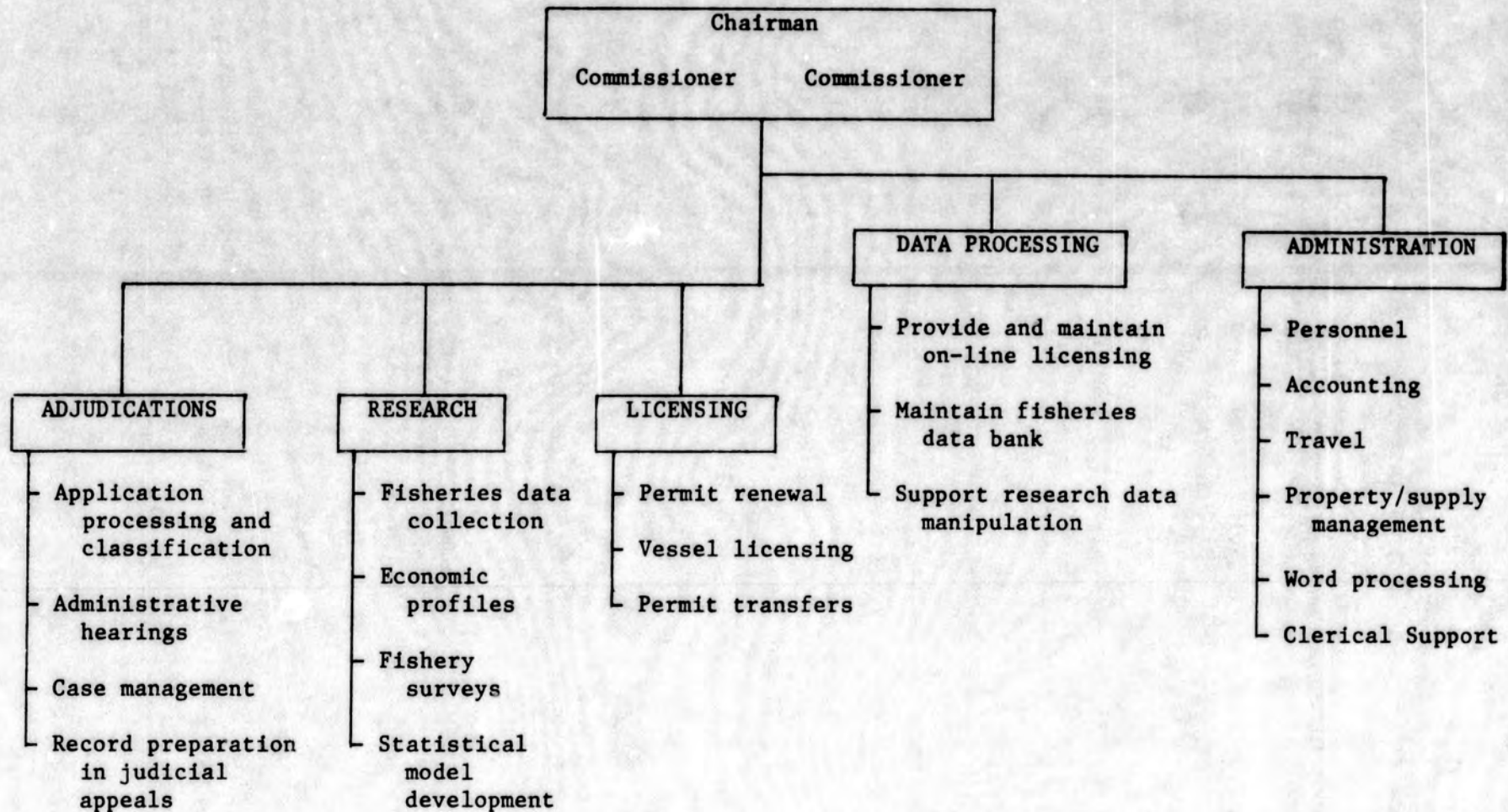
Monitoring long term effects of entry limitation.

Monitoring the limited fisheries to obtain information needed for setting optimum numbers in those fisheries, and to determine the need for reductions in the number of gear units through buyback programs.

Participating in the development of comprehensive fisheries data and research.

Working closely with other management agencies including the Alaska Department of Fish and Game, Alaska Board of Fisheries, Alaska Department of Commerce, North Pacific Fishery Management Council, National Marine Fisheries Service, and the International Pacific Halibut Commission to develop and coordinate fisheries policies.

COMMISSION ORGANIZATION



The above organization chart presents a general view of the Commission's primary functions. It by no means lists all functions undertaken to meet the Commission's statutory responsibilities.

ADMINISTRATIVE PROCEEDINGS AND DECISIONS

Partially due to augmentation by contract personnel, hearing officers were able to issue a total of 91 recommended decisions during 1983. Of those, 79 involved entry permit applications, 10 involved denied permit transfer requests and 2 involved alleged fee arrearages. Hearing officers conducted a total of 39 administrative hearings during the year, 24 of which involved entry permit applications, 13 of which involved denied permit transfer requests, and 2 of which involved alleged fee arrearages. At the end of the year, 112 cases were in various stages of the hearing process leading up to the issuance of recommended decisions.

The commissioners adjudicated a total of 89 cases during the year. Of those, 83 involved entry permit applications, and 6 involved denied permit transfer requests. The commissioners conducted 47 oral presentation proceedings during the year, 46 of which involved entry permit applications and 1 of which involved a denied permit transfer request. At the end of the year, 320 cases were in various stages of the adjudication process leading up to the issuance of final decisions.

ADJUDICATIONS

In addition to the activities set forth on the previous page, 2 revocation proceedings were conducted during 1983. As required by statute, a hearing officer conducted each of the proceedings with the commissioners in attendance. One of the proceedings resulted in the permanent revocation of a Cook Inlet drift gill net entry permit. The other revocation proceeding has not been concluded, but a recommended decision was issued in April of 1984 recommending that a Bristol Bay drift gill net entry permit and a Bristol Bay set gill net entry permit be permanently revoked due to false claims made to the Commission.

INVESTIGATIONS

During 1983 the Commission made further progress in its continuing investigation of suspected false claims relating to permit applications, residency, permit transfers, leasing of permits, and other matters of mutual concern to the Commission, Public Safety's Division of Fish and Wildlife Protection, the Department of Law, the Department of Commerce and Economic Development, the Department of Revenue, and other agencies.

A variety of administrative and criminal actions have been brought against individuals believed to have made false claims to the Commission. During 1983 the value of total actionable fraud cases arising from Commission investigations rose to \$1,974,650. The cases giving rise to that figure include fines levied and fee arrearages assessed, together with the value of permits subject to revocation proceedings.

ADJUDICATIONS

JUDICIAL RULINGS AND APPEALS

In 1983, 13 new appeals of Commission decisions were filed in Superior Court. Final decisions were rendered by the Superior or Supreme Court in 10 cases. At year end, 102 court appeals were still pending.

Synopses of major decisions follow.

State of Alaska v. Ostrosky

(Alaska Supreme Court Opinion No. 2702, July 19, 1983. Upheld by United States Supreme Court on May 21, 1984.)

Harold Ostrosky and his two daughters, Lori and Julianne, were convicted of fishing without a limited entry permit in Bristol Bay. They asked for post-conviction relief, challenging the constitutionality of the Limited Entry Act. The Alaska Supreme Court in July 1983 ruled on their case, upholding the constitutionality of the Limited Entry Act generally and the free transferability provisions in particular. The Court found that the 1972 amendment to the state constitution was intended to authorize limited entry and overrides any previous constitutional provisions that might otherwise prohibit it. The Court went on to find that free transferability places no greater burden on the various rights and privileges conferred by the Alaska constitution than do alternative transfer methods. The legislative objectives in adopting free transferability were affirmed as legitimate, and no equal protection violation was found.

The objectives cited by the Court were:

--By making permits inheritable and transferable among family members, the Act ensures that a fishing family will be able to continue to fish if the permit holder dies or is disabled, thus protecting the family's source of income and its investment in vessel and gear. This prevents economic distress among fishermen and those dependent upon them for a livelihood.

--By making it possible for a person who has fished one permit to purchase a different one, the Act allows fishermen to move to more profitable gear types (from hand troll to purse seine, for instance) and to fish a different area when their usual area becomes distressed. This prevents economic distress among fishermen, and retains the mobility that Alaska fishermen have enjoyed in the past.

--By making permits salable, the Act creates a market for them. Price depends largely on the state of the fishery. Thus, in order to keep the fisheries healthy, fishermen will obey conservation laws, assist in the apprehension of violators of those laws, and willingly contribute to aquaculture programs.

--By giving permit holders an incentive--money--to transfer their permits, the Act prevents the creation of a closed class of fishermen. The number of transfers to date has been very large.

ADJUDICATIONS

--By making the acquisition of a permit certain by payment of the purchase price, the Act allows fishermen to plan where they will fish, what type of gear they will use, and what investments in vessels and gear they can prudently make.

--By not setting up any complex eligibility formulae for new entrants, the Act makes the transfer system readily understandable to those it will affect.

--By not requiring the Commission to get involved in transfers to an extent beyond the simple processing of transfer applications and the certification that the proposed transferee has the present ability to fish, the Act eases the Commission's administrative burden and allows it to focus its attention on other necessary duties, such as the setting of optimum numbers for limited fisheries and deciding whether presently open fisheries should be limited.

The Ostroskys appealed the foregoing decision to the U.S. Supreme Court. In response to an invitation from the Court to file a brief in the case as amicus curiae, the U.S. Solicitor General expressed the opinion of the federal government that Alaska's Limited Entry Act is constitutional and urged the Court to uphold the decision of the Alaska Supreme Court. On May 21, 1984, the U.S. Supreme Court dismissed the Ostroskys' appeal for want of a substantial federal question, leaving undisturbed the foregoing decision of the Alaska Supreme Court and upholding the constitutionality of the Limited Entry Act.

Rutter v. CFEC

(Supreme Court Opinion No. 2712, August 26, 1983.)

In a second major limited entry decision, the Alaska Supreme Court struck down the point system in the handtroll fishery. The Court found that the point system violated the statutory mandate to consider the percentage of income derived from the fishery, reliance on alternative occupations, and investment in vessel and gear. The Court upheld the maximum number adopted for the fishery. In response to the Court's decision, the Commission is currently preparing a revised point system for the handtroll fishery.

DECISION DIGESTING SYSTEM

A digest of Commission precedent was made available to the public through law libraries around the state and by subscription in June of 1983. The digest consists of synopses of Commission decisions categorized and listed by subject. This provides a valuable research aid for applicants or their attorneys in bringing cases before the Commission. Synopses by case number and a cross index by name are also provided. Expansion, editing, and updating of the digest are continuing activities.

LICENSING

1983 COMMERCIAL FISHERIES LICENSING

The Commercial Fisheries Entry Commission (CFEC) issued a total of 47,948 permits and vessel licenses for calendar year 1983, a 3% increase over the 1982 total. This generated \$3,006,635 in gross revenues, a 4% increase over 1982's receipts.

The Commission's net revenues for the General Fund totalled \$2,549,219 for 1983. Net revenues decreased 7% from the 1982 level, as a result of the much larger contribution the Commission made to the Fishermen's Fund in accordance with AS 23.35.060. The contribution to Fishermen's Fund rose from \$151,308 in 1982 to \$457,416 in 1983. This 202% increase resulted from changes in the fee schedule which raised the commercial fishing license fee from \$10 to \$30 for residents and from \$30 to \$90 for nonresidents; the Commission transfers 60% of the commercial fishing license fee for each permit holder to the Fishermen's Fund.

The following is a categorical breakdown of permits for calendar year 1983:

Number of limited entry permits renewed.....	10,896
Number of limited entry permits not renewed.....	383

ADJUDICATIONS

Number of new limited entry permits issued.....	1,210*
Number of interim permits in limited fisheries.....	686
Number of interim permits in unlimited fisheries.....	17,995
Number of Institutional (hatchery) permits.....	8
TOTAL PERMITS.....	30,795
Percentage change from preceding year.....	+2%

* This figure primarily represents non-transferable salmon hand troll permits issued during 1983.

Beginning in 1982, the Commission offered permit holders the option of renewing for two years at a time. During 1983, 6% of the permits (1,975) were renewed for 1983 and 1984.

Vessel licensing during 1983 increased 5% over 1982, from 16,633 to 17,536, generating \$350,720 in revenue for the General Fund.

LICENSING

The following table illustrates licensing history from 1974 through 1983, showing the cumulative percentage increase in total licenses issued each year as compared to 1974 when the Commission first began issuing licenses.

Table 1.--CFEC licensing history for the years 1974 through 1983, including the total number of permits issued in all limited and unlimited fisheries, the total number of vessel licenses issued each year since CFEC assumed that function in 1978, and annual and cumulative percent changes in the total number of permits and vessel licenses issued.

Calendar Year	Total Number of Permits Issued	Total Number of Vessel Licenses Issued	Percent Change From Preceding Calendar Year	Cumulative % Change Since 1974
1974	18,771	-0-		
1975	19,134	-0-	2.0	2.0
1976	19,245	-0-	1.0	2.6
1977	20,801	-0-	8.1	10.8
1978	23,799	14,500	84.1	104.0
1979	28,728	15,683	15.9	136.5
1980	32,211	16,903	10.6	161.6
1981	29,790	16,313	- 6.0	146.0
1982	30,081	16,633	1.3	148.8
1983	30,795	17,536	3.0	157.0

KODIAK REMOTE LICENSING PROJECT

The Entry Commission opened a licensing office at the Department of Fish and Game office in Kodiak on January 10, 1983. This was a pilot project to determine the feasibility of issuing licenses from remote sites. The office is fully equipped to issue permit cards and vessel licenses for fishermen who come into the office.

The Kodiak office utilizes the same computer system which is in place in Juneau, linked by satellite via the Anchorage Data Center. Use of the Kodiak office for licensing purposes has yet to reach anticipated levels. During 1983, 1,793 permits and 1,018 vessel licenses were issued from the office. More than 99% of the licenses issued by the Kodiak office were to resident fishermen. To encourage greater use of the Kodiak office, the Commission has widely publicized the presence of the Kodiak office in newspapers and fishing industry periodicals.

In addition to issuing licenses, the Kodiak office provides information to the public and data to the Alaska Department of Fish and Game. Public response to the Kodiak office has been very favorable.

LICENSING

BRISTOL BAY PILOT PROJECT

During the months of June and July 1983, the Entry Commission conducted a pilot project intended to reduce illegal fishing activity in the Bristol Bay area resulting from abuse of the emergency transfer provision. Requested by the legislature, the project also sped up the emergency transfer process. The Commission employed two transfer technicians to work out of the King Salmon and Dillingham Department of Fish and Game offices. The technicians were to review all requests for emergency transfers of salmon permits and contact the Transfer Officer in Juneau by telephone to obtain immediate approval or denial of the requested transfer; the transferee was allowed to retain a copy of the form to use for fishing only if the transfer was approved. In order to facilitate this procedure, despite the difference in time zones existing then, the Juneau office was staffed seven days a week until 6:30 pm.

This project was very successful in reducing the number of emergency transfers requested for unacceptable reasons; fishermen who in the past would request emergency transfers knowing that the transferee could fish with the carbon copy of the form until he received notice of denial apparently did not bother to request transfers during the course of the project as the ratio of denied to approved transfers decreased

significantly. The Dillingham office received 31 requests for emergency transfer during June and July, of which 29 were approved and 2 denied; the King Salmon office received 25 requests, of which 20 were approved and 5 denied. Although comparable statistics are not available for prior years, a logbook kept in King Salmon reflected that the ADF&G office there dealt with 44 individuals requesting emergency transfers or related information during the months of June and July 1982.

In addition to requests for emergency transfers, the Commission staff in the field provided assistance with requests for duplicate licenses and provided general information about Commission regulations and policies. As time allowed, efforts were made to examine fish tickets for indicators of potentially illegal fishing activities so that local enforcement personnel could be alerted promptly. In most cases enforcement officers must see the illegal activity in progress in order to take any action. Reactions to the project were favorable, both from the public and from agencies in the two areas. It was very beneficial to have personnel in the field with training in Entry Commission regulations as it freed the staff of the Fish and Game and the staff of Fish and Wildlife Protection offices from having to respond to permit-related questions, and provided more accurate information to the public. The Commission intends to continue this project in 1984.

RESEARCH

In 1983, the Commission was involved in a number of different research projects. These projects were designed to help monitor trends in Alaska's fisheries, to document and evaluate changes occurring under the entry limitation program, and to provide a means to help forecast the consequences of gear reductions in limited fisheries. The following section provides a brief overview of 1983 research activities.

PERMIT PRICES

Extensive research on limited entry permit market values was completed in 1983. The results of the research conducted by Dr. Jonathan M. Karpoff are published in three reports, which are available through the Commission.

In Limited Entry Permit Prices (CFEC Report 83-6), Dr. Karpoff empirically tests hypotheses concerning valuation of entry permits. The findings indicate that permit prices are strongly correlated with expected future profitability, that expectations concerning future profitability are revised in accord with experience and Alaska Department of Fish and Game run forecasts, and that the advent of state subsidized permit loans in 1979 resulted in sharp increases in permit prices. Karpoff also found that contemporaneous price differentials were declining over time suggesting that permit markets are maturing.

In Non-Pecuniary Benefits in Commercial Fishing: Empirical Findings From the Alaska Salmon Fisheries (CFEC Report 83-7), Karpoff examines the importance of psychic benefits to fishermen. He concludes that, while limited entry permit prices reflect primarily pecuniary factors, the continued presence of many low-revenue fishers in these fisheries suggest that they, at least, derive non-money benefits. However, these benefits did not appear to depend upon gear type or geographic area of the fishery.

In Low-Interest Loans and the Markets for Limited Entry Permits in the Alaska Salmon Fisheries, Dr. Karpoff demonstrates empirically that the initiation of the state subsidized permit loan program coincided with increases in both transfer volume and entry permit prices which could not be explained by other factors.

OPERATING COSTS AND NET RETURNS

Information on operating costs, net earnings, and rates of return are useful for a wide range of policy analyses. The data is especially needed to monitor the limited entry program and to evaluate the consequences of further gear reductions. CFEC has developed a methodology for utilizing survey data, combined with licensing records and catch records, to derive models which estimate operating costs and net returns as functions of information which is collected on an ongoing

RESEARCH

basis by administrative processes. This methodology is described in A Suggested Methodology for Estimating the Distribution of Operating Costs and Net Returns on Alaska's Salmon Fisheries (CFEC Report 83-9), a report prepared for the 34th Alaska Science Conference by Commission staff, Kurt Schelle and Ben Muse.

In 1983 preliminary fiscal models for the 1981 Southeast drift gill net, power troll, and seine fleets were developed. Draft reports (83-4, 83-5, and 83-6) on the models were circulated for comments. The models are currently being revised and extended to provide estimates for the 1980-1982 time period. Reports will be available in 1984.

In 1983 CFEC conducted operating costs surveys of the Prince William Sound drift gill net, Cook Inlet drift gill net, and Cook Inlet seine salmon fleets. Results from these surveys will be available in 1984. CFEC will use the data to develop fiscal models for those fisheries.

The fiscal models developed by CFEC will also be used to help evaluate the economic consequences of further gear reductions under alternative optimum number and buyback scenarios.

PERMIT OWNERSHIP PATTERNS

In 1983 CFEC prepared an updated version of an extensive study on permit ownership patterns. The report, Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries 1975-1982 (CFEC Report 84-1), examines the 31 limited fisheries for which permanent permits had been issued by the end of 1982. It provides fishery specific and statewide data on transfer incidence, the initial geographic distribution of permit holders, changes due to transfer, changes due to migration, and the year-end 1982 geographic distribution of permit holders. Extensive information is also provided on the age distribution of permit holders, age differences between transferors and transfer recipients, the incidence of inter-family and business partner transfers, transfer payment methods, and transfer financing methods.

The report's findings indicate that from initial issuance through 1982, permit ownership by rural residents living in areas local to limited fisheries has declined, while permit ownership by urban residents of Alaska and non-residents has increased. Most of this change in the geographical distribution of permit ownership has occurred through permit transfers as opposed to migration of permit holders. 42.1% (195 permits) of the decrease in permits held by "rural local" residents resulting from transfers has occurred in the Bristol Bay fisheries.

RESEARCH

The consequences of free transferability with respect to the geographical distribution of permit ownership are matters of widespread interest. CFEC will therefore continue to update this report on an annual basis so that the legislature, the administration, and other concerned parties will be kept accurately apprised of the facts.

OTHER REPORTS

CFEC Policy Discussion Paper

In early 1983, CFEC prepared a policy discussion paper titled Alaska's Limited Entry Program: Some Policy Considerations From an Administrator's Perspective. The paper provides an overview of some perceived problem areas with the present program and includes some suggestions for change which could provide for greater flexibility in the design of future programs. The paper was intended to provoke thought on alternatives and policy options.

Optimum Number Research

Dr. Karpoff also prepared a theoretical paper titled Regulatory Techniques in the Fishery: A Model for Pacific Salmon (CFEC Report 83-1). In the paper, costs and revenues of an individual fishing operation are modeled as functions of effort. Effort is composed of

time and capital inputs, and external effects from other vessels are incorporated into the model. Effects of gear restrictions, vessel restrictions, and season closures are derived. The substitutability of gear and vessel inputs, time spent fishing, and numbers of vessels is examined. Throughout, the regulated competitive common property fishery is contrasted with the fishery under a single owner.

Wholesale Price Report

1983 SLA Chapter 49 required that the Department of Commerce and Economic Development (DCED), in conjunction with the Commercial Fisheries Entry Commission and the Department of Revenue, report to the legislature on the potential development of a program to determine wholesale prices in the state for fresh, frozen, canned and cured salmon products. In January 1984, a report on the possible development of a program to determine Wholesale Price Averages for Salmon Products was submitted to the legislature. The report discussed alternative methodologies for reporting and collecting price information, and provided a qualitative analysis of the benefits and costs to the state and the commercial fishing industry of collecting and reporting wholesale price averages. This report is available from DCED.

RESEARCH

RESEARCH COMPUTING

Commercial Fisheries Entry Commission, in cooperation with the Department of Administration, installed a mini-computer system in June of 1982 to address previously unmet and documented research and fisheries data reporting needs of the Commission. This project was the first attempt at a distributive approach to data processing in the state, which uses full communications networking. The Commission, as a result of this computing facility, has seen a tremendous growth in research products and activities thus attesting to the success of this distributed processing facility.

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APPENDIX

Table 2.--Numbers of permits issued in limited fisheries; number held by Alaska residents; number of permit transfer transactions and the actual number of permits involved in those transactions; the net gain or loss of permits to Alaska residents; and transfer survey information.

Fishery & Year	ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION ^{1/}				
	Total No. of Permanent Permits ^{2/}	No. of Permits Held By Alaska Residents ^{3/}	No. of Permit Transfer Transactions	No. of Permits Involved In Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{4/}	No. of ^{5/} Non-Monetary Transfers	No. of ^{5/} Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
HERRING, PURSE SEINE, SAC ROE										
Southeastern										
1977	38	36	0	0	0	--				
1978	41	37	2	2	- 1	--	0	0	0	0
1979	42	38	2	2	0	1	1	0	0	0
1980	42	38	2	2	+ 1	1	2	0	0	0
1981	41	38	1	1	0	4	1	0	0	0
1982	42	39	4	4	0	4	2	2	*	2
1983	42	37	3	3	- 2	5	1	2	*	1
Prince William Sound										
1977	85	77	3	3	- 1	--	0	1	*	1
1978	91	80	7	6	0	--	0	1	*	0
1979	92	81	16	13	+ 1	0	1	2	*	1
1980	92	79	7	7	0	4	1	5	45,000	3
1981	92	77	4	4	- 1	7	1	3	*	3
1982	93	78	10	10	0	12	3	7	71,250	6
1983	97	82	2	2	+ 2	14	1	1	*	1
Cook Inlet										
1977	61	57	1	1	0	--	0	1	*	0
1978	67	62	9	7	0	--	1	1	*	1
1979	68	61	10	7	0	0	0	4	27,500	1
1980	68	59	3	3	0	5	0	2	*	1
1981	68	58	4	4	- 2	6	0	4	7,917	1
1982	69	60	2	2	0	6	0	1	*	1
1983	70	59	1	1	0	6	0	1	*	1
HERRING, GILL NET, SAC ROE										
Southeastern										
1978	10	10	1	1	0	--	0	0	0	0
1979	39	35	2	2	0	1	0	0	0	0
1980	44	38	4	4	+ 1	2	0	4	13,362	4
1981	45	39	4	4	+ 1	6	0	4	13,875	2
1982	59	47	6	6	- 1	10	0	6	27,500	6
1983	67	47	12	12	- 6	7	9	3	29,167	2
Prince William Sound										
1982	24	22	4	4	+ 1	0	1	3	*	1
1983	24	23	4	4	+ 1	3	0	4	17,000	4
SALMON PURSE SEINE										
Southeastern										
1975	398	198	51	51	- 4	--	8	15	10,633	12
1976	409	202	24	21	- 3	--	1	9	9,222	5
1977	411	196	53	50	- 6	--	6	21	16,667	14
1978	413	194	56	50	- 8	--	5	16	30,929	13
1979	413	190	38	36	- 3	1	3	12	39,917	10
1980	414	195	35	34	+ 3	13	9	20	39,778	14
1981	414	194	35	34	0	16	12	23	40,435	12
1982	414	187	31	31	- 6	24	8	22	40,636	13
1983	416	188	34	32	0	26	14	20	38,531	16

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ACTUAL TRANSFER INFORMATION

TRANSFER SURVEY INFORMATION

Fishery & Year	ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION					
	Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved In Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed E. Department of Commerce or CFAB ^{2/}	No. of Non-Monetary Transfers	No. of Monetary Transfers For Permits	Average Price Paid	No. of Trans. That Were Financed	
Prince William Sound	1975	210	164	19	17	+ 2	--	0	7	8,000	5
	1976	247	194	42	36	- 5	--	5	11	10,700	6
	1977	255	198	28	24	- 3	--	1	6	29,800	5
	1978	257	195	36	32	- 5	--	3	10	24,272	4
	1979	258	196	47	41	+ 1	5	3	13	33,846	5
	1980	258	199	29	28	+ 1	15	9	19	38,259	9
	1981	259	192	34	34	- 5	32	18	16	74,250	11
	1982	259	190	26	26	+ 1	40	8	17	97,587	14
	1983	259	188	29	28	- 2	53	10	19	143,186	14
Cook Inlet	1975	49	49	3	2	0	--	0	0	0	0
	1976	63	62	7	6	- 1	--	1	2	*	2
	1977	72	72	12	11	0	--	2	4	10,625	2
	1978	74	74	10	9	0	--	2	5	40,000	4
	1979	75	74	9	8	0	1	2	1	*	1
	1980	75	74	12	12	0	4	3	8	82,785	3
	1981	75	73	10	9	- 1	10	3	7	83,714	5
	1982	77	75	11	11	0	14	6	5	84,267	5
	1983	78	78	15	14	+ 1	21	7	8	90,000	7
Kodiak	1975	334	242	22	22	+ 4	--	4	7	4,571	5
	1976	358	262	42	40	- 1	--	6	13	9,736	5
	1977	365	270	72	62	+ 3	--	13	19	17,611	7
	1978	371	275	61	52	+ 2	--	11	9	47,611	9
	1979	374	274	57	41	- 2	3	5	12	66,045	6
	1980	375	277	35	34	+ 3	25	4	25	70,960	20
	1981	375	282	37	36	+ 6	50	18	19	69,605	14
	1982	376	285	43	42	+ 4	64	14	29	75,511	29
	1983	377	290	47	47	+ 4	81	19	28	69,903	26
Chignik	1975	85	64	4	4	0	--	1	1	*	1
	1976	90	72	4	4	0	--	2	0	0	0
	1977	90	73	6	5	+ 1	--	2	1	*	1
	1978	90	76	3	3	0	--	1	0	0	0
	1979	90	76	1	1	+ 1	0	0	0	0	0
	1980	90	76	1	1	0	2	1	0	0	0
	1981	90	74	5	4	- 1	5	2	3	*	3
	1982	90	74	7	6	0	5	5	2	*	1
	1983	90	74	4	4	0	9	2	2	*	1
Alaska Peninsula	1975	108	95	3	3	0	--	0	0	0	0
	1976	112	99	6	5	0	--	3	0	0	0
	1977	113	100	15	13	0	--	4	1	*	0
	1978	115	105	12	12	+ 1	--	2	3	*	2
	1979	117	103	13	12	- 3	0	3	5	66,000	1
	1980	117	99	19	17	- 3	3	11	5	102,500	2
	1981	117	98	9	9	0	7	7	2	*	2
	1982	118	99	5	5	0	6	3	2	*	0
	1983	118	98	22	19	- 2	7	16	6	195,000	8

ACTUAL TRANSFER INFORMATION

TRANSFER SURVEY INFORMATION

Fishery & Year	Total No. of Permanent Permits	No. of Permits		No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
		Held By Alaska Residents									
SALMON BEACH SEINE											
Kodiak	1975	21	20	0	0	0	--	0	0	0	0
	1976	23	22	2	2	0	--	0	0	0	0
	1977	30	27	10	8	- 7	--	1	3	0	2
	1978	32	30	16	14	0	--	4	3	0	1
	1979	33	30	7	7	- 1	0	1	4	36,500	3
	1980	34	31	9	9	- 1	0	2	4	41,375	2
	1981	34	32	10	8	0	4	3	7	42,429	5
	1982	34	32	4	4	0	3	2	2	0	2
	1983	35	32	5	5	0	6	2	3	50,000	3
SALMON DRIFT GILL NET											
Southeastern	1975	431	293	94	79	+ 6	--	9	28	9,211	21
	1976	449	313	59	48	+ 4	--	6	12	10,213	7
	1977	460	323	71	68	+ 6	--	11	25	16,262	17
	1978	463	329	81	67	+ 4	--	11	26	34,604	18
	1979	464	324	72	60	- 6	9	8	19	41,763	14
	1980	464	320	59	56	- 3	34	15	42	41,250	31
	1981	464	317	66	61	- 2	54	25	41	43,898	35
	1982	466	318	74	66	- 8	64	29	44	38,650	37
	1983	467	323	50	45	0	76	12	38	34,653	26
Prince William Sound	1975	494	366	36	33	+ 1	--	4	9	3,089	6
	1976	514	390	70	64	+ 3	--	10	18	4,500	15
	1977	524	393	83	71	- 2	--	8	30	13,750	20
	1978	528	386	84	69	- 2	--	8	25	27,742	19
	1979	531	386	68	62	+ 1	3	11	22	35,632	13
	1980	531	388	54	51	+ 4	14	14	30	27,810	22
	1981	531	399	74	73	+ 8	54	19	55	32,836	37
	1982	531	385	78	72	-11	69	23	54	46,337	37
	1983	533	396	54	53	+ 1	99	15	39	61,760	30
Cook Inlet	1975	453	291	30	30	+ 3	--	3	17	3,911	3
	1976	514	342	76	73	+ 1	--	9	29	5,552	12
	1977	539	359	87	79	- 4	--	13	28	9,643	14
	1978	549	365	87	82	- 2	--	20	21	36,825	15
	1979	554	371	86	75	+ 3	6	13	24	82,636	18
	1980	554	373	76	72	+ 1	42	32	38	67,224	30
	1981	554	374	76	73	- 1	81	28	48	67,629	43
	1982	555	383	64	61	+ 4	92	22	42	58,176	34
	1983	555	390	72	69	+ 5	115	19	53	69,919	40

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ACTUAL TRANSFER INFORMATION

TRANSFER SURVEY INFORMATION

Fishery & Year	ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION					
	Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{2/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed	
Alaska Peninsula	1975	152	109	4	4	0	--	1	0	0	0
	1976	153	110	17	17	0	--	1	4	6,333	1
	1977	154	108	31	26	- 1	--	7	7	10,286	5
	1978	156	109	27	25	- 5	--	6	5	15,000	3
	1979	156	108	32	26	- 1	0	7	4	60,625	3
	1980	156	104	28	25	- 4	12	16	11	92,454	6
	1981	156	101	23	23	- 4	15	13	10	123,500	7
	1982	156	98	25	24	- 2	18	10	14	128,833	8
	1983	156	96	26	23	- 1	17	16	10	157,700	6
Bristol Bay	1975	1,416	767	81	80	+ 9	--	16	19	1,166	9
	1976	1,522	918	126	124	0	--	34	30	2,536	10
	1977	1,663	947	213	196	-11	--	47	63	6,180	40
	1978	1,700	973	235	211	-13	--	49	78	21,638	52
	1979	1,717	973	225	197	-11	7	44	51	64,588	37
	1980	1,717	968	169	162	0	87	57	90	91,925	65
	1981	1,720	967	168	161	- 3	143	81	87	84,327	68
	1982	1,724	964	183	179	-14	188	60	122	95,936	87
	1983	1,727	993	160	155	+17	281	60	100	98,923	90
SALMON SET GILL NET Yakutat	1975	147	131	9	8	+ 2	--	1	3	*	2
	1976	156	140	15	15	+ 1	--	8	4	6,000	2
	1977	158	141	16	15	- 1	--	2	5	7,000	1
	1978	161	142	22	20	- 1	--	4	5	10,480	2
	1979	164	143	13	12	- 3	0	3	3	*	1
	1980	164	146	16	15	0	2	10	3	32,500	2
	1981	164	145	23	20	0	5	12	11	26,682	7
	1982	164	145	15	14	- 2	11	7	8	32,792	5
	1983	164	144	18	17	- 2	12	14	4	27,250	2
Prince William Sound	1975	26	21	2	2	+ 2	--	0	0	0	0
	1976	28	23	0	0	0	--	0	0	0	0
	1977	28	21	2	2	- 1	--	0	0	0	0
	1978	28	23	5	4	+ 1	--	0	2	*	1
	1979	28	23	2	2	0	0	0	1	*	1
	1980	28	24	3	3	+ 1	0	2	0	0	0
	1981	29	24	2	2	0	1	0	2	*	1
	1982	30	27	5	5	+ 2	2	0	5	19,400	5
	1983	30	28	9	8	+ 1	2	3	6	24,167	6

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TRANSFER SURVEY INFORMATION

Fishery & Year	ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION					
	Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{3/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed	
Cook Inlet	1975	652	608	47	46	0	--	7	9	2,250	6
	1976	712	670	77	74	+ 9	--	14	14	1,778	7
	1977	731	690	93	90	+ 3	--	12	29	4,821	15
	1978	742	698	129	120	+ 1	--	23	46	9,824	15
	1979	744	699	99	92	- 6	0	24	20	23,412	9
	1980	744	697	89	87	+ 4	5	35	48	18,362	28
	1981	744	685	110	103	- 7	17	52	58	15,276	36
	1982	744	693	90	86	0	25	41	47	17,200	22
1983	743	683	103	101	-11	32	52	51	18,340	27	
Kodiak	1975	139	103	22	22	+ 8	--	7	7	5,380	5
	1976	176	133	37	34	- 2	--	4	10	3,900	2
	1977	181	137	28	26	+ 1	--	5	7	6,600	4
	1978	184	141	28	25	+ 2	--	9	6	19,800	4
	1979	185	140	32	27	0	1	4	10	33,667	6
	1980	186	140	34	33	+ 1	6	12	12	38,750	9
	1981	186	142	25	25	+ 1	17	16	9	41,278	9
	1982	186	139	28	28	- 3	18	15	12	39,817	8
1983	186	140	19	18	+ 1	20	11	8	76,525	4	
Alaska Peninsula	1975	82	76	4	3	0	--	2	0	0	0
	1976	105	98	5	5	0	--	2	3	*	1
	1977	106	95	15	14	- 1	--	1	4	5,150	1
	1978	108	100	14	13	+ 1	--	3	2	*	0
	1979	108	100	12	11	0	0	2	0	0	0
	1980	109	99	17	14	- 2	1	6	6	15,625	3
	1981	109	99	21	21	0	3	12	9	54,278	7
	1982	109	97	19	19	- 1	5	8	11	54,636	7
1983	109	97	24	24	0	5	14	10	55,420	3	
Bristol Bay	1975	716	592	22	22	+ 2	--	9	0	0	0
	1976	759	620	68	65	- 4	--	23	11	2,755	6
	1977	824	669	76	74	- 6	--	21	19	2,694	4
	1978	891	733	133	125	+ 4	--	39	27	8,507	9
	1979	910	745	133	125	- 5	1	32	38	18,184	16
	1980	913	731	113	111	- 9	11	43	55	32,014	26
	1981	914	717	112	106	-16	30	55	57	26,000	34
	1982	916	708	118	115	-12	48	36	79	37,394	47
1983	929	712	97	94	- 4	66	47	50	41,246	31	

See footnotes on page 32

Fishery & Year	ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION					
	Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{3/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed	
SALMON POWER TROLL											
Southeastern	1975	849	619	137	130	+23	--	11	52	5,303	27
	1976	915	677	78	76	+ 2	--	14	29	5,065	18
	1977	929	698	159	147	+16	--	11	64	8,831	25
	1978	934	720	143	127	+13	--	13	78	15,457	39
	1979	939	720	126	108	- 2	23	13	61	26,680	39
	1980	939	706	97	94	-12	70	11	82	33,596	51
	1981	939	715	95	92	+ 7	119	27	68	28,938	48
	1982	940	720	86	83	- 3	143	12	74	21,630	50
	1983	939	726	95	94	0	158	19	76	20,878	76
SALMON HAND TROLL											
Southeastern	1982	696	665	56	53	- 2	0	20	36	3,828	4
	1983	2,121	1,979	100	98	- 6	7	14	86	4,948	22
SALMON FISHWHEEL											
Upper Yukon	1976	80	80	2	2	0	--	0	0	0	0
	1977	107	107	2	2	0	--	0	0	0	0
	1978	108	107	11	10	0	--	0	0	0	0
	1979	114	114	6	6	0	0	1	3	*	1
	1980	114	114	9	9	0	0	2	7	9,320	2
	1981	123	123	16	16	0	0	2	14	10,893	5
	1982	130	130	12	12	0	0	4	8	10,500	2
	1983	130	129	19	19	- 1	2	12	7	11,643	4
A-Y-K GILL NET											
Upper Yukon	1976	35	35	1	1	0	--	0	0	0	0
	1977	44	44	1	1	0	--	0	1	*	0
	1978	47	46	2	2	0	--	0	0	0	0
	1979	49	48	5	5	0	0	1	2	*	1
	1980	48 ^{5/}	47	6	5	0	0	4	1	*	0
	1981	64	64	8	8	0	0	6	4	5,000	0
	1982	72	71	9	8	+ 1	0	3	6	8,366	0
	1983	72	70	10	9	- 1	0	5	5	10,600	1
Kuskokwim	1976	688	688	8	8	0	--	3	0	0	0
	1977	761	761	18	18	0	--	11	0	0	0
	1978	766	765	50	47	0	--	26	6	6,100	2
	1979	781	780	39	37	0	1	17	10	6,420	4
	1980	782	781	59	56	0	3	30	18	6,912	6
	1981	785	784	49	47	- 1	4	35	14	8,339	4
	1982	831	829	44	44	- 1	4	35	10	9,722	3
	1983	831	828	64	63	0	4	55	9	10,222	3

See footnotes on page 32

ACTUAL TRANSFER INFORMATION

TRANSFER SURVEY INFORMATION

Fishery & Year	Total No. of Permanent Permits	No. of Permits		ACTUAL TRANSFER INFORMATION			TRANSFER SURVEY INFORMATION				
		Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAS ^{3/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed	
Kotzebue	1976	118	118	4	4	0	--	2	0	0	0
	1977	175	175	2	2	0	--	0	0	0	0
	1978	177	177	17	17	0	--	5	1	*	1
	1979	180	180	18	18	0	0	3	8	5,200	2
	1980	194	193	12	11	0	0	6	3	*	1
	1981	211	208	18	18	- 1	0	10	8	7,812	0
	1982	219	216	25	23	- 1	2	14	11	9,591	3
	1983	219	216	17	17	0	5	5	12	13,083	6
Lower Yukon	1976	678	677	6	5	0	--	4	0	0	0
	1977	692	691	9	9	0	--	3	2	*	0
	1978	695	691	26	25	- 1	--	14	5	6,700	3
	1979	702	698	28	27	0	0	12	8	5,834	1
	1980	703	698	45	44	0	1	26	10	9,060	3
	1981	706	703	36	35	0	1	24	12	9,333	5
	1982	707	704	40	38	0	2	27	13	18,250	6
	1983	703	698	74	71	- 1	4	47	27	22,630	6
Norton Sound	1976	169	169	0	0	0	--	0	0	0	0
	1977	176	174	2	2	- 1	--	0	0	0	0
	1978	176	176	8	8	0	--	1	4	4,350	3
	1979	177	176	11	11	- 1	0	2	5	6,300	1
	1980	177	175	18	18	- 1	1	3	12	7,833	4
	1981	195	194	17	16	0	2	7	10	9,450	5
	1982	200	199	20	19	0	3	9	11	10,100	3
	1983	201	199	22	20	- 1	7	14	8	11,500	3
TOTAL ^{5/}	1975	6,762	4,808	590	568	+58	--	83	167	5,634	102
	1976	9,173	7,114	776	729	+ 4	--	152	199	5,488	99
	1977	9,772	7,639	1,108	1,019	- 9	--	181	341	10,206	178
	1978	9,975	7,819	1,315	1,185	- 9	--	260	385	20,445	220
	1979	10,104	7,886	1,209	1,071	-37	63	216	342	29,291	194
	1980	10,132	7,869	1,060	1,017	-15	363	366	560	45,946	348
	1981	10,204	7,918	1,092	1,047	-22	693	442	605	44,731	409
	1982	11,031	8,679	1,144	1,100	-54	882	425	706	49,603	448
	1983	12,488	10,043	1,211	1,169	- 7	1,150	516	695	50,442	469

See footnotes on page 32

Footnotes to Table 2

- 1/ Completion of the transfer survey has been required only since January 26, 1981. Transfer information for the years 1975 through 1980 is based on voluntary completion of surveys by some of those involved in permit transfers.
 - 2/ Decreases in numbers of permanent permits is caused by revocations.
 - 3/ From 1975-1978 residency figures were calculated using the permit holder's address. After 1978 permit holders were required to declare their residency status on the renewal form and residency figures were taken from those declarations. These numbers may differ somewhat from those reported in Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries published by CFEC. In that report all persons who declared Alaska residency status but had out-of-state addresses are counted as non-residents.
 - 4/ The Department of Commerce permit loan program began in 1979; the Commercial Fishing and Agricultural Bank loan program began in 1980. The numbers shown in this column are not the numbers of new loans made per year. They are numbers of loan indicators on the CFEC permit file each year. A loan is counted each year until paid off. The figures include financing of permit transfers and permits used as collateral for commercial fishing loans.
 - 5/ Permit sales used to compute average permit prices are counted here as monetary transfers. All other transfers are counted as non-monetary. For a different version of this data, where gifts, trades, sales and "other" forms of transfer are examined, see Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries, CFEC, Jan. 1984.
 - 6/ Total average price is the sum of the total amount paid for transfers (as shown by the transfer surveys) divided by the total number of sales shown on the surveys.
- * An asterisk indicates that there were fewer than 4 sales. Price is omitted to preserve confidentiality.

Table 3--Loans made by Department of Commerce and Economic Development for the purchase of entry permits,^{1/} all years through FY 1982 in the 22 House Election Districts^{1/}

House Election District	Permit Only		Permit & Vessel		Total	
	No.	Dollars	No.	Dollars	No.	Dollars
1	35	\$1,095,228	8	\$ 456,350	43	\$1,551,578
2	40	1,455,646	12	1,081,983	52	2,537,629
3	40	1,259,203	4	155,030	44	1,414,233
4	59	2,219,870	23	1,414,937	82	3,634,807
5	34	1,474,816	9	628,750	43	2,103,566
6	15	700,921	1	160,000	16	860,921
7-12	93	4,492,966	8	606,200	101	5,099,166
13	96	5,175,152	19	1,400,725	115	6,575,877
14	51	2,712,120	6	609,900	57	3,322,020
15	8	589,500	4	363,000	12	952,500
16	28	1,373,829	7	661,200	35	2,035,029
17,18,19	10	454,177	-	-	10	454,177
20	9	334,100	1	55,000	10	389,100
21	1	5,625	-	-	1	5,625
22	3	20,873	-	-	3	20,873
TOTALS	522	\$23,364,026	102	\$7,593,075	624	\$30,957,101

TOTALS BY FISCAL YEAR

FY 72-78	3	\$ 103,250	-	\$ -	3	\$ 103,250
FY 79	22	673,775	38	2,810,608	60	3,484,383
FY 80	98	4,221,676	48	3,598,686	146	7,820,362
FY 81	174	7,637,392	16	1,183,781	190	8,821,173
FY 82	225	10,727,933	-	-	225	10,727,933
TOTALS	522	\$23,364,026	102	\$7,593,075	624	\$30,957,101

^{1/} Information through 6/30/82 supplied by Department of Commerce and Development on the basis of the 22 House Election Districts under the 1970 reapportionment. Table 3A, on the facing page, shows loans subsequent to 6/30/82 on the basis of the 27 new House Election Districts created by the 1980 reapportionment which became effective in 1982.

Table 3A--Loans made by Department of Commerce and Economic Development for the purchase of entry permits in the 27 House Election Districts, 7/1/82 through 12/31/83^{1/}

House Election District ^{2/}	Permit Only		Permit & Vessel		Total	
	No.	Dollars	No.	Dollars	No.	Dollars
1 Ketchikan-Wrangell-Petersburg	27	\$967,088	1	\$ 57,600	28	\$ 1,024,688
2 Cordova-Hydaburg ^{3/}	32	1,208,613	2	171,815	34	1,380,428
3 Sitka-Pelican-Port Alexander	13	194,200	2	53,550	15	247,750
4 Juneau	14	480,349	2	86,580	16	566,929
5 Homer-Soldotna	40	2,460,827	-	-	40	2,460,827
6 Seward-Valdez	11	820,215	-	-	11	820,215
7-15 Anchorage	35	2,112,763	-	-	35	2,112,763
16 Palmer-Wasilla-Talkeetna	1	71,500	-	-	1	71,500
17 Delta-Nenana-Glennallen	1	7,200	-	-	1	7,200
18 Badger-Eielson AFB ^{4/}	-	-	-	-	-	-
19 Steese-Ft. Wainwright ^{4/}	-	-	-	-	-	-
20 Fairbanks	6	306,480	1	92,893	7	399,373
21 University-Chena ^{4/}	-	-	-	-	-	-
22 Kotzebue-Barrow	2	93,976	-	-	2	93,976
23 Lower Yukon-Norton Sound	1	11,000	-	-	1	11,000
24 Interior Yukon River	-	-	-	-	-	-
25 Kuskokwin	4	254,010	-	-	4	254,010
26 Bristol Bay-Aleutians	9	737,764	-	-	9	737,764
27 Kodiak-Chignik	21	1,360,565	1	83,500	22	1,444,065
TOTALS	217	\$11,086,550	9	\$545,938	226	\$11,632,488
<u>TOTALS BY FISCAL YEAR</u>						
FY83	188	\$ 9,466,624	6	\$397,935	194	\$9,864,559

^{1/} Information supplied by the Department of Commerce on the basis of the 27 House Election Districts under the 1980 reapportionment effective in 1982.

^{2/} Election districts are designated by official number; unofficial names are also supplied here.

^{3/} The "Iceworm District," which includes Cordova and Yakutat, plus Skagway, Haines and other small Southeastern communities.

^{4/} Outlying areas surrounding Fairbanks.



Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

MEMORANDUM

February 18, 1985

TO: Members
Special Committee on Fisheries

FROM: Representative Peter Goll *Peter*
Chairman

SUBJECT: 1979 Legislative Study of Limited Entry

As we begin to delve into limited entry, a quick review of a Legislative study of the program six years ago is appropriate.

In response to mounting concerns about the skyrocketing cost of permits and other problems associated with limited entry, the Legislature established a joint House-Senate Limited Entry Study Committee. The interim committee explored a number of "solutions" and arrived at some conclusions that may be beneficial for the committee to consider as it examines the loss of permits by rural Alaskans.

The options explored in depth by the committee included: (1) apprenticeship program; (2) capital gains tax; (3) amortization; and (4) a subsidized loan program "targeted" at rural residents. The first three options were discarded by the committee for a variety of legal, financial, administrative and political reasons. The 1980 Legislature adopted the recommendation of the joint committee and created a "targeted" loan program.

APPRENTICESHIPS

This option was vigorously pursued by the committee. The concept was attractive: permits would be distributed to individuals who had demonstrated their competence and commitment to a specific fishery by serving as a crewmember for a certain number of years. To implement this plan, free transferability would have to be halted and permits would revert back to the state when an individual had not fished for a specific period of time.

A federal court decision struck down an apprenticeship approved by the Legislature in 1968 because it allowed fishermen to select the apprentices involved. Consequently, the 1979 limited entry work group studied a state-run program.

The concept was abandoned for several reasons: fishermen balked at the concept of having to accept a complete stranger of unknown ability for a crewmember; the removal of free transferability could eliminate intra-family transfers and reduce the number of permits in circulation; a "use-it-or-lose-it" clause could increase fishing pressure; and administration of the program would be very costly.

CAPITAL GAINS TAX

This proposal would have the state setting a permit price ceiling by statute and taxing any sale price above the limit at 100 percent. Although this concept was greeted somewhat more favorably by the fishing community, it was dropped because of two primary concerns: (1) the cost of instituting a state system capable of preventing "under-the-table" payments above the ceiling would be prohibitive; and (2) fishermen who have purchased permits would lose millions of dollars or the state would be required to compensate to offset the losses.

AMORTIZATION

In the event the Legislature decided to abolish free transferability, the committee developed a system for to compensate individuals who purchased limited entry permits. The proposal would have allowed fishermen to write the cost of permits, vessels and gear from state income taxes. The option was abandoned before the concept was fully developed. The elimination of the state income tax makes this proposal moot.

TARGETED LOAN PROGRAM

As the only constitutional method of favoring residents over non-residents, the creation of a subsidized state loan program "targeting" rural residents who want to enter the commercial fisheries quickly gathered support from lawmakers and fishermen. The loan program was established in 1980, but it took two more years before the first loan was made.



Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries


Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

MEMORANDUM

January 31, 1985

TO: Members
Special Committee on Fisheries

FROM: Representative Peter Goll
Chairman 

SUBJECT: Limited Entry Background

Attached is a booklet that helps explain the history of the state's limited entry program and sets into perspective some of the shortcomings of the system. Keep in mind that this explanation is four years old and is dated in a couple of respects. The state's loan programs have undergone a major overhaul since the pamphlet was written, with the elimination of the five-year residency clause following the Zobel decision. As touched upon during an earlier committee meeting, the migration of permits from the rural areas has increased dramatically. We will explore the latter issue in depth in the coming weeks. In the meantime, this pamphlet should help explain the history of limited entry.



LIMITED ENTRY

A necessary evil?

Prepared for the Legislative Council
Sen. George Hohman, chairman
January 1981

by Rodger Painter
Fish and Fish

The state legislature's 1973 vote limiting the number of fishermen allowed to harvest Alaska's huge salmon runs prompted predictable howls of outrage.

The salmon fisheries always had been open to anyone willing to invest a lot of sweat and brave some of the toughest seas in the world. It seemed a God-given right to be able to go fishing to cover the winter's grubstake.

No one was surprised by the opposition from those locked out of the fisheries by limited entry. Also expected were objections from staunch opponents of government intervention in the free enterprise system.

Recent debate is laden with irony, however, as the most vocal critics have been the very people the system was designed to protect--rural Alaskans who rely heavily on the commercial salmon fisheries. And, the dramatic biological recovery of the salmon runs and economic turnaround of the industry appear to be responsible for most recent criticism of limited entry.

Considering the massive amount of flak directed at the fishing restrictions, many observers were taken aback when these very squeaky wheels got no grease during the legislature's re-examination of limited entry in 1979-80.

What lawmakers found is widespread, though quiet, support of limited entry. Fisheries managers, for instance, prefer the



steady effort and smaller numbers of limited fisheries to the boom-and-bust history of the salmon industry. Then there are the 8,100 permit holders, whose attitudes may have been expressed best by a former director of the commission administering the state program:

"The people who received entry permits and believe limited entry is necessary tend to remain quiet about it and do not crow about the system for fear of offending a neighbor or friend."

With courts recently upholding the program against major legal challenges, it appears limited entry is here to stay. Far less clear is whether the program will remain intact under growing sentiment for change.

Many of the harshest critics of limited entry oppose doing away with the system entirely, but want to give the program a major overhaul. Even the most ardent supporters agree that at least some fine tuning is in order.

But as the legislature discovered, tinkering with limited entry is not easy. Alaska's limited entry program is a highly complicated system of fisheries management based on interwoven social and political considerations, as well as economics and biology. It's difficult to make large changes without risking chaos in one of the state's most important industries.

This pamphlet shows the evolution of the present system of limited entry and points out some of the problems looming on the horizon.



history



ROOTS: Moonlighters and the company store

When Governor William A. Egan proposed in early 1973 to limit entry into the state's commercial salmon fisheries, Alaska's salmon resources were recovering nicely from the rape-and-run management of Territorial days. But the economic lot of those most dependent on the fisheries was not following a similar course.

"Even with substantially improved biological management since Statehood, the salmon fisheries are not as healthy as they can be because a steadily increasing number of fishermen are participating in the harvest," Egan said in his letter to the legislature. "These new entrants into the fishery have driven the profitability of fishing down to marginal levels for those professional fishermen who must depend upon fishing for a major share of their livelihood."

"The character of these new entrants varies. In Bristol Bay it may be the school teacher from Anchorage or the Boeing worker from Seattle; in Southeastern the sport-commercial troller with a well-paid government job; in Cook Inlet the vacationing set-netter from the Lower-48. However, in almost every area these moonlighters are adding substantially to the economic distress of the vocational fishermen who must derive their primary livelihood from fishing."

Although Egan never specified who he was trying to help, it was clear throughout his 300-page proposal that the program was meant to protect Alaskans. The Governor had reason to be careful, as two earlier attempts to restrict the salmon fisheries ran afoul of the equal protection clauses in the state and federal constitutions.



State officials long had been interested in trying to boost the incomes of resident commercial fishermen by restricting non-Alaskans. The now-infamous loathing of Outsiders by Alaskans was particularly strong in the Seattle-dominated commercial fisheries before Alaska became flushed with oil riches.

Consider this statistic offered to lawmakers during the debate over limited entry: in 1970 non-residents had 40 percent of the salmon fishing income with an average gross share of \$15,169, compared to \$7,283 for each Alaska-based gear operator.

By 1973 the courts made it clear that any system discriminating against non-residents would be slapped down. The emphasis was shifted to pressuring the growing number of part-time fishermen and trying to at least preserve the foothold in the fisheries Alaskans had gained with the abolition of company-owned fish traps and the manpower-short years of World War II.

Supporters argued limited entry would protect Alaskans to the best extent allowed under law by favoring long-time fishermen and rural residents through a complex point system.

Another major goal of lawmakers in limiting the fisheries had been lost in the current debate: to unchain fishermen from the Company Store. In the days before Big Oil, the canned salmon industry was the dominant economic and political force in Alaska.

A 1939 government study reported that of the 2,810 West Alaska commercial fishermen 96.7 percent were "cannery fishermen," considered company employees; only 94 fishermen were independents.

Alan Adasiak, former chairman of the Alaska Commercial Fisheries Entry Commission, explained in a 1978 paper the control canneries had over the lives of individual fishermen:

"If, for example, a man had made himself unpopular during price negotiations, he might find himself without a vessel or a market for his fish that following year. The ability to 'import' non-resident fishermen was also used in connection with price negotiations. And there was control through the classic arrangement of the 'company store,' which made easy credit available, and employed payment-on-demand notes.

"In 1973, when the Alaskan legislature was considering the current limited entry law, there was a general belief that salmon processors still maintained a significant hold over individual fishermen, both through credit and financing arrangements and through the untrammelled power to decide whether a fisherman would fish for a particular company. The decision to issue permits to individuals was made primarily because people believed that it would strengthen the individual fisherman's bargaining power vis-a-vis fish buyers and processors. With only a fixed number of permits to go around, and with the requirement that a unit of gear may be operated only by a permit holder, the need that the processor had for the individual fisherman was increased."

The debate over limited entry split many fishing communities and caused still-open rifts in the ranks of fishermen. Supporters far outnumbered opponents, however, as attested by the formation of the state's largest fishermen's organization -- The United Fishermen of Alaska -- around the issue of limited entry.

When an initiative to repeal the limited entry act was placed



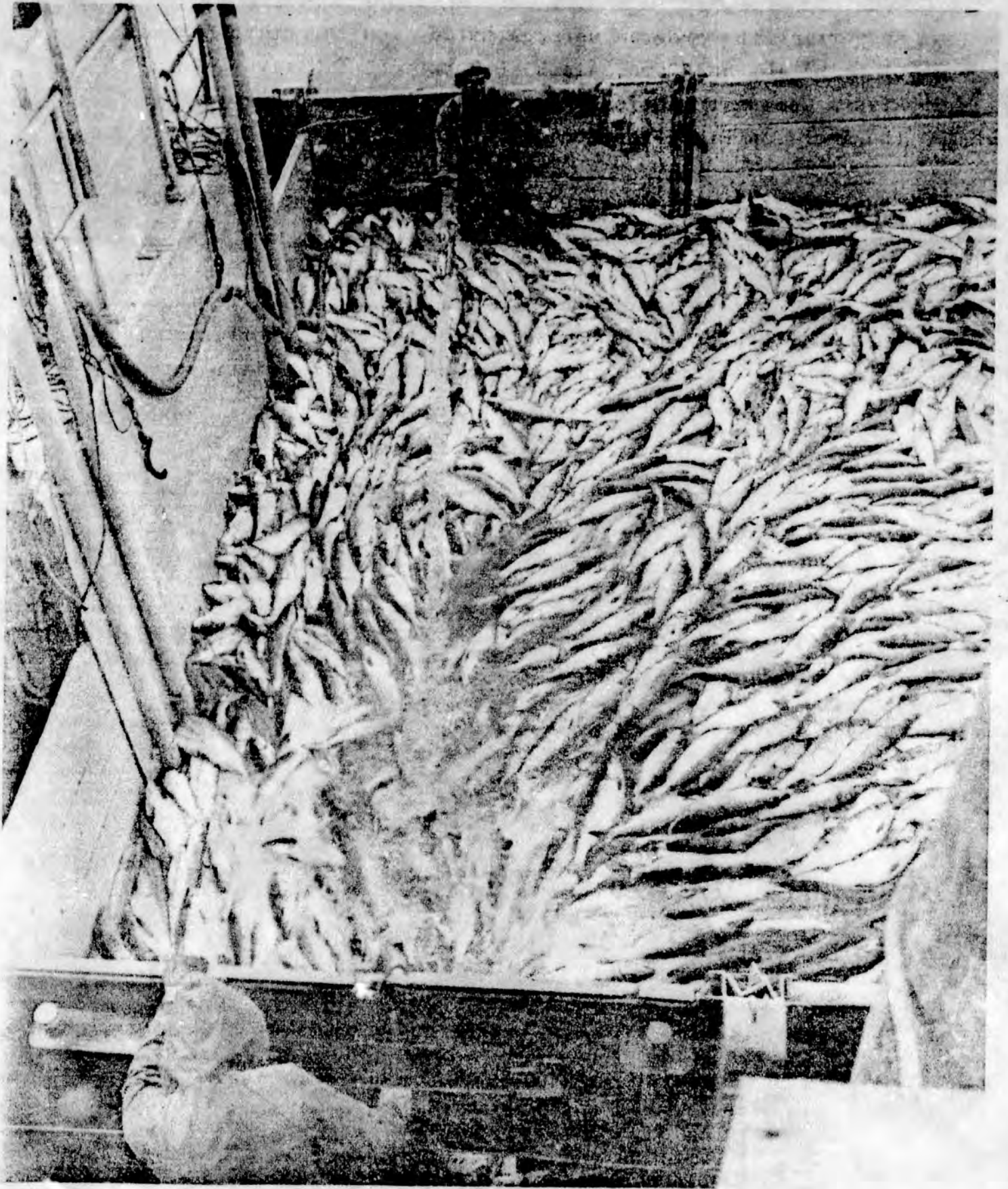
on the 1976 statewide ballot, the UFA raised \$170,000 to wage a campaign to keep the restrictions. Endorsements supporting the program were gathered from the state Boards of Fisheries and Game, Alaska Federation of Natives, Rural Alaska Community Action Program and the Alaska Chapter of the American Fisheries Society.

The initiative was defeated by a resounding vote of 75,125 to 44,304.

The margin of victory can be partially attributed to the extremely depressed condition of the salmon fisheries at the time of the election. Observers speculate a similar vote in the 1980s would be too close to call.



the legal story



THE LEGAL STORY: The constitution and the right to fish

It was no small coincidence that the state Attorney General spearheaded the group putting together Egan's limited entry proposal. The first step in the process, in fact, was to place a proposed constitutional amendment for limited entry: "No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State."

The amendment, which gained strong voter support, added: "This section does not restrict the power of the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood and to promote the efficient development of aquaculture."

There have been few quarrels over the issues of resource conservation and aquaculture; the battle lines over limited entry always have been drawn around the right to fish. And, despite the care taken in constructing a legally defensible program, limited entry from its beginning has been under constant attack in the courts over who is eligible to harvest the valuable salmon resource.

The Commercial Fisheries Entry Commission, created to oversee the program, was given quasi-judicial powers to hear administrative appeals of decisions on individual applications for a permit. Of the hundreds of appeals filed, scores resulted in lawsuits, creating a huge backlog of contested permits and throwing the entire program into limbo.

The state lost the first major legal challenge to limited entry and that decision became the basis for many following lawsuits. In Isakson vs. Rickey, a group of fishermen who

first held gear licenses in 1973 and 1974 went to court over a provision in the law restricting permit eligibility to those who held gear licenses before January 1, 1973.

The Alaska Supreme Court eventually agreed with the fishermen and a new application period was ordered. The ruling, however, had much broader impact than the awarding of a few more permits to the later-coming fishermen.

In early 1979, a Superior Court judge used the Isakson decision to strike down a requirement that applicants for permits must have held a gear license. State officials said the ruling would have the effect of invalidating limited entry.

But after a year of deliberation, the Supreme Court backtracked and "superceded" the Isakson language. The gear license requirement does have a "rational connection" to the "legitimate purpose" of the limited entry act, the court said.

"Admittedly, individual cases will arise in which those barred may be able to show extreme hardship," the court said. "The legislature in its wisdom could conceivably have better provided for such instances. But equal protection, even under Alaska's stricter standard, does not demand perfection in classification."

There still were more than 100 court cases pending against the Alaska Commercial Fisheries Entry Commission in late 1980.

accessibility



ACCESSIBILITY: Rural residents and \$130,000 permits

The most emotionally charged debate over restricting access to Alaska's fisheries centers on the skyrocketing cost of entry permits.

Perhaps the most crucial, fundamental decision lawmakers made in 1973 was to treat permits essentially as property. This was done primarily to allow fishing rights to be transferred within families and communities, give fishermen the mobility to change fisheries, and avoid constitutional problems caused by creating a special closed class of fishermen.

No restrictions were put on the market price of permits as it was assumed there would be natural limitations to what someone would pay. In his proposal to the legislature, Governor Egan speculated:

"New people will be able to get into a fishery for whatever the fair market price of permits happens to be. Naturally, this will vary. The quality and size of fish runs, and other things, may cause more people to want to get out, or in, at a particular time. There is likely to be a limit, however, to how high the price of a permit will go since the bill requires that only the holder can fish it.

"One person may not hold a permit and have another person at his net site or in a boat working it for him as his agent. This means that the person buying a permit will have to work it, and he will have to expect to make enough money commercial fishing to cover the cost of the permit, as well as his other expenses and profits. Otherwise, it would not make sense for him to buy in. Consequently, there will be some practical limits on the price of entry permits."

Obviously unforeseen in this analysis was the dramatic rise in fish prices and biological recovery of Alaska's salmon fisheries during the late 1970s. As predicted, the price of permits has risen with the profitability of the particular fishery. Consider, for instance, that Bristol Bay drift gillnet permits shot up from a mere \$2,000 in 1976 to as high as \$130,000 prior to the 1980 season.

Understandably, these trends have created great concern among officials from rural areas over the ability of future generations to buy their way into the fisheries. Many Native leaders fear the high prices are bringing an exodus of permits from villages heavily dependent upon fishing.

The validity of those fears is open to debate. The Commercial Fisheries Entry Commission says statistics don't show any significant trends of permits flowing out of rural areas. With the exception of a single Southeast village troubled with an unusual set of circumstances, records show the distribution of permits in rural areas has been remarkably stable.

A study of the same statistics by a University of Alaska researcher in 1979, however, concluded there is some cause for concern. While Alaska residents in general have actually gained a handful of permits since they originally were doled out, the analysis by Dr. Steve Langdon showed rural residents have lost a significant number.

Residents of rural Alaska communities lost 145 permits, while urban Alaskans gained 170. Significantly, Alaskans who live in rural communities near the fishing grounds lost 3.5 percent of their initial holding of 3,897 licenses.

Langdon concluded that the "outflow of permits that has occurred and that potentially can occur must be regarded as



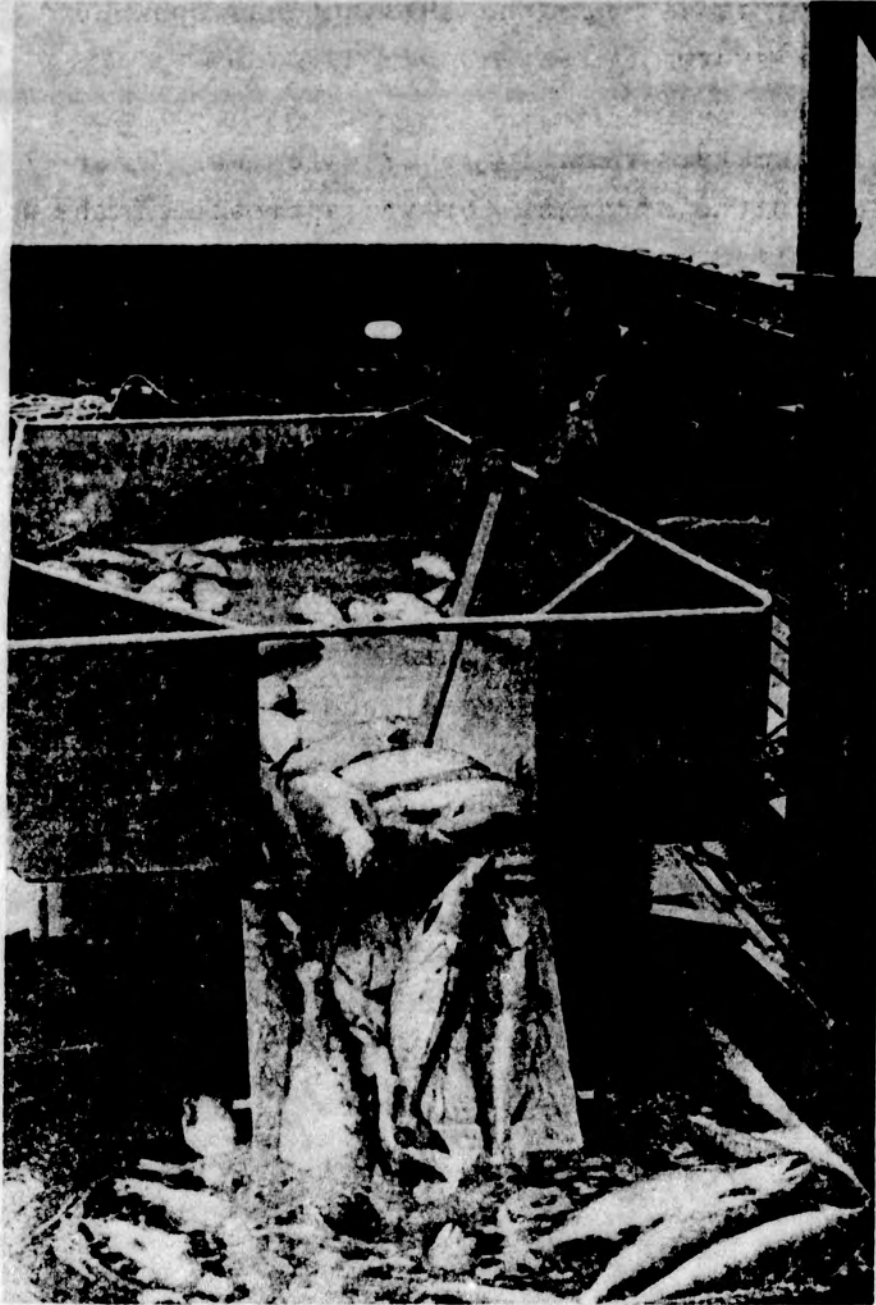
a significant threat to the rural Alaska economic base and the well-being of rural Alaskans."

The high cost of permits alarmed not only rural officials, though, as opposition to limited entry in urban and non-fishing areas seemed to grow in direct proportion to the cost of getting into the fisheries. When the legislature created the Limited Entry Study Group in 1979 the price of permits was the primary motivating force.

The question of how to deal with \$130,000 permits presented a tough dilemma to the legislative committee. Every alternative to freely transferable permits investigated by the study group was fraught with legal, financial, administrative or political problems.

In the end, the committee backed away from supporting any major changes in the program, concluding that the medicine was worse than the ailment. The only recommendation of the committee culminated in the 1980 creation of a special loan program designed to help rural residents enter the fisheries. (This so-called "targeted loan program" is described in a later section.)

problems



OTHER PROBLEMS: Efficiency, spinoffs and a ponderous process

When studying Alaska's system of limiting entry into the fisheries, one can reach radically different conclusions about its relative merits and evils. If there is one thing all sides can agree upon, it is that the 1973 act has spawned a tremendously complex system.

The goal of lawmakers creating the system was clear enough, as demonstrated in the straight-forward approach of the first attempt at limited entry in 1962:

"Whenever the Board (of Fish and Game) determines that the year run of salmon in any one registration area will be substantially less than the optimum run, and that under anticipated fishing conditions Alaska residents licensed by the area or district will not catch sufficient fish to sustain them for the year, the Board may, with the consent of the local advisory board or boards, promulgate regulations temporarily closing the area or district to fishing by all non-residents of Alaska."

Before the law was ever used a federal judge declared it unconstitutional.

To get by the constitutional barriers, a program was built around economic and social considerations with a keen eye for protecting residents as much as law would allow. The result is an extremely complicated system that defies easy explanation.

Consider these factors:

-- The "optimum" number of permits issued in a fishery is to be sufficient to provide a "reasonable rate of economic return to the fishermen participating in that fishery," and

the allowable catch "in an orderly, efficient manner and consistent with sound fishery management techniques," and "avoid serious economic hardship to those currently engaged in the fishery, considering the other economic opportunities available to them."

Permits then are handed out to applicants ranked by their past participation in the particular fishery and their degree of economic dependence, such as their percentage of income derived from fishing, reliance on alternative occupations, and availability of alternative occupations and investments.

The complex requirements involve careful crafting of regulations and point systems, and extensive public hearings and application periods. The process takes anywhere from one to three years before permits are issued.

Administrative review of appeals of point allocations throw contested permits into limbo for months or even years. Some appealed permit applications for fisheries limited in 1975 still were pending in 1980.

-- The initial number of permits issued in the limited fisheries was equal to the largest number of units of gear fishing in any of the four years preceding 1973. Those maximum permit numbers later were to be whittled down to "optimum" figures through a buy-back program under which the state would buy boats, gear and permits at going market rates.

Work on setting optimum numbers was delayed by the more pressing needs of issuing permits, then stalled for years by lack of funding for economists to study long-range trends in the fisheries. The buy-back program eventually was suspended indefinitely. By 1980 the optimum numbers of permits

still hadn't been issued for the 19 salmon fisheries originally brought under limited entry.

-- Whenever there is even a distant possibility of a developing fishery being brought under limited entry, it seems to create a flurry of activity by fishermen trying to put themselves in the position of earning a permit, should they eventually be issued. This phenomenon, in turn, creates pressure to impose the restrictions from fishermen nervously eyeing new competitors on the fishing grounds.

The high cost of permits also has served to increase fishing pressure in the limited fisheries, as fishermen who have to pay \$130,000 for a permit can scarcely afford to sit out poor seasons just because income is marginal. Loan payments won't wait for a better salmon run.

If limited entry has met any of the original goals of its creators it has been the evolution of the salmon fisheries into "professional" fisheries. With the lid on numbers fishermen have poured increased earnings into building expensive, highly efficient fleets of fishing vessels. Long-time fishermen say competition in the limited fisheries is much fiercer than it has ever been.

conclusion



CONCLUSION: A necessary evil?

In considering whether limited entry has worked, it is important to strip the equation of the cumbersome clothing of right or wrong. Does it violate the spirit of the free enterprise system? Did it create an exclusive rich man's club? Is it an unconstitutional allocation of natural resources belonging to all citizens of the state?

Emotions run so strongly on these issues that it is essential to narrow the question to how well the program has met its original goals. To this end, the answer can be a conditional "yes".

Statistics show limited entry has been remarkably successful in stabilizing the balance of fishing effort between Alaskans and non-residents. The only identifiable shift has been the loss of permits by rural Alaskans to urban residents.

Trends before limited entry were toward non-resident gains in the salmon fisheries, but when original permits were handed out Alaskans controlled a few more units of gear than they had before 1973. Since then, residents have gained another handful of permits.

Showing the exact degree of success limited entry has had in accomplishing another major goal of lawmakers in 1973 -- increasing the power of fishermen in dealing with processors -- is impossible. The lot of individual fishermen has increased dramatically since the early 1970s, but it's unclear how much of that was caused by limiting the number of fishermen.

Unquestionably, limited entry has given fishermen a powerful tool in negotiating fish prices, since the system has given permit holders the exclusive right to harvest Alaska's valuable

salmon resources. Processors can no longer simply hire another skipper willing to fish for lower prices.

A case in point is price negotiations in Bristol Bay where fish prices were increased by nearly 50 percent in 1979 after a virtual shutdown of the fisheries by boycotting fishermen. Although fish prices tumbled the next season following collapse of major Japanese markets, fishermen held out during the peak of the largest salmon run in history. About 21 million harvestable sockeye salmon passed by the fishing grounds because of the long price dispute.

By restricting the number of people allowed to fish salmon, lawmakers also hoped to increase the incomes of individual fishermen. While average gross incomes of gear operators have risen dramatically since 1973, the improved economic outlook mostly is due to spectacularly increased fish prices. There can be little doubt, though, that the allowable harvest would be split among a much larger group of fishermen if the salmon fisheries were open to all interested.

When all is said and done, the essential question regarding limited entry probably is:

"What's the alternative?"

Perhaps there wasn't justification to limit entry to Alaska's salmon fisheries. Maybe a better method of protecting residents could have been devised. But it's too late to debate those issues; the important point now is what would happen if the system were abolished.

With the current high level of interest in Alaska's salmon fisheries, the lifting of limited entry would invite a gear rush rivaling the Klondike gold rush. Examples of the interest in the state's fisheries are easy to find, as a glance at the

crowded halibut, crab, cod and open herring fisheries will show. Particularly troublesome is the large fleet of Washington State vessels squeezed out by the "Boldt decision" which allocated half the natural and hatchery salmon runs of that area to treaty Indian tribes.

Despite development of other fisheries and the emergence of the oil industry, salmon continues to be the economic mainstay of most of the communities spread out along Alaska's 34,000-mile coastline. Hundreds of millions of dollars have been invested on the assumption limited entry is here to stay. Abolition of the system would disrupt the economies of much of rural Alaska.

Although the cost of buying a permit adds a big barrier to entering the salmon fisheries for rural Alaskans, state loan programs can give an edge to residents. The programs will cover 90 percent of the market value of permits, and the recent "targeted loans" designed to help rural residents may carry 100 percent of the cost. Permits can be used as collateral only under state loan programs.

The threat of a gear stampede trampling long-time fishermen is responsible for the continuing support of limited entry by many harsh critics. Notably absent from the legislature's 1979-80 evaluation of limited entry was the possibility of removing the restrictions altogether.

Since limited entry is widely seen as an evil made necessary by the lack of alternatives, continuing support of the program by lawmakers appears likely. Equally likely are continuing opposition from a host of critics and pressure to substantially modify the present system.

FINANCING: The state and CFAB

When it comes to finding financing for limited entry permits, Alaska residents have a decided advantage. Under state law, permits can be owned only by individuals. Banks cannot take possession of permits in the event a borrower defaults on a loan. Thus, permits may not be used as collateral, except under the state loan program which is open only to five-year residents. The Alaska Commercial Fishing and Agriculture Bank (CFAB) also is able to hold permits as collateral since the state initially funded the bank and remains a major stockholder. CFAB uses the same requirements as the state for permit loans.

Through the state's Commercial Fishing and Revolving Loan Fund, applications for permit loans are made directly to the Division of Business Loans in the Department of Commerce and Economic Development.

Permit loans require five years state residency immediately preceding the date of application, with one year of commercial fishing experience during that time. The interest rate is 9.5 percent, and the maximum loan term is fifteen years.

The state can lend up to 90 percent of the average resale value or the actual cost of the permit, whichever is less, when the permit itself is used as collateral. The Entry Commission computes this average resale value quarterly, based upon what prices were paid for permits during the preceding quarter. It is important to keep this in mind, as the amount of money you can get varies as permit prices go up or, more rarely, down.

The newly-created Fishermen's Revolving Mortgage and Note Fund, targeted to assist fishermen in rural areas of the state

who are not eligible for regular commercial fishing loans, also may be used for the purchase of limited entry permits.

Under this program, the state will buy mortgages and notes from banks or other financial institutions. The interest rate is 10.5 percent.

The state may buy a mortgage or note for up to 100 percent of the appraised value of the collateral if the loan is for the purchase of an entry permit and if the borrower has at least three years experience as a commercial fisherman under the direction of a permit holder in the fishery for which he is buying the permit.

To be eligible for this program, an applicant must have five years state residency immediately preceding the date of application, but he does not necessarily need to have had commercial fishing experience as long as the lender finds that he is reasonably likely to succeed as a fisherman and be able to repay the loan.

For further information on loans for limited entry permits, contact one of the regional offices of the Division of Business Loans, Department of Commerce and Economic Development:

Juneau	Pouch D Juneau, Alaska 99811 465-2510
Anchorage	201 East Ninth, Suite 103 Anchorage, Alaska 99501 274-6693
Fairbanks	675 Seventh Avenue, Station A Fairbanks, Alaska 99701 452-8182

or



Alaska Commercial Fishing and Agriculture Bank
Gary Anderson, President
P. O. Box 4-2070
2550 Denali Street, Suite 1201
Anchorage, Alaska 99509
278-4553

CFAB also has offices in Homer, Kodiak, Cordova, and Seattle.



MISCELLANEOUS: A checklist

Attempting to deal long distance with the many and complex limited entry regulations is a constant source of frustration to fishermen and the Entry Commission alike. Misunderstandings are often a cause of delay, which can be critical and costly when the fish are going by the fishing grounds.

The following checklist offers important points to keep in mind about limited entry and is offered to help keep the level of red tape frustration at a minimum:

- ° The permit holder must have his card in his possession and must be present while his gear is being fished;
- ° A permit cannot be lent to anyone, not even a relative;
- ° A permit holder and crew must be able to produce identification at the request of an enforcement officer;
- ° Emergency transfers are to be used in cases of unavoidable hardship; they are not for leasing a permit. Send an emergency transfer form to the Commission, including documentation and your permit card;
- ° There is a 60-day waiting period between the time an intent to transfer form is filed with the Commission and the permit can actually be transferred;
- ° Once a permit is transferred permanently, it's gone. The Commission strongly recommends using an escrow agent to hold the money (contact your local Legal Services Agent);
- ° If a permit holder dies, the spouse or heir should contact the local superior court clerk for instructions on having an administrator of the estate appointed; and contact the Commission;
- ° Permit holders should allow at least three weeks for processing renewals, and more if they live in an area where mail is slow;
- ° Decisions of the Commission are subject to review, and an applicant may request a hearing;
- ° When in doubt, contact the Commission.

DEPARTMENT of COMMERCE & ECONOMIC DEVELOPMENT

Division of Accounting & Collections

Commercial Fish Summary

March 5, 1985

STATISTICS ON DCED LOAN PROGRAMS
(Thousands of Dollars)

January 31, 1985

	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Hist Dist	Mining	Alternate Energy	Resid. Energy	Fish Enhance	Power Dev.	Water Resource	Total
Commitments														
Total No. Loans														
Committed FY '72-85	7,718	1,338	2,657	59	148	42	9	65	2,691	2,173	97	3	5	17,005
Total Dollar Amount														
Committed FY '72-85	371,795.2	202,529.3	154,396.7	29,874.7	5,482.6	1,320.4	667.7	28,160.0	17,140.9	8,151.2	37,084.1	191,165.0	2,500.0	1,050,267.8
Total No. Loans														
Committed FY '85	0	0	110	0	28	6	0	2	183	159	9	3	0	500
Total Dollar Amount														
Committed FY '85	0	0	6,148.1	0	962.9	276.2	0	1,128.1	1,394.2	404.4	3,780.1	191,165.0	0	205,259.0
Appropriations														
FY '83	0	0	9,400.0	0	1,000.0	400.0	500.0	15,000.0	4,000.0	4,500.0	22,000.0 ¹	N/A	0	56,800.0
FY '84	0	0	9,091.0	0	0	869.5	500.0	0	2,400.0	3,123.4	6,500.0	N/A	0	22,483.9
FY '85	0	0	3,500.0	0	0	0	0	0	1,000.0	0	5,000.0	210,000.0	0	219,500.0
Loans Outstanding														
Owned by Fund														
Number of Loans														
Outstanding	135	268	999	5	49	25	3	48	1,944	1,571	81	3	1	5,132
Principal Amount														
Outstanding	6,129.4	33,835.6	48,402.5	3,258.2	1,257.0	867.0	339.9	18,833.6	12,051.7	4,966.0	31,116.2	191,165.0	909.8	353,131.9
Average Loan Amount														
Outstanding	45.5	201.4	48.5	651.6	25.7	34.7	113.9	392.4	6.2	3.2	38.5	63,721.7	909.8	68.8
Served for the Dept. of Revenue														
Number of Loans														
Outstanding	1,841	225	764	14	N/A	3	3	N/A	N/A	N/A	14	N/A	N/A	2,864
Principal Amount														
Outstanding	83,241.0	18,587.5	30,215.1	2,578.9		16.9	124.3				6,604.2			141,367.9
Average Loan Amount														
Outstanding	45.2	82.6	39.5	184.2		5.6	41.4				471.7			49.4
Summary														
Total No. of Loans														
Outstanding	1,976	493	1,763	19	49	28	6	48	1,944	1,571	95	3	1	7,996
Total Principal														
Amount Outstanding	69,370.4	52,423.1	78,617.6	5,837.1	1,257.0	883.9	464.2	18,833.6	12,051.7	4,966.0	37,720.4	191,165.0	909.8	494,499.8
Delinquency Rates (includes defaults)														
Number of Loans %	18.3%	32.8% ²	14.9% ³	10.5% ²	20.4%	14.8%	0	47.9%	16.6%	15.8%	N/A	N/A	0	17.8%
Outstanding Balance %	19.2%	34.1%	18.5%	3.5%	11.1%	13.9%	0	56.3%	15.8%	16.0%	N/A	N/A	0	24.0%

¹ See Ch 114, Sec 5 and Ch 141, Sec 242 SLA 1982, and Ch 106 Sec 11 SLA 1983.

² Adjusted for Bank Participation system inaccuracies

³ Adjusted for approved extension requests

Department of Commerce and Economic Development
Commercial Fish Loan Commitments

Dollar Amount of Loans Approved
(Thousands of Dollars)

	FY 72/73	FY 74/75	FY 76/77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85 thru 01/31/85	Total
Commercial Fish Loan Act	11.5	3,460.5	9,419.1	13,044.3	29,733.6	32,548.1	21,205.6	9,054.3	2,282.2			120,759.2
Fisherman's Mortgage & Note								1,797.6				1,797.6
Commercial Fish - Type "A"									5,914.9	6,527.0	2,613.4	15,055.3
"B"									5,743.7	7,371.2	3,534.7	16,649.6
"C"									118.4	16.5	0	134.9
Total	11.5	3,460.5	9,419.1	13,044.3	29,733.6	32,548.1	21,205.6	10,851.9	14,059.2	13,914.7	6,148.1	154,396.6

Number of Loans Approved

	FY 72/73	FY 74/75	FY 76/77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85 thru 01/31/85	Total
Commercial Fish Loan Act	2	87	211	234	357	555	352	197	11			2,006
Fisherman's Mortgage & Note								31				31
Commercial Fish - Type "A"									147	95	34	276
"B"									121	144	76	341
"C"									2	1	0	3
Total	2	87	211	234	357	555	352	228	281	240	110	2,657

Prepared by Division of Accounting and Collections - 465-2555

DEPARTMENT of COMMERCE and ECONOMIC DEVELOPMENT

2-25-85

Division of Accounting & Collections

Commercial Fishing Loan Delinquency Analysis by Type:

Commercial Fish Loans	Total	Delinquency Rate (Unadjusted)	Delinquency Rate ¹ (Adjusted)
Type 0 (Other, Old)	1205	21.5%	16.4%
Type A	257	12.0%	7.8%
Type B	274	22.6%	11.7%
Type C	2	100.0%	100.0%
FM&N	25	48.0%	48.0%
TOTAL	<u>1763</u>	<u>20.8%</u>	<u>14.9%</u>
Outstanding Balances:			
Type 0	\$49,880.0	27.7%	21.8%
Type A	13,845.0	13.1%	7.4%
Type B	12,884.0	27.9%	14.4%
Type C	94.0	100.0%	100.0%
FM&N	<u>1,300.0</u>	44.6%	44.6%
TOTAL	<u>\$78,085.0</u>	<u>25.5%</u>	<u>18.5%</u>

¹Adjusted for approved 1984 payment extension requests

Department of Commerce & Economic Development
Division of Accounting and Collections

1984 COMMERCIAL FISH LOAN PAYMENT EXTENSION REQUESTS
(1-25-85)

	<u>PAID¹</u>	<u>APPROVED</u>	<u>TABLED²</u>	<u>DENIED</u>	<u>TOTAL</u>
Bristol Bay	1	61	0	6	68
Cook Inlet	1	36	2	7	46
Prince William Sound	0	22	0	5	27
Kodiak	0	16	0	5	21
Southeastern	1	10	1	1	13
Norton Sound	0	3	0	0	3
Yakutat	0	0	0	1	1
Peninsula/Aleutians	0	1	0	1	2
Kotzebue	0	1	0	0	1
Chignik	0	0	0	1	1
Other	<u>0</u>	<u>15</u>	<u>3</u>	<u>7</u>	<u>25</u>
TOTAL	<u>3</u>	<u>165</u>	<u>6</u>	<u>34</u>	<u>208</u>

REQUEST HISTORY

	<u>1983</u>	<u>1984</u>	<u>Change</u>	<u>% Change</u>
Bristol Bay	18	68	+50	+278%
Cook Inlet	22	46	+24	+109%
Prince William Sound	48	27	-21	-43.8%
Kodiak	62	21	-41	-66.1%
Southeastern	56	13	-43	-76.8%
Norton Sound	N/A	3	Unk	Unk
Yakutat	N/A	1	Unk	Unk
Peninsula/Aleutians	14	2	-12	-85.7%
Kotzebue	N/A	1	Unk	Unk
Chignik	5	1	-4	-80.0%
Other	<u>11</u>	<u>25</u>	+14	+127.7%
TOTAL	<u>236</u>	<u>208</u>		<u>-11.9%</u>

¹Borrower paid current before extension request was reviewed.

²Requests tabled by loan committee (or returned prior to committee review) for additional information.

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
POLICY AND PROCEDURES

P & P No.

COL-001

Page

1 OF 1

Effective Date

March 1, 1984

SUBJECT

LOAN PAYMENT EXTENSION

Superseded P & P No.

Dated

10/1/83

APPROVED BY

DIVISION

Accounting & Collections

SECTION

Collections/Customer Service

PURPOSE

To provide guidelines for evaluating requests for loan payment extensions.

POLICY & PROCEDURE

The borrower:

1. Should not have funds available to make the payment;
2. Should not have had any nonessential expenditures within a reasonable time prior to payment due date;
3. Should have a strong payment history on the loan, and should not demonstrate excessive problems keeping contractual agreements;
4. Should demonstrate good faith effort to earn payment money; and
5. Should have reasonable potential to make future payments.

The loan should still be well-secured after the extension. Additional collateral must be required when loan-to-value ratio is excessive.

The following subjective questions should be answerable in the affirmative:

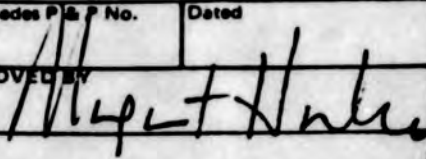
1. Is the requested action reasonable?
2. Will granting the requested action be in the best interest of both the borrower and the State?
3. Will granting the extension promote the intent of the program as specified by law?

A loan which was not in default at the time of the division's receipt of the extension application will not be considered delinquent during the time the request is under consideration. Should the extension be denied, in this instance, the borrower shall have 45 days from the date notice of denial is mailed to make the payment without being considered delinquent, and the payment will not accrue a late fee.

When an extension is granted, an extension fee equal to the contractual late fee will be charged, subject to a maximum of \$125.00 for all annual payment extensions less than \$35,000. Extensions of annual payments greater than \$35,000 shall bear a fee equal to the contractual late fee subject to a maximum of \$2,500.

A modification agreement may:

1. Add interest to principal and defer payment to maturity (will cause loan to amortize incorrectly and should be used only when borrower/State agree there is no other option).
2. Extend term of loan to statutory maximum. (NOTE: recording fee must be collected from borrower to record an amendment to First Preferred Ship Mortgage or any other legal document which may require it.)
3. Reamortize loan.
4. Allow double payment the following year.
5. Include other mutually-agreeable work-out arrangements.

STATE OF ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT POLICY AND PROCEDURES		P & P No. COL-003	Page 1 OF 1
		Effective Date December 1, 1984	
SUBJECT Commercial Fish Problem Loans Requesting Assumption Approval		Supersedes P & P No.	Dated
		APPROVED BY 	
DIVISION Accounting & Collections		SECTION Collections	

PURPOSE

To establish guidelines for borrowers who are requesting approval of an assumption as a "cure" for a problem commercial fishing loan, when an extension is not feasible and foreclosure is impending.

POLICY

We believe there is a strong probability that legislation will be introduced in January 1985 which would allow assumptions of commercial fishing loans in most cases where they are not assumable at present.

Present statutes are interpreted as not allowing assumptions for individuals and/or loans that do not meet all the requirements of the current loan program for new loans. This eliminates assumption of any vessel where the assumed balance would be greater than \$100,000; an assuming borrower for any vessel less than \$100,000 presently must meet Type B loan requirements: (1) no alternative financing, (2) limited by training or location to fishing, (3) fishing is only occupation, (4) fishing has been way of life.

The Department of Commerce and Economic Development has recommended statutory changes allowing assumptions because we feel viable assumptions are in every case a better solution for the borrower and the State than foreclosure.

Pending action on the proposed legislation, the department's policy will be:

- (1) to continue to examine problem loans on individual basis;
- (2) to approve extensions where requests meet extension guideline criteria;
- (3) where extensions are denied, and an assumption has been proposed by the borrower as "the solution," to hold legal action until after 6-30-85, when it is known whether the assumption legislation passed; a letter will be sent to any borrower where foreclosure action is being delayed pending action on this proposed legislation (see attached).

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2555

DIVISION OF ACCOUNTING AND COLLECTIONS

AC.94
Wang #1100t
12/4/84

Dear _____:

Re: _____

Your loan has been reviewed by the loan committee and it has been determined that no legal action will be taken at this time; we believe that an assumption of your loan could be a reasonable solution for both you and the State. However, the statutes currently do not allow assumptions for individuals who do not meet all the requirements of the current loan program for new loans. Many vessels used as security on older loans exceed the \$100,000 statutory limit as well.

We believe that new legislation relating to commercial fish loans has a good chance of passing the 1985 Legislature, especially if commercial fishermen and women around the State let their legislators know the importance of this issue. We are delaying legal action on your loan _____ - _____ until July 1, 1985, at which time we will know whether your loan legally can be assumed. (This letter is not an approval of the assumption; if the proposed legislation becomes law, assumption applications will be reviewed individually by the Division of Investments to determine acceptability.)

Please contact our Collections Section at (907) 465-2555 or Zenith 5500 if you have any questions.

Yours truly,

Margaret I. Hamley
Director

MIH/_____

STATE LOAN PAMPHLET

JUNE 1984



STATE OF ALASKA

Department of Commerce and Economic Development

Department of Community and Regional Affairs

**STATE OF ALASKA
STATE LOAN PAMPHLET**

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**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE**

**AGRICULTURAL LOAN PROGRAM
Alaska Statutes 03.10.010-.060**

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing to promote development of agriculture as an industry in Alaska through low interest loans for product processing, land clearing, chattel loans (for purchase of equipment and livestock), farm development, irrigation, and short-term loans.

WHO CAN APPLY FOR A LOAN?

Individual farmers, ranchers, homesteaders, partnerships or corporations who are Alaskan residents and have farming or business experience with related skills and training may apply for a loan.

HOW MUCH CAN BE BORROWED?

Short-term loans may be made for up to \$200,000. Product processing and land clearing loans may be made for up to \$250,000, and chattel (equipment and livestock), irrigation or farm development loans may be made for up to \$1,000,000.

WHAT IS THE INTEREST RATE?

Currently, an interest rate of 8% per year will be charged on the total amount of the outstanding loan balance. The interest rate will not be less than 8% nor more than the commercial rate.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

A short-term loan must be repaid within one year. A loan for land clearing may be allowed up to 20 years to repay the loan. A loan for product processing, chattel (equipment and livestock), irrigation or farm development may be allowed up to 30 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a mortgage on real property, or a security interest in machinery, equipment, crops, livestock, or some other asset until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Agricultural Loan Program
915 South Baily
P.O. Box 2470
Palmer, Alaska 99645
Telephone: 745-7200

Agricultural Loan Program
Nistler Building
P.O. Box 268
Delta Junction, Alaska 99737
Telephone: 895-4921

Agricultural Loan Program
1514 S. Cushman, Room 312
Fairbanks, Alaska 99701
Telephone: 452-1570

STATE OF ALASKA
DEPARTMENT OF REVENUE

ALASKA HOUSING FINANCE CORPORATION (AHFC)
Alaska Statutes 18.56

WHAT IS THIS LOAN PROGRAM FOR?

The loan programs are for the purpose of purchasing owner-occupied new or existing homes, mobile homes, or obtaining a second mortgage when purchasing a dwelling that has an assumable first mortgage, or for obtaining a home improvement loan. Interim financing for construction or for rehabilitation is not available under the program, but funds for long-term financing once the construction or rehabilitation is completed are available.

WHO CAN APPLY FOR A LOAN?

The program is open to all eligible borrowers who are purchasing a home as their primary residence.

HOW MUCH CAN BE BORROWED?

There are several different programs available through AHFC and the maximum loan amount varies with the different programs.

WHAT IS THE INTEREST RATE?

Interest rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan when interest rates exceed 10%. For any portion above \$90,000, the borrower is required to pay the cost AHFC pays to obtain its funds.

For example, the interest rates in effect in May 1984 were:

<u>Type of Bond</u>	<u>1st \$90,000</u>	<u>Cost of Funds Amount Over \$90,000</u>
Taxable Bonds	12% (11% eligible Veterans)	15.06%
Tax-Exempt Bonds	(no funding is available at this time)	
General Obligation		
Veterans Bonds	11%	12.67%
2nd Mortgage Bonds	12% (11% eligible Veterans)	15.06%

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

On mobile home loans, you may be allowed up to 20 years to repay the loan or the remaining life of the unit, whichever is less. The maximum term for second mortgage loans depends on the amount borrowed and ranges from 5 to 15 years. On all other loans offered through AHFC an ABE (Alaska Building Equity) mortgage is used. An ABE structured mortgage is similar to a 30 year level payment mortgage in that the interest rate is fixed and the payments in the first 3 years are the same as under a 30 year mortgage. In years 4 through 9, the monthly payment is increased by 5% each year. The increased portion of the payment is applied to the outstanding principal balance resulting in a repayment of the loan within approximately 18 years.

**STATE OF ALASKA
DEPARTMENT OF REVENUE**

IS COLLATERAL REQUIRED?

The dwelling being purchased is the collateral for the loan.

WHERE CAN I APPLY FOR A LOAN?

The Corporation does not lend funds directly to the borrower. AHFC is a secondary investor in mortgages and purchases mortgage loans originated by private lenders. Since we do not directly lend money, you must apply for an AHFC loan through an approved lending institution. For a list of approved lending institutions or for more information on the programs, please contact:

Alaska Housing Finance Corporation
P.O. Box 101020
Anchorage, Alaska 99510
Telephone: 276-5599

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

**ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY (AIDA)
Alaska Statutes 44.88.010-.220**

FEDERAL GUARANTEE PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the purchase of the federally guaranteed portion (primarily Small Business Administration guarantees) of a loan approved by a lending institution such as a loan for business, building or property, and allows the borrower a fixed-rate, long-term loan. The Alaska Industrial Development Authority is always a secondary market investor.

WHO CAN APPLY FOR A LOAN?

Any business entity (individual, partnership or corporation) whose loan needs meet the requirements of the Small Business Administration or other guaranteeing federal agency may apply for a loan.

HOW MUCH CAN BE BORROWED?

Up to \$500,000, plus whatever portion the originating lender will retain (a minimum of 10% originating lender participation) can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

The interest rate is equal to the most recent index of AA corporate bond yield averages as published by Moody's Investors Service (13.3% as of 4/19/84) plus 1½% on loans of \$100,000 or less, or plus 1% on loans over \$100,000.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The loan term, as negotiated by the lending institution and borrower, and approved by the Small Business Administration, is acceptable to AIDA.

IS COLLATERAL REQUIRED?

The collateral requirements, as negotiated by the lending institution and borrower, and approved by the Small Business Administration, is acceptable to AIDA.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. AIDA can participate only after a lender and the Small Business Administration have approved the loan. For more information on this program, please contact:

Alaska Industrial Development Authority
1577 C Street, Suite 304
Anchorage, Alaska 99501
Telephone: 274-1651

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY (AIDA)
Alaska Statutes 44.88.010-.220

GENERAL OBLIGATION BOND PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program assists in providing long-term financing for capital business purposes, such as buildings, plants, property and equipment. No inventory, working capital, or refinancing is available under this program.

WHO CAN APPLY FOR A LOAN?

Any business entity (individual, partnership or corporation) whose business is located in the State of Alaska may apply for a loan.

HOW MUCH CAN BE BORROWED?

Up to \$10,000,000 plus whatever portion the originating lender will retain (a minimum originating lender participation amount of 10% is required on loans of \$1 million or less, and 20% for loans over \$1 million), can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

The interest rate varies based on the cost of bond funds. For example, the interest rates in April 1984 were approximately 12% for tax exempt bonds and 14½% for taxable bonds.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The borrower may be allowed up to 25 years to repay the loan.

IS COLLATERAL REQUIRED?

AIDA will require collateral to protect its loan investment, such as a mortgage on real property or a security interest in machinery, equipment, or some other asset until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. AIDA can participate only after a lender has approved the loan. For more information on this program, please contact:

Alaska Industrial Development Authority
1577 C Street, Suite 304
Anchorage, Alaska 99501
Telephone: 274-1651

STATE OF ALASKA

ALASKA MUNICIPAL BOND BANK AUTHORITY
Alaska Statutes 44.85.050-.420

WHAT IS THIS LOAN PROGRAM FOR?

The Alaska Municipal Bond Bank is a public corporation created by State law to assist Alaskan communities with financing for capital projects such as schools, water and sewer systems, public buildings, harbors and docks.

WHO CAN APPLY FOR A LOAN?

A community who has held a successful general obligation bond election, has the project designed and costs estimated may apply for assistance.

HOW MUCH CAN BE BORROWED?

There is no maximum loan amount. The community is required to submit a detailed application form along with current audited financial statements, illustrating the ability of the community to repay the Bond Bank.

WHAT IS THE INTEREST RATE?

The Bond Bank sells its bonds on the national financial market and uses the proceeds to purchase the local community's bonds under the same terms. The Bond Bank has received extremely good bond ratings and is able to borrow money at a lower interest rate. For example, in April 1984, the approximate interest rate for a 20 year loan varied from 9½% to 10%.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The bond repayment schedule varies depending upon the total amount of the sale and the terms established at the time of the bond sale.

IS COLLATERAL REQUIRED?

In the case of default by a community, the Bond Bank has first claim on any funds the community would receive from the State of Alaska. The bonds are also backed by the municipality's taxing powers. In addition, the Bond Bank establishes a 15 percent reserve fund at the time of the bond sale to protect their investment.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact:

Alaska Municipal Bond Bank Authority
601 West 5th Avenue, Suite 430
Anchorage, Alaska 99501
Telephone: 274-7366

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
ALASKA POWER AUTHORITY (APA)**

**POWER PROJECT LOAN PROGRAM
Alaska Statutes 44.83.170**

WHAT IS THIS LOAN PROGRAM FOR?

The Alaska State Legislature appropriates funds to the Alaska Power Authority's Power Project Loan Program to be loaned to cities and utilities for power project development.

WHO CAN APPLY FOR A LOAN?

Electric utilities, regional electric authorities, municipalities, cities, boroughs, regional and village corporations, village councils, and nonprofit marketing cooperatives may apply for a Power Project Loan.

HOW MUCH CAN BE BORROWED?

There is no actual borrowing limitation set. The amount that can be borrowed is based upon the actual need of the applicant.

WHAT IS THE INTEREST RATE?

The loan must bear an interest rate or rates as determined by APA which meets the criteria established in AS 44.83.170(f), but the interest rate may not be less than 5 percent, nor more than a market rate based on a 12 month average of bond yield rates.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The maturity date is determined by APA, but may not extend beyond the productive life of the project being financed.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a pledge of the revenues from the project, a mortgage on the project being financed, or a pledge of the taxing power of the borrower.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program, please contact:

Alaska Power Authority
334 West 5th Avenue
Anchorage, Alaska 99501
Telephone: 276-0001

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
ALASKA POWER AUTHORITY (APA)**

**RURAL ELECTRIFICATION LOAN PROGRAM
Alaska Statutes 44.83.361**

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the extension of new electric service into an area of the State that an electric utility is authorized to serve. Loan monies may only be used for a utility's transmission and distribution system.

WHO CAN APPLY FOR A LOAN?

Utilities that do not have access to the Rural Electrification Administration (REA) loan program and REA utility borrowers that are having difficulty obtaining REA loans due to federal cutbacks can apply. To be eligible, utilities must be certificated and must provide service to at least three new customers.

HOW MUCH CAN BE BORROWED?

There is no actual borrowing limitation set. The amount that can be borrowed is based upon the actual need of the applicant.

WHAT IS THE INTEREST RATE?

Loans are made at an interest rate of two percent, with the principal to be paid back as future service connections are added to the extension.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

Utilities may be allowed up to 20 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require a mortgage on the project being financed to protect its loan investment.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program, please contact:

Alaska Power Authority
334 West 5th Avenue
Anchorage, Alaska 99501
Telephone: 276-0001

**STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION**

**ALASKA STUDENT LOAN PROGRAM
Alaska Statutes 14.43.090-.160**

WHAT IS THIS LOAN PROGRAM FOR?

This program provides low-cost educational loans to Alaska students enrolled in a full-time undergraduate, graduate, or career degree programs.

WHO CAN APPLY FOR A LOAN?

Individuals who are two-year residents of Alaska may apply for a loan and must maintain full-time study in good standing to continue to receive financial assistance under this program.

HOW MUCH CAN BE BORROWED?

Up to \$6,000 per year can be borrowed by undergraduate and vocational students. Up to \$7,000 per year can be borrowed by graduate students.

WHAT IS THE INTEREST RATE?

An interest rate of 5% will be charged.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 10 years to repay the loan with provisions for extending repayment to 15 years, if necessary.

IS COLLATERAL REQUIRED?

At present, there is no requirement for collateral on student loans.

WHERE CAN I APPLY FOR A LOAN?

Applications are due by May 15 for priority processing. For more information on this program or a loan application form, please contact:

Alaska Commission on Postsecondary Education
Division of Student Financial Aid
Pouch FP
Juneau, Alaska 99811
Telephone? 465-2962

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**ALTERNATIVE TECHNOLOGY AND ENERGY LOAN PROGRAM
Alaska Statutes 45.88.010-.050**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in purchasing, constructing, or installing alternative energy systems or centralized multifuel heating systems for energy conservation and cost savings, this program may provide financial assistance. This would include projects such as wood stoves with catalytic converters, solar systems, wind systems, hydro systems, catalytic converters for wood stoves, and centralized multifuel heating systems.

WHO CAN APPLY FOR A LOAN?

If you are 18 years old or older, you may apply for an Alternative Energy Loan if the project is located in Alaska.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$30,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 5% per year will be charged for the first \$15,000 of the loan and a rate of 15% will be charged for the amount of the loan that exceeds \$15,000.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 20 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a mortgage on the home being improved until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**BULK FUEL LOAN PROGRAM
Alaska Statutes 45.87.010-.500**

WHAT IS THIS LOAN PROGRAM FOR?

To help communities purchase bulk fuel oil.

WHO CAN APPLY FOR A LOAN?

An organized municipality or unincorporated village with a population under 2,000, or an individual endorsed by the municipality may apply for this loan.

HOW MUCH CAN BE BORROWED?

Depending upon a community's needs, up to \$50,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

In most cases, a community is not required to pay any interest on its first bulk fuel loan. An interest rate of 5% may be charged on a community's second bulk fuel loan, and an interest rate based upon the municipal bond rate may be charged on a community's third bulk fuel loan or any additional bulk fuel loans.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

A bulk fuel loan must be repaid within one year.

IS COLLATERAL REQUIRED?

At present, there is no requirement for collateral on bulk fuel loans.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**CHILD CARE FACILITY LOAN PROGRAM
Alaska Statutes 44.33.240-.275**

WHAT IS THIS LOAN PROGRAM FOR?

If you operate or would like to operate a child facility in Alaska and need help with construction, renovation, or the purchase of equipment, this program may provide financial assistance. Interim financing for construction or renovation is not allowed under this program, but funds would be available for long-term financing once the construction or renovation is completed.

WHO CAN APPLY FOR A LOAN?

If you are 18 years old or older and your facility provides care to children who are not related to you, if you take care of children in your home, or if you operate or plan to operate a day care center or preschool, you may apply for a loan.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$50,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 7% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 20 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a mortgage on the child care facility or a security interest in the equipment, until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**COMMERCIAL FISHING LOAN PROGRAM
Alaska Statutes 16.10.310-.370**

**SECTION A
(Permit Loans to Individuals)**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in buying a limited entry permit, this program may provide financial assistance.

NOTE: If you receive a loan under this section, you will not be able to borrow under sections B or C in the future.

WHO CAN APPLY FOR A LOAN?

An individual who is 18 years old or older, is a two-year resident of Alaska, and has experience in a commercial fishery during three of the last five years, including the season prior to filing a loan application, may apply for a loan.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$300,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 10½% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 15 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a security interest in the limited entry permit until the loan is repaid. Under certain circumstances, the State may require additional collateral.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**COMMERCIAL FISHING LOAN PROGRAM
Alaska Statutes 16.10.310-.370**

**SECTION B
(Permit, Vessel and Gear Loans to Individuals)**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in the repair, restoration, or upgrading of your vessels and gear, or in the purchase of limited entry permits, gear, and vessel, this program may provide financial assistance if no other source of financing is available to you.

WHO CAN APPLY FOR A LOAN?

An individual who is 18 years old or older, and is a two-year resident of Alaska may apply for a loan if 1) because of lack of training or employment opportunities is dependent upon commercial fishing; OR 2) is economically dependent upon commercial fishing for earning a living, and for whom commercial fishing has been a traditional way of life in Alaska.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$100,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 10½% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 15 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a security interest in the limited entry permit, the vessel or gear until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**COMMERCIAL FISHING LOAN PROGRAM
Alaska Statutes 16.10.310-.370**

SECTION C

(Vessel and Gear Loans to Corporations, Partnerships, or Joint Ventures)

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in the repair, restoration, or upgrading of your vessels and gear, or in the purchase of gear and vessels, this program may provide financial assistance if no other source of financing is available to you.

WHO CAN APPLY FOR A LOAN?

A corporation, partnership or joint venture may apply for a loan if they are owned 100% by individuals who are 18 years old or older and are two-year residents of Alaska and if 1) they have experience in a commercial fishery during three of the last five years including the season prior to filing a loan application; 2) because of lack of training or employment opportunities are dependent upon commercial fishing; OR 3) are economically dependent upon commercial fishing for earning a living, and for whom commercial fishing has been a traditional way of life in Alaska.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$100,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 10½% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 15 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a security interest in the vessel or gear until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**FISHERIES ENHANCEMENT LOAN PROGRAM
Alaska Statutes 16.10.500-.620**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in planning, construction, and operation of hatchery facilities, this program may provide financial assistance.

WHO CAN APPLY FOR A LOAN?

A qualified regional association or private nonprofit corporation which has obtained a private nonprofit hatchery permit from the Alaska Department of Fish and Game may apply for a loan.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$10,000,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 9½% per year will be charged on the total amount of the outstanding loan balance. No repayment of the principal is required for an initial period of six to ten years, and no interest will accrue during that time.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment such as a mortgage on the hatchery facility, or a security interest in equipment, assignment of enhancement tax receipts, or sale of surplus fish from the hatchery until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**HISTORICAL DISTRICT LOAN PROGRAM
Alaska Statutes 45.98.010-.070**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in restoration, improvement, rehabilitation, or maintenance of historical buildings, this program may provide financial assistance.

WHO CAN APPLY FOR A LOAN?

An individual who is 18 years old or older, a firm, business or municipality may apply for a loan. The building must be located in a historical district and the project must be approved by a local Historical District Commission and by the Historic Sites Advisory Committee.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$250,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 7½% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment such as a mortgage on the building being improved until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

**HOUSING ASSISTANCE LOAN PROGRAM
Alaska Statutes 44.47.360-.560**

Three kinds of loans are available under this program; Nonconforming Housing, Rural Nonowner-occupied and Rural Owner-occupied.

NONCONFORMING HOUSING LOAN PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for construction, rehabilitation or purchase of single family or duplex housing which, because of uncommon design, construction practices, materials, foundation systems, utilities and minimum space requirements may not qualify for financing by private financial institutions.

WHO CAN APPLY FOR A LOAN?

Individuals who are at least 18 years old or older, and a resident of the State of Alaska, may apply for a loan. The borrower must occupy one of the units as a principal residence.

HOW MUCH CAN BE BORROWED?

Maximum loans under the program equal the limits set by the Federal National Mortgage Association, currently \$171,000 for a single family residence and \$213,700 for a duplex.

WHAT IS THE INTEREST RATE?

The interest rate for nonconforming housing is $\frac{1}{8}\%$ higher than the rate based on the most current Alaska Housing Finance Corporation bond sale. A one point discount is available to veterans.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years or the remaining economic life of the property, whichever is less, to repay the loan.

IS COLLATERAL REQUIRED?

The loan must be secured by collateral. The structure being financed is usually sufficient collateral.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. Applying for a loan under this program is basically the same as applying for a conventional home mortgage loan.

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

For additional information on this program or loan application forms, please contact a participating lending institution or the Housing Assistance Division office located in your area:

Anchorage:

**Housing Assistance Division
949 E. 36th Avenue, Suite 400
Anchorage, Alaska 99508
Telephone: 561-0900
Toll Free Number: ZENITH 4585**

Regional Offices:

**Housing Assistance Division
P.O. Box 41
Nome, Alaska 99762
Telephone: 443-2655**

**Housing Assistance Division
Kuskokwim Office Building
P.O. Box 348
Bethel, Alaska 99559
Telephone: 543-3864**

**Housing Assistance Division
Drift Inn, 2nd Floor
P.O. Box 280
Kotzebue, Alaska 99752
Telephone: 442-3675**

**Housing Assistance Division
Kangiiqutaq Office Building
P.O. Box 10041
Dillingham, Alaska 99576
Telephone: 842-2245 or 2255**

**Housing Assistance Division
1514 Cushman St., Room 206
Fairbanks, Alaska 99701
Telephone: 452-4468**

**Housing Assistance Division
Community Building, Room 209
Pouch B
Juneau, Alaska 99811
Telephone: 465-2267**

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

**HOUSING ASSISTANCE LOAN PROGRAM
Alaska Statutes 44.47.360-.560**

RURAL NONOWNER-OCCUPIED PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the construction, purchase or rehabilitation of two, up to eight, rural nonowner-occupied rental housing units. Under extraordinary circumstances, the division may finance up to 16 rental units.

WHO CAN APPLY FOR A LOAN?

Individuals who are at least 18 years old and residents of the State of Alaska, and Alaska businesses may apply for a loan. The borrower may not occupy any of the units as a principal balance.

HOW MUCH CAN BE BORROWED?

The maximum loan amount is \$1,250,000.

WHAT IS THE INTEREST RATE?

The interest rate for this program is 10½%

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years or the remaining economic life of the structure, whichever is less, to repay the loan.

IS COLLATERAL REQUIRED?

The loan must be secured by collateral. The structure(s) being financed is (are) usually sufficient collateral.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. The division may issue loans directly to borrowers in areas not regularly served by commercial mortgage lending institutions.

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

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Toll Free Number: ZENITH 4585**

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**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

**HOUSING ASSISTANCE LOAN PROGRAM
Alaska Statutes 44.47.360-.560**

RURAL OWNER-OCCUPIED PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the construction, rehabilitation or purchase of single family or duplex housing.

WHO CAN APPLY FOR A LOAN?

Individuals who are at least 18 years old and residents of the State of Alaska may apply for a loan. The borrower must occupy one of the units as a principal residence. A borrower is limited to one State subsidized housing loan for owner-occupancy.

HOW MUCH CAN BE BORROWED?

Maximum loans under the program equal the limits set by the Federal National Mortgage Association, currently \$171,000 for a single family residence and \$218,700 for a duplex.

WHAT IS THE INTEREST RATE?

The interest rate is one point less than the rate based on the most current Alaska Housing Taxable Bond Sale. Traditionally, the interest rate for nonveterans under this program has been in the 8 to 11 percent range. an additional one point discount is available to veterans.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years or the remaining economic life of the structure, whichever is less, to repay the loan.

IS COLLATERAL REQUIRED?

The loan must be secured by collateral. The structure being financed is usually sufficient collateral.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. The division may issue loans directly to borrowers in areas not regularly served by commercial mortgage lending institutions.

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

For additional information on this program or loan application forms, please contact a participating lending institution or the Housing Assistance Division office located in your area:

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**Housing Assistance Division
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**Housing Assistance Division
1514 Cushman St., Room 206
Fairbanks, Alaska 99701
Telephone: 452-4468**

**Housing Assistance Division
Community Building, Room 209
Pouch B
Juneau, Alaska 99811
Telephone: 465-2267**

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**MINING LOAN PROGRAM
Alaska Statutes 27.09.010-.060**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in advanced mineral exploration, development, or mining in Alaska, this program may provide financial assistance.

WHO CAN APPLY FOR A LOAN?

Residents of Alaska who are 18 years or older, with five years' mining or prospecting experience in the State may apply for a loan. A partnership may apply if at least half of the partners each have five years' mining or prospecting experience in the State and at least half are residents of Alaska. A corporation may apply if at least 51% of its shares are held by persons with a least five years' mining or prospecting experience in the State and who are residents.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$5,000,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 10% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 15 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment such as a mortgage on real property, a mortgage secured by assignment of the leasehold interest in the mining claim, or a security interest in machinery or equipment until the loan is paid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**RESIDENTIAL ENERGY CONSERVATION LOAN PROGRAM
Alaska Statutes 45.89.010-.500**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in purchasing, constructing, or installing energy conservation improvements in an existing residential building, this program may provide financial assistance.

WHO CAN APPLY FOR A LOAN?

If you are 18 years old or older, you may apply for a Residential Energy Conservation Loan.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$5,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

The interest rate charged is based upon the municipal bond rate and varies slightly from month to month. For example, the interest rate charged in January 1984 was 10.25% and the rate for April 1984 was 10.05%.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 10 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment such as a mortgage on the home being improved until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**VETERANS' ASSUMPTION
Alaska Statutes 26.15.010-.170**

WHAT IS THIS PROGRAM FOR?

If you are interested in assuming an existing veteran's single or multiple family dwelling, or small business loan, this program may provide financial assistance.

WHO CAN APPLY FOR A LOAN?

If you are 18 years old or older, you may apply to assume a veteran's loan.

HOW MUCH CAN BE BORROWED?

An assumption would be for the amount of the outstanding loan balance.

WHAT IS THE INTEREST RATE?

The interest rate charged would be the same as the rate charged for the original loan. In most cases, the interest rate varies from 7% to 9%.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The amount of time allowed to repay the loan would be determined by the term allowed under the original loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment. Generally, in an assumption, the collateral offered is the same as that offered to secure the original loan.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

The contents of this pamphlet are intended to provide general information on State loan programs. For complete information on a specific loan program, please contact the appropriate State agency.

For additional copies of the State Loan Pamphlet, please contact:

Division of Investments
Pouch D
Juneau, Alaska 99811



Alaska State Legislature

House of Representatives

SPECIAL COMMITTEE ON FISHERIES

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

HEARING DATE:

February 26, 1985

Limited Entry

NAME (Please Print)	ADDRESS	REPRESENTING	TESTIFY (Yes or No)	PHONE NUMBER
KURT SCHELLE	Pouch KB Juneau	C.F.E.C.	Yes	465-4083
Rich Lisowski	Pouch KB	C.F.E.C.	NO	
LORCE THOMLEY	"	"	NO	4081
David Garrison	Pouch V	Rep. Jenkin	NO	4453
Jon Newstrom	"	SPEAKER'S OFFICE	NO	3726
GENEVA TAYLOR	P.O. BOX 21235 ^{ALIVE BAY}	GOLL	NO	—
Cass Pusno	319 Second St.	U.F.A.	NO	6-2820
PAT MALONE	Pouch V	REP. NAVARRE	NO	3893
Debbie Guillaume	Pouch D Juneau	DCED, Div Acctg + Coll.	NO	2555
Helen Fisher		Rep. Thompson	NO	—
MAGGIE HAMLEY	POUCH D	DCED	YES	2555
PAUL B. ARNOLD	Pouch A	ACEA - INVESTMENTS	YES	2510
LIZ WINEGAR	POUCH D	DEED - INVESTMENTS	NO	2510
HOWARD WAYNE	Pouch V	REP. SUND	NO	4919



Alaska State Legislature

House of Representatives

SPECIAL COMMITTEE ON FISHERIES

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

HEARING DATE:

Feb. 19

Limited Entry

NAME (Please Print)	ADDRESS	REPRESENTING	TESTIFY (Yes or No)	PHONE NUMBER
<i>Bruce Tummley</i>	<i>Pouch KB</i>	<i>CFEC</i>	<i>yes</i>	
<i>Phil Smith</i>	<i>Pouch KB</i>	<i>CFEC</i>	<i>yes</i>	
<i>Rich Listowski</i>	<i>Pouch KB</i>	<i>CFEC</i>	<i>yes</i>	
<i>Roger Painter</i>	<i>Pouch V</i>	<i>Fisheries Com.</i>	<i>NO</i>	
<i>Walter Fisher</i>	<i>"</i>	<i>Thompson</i>	<i>NO</i>	
<i>LREG WINEGAR</i>	<i>POUCH D</i>	<i>commerce</i>	<i>NO</i>	
<i>MAGGIE HAMLEY</i>	<i>POUCH D</i>	<i>DCED</i>	<i>NO</i>	
<i>Catherine Waller</i>	<i>Pouch D</i>	<i>Dept. of Commerce</i>	<i>NO</i>	<i>2504</i>
<i>Jim Clark</i>	<i>Juneau</i>	<i>Rep. Binkley</i>	<i>NO</i>	
<i>Chris Kelly</i>	<i>"</i>	<i>CFEC</i>	<i>NO</i>	<i>4081</i>
<i>Kurt Schelle</i>	<i>"</i>	<i>CFEC</i>	<i>NO</i>	<i>4081</i>
<i>Greg Baker</i>	<i>Pouch D</i>	<i>DCED / Fisheries</i>	<i>No</i>	<i>2162</i>
<i>David Garrison</i>	<i>Pouch V</i>	<i>Rep. Jenkins</i>	<i>No</i>	<i>4453</i>
<i>Cass Parsons</i>	<i>319 Second St.</i>	<i>UFA</i>	<i>No</i>	<i>6-2820</i>
<i>JOHN NEWSTROM</i>	<i>CAP 208</i>	<i>Speaker's staff</i>	<i>NO</i>	<i>3720</i>



Alaska State Legislature

House of Representatives

SPECIAL COMMITTEE ON FISHERIES

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

HEARING DATE:

March 5, 1985

HB 208
Sta Entry / ANB

NAME (Please Print)	ADDRESS	REPRESENTING	TESTIFY (Yes or No)	PHONE NUMBER
MAGGIE HAMLEY	POUCH D	DLED - ACCTS + Coll	YES	2555
John McCluskey	P.O. Box 93	Close-up	no	788-3222
Jan Masco	Box 109	Close-up	no	788-3227
Machelle Jim	Box 3	Close-up	no	788-3881
Kurt Gaudin	POUCH KB	C.F.E.C.	—	465-4083
Paul Larson	Dawley	ADF + G	NO	465-4250
Bob Crosby	Box 3-2000	ADF + G	NO	4210
JEFF SMITH	Pouch B	DCRA	NO	4700
JOHN NEWSBROM	POUCH V	SPEAKER'S OFFICE	NO	3720
JANET FRIES	POUCH V	REP. HERLMANN	NO	4942
MARGOT KNUTH	Pouch K	Dept of law	Yes-if asked	3600
PAUL SMITH	Pouch KB	CFEC	"	4081
Rich Listowski	POUCH KB	CFEC	NO	4081
Case Person	319 Seaward St.	UEA	Yes ^{HB} 208	6-2870

**STATE OF ALASKA
THE LEGISLATURE**

LEGISLATIVE AFFAIRS AGENCY

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907-465-3000

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Special Committee on Fisheries, 2/19/85, 8:30am
" " " " 2/26/85, 8:30am

NOTICE: This opinion is subject to formal correction before publication in the Pacific Reporter. Readers are requested to bring typographical or other formal errors to the attention of the Clerk of the Appellate Courts, 303 K Street, Anchorage, Alaska 99501, in order that corrections may be made prior to permanent publication.

THE SUPREME COURT OF THE STATE OF ALASKA

GENE MADISON, LUCY CASEY, KEN MCGAHAN,)
SR., ANDY JOHNSON, MARGIE KIVI, J. W.)
WARE, DICK FRANCIS, DON GROLESKE, KEN)
JORDON and SHIRLEY DEVAULT,)

File Nos. 6824/
7181

Appellants,)

v.)

O P I N I O N

ALASKA DEPARTMENT OF FISH AND GAME,)
and ALASKA BOARD OF FISHERIES,)

Appellees,)

and)

THE ALASKA FEDERATION OF NATIVES,)

Intervenor.)

ALASKA DEPARTMENT OF FISH AND GAME,)
RONALD SKOOG, ALASKA BOARD OF FISHERIES,)

File No. 7410

Appellants,)

v.)

LOUIS GJOSUND, DORA MULCH, and KACHEMAK)
BAY SUBSISTENCY GROUP, INC.,)

Cross-Appellees.)

[No. 2911 - February 22, 1985

Appeal from the Superior Court of the State of Alaska, Third Judicial District, Anchorage, Victor D. Carlson, Judge, and Third Judicial District, Homer, Paul B. Jones, Judge.

Appearances: Martin Friedman, Homer, Arthur Robinson, Soldotna, for Appellants/Cross-Appellees. Larri Irene Spengler, Assistant Attorney General, Norman C. Gorsuch, Attorney General, Juneau, for Appellees/Appellants. Donald C. Mitchell, Anchorage, for Intervenor/Amicus Curiae.

Before: Rabinowitz, Chief Justice, Burke, Matthews, Compton and Moore, Justices.

MOORE, Justice.

This case arises as a consolidated appeal of two cases. It concerns the validity of a Board of Fisheries' (hereafter board) regulation designed to identify eligibility for subsistence fishing in the Cook Inlet region.

Appellants (hereafter Madison and Gjosund) are two groups of Alaskan residents who live along the Kenai coastline and near Homer. For many years, they have fished with set nets for salmon for their personal and family use. Nonetheless, the board denied subsistence permits to Madison and Gjosund because their use of salmon did not meet the board's regulatory definition of subsistence. Both Madison and Gjosund challenged the regulation as exceeding the scope of the state's subsistence law. In both cases, the trial courts upheld the regulation as consistent with the

statutory grant of authority. We hold the regulation invalid since it is inconsistent with AS 16.05.251(b), AS 16.05.940(22) and AS 16.05.940(23) and contrary to the legislature's intent in enacting the 1978 subsistence law.

I. SUMMARY OF FACTS

Records indicate that subsistence fishing in Cook Inlet was minimal through the mid-1970s.¹ However, a core group of residents of each Cook Inlet community has traditionally fished for Cook Inlet salmon for subsistence. Participation in the subsistence salmon fishery is most visible in the smaller, more isolated villages, where the subsistence group represents a larger percentage of the population.

In 1977 the board established a comprehensive management policy for Cook Inlet, 5 AAC 21.363, which essentially allocated specific salmon stocks to sports fishermen and commercial fishermen on the basis of seasonal fish movements. See Kenai Peninsula Fisherman's Cooperative

1. From 1971 to 1977, the average number of subsistence permits issued annually for the Upper Cook Inlet was 87 and the average catch was 405 salmon. Commercial harvest averaged about two million fish per year. However, this statistical data does not necessarily reveal the total subsistence use since many people did not obtain permits and some commercially caught salmon were used for subsistence.

Ass'n v. State, 628 P.2d 897 (Alaska 1981). Although the policy did not specifically refer to subsistence uses of salmon in Cook Inlet, it had a substantial impact on subsistence fishing. Commercial fishermen, accustomed to taking subsistence salmon from their commercial catch, instead obtained subsistence salmon fishing permits in order to fish for their personal and family use after the commercial season was over.

Before 1978, subsistence fishing was defined in AS 16.05.940(17) as fishing for "personal use and not for sale or barter."² In 1978, the Alaska State Legislature enacted ch. 151 SLA 1978 (hereafter the 1978 subsistence law). Subsistence fishing was redefined as fishing for "subsistence uses."³ Subsistence uses were defined as "customary and

2. Section 4, ch. 131 SLA 1960:

"subsistence fishing": the taking, fishing for or possession of fish, shellfish, or other fishery resources for personal use and not for sale or barter, with gill net, seine, fish wheel, long line, or other means as defined by the Board.

3. AS 16.05.940(22), (formerly AS 16.05.940(17)), states:

"subsistence fishing" means the taking, fishing for, or possession of fish, shellfish, or other fisheries resources for subsistence uses with gill net, seine, fish wheel, long line, or other means defined by

(Footnote Continued)

traditional uses . . . for direct personal or family consumption, and for the customary trade, barter or sharing. . . ." AS 16.05.940(23).⁴ Furthermore, the legislation required the board to adopt regulations permitting "subsistence uses" of fish stocks, absent a showing that this use would jeopardize the sustained yield principle. AS 16.05.251(b).⁵ Under AS 16.05.251(b), subsistence uses have

(Footnote Continued)

the Board of Fisheries.

4. AS 16.05.940(23), (formerly AS 16.05.940(26)), states:

"subsistence uses" means the customary and traditional uses in Alaska of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation, for the making and selling of handicraft articles out of nonedible by-products of fish and wildlife resources taken for personal or family consumption, and for the customary trade, barter or sharing for personal or family consumption; for the purposes of this paragraph, "family" means all persons related by blood, marriage, or adoption, and any person living within the household on a permanent basis.

5. AS 16.05.251(b) states:

The Board of Fisheries shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) permitting the taking of fish for subsistence uses unless the board

(Footnote Continued)

priority over sport and commercial uses if the board finds it necessary to restrict the taking of fish to assure the maintenance of fish stocks or to assure the continuation of subsistence uses. If further restrictions are necessary after giving priority to all subsistence uses, the legislature established specific criteria to restrict subsistence uses based on the subsistence user's customary and direct dependence on the resource, local residency and availability of alternative resources. Id. As a result,

(Footnote Continued)

determines, in accordance with the Administrative Procedure Act, that adoption of the regulations will jeopardize or interfere with the maintenance of fish stocks on a sustained-yield basis. Whenever it is necessary to restrict the taking of fish to assure the maintenance of fish stocks on a sustained-yield basis, or to assure the continuation of subsistence uses of such resources, subsistence use shall be the priority use. If further restriction is necessary, the board shall establish restrictions and limitations on and priorities for these consumptive uses on the basis of the following criteria:

- (1) customary and direct dependence upon the resource as the mainstay of one's livelihood;
- (2) local residency; and
- (3) availability of alternative resources.

the board could no longer allocate for subsistence uses at its discretion pursuant to AS 16.05.251(a).⁶ The

6. AS 16.05.251(a) states:

The Board of Fisheries may adopt regulations it considers advisable in accordance with the Administrative Procedures Act (AS 44.62) for

- (1) setting apart fish reserve areas, refuges and sanctuaries in the waters of the state over which it has jurisdiction, subject to the approval of the legislature;
- (2) establishing open and closed seasons and areas for the taking of fish;
- (3) setting quotas and bag limits on the taking of fish;
- (4) establishing the means and methods employed in the pursuit, capture and transport of fish;
- (5) establishing marking and identification requirements for means used in pursuit, capture and transport of fish;
- (6) classifying as commercial fish, sport fish or predators or other categories essential for regulatory purposes;
- (7) engaging in biological research, watershed and habitat improvement, fish management, protection, propagation and stocking;
- (8) investigating and determining the extent and effect of disease, predation, and competition among fish in the state, exercising control measures considered necessary to the resources of the state;

(Footnote Continued)

legislature mandated in AS 16.05.251(b) that the board regulate for the protection of subsistence uses as the priority use of fish and game.

The passage of the 1978 subsistence law, combined with adoption of the board's 1977 management policy, heightened public awareness of the state's subsistence fishing provisions. This public interest resulted in a

(Footnote Continued)

(9) entering into cooperative agreements with educational institutions and state, federal, or other agencies to promote fish research, management, education and information and to train persons for fish management;

(10) prohibiting and regulating the live capture, possession, transport, or release of native or exotic fish or their eggs;

(11) establishing seasons, areas, quotas and methods of harvest for aquatic plants;

(12) establishing the times and dates during which the issuance of fishing licenses, permits and registrations and the transfer of permits and registrations between registration areas is allowed; however, this paragraph does not apply to permits issued or transferred under AS 16.43.

substantial increase in the demand for subsistence permits and a corresponding increase in total catch.⁷ The board responded to the permit increase by restricting subsistence fishing; it limited areas open to subsistence fishing, length of fishing periods and maximum length of gill nets. Several lawsuits were filed, all of which resulted in decisions unfavorable to the board.

In December 1980, the board held hearings to respond to the 1978 subsistence law and received a considerable amount of testimony on subsistence uses in Cook Inlet. The meeting resulted in the establishment of characteristics for identification of "customary and traditional uses" of Cook Inlet salmon.⁸ In addition, the

7. This chart reflects the trend in Upper Cook Inlet:

	<u>Subsistence Use</u>		<u>Commercial Harvest</u>
	<u>Permits Issued</u>	<u>Salmon Caught</u>	
1978	323	3,735	5,118,041
1979	1,161	9,923	1,923,229
1980	1,331	14,775	4,138,648

In 1980, household permits were issued instead of individual permits.

8. With some modification, these characteristics became the basis of 5 AAC 01.597, which states:

CHARACTERISTICS OF SUBSISTENCE FISHERIES.

(a) The Board of Fisheries finds that certain customary and traditional practices

(Footnote Continued)

board decided to "adopt a set of criteria drawn from the

(Footnote Continued)

and procedures associated with the utilization of fish in the Cook Inlet Area can be used to identify subsistence uses. Based on testimony to the board, the following characteristics are those that should be evaluated in the identification of subsistence fisheries:

(1) a long-term, stable, reliable pattern of use and dependency, excluding interruption generated by outside circumstances, e. g., regulatory action or fluctuations in resource abundance;

(2) a use pattern established by an identified community, subcommunity or group having preponderant concentrations of persons showing past use;

(3) a use pattern associated with specific stocks and seasons;

(4) a use pattern based on the most efficient and productive gear and economical use of time, energy and money;

(5) a use pattern occurring in reasonable geographic proximity to the primary residence of the community, group or individual;

(6) a use pattern occurring in locations with easiest and most direct access to the resources;

(7) a use pattern which includes a history of traditional modes of handling, preparing and storing the product without precluding recent technological advances;

(8) a use pattern which includes the intergenerational transmission of activities and skills;

(Footnote Continued)

characteristics . . . and apply [them] to communities, subcommunities, groups and individuals who wish to continue to participate in an established customary and traditional fishing effort in Cook Inlet."

At its March 1981 meeting, the board received written testimony from the public about subsistence uses of Cook Inlet salmon stock. Subsequently, it decided to apply all of the ten criteria to determine "customary and

(Footnote Continued)

(9) a use pattern in which the effort and products are distributed on a community and family basis including trade, bartering, sharing and gift-giving; and

(10) a use pattern which includes reliance on subsistence taking of a range of wild resources in proximity to the community or primary residency.

(b) The board will identify established geographic communities which may be participating in a subsistence system. The board will then apply all of the characteristics in (a) of this section to the communities and to subcommunities, groups and individuals within the communities to determine which uses are customary and traditional and therefore, which communities are eligible for the subsistence priority.

(c) For purposes of this section, a "community" is generally considered to be several households of full-time residents who all reside in a specific geographic area because of common interests.

traditional uses" eligible for the subsistence priority. When the board applied the ten criteria, it determined that no group or community in the Cook Inlet region other than Tyonek, English Bay and Port Graham satisfied all ten of the criteria. The board limited the 1981 subsistence catch to these three communities. As a result, the board eliminated from the protection of the state's subsistence statute the majority of Cook Inlet fishermen who formerly fished under subsistence regulations.

Madison and Gjosund challenged the validity of the board's subsistence criteria (now 5 AAC 01.597) on several grounds. They claimed that: (1) the criteria were inconsistent with the statutory language and legislative intent of the 1978 subsistence law; (2) the board failed to comply with the Administrative Procedure Act in adopting the criteria; and (3) their equal protection and due process rights were violated by the board's action.⁹ Both courts issued preliminary injunctions compelling the board to authorize personal use fishing for Madison and Gjosund similar to that allowed in the previous year. The board

9. Since we hold the regulation invalid because it is inconsistent with AS 16.05.251(b) and AS 16.05.940 (22) and (23), and contrary to the legislature's intent in enacting the 1978 subsistence law, we need not consider the APA, due process and equal protection issues raised regarding the regulation's validity.

moved for summary judgment on the plaintiffs' first claim. Both trial courts granted summary judgment to the board, after finding the subsistence criteria consistent with the legislative intent "to provide for and protect personal use . . . by persons who reside in rural communities. . . ."

On appeal, Madison and Gjosund seek reversal of the two trial court decisions. They claim that the board did not act within the legislative authority granted by AS 16.05.251(b) and AS 16.05.940(22) and (23) when it adopted the ten characteristics ultimately codified as 5 AAC 01.597.¹⁰

II. STANDARD OF REVIEW

We first consider the appropriate standard of review for this case. The legislature enacted AS 16.05.251(b), which requires the board to adopt regulations permitting the taking of fish for "subsistence uses." The legislature then defined subsistence uses as "customary and traditional" uses in AS 16.05.940(23), but it never defined

10. Madison and Gjosund also contend that the board exceeded its statutory authority under AS 16.05.251(a) when it established a personal use fishery to accommodate people excluded from the subsistence fishery by 5 AAC 01.597. Because we hold 5 AAC 01.597 invalid, we need not address the issue of the board's authority to establish a personal use fishery.

"customary and traditional." The board developed the ten criteria (now codified as 5 AAC 01.597) to identify customary and traditional uses qualifying for a subsistence priority under AS 16.05.251(b). Therefore, the board interpreted the 1978 subsistence law and devised its regulatory criteria accordingly.

In Kelly v. Zamarello, 486 P.2d 906, 917 (Alaska 1971), we stated that the "reasonable basis approach should be used for the most part in cases concerning administrative expertise as to either complex subject matter or fundamental policy formulations." However, the issues in this case concern statutory interpretation of the words "customary and traditional" and the question whether the board has acted within the scope of its statutory authority. Such issues "fall into the realm of special competency of the courts." Alaska Public Utility Commission v. Municipality of Anchorage, 555 P.2d 262, 266 (Alaska 1976). See also State, Commercial Fisheries Entry Commission v. Templeton, 598 P.2d 77, 80 (Alaska 1979).

In this instance, we are dealing with a question of statutory interpretation and will apply the substitution of judgment standard.

The substitution of judgment standard is applied when the questions of law presented do not involve agency expertise, and, thus, a court need not take the deferential stance embodied in the rational basis test. . . . The standard is appropriate where the

knowledge and experience of the agency is of little guidance to the court or where the case concerns "statutory interpretation or other analysis of legal relationships about which courts have specialized knowledge and experience."

Earth Resources Co. v. State, Department of Revenue, 665 P.2d 960, 965 (Alaska 1983), quoting Kelly v. Zamarello, 486 P.2d at 916 (emphasis added). Application of this standard allows the reviewing court to substitute its judgment about a statute's meaning for the board's interpretation, even if the board's interpretation had a reasonable basis in law. In this case, both trial courts erred by applying the rational basis standard to the board's statutory interpretation.

III. LEGISLATIVE HISTORY OF THE 1978 SUBSISTENCE LAW

Before 1978, subsistence fishing was defined as fishing for "personal use and not for sale or barter." Formerly AS 16.05.940(17). The 1978 subsistence law redefined subsistence fishing as fishing for "subsistence uses." AS 16.05.940(22). "Subsistence uses" were defined as "the customary and traditional uses in Alaska of wild, renewable resources for direct personal or family consumption . . . and for the customary trade, barter or sharing" AS 16.05.940(23). The board argues that the legislature intended to narrow the scope of subsistence fishing to mean fishing by individuals residing in those

rural communities that have historically depended on subsistence hunting and fishing. Under this interpretation, the board asserts that its criteria are consistent with the legislature's intent.

The board's argument reveals a fundamental misconception about the structure of the 1978 subsistence law. There are potentially two tiers of subsistence users under AS 16.05.251(b). The first tier includes all subsistence users. Under the statute, all subsistence uses have priority over sport and commercial uses "whenever it is necessary to restrict the taking of fish to assure the maintenance of fish stocks on a sustained-yield basis, or to assure the continuation of subsistence uses of such resources. . . ." AS 16.05.251(b). If the statutory priority given all subsistence users over commercial and sport users still results in too few fish for all subsistence uses, then the board is authorized to establish a second tier of preferred subsistence users based on the legislative criteria expressed in AS 16.05.251(b), namely, customary and direct dependence on the resource, local residency, and availability of alternative resources.

Criteria like the ten criteria of 5 AAC 01.597(a) could be used to distinguish first-tier general subsistence users from second-tier preferred subsistence users, since most of the criteria relate to either "customary and direct

dependence" or "local residency," two of the three criteria set out in AS 16.05.251(b). However, before there is any occasion to restrict subsistence fishing to second-tier preferred subsistence users as distinct from all subsistence users, the board must make two findings. It must find: (1) that it is necessary to restrict the taking of fish for sustained-yield purposes; and (2) that eliminating sport and commercial uses will not assure the maintenance of fish stocks on a sustained-yield basis and, thus, establishing a priority among subsistence users is also necessary. The board erred because it applied the ten criteria without making these findings.

The board argues that the words "customary and traditional" in AS 16.05.940(23) authorize it to define first-tier subsistence users by their area of residence. We reject this argument for several reasons. First, the argument ignores the two-tier structure of AS 16.05.251(b) that defines only the second-tier subsistence users in terms of residency. If the legislature had intended to define the class of first-tier general subsistence users by area of residence, it would not have expressed that factor with respect to only the second tier of preferred subsistence users. Moreover, the phrase "customary and traditional" modifies the word "uses" in AS 16.05.940(23). It does not refer to users. The 1978 subsistence law refers to

"customary users" at only one point, when it defines the preferred subsistence users of the second tier with the three statutory criteria in AS 16.05.251(b).

The House Special Committee on Subsistence drafted a letter of intent for House Bill 960¹¹ that supports our interpretation. With respect to AS 16.05.251(b) (which was § 6 of House Bill 960),¹² the letter of intent made clear the priority to be given subsistence uses in general over sport and commercial uses and explained the two-tier system among subsistence users.

Sections six and seven: These two sections, which are virtually identical for the Boards of Fisheries and the Board of Game, are intended to statutorily set out the priority given to subsistence use of fish and game resources. . . . Further, these sections set forth a priority of users if restrictions are needed because of the unavailability of resources. The priority list is an attempt to insure that those with the most dependence upon the fish and game resources are the last to be restricted.

If there is a need to restrict the taking of fish or game in order to avoid damaging the fish stocks or game populations, or in order to assure that subsistence users may continue to take fish or game, it is the intent of the Committee that sports or commercial use be restricted before

11. HB 960 became the 1978 subsistence law, ch. 151 SLA 1978.

12. The committee also intended to provide a priority for subsistence hunting in AS 16.05.255, as indicated in § 6 of HB 960.

subsistence use. If these restrictions are inadequate, restricting of subsistence use as well is authorized based upon the dependence on the resource, the local residence of the subsistence users, and the availability of alternate resources.

(Emphasis added).

Only in connection with AS 16.05.251(b) does the letter of intent discuss applying residence criteria to subsistence users, and it does so only with respect to second-tier subsistence users. With respect to the definition of subsistence uses in § 17 of House Bill 960 (now AS 16.05.940(23)), the letter of intent does not suggest that the phrase "customary and traditional" was meant to describe users as well as uses. The letter of intent states:

Section seventeen: Subsection (26) defines what uses can be made of subsistence caught fish and game. It allows it to be used for direct personal or family consumption, for barter as defined in subsection (27) and for sharing the subsistence caught fish and game with other persons. This subsistence caught fish and game which is shared can then only be used for personal or family consumption. This subsection also broadens the definition of family to include the extended family situation.

The letter of intent clearly expressed the legislative resolve to establish a priority for subsistence use of fish and game. The 1978 subsistence law also increased the number of uses qualifying as subsistence fishing by including trade and barter.

The board based its restrictive regulation, 5 AAC 01.597, on the words "customary and traditional." The legislature did not define these words in the 1978 subsistence law. In such a case, reference to legislative history may provide an insight into the legislature's intent and a statute's meaning. North Slope Borough v. Sohio Petroleum Corp., 585 P.2d 534, 540 (Alaska 1978). In the House floor debate on House Bill 960, Representative Cotton introduced an amendment to delete the words "customary and traditional" from the statute. The floor manager of the bill, Representative Anderson, opposed the amendment in the following speech:

The two words are used in this context to put some guidelines around the uses of Alaska's freedom of resources. What we were afraid of, it was brought to our attention by people who were concerned that this would leave the field of the definition wide open. That newcomers just coming to the State of Alaska would automatically be able to establish not only residency in 30 days, but be able to go out and state that they have a customary and traditional use of Alaska's fish and game resources. The use of customary and traditional also is in recognition of a historical use of fish and game for food, shelter, fuel, clothing, tools, transportation, etc. This is not only in conformance with the aboriginal uses, but also those that have come in, those people who have come in later. . . . [T]he nonnative people in the State of Alaska have established customary and traditional uses of Alaska's fish and game resources for subsistence purposes. And in order to give the Board of Fish and Game more clarification in the area, we have come up with the (inaudible) of customary and traditional rather than leaving that section

consisting of board members and staff, to identify subsistence uses of salmon in Cook Inlet. The committee drafted ten criteria to identify subsistence uses and presented them to the board.

Lonner worked with the committee to develop the ten criteria and explained them to the board. He stated: "These tenets here are . . . based on . . . the evidence about four relatively self-contained communities. . . . If, however, you have individual applicants, . . . this might not suffice as a test." Therefore, the board was fully aware of the limitations of the proposed criteria.

At its March 1981 meeting, the board received further testimony on uses of Cook Inlet salmon from the area advisory committees and several individual witnesses. After deliberation, the board decided to apply all of the ten criteria "to determine which uses are customary and traditional and therefore are eligible for the subsistence priority." Only the fisheries associated with Tyonek, English Bay and Port Graham met all ten criteria.

In its findings of fact, the board applied the ten criteria to individuals such as Madison and Gjosund. In particular, the individuals failed to meet the second

(Footnote Continued)

AS 44.62.310-12 (public meeting provision) at its December 1980 meeting.

wide open. The design is not to be restrictive but to provide guidelines and that is basically what I feel and many . . . members felt it was necessary in . . . adding or retaining those two words "customary and traditional."

(Emphasis added).

We consider statements made by a bill's sponsor in the course of legislative deliberations to be relevant evidence when a court is trying to determine legislative intent. Alaska Public Employees Association v. State, 525 P.2d 12, 16 (Alaska 1974). Anderson argued for the retention of "customary and traditional" for use as a guideline. His major concern focused on the potential pressure put on resources by newcomers. In his view, the words "customary and traditional" recognized and protected a historical subsistence use by both native and non-native Alaskans. The words were not intended to restrict subsistence use.

Another part of the House debate serves to clarify the statute's meaning. Representative Parr expressed concern that the board might use AS 16.05.251(b) to eliminate Fairbanks residents from subsistence use. Some Fairbanks residents often traveled to the Chitina Dip Net Fishery near the Copper River for their fishing. Representative Anderson responded to these concerns:

If we get into a condition where the fish stock gets down to the point where there is no way that you can allow any take, the first people that you are going to cut off are the commercial and then the sports, first, and

then the last people that you are going to cut off are the subsistence people who have the greatest reliance on the resource. . . . [I]f it were defined that dip net fishing were for subsistence uses and not for sale or any other purpose, that would be allowed and I would think that people from Fairbanks would fall under these categories. I don't know where else they would go to . . . where people from Fairbanks make it a custom to go down to the Chitina area and if it was determined that that resource was down to the point where only subsistence would be allowed, those people would be taken care of under this section. I don't see that it is eliminating.

(Emphasis added).

In the House debate, Anderson attempted to assure Parr that residents of urban Fairbanks could be considered priority subsistence users. Contrary to the board's interpretation of the subsistence statutes, there is no indication that legislators understood the 1978 subsistence law to restrict subsistence use to either a rural or a community context. In fact, the House debate indicates that the 1978 subsistence law was necessary to protect subsistence uses as a priority use of Alaska's fish and game resources. This intent is clearly expressed by the preamble to the subsistence law:

[I]t is in the public interest to clearly establish subsistence use as a priority use of Alaska's fish and game resources and to recognize the needs, customs and traditions of Alaskan residents. The legislature further finds that beneficial use of those resources by all state residents should be carefully monitored and regulated with as much input as possible from the affected

users, so that the viability of fish and game resources is not threatened and so that resources are conserved in a manner consistent with the sustained yield principle.

(Emphasis added).

The legislative history indicates that the legislature intended to protect subsistence use, not limit it. The words "customary and traditional" serve as a guideline to recognize historical subsistence use by individuals, both native and non-native Alaskans. In addition, subsistence use is not strictly limited to rural communities. For these reasons, the board's interpretation of "customary and traditional" as a restrictive term conflicts squarely with the legislative intent.¹³

13. The board notes that the words "customary and traditional" in the 1978 subsistence law were taken from ~~§ 703 of HR 39, 95th Congress, 2nd Session (1978)~~, which Congress passed in modified form in 1980 as the Alaska National Interests Land Conservation Act (ANILCA), Public Law No. 96-487, 16 U.S.C. § 3113. Therefore, the board argues that the words in the Alaska act should have the same meaning as the words in the federal act and limit subsistence uses to residents of rural Alaska. We reject this argument for several reasons. First, § 703 of HR 39 in its 1978 form did not contain the "rural Alaska residents" limitation now found in 16 U.S.C. § 3113. Second, the Alaska House floor debate reveals that Representative Anderson, the bill's floor manager, understood the 1978 subsistence law to allow the urban residents of Fairbanks to qualify as general subsistence users. Finally, in the preamble to the 1978 subsistence law, the Alaska Legislature expressed its intent to "recognize the needs, customs and traditions of Alaskan residents." While the legislature declared that beneficial use of fish and game resources "by

(Footnote Continued)

IV. THE BOARD'S ADOPTION AND APPLICATION OF 5 AAC 01.597

We now turn to the board's interpretation of the 1978 subsistence law. In December 1980, the board met to examine the uses of salmon in Cook Inlet and to determine which uses would qualify for the subsistence use priority. Tom Lonner, the director of the subsistence section of the Alaska Department of Fish and Game, presented the department's recommendations on the subsistence statute. He suggested that the board begin its analysis of customary and traditional uses with an assessment of user profiles and use patterns on a case by case basis. Lonner noted that such information was most lacking in the major Cook Inlet subsistence fishery because of the rapid growth of subsistence uses in recent years, and that obtaining such information would be expensive.

The board did not follow Lonner's suggested approach.¹⁴ After the board heard extensive testimony on subsistence use, its chairman appointed a committee,¹⁵

(Footnote Continued)

all state residents" should be carefully monitored and regulated, it did not express an intention to limit subsistence uses to rural Alaska residents.

14. A board member, Nick Szabo, stated that the board's limited budget prevented implementation of a case by case approach.

15. The board stipulated in 1982 that it violated
(Footnote Continued)

criterion: "A use pattern established by an identified community, subcommunity or group having preponderant concentrations of persons showing past use."¹⁶ The board found:

Although some users have shown the existence of a community of interest (e.g., the Kenaitze Tribe and the Kachemak Bay Subsistence Group), these persons either are too widely dispersed or are too heterogeneous to be considered an identifiable community, subcommunity or group. On the evidence presented, the Board cannot conclude either that activities are conducted in common or that sharing or other group interchange occurs in relation to the resource.

In other words, an individual subsistence user (such as Madison or Gjosund) would not qualify for a subsistence use priority from the board unless he were part of an identifiable subsistence community or group.¹⁷ Under the

16. See 5 AAC 01.597 set out in n. 8 above.

17. In contrast, the Commercial Fisheries Entry Commission issues commercial fishing permits on an individual basis. See AS 16.43.250. We do not, however, read the words "customary and traditional" as a grant of authority to the Department of Fish and Game and the Board of Fisheries to impose a "grandfather" rights system with respect to subsistence users. Imposing an equitable system of grandfather rights is an extremely complicated task, as Alaska's experience with such a system in the commercial salmon and herring fisheries has demonstrated. See AS 16.43.010-990 and the numerous, and ever increasing, judicial decisions interpreting this act noted in the annotations. Such a system would also be extremely controversial. It is preposterous to suppose that the legislature intended to create such a system merely by using

(Footnote Continued)

board's regulation, many individual users who have historically depended on subsistence fishing are eliminated from subsistence use at the outset.

The board's regulation, 5 AAC 01.597, is inconsistent with the legislative intent to provide guidelines for the protection of subsistence fishing. The regulation exceeds the authority delegated to the board because it operates too restrictively in its initial differentiation between subsistence and non-subsistence uses. Under a statute designed to protect subsistence uses, the board has devised a regulation to disenfranchise many subsistence users whose interests the statute was designed to protect.

The decision of the two trial courts that 5 AAC 01.597 is consistent with AS 16.05.251(b) and AS 16.05.940(22) and (23) is REVERSED.

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the words "customary and traditional" in the definition of subsistence uses, with no more notice or guidance than is inherent in those words.

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the state files a civil complaint on the next working day following the seizure, and the owners are promptly notified, the owners are afforded procedural due process. State v. Baranof, Sup. Ct. Op. No. 2785 (File No. 7287, 7324), P.2d (1984).

Section not preempted by federal law. — The Fishery Conservation and Management Act, 16 U.S.C. § 1801 et seq., does not preempt state regulation of king crab harvesting in the extraterritorial fishery conservation zone by vessels registered in Alaska. State v. F/V Baranof, Sup. Ct. Op. No. 2787 (File No. 7287, 7324), 677 P.2d 1245 (1984).

The federal Fishery Management and Conservation Act does not preempt Alaskan king crab regulation of vessels registered in Alaska. State v. Baranof, Sup. Ct. Op. No. 2785 (File No. 7287, 7324), P.2d (1984).

Concurrent state jurisdiction of in rem admiralty forfeiture actions. — In rem admiralty forfeiture actions brought by the state to enforce violations of law may be brought in state courts under concurrent state jurisdiction. State v. Baranof, Sup. Ct. Op. No. 2785 (File No. 7287, 7324), P.2d (1984).

Article 2. Boards of Fisheries and Game.

Section

251. Regulations of the Board of Fisheries

255. Regulations of the Board of Game

Sec. 16.05.251. Regulations of the Board of Fisheries. (a) The Board of Fisheries may adopt regulations it considers advisable in accordance with the Administrative Procedure Act (AS 44.62) for

(1) setting apart fish reserve areas, refuges and sanctuaries in the waters of the state over which it has jurisdiction, subject to the approval of the legislature;

(2) establishing open and closed seasons and areas for the taking of fish;

(3) setting quotas, bag limits, harvest levels, and sex and size limitations on the taking of fish;

(4) establishing the means and methods employed in the pursuit, capture and transport of fish;

(5) establishing marking and identification requirements for means used in pursuit, capture and transport of fish;

(6) classifying as commercial fish, sport fish or predators or other categories essential for regulatory purposes;

(7) watershed and habitat improvement, and management, conservation, protection, use, disposal, propagation and stocking of fish;

(8) investigating and determining the extent and effect of disease, predation, and competition among fish in the state, exercising control measures considered necessary to the resources of the state;

(9) prohibiting and regulating the live capture, possession, transport, or release of native or exotic fish or their eggs;

(10) establishing seasons, areas, quotas and methods of harvest for aquatic plants;

(11) establishing the times and dates during which the issuance of fishing licenses, permits and registrations and the transfer of permits and registrations between registration areas is allowed; however, this paragraph does not apply to permits issued or transferred under AS 16.43.

(b) The Board of Fisheries shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) permitting the taking of fish for subsistence uses unless the board determines, in accordance with the Administrative Procedure Act, that adoption of the regulations will jeopardize or interfere with the maintenance of fish stocks on a sustained-yield basis. Whenever it is necessary to restrict the taking of fish to assure the maintenance of fish stocks on a sustained-yield basis, or to assure the continuation of subsistence uses of such resources, subsistence use shall be the priority use. If further restriction is necessary, the board shall establish restrictions and limitations on and priorities for these consumptive uses on the basis of the following criteria:

(1) customary and direct dependence upon the resource as the mainstay of one's livelihood;

(2) local residency; and

(3) availability of alternative resources.

(c) If the Board of Fisheries denies a petition or proposal to amend, adopt, or repeal a regulation, the board, upon receiving a written request from the sponsor of the petition or proposal, shall in addition to the requirements of AS 44.62.230 provide a written explanation for the denial to the sponsor not later than 30 days after the board has officially met and denied the sponsor's petition or proposal, or 30 days after receiving the request for an explanation, whichever is later. (§ 3 ch 206 SLA 1975; am § 2 ch 218 SLA 1976; am § 4 ch 151 SLA 1978; am §§ 1, 2 ch 110 SLA 1980; am §§ 8, 9 ch 132 SLA 1984)

Effect of amendments. — The 1984 amendment, effective July 3, 1984, in subsection (a), substituted "bag limits, harvest levels, and sex and size limitations" for "and bag limits" in paragraph (3), deleted "engaging in biological research" from the beginning of paragraph (7), substituted "and management, conser-

vation, protection, use, disposal, propagation and stocking of fish" for "fish management, protection, propagation and stocking" in paragraph (7), repealed paragraph (9), and renumbered former paragraphs (10)-(12) as present paragraphs (9)-(11). The amendment also added subsection (c).

NOTES TO DECISIONS

Cited in *Langesater v. State*, Ct. App. Op. No. 279 (File No. 7357), 668 P.2d 1359 (1983).

Sec. 16.05.255. Regulations of the Board of Game. (a) The Board of Game may adopt regulations it considers advisable in accordance with the Administrative Procedure Act (AS 44.62) for

Effective dates. — Section 30, ch. 132, July 3, 1984, in accordance with AS SLA 1984, makes this section effective 01.10.010(c).

Sec. 16.05.930. Exempted activities. (a) This chapter does not prevent the collection or exportation of fish and game, a part of fish or game or a nest or egg of a bird for scientific or educational purposes, or for propagation or exhibition purposes under a permit which the department may issue and prescribe the terms thereof.

(b) This chapter does not prohibit a person from taking fish or game during the closed season, in case of dire emergency, as defined by regulation adopted by the appropriate board.

(c) AS 16.05.920 does not prohibit rearing and sale of fish from private ponds, the raising of wild animals in captivity for food or the raising of game birds for the purpose of recreational hunting on game hunting preserves, under regulations adopted by the appropriate board. In this subsection, "animals" includes all animal life, including insects and bugs.

(d) Nondomestic animals of any species may not be transferred or transported from the state under (a) of this section unless approved by the Board of Game in regular or special meeting. Animals transferred or transported under (a) of this section shall be animals that are certified by the department to be surplus and unnecessary to the sustained yield management of the resource. Each application for a permit under (a) of this section shall be accompanied by a statement prepared by the Department of Fish and Game examining the probable environmental impact of the action.

(e) This chapter does not prevent the traditional barter of fish and game taken by subsistence hunting or fishing, except that the commissioner may prohibit the barter of subsistence-taken fish and game by regulation, emergency or otherwise, if a determination on the record is made that the barter is resulting in a waste of the resource, damage to fish stocks or game populations, or circumvention of fish or game management programs.

(f) A permit may not be required for possessing, importing or exporting mink and fox for fur farming purposes. (§ 28 art I ch 94 SLA 1959; am § 1 ch 7 SLA 1972; am § 2 ch 104 SLA 1972; am § 4 ch 82 SLA 1974; am §§ 16, 17 ch 206 SLA 1975; am § 1 ch 20 SLA 1976; am § 13 ch 151 SLA 1978; am § 4 ch 23 SLA 1983; am § 23 ch 132 SLA 1984)

Effect of amendments. — The 1984 amendment, effective July 3, 1984, in subsection (c), made a word correction in the first sentence and added the second sentence.

Sec. 16.05.940. Definitions. In AS 16.05 — AS 16.40

(1) "aquatic plant" means any species of plant, excluding the rushes, sedges and true grasses, growing in a marine aquatic or intertidal habitat;

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(2) "barter" means the exchange or trade of fish or game, or their parts, taken for subsistence uses

(A) for other fish or game or their parts; or

(B) for other food or for nonedible items other than money if the exchange is of a limited and noncommercial nature;

(3) "a board" means either the Board of Fisheries or the Board of Game;

(4) "commercial fisherman" means an individual who fishes commercially for, takes, or attempts to take fish, shellfish, or other fishery resources of the state by any means, and includes every individual aboard a boat operated for fishing purposes who participates directly or indirectly in the taking of these raw fishery products, whether participation is on shares or as an employee or otherwise; however, this definition does not apply to anyone aboard a licensed vessel as a visitor or guest who does not directly or indirectly participate in the taking; and the term "commercial fisherman" includes the crews of tenders or other floating craft used in transporting fish;

(5) "commercial fishing" means the taking, fishing for, or possession of fish, shellfish, or other fishery resources with the intent of disposing of them for profit, or by sale, barter, trade, or in commercial channels; the failure to have a valid subsistence permit in possession, if required by statute or regulation, is considered prima facie evidence of commercial fishing if commercial fishing gear as specified by regulation is involved in the taking, fishing for, or possession of fish, shellfish, or other fish resources;

(6) "commissioner" means the commissioner of fish and game unless specifically provided otherwise;

(7) "department" means the Department of Fish and Game unless specifically provided otherwise;

(8) "domestic mammals" include musk oxen, bison, and reindeer, if they are lawfully owned;

(9) "fish" means any species of aquatic finfish, invertebrate, or amphibian, in any stage of its life cycle, found in or introduced into the state, and includes any part of such aquatic finfish, invertebrate, or amphibian;

(10) "fish derby" means a contest in which prizes are awarded for catching fish;

(11) "fishing derby association" means a civic, service, or charitable organization in the state, not for pecuniary profit, whose primary purpose is to promote interest in fishing for recreational purposes and which has been in existence for five years before applying for a permit under this chapter, but does not include an organization formed or operated for gaming or gambling purposes;

(12) "fish or game farming" means the business of propagating, breeding, raising, or producing fish or game in captivity for the purpose of marketing the fish or game or their products, and "captivity" means

having the fish or game under positive control, as in a pen, pond, or an area of land or water which is completely enclosed by a generally escape-proof barrier;

(13) "fur dealing" means engaging in the business of buying, selling, or trading in animal skins, but does not include the sale of animal skins by a trapper or hunter who has legally taken the animal, or the purchase of animal skins by a person, other than a fur dealer, for the person's own use;

(14) "game" means any species of bird, reptile, and mammal, including a feral domestic animal, found or introduced in the state, except domestic birds and mammals; and game may be classified by regulation as big game, small game, fur bearers or other categories considered essential for carrying out the intention and purposes of AS 16.05 — AS 16.40;

(15) "hunting" means the taking of game under AS 16.05 — AS 16.40 and the regulations adopted under those chapters;

(16) "nonresident" means a person who is not a resident of the state;

(17) "nonresident alien" means a person who is not a citizen of the United States and whose permanent place of abode is not in the United States;

(18) "operator" means the individual by law made responsible for the operation of the vessel;

(19) "resident" means a person who for 12 consecutive months has maintained a permanent place of abode in the state and who has continually maintained a voting residence in the state; and in the case of a partnership, association, joint stock company, trust, or corporation, "resident" means one that has its main office or headquarters in the state; however, a member of the military service who has been stationed in the state for the preceding 12 consecutive months is a resident for the purposes of this paragraph, and the dependent of a resident member of the military service, who has been living in the state for the preceding year is a resident for the purposes of this paragraph, and a person who is an alien but who for one year has maintained a permanent place of abode in the state is a resident for the purposes of this paragraph;

(20) "seizure" means the actual or constructive taking or possession of real or personal property subject to seizure under AS 16.05 — AS 16.40 by an enforcement or investigative officer charged with enforcement of the fish and game laws of the state;

(21) "sport fishing" means the taking of or attempting to take for personal use, and not for sale or barter, any fresh water, marine, or anadromous fish by hook and line held in the hand, or by hook and line with the line attached to a pole or rod which is held in the hand or closely attended, or by other means defined by the Board of Fisheries;

(22) "subsistence fishing" means the taking of, fishing for, or possession of fish, shellfish, or other fisheries resources for subsistence

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uses with gill net, seine, fish wheel, long line, or other means defined by the Board of Fisheries;

(23) "subsistence uses" means the customary and traditional uses in Alaska of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation, for the making and selling of handicraft articles out of nonedible by-products of fish and wildlife resources taken for personal or family consumption, and for the customary trade, barter, or sharing for personal or family consumption; for the purposes of this paragraph, "family" means all persons related by blood, marriage, or adoption, and any person living within the household on a permanent basis;

(24) "take" means taking, pursuing, hunting, fishing, trapping, or in any manner disturbing, capturing, or killing or attempting to take, pursue, hunt, fish, trap, or in any manner capture or kill fish or game;

(25) "taxidermy" means tanning, mounting, processing, or other treatment or preparation of fish or game, or any part of fish or game, as a trophy, for monetary gain, including the receiving of the fish or game or parts of fish or game for such purposes;

(26) "trapping" means the taking of mammals declared by regulation to be fur bearers;

(27) "vessel" means a floating craft powered, towed, rowed, or otherwise propelled, which is used for delivering, landing, or taking fish within the jurisdiction of the state, but does not include aircraft. (§ 2 art I ch 95 SLA 1959; am §§ 1 — 4 ch 131 SLA 1960; am § 1 ch 21 SLA 1961; am §§ 1, 2 ch 102 SLA 1961; § 9 art III ch 94 SLA 1959; am § 23 ch 131 SLA 1960; am § 1 ch 160 SLA 1962; am §§ 13, 14 ch 31 SLA 1963; am § 2 ch 32 SLA 1968; am § 3 ch 73 SLA 1970; am § 1 ch 91 SLA 1970; am § 4 ch 110 SLA 1970; am § 1 ch 90 SLA 1972; am § 5 ch 82 SLA 1974; am §§ 26, 82 ch 127 SLA 1974; am §§ 18 — 20 ch 206 SLA 1975; am § 12 ch 105 SLA 1977; am §§ 14, 15 ch 151 SLA 1978; am § 1 ch 78 SLA 1979; am § 1 ch 24 SLA 1980; § 4 ch 74 SLA 1982; am § 24 ch 132 SLA 1984)

Effect of amendments. — The 1984 amendment, effective July 3, 1984, substituted "AS 16.05 — AS 16.40" for "this chapter" in the introductory language and paragraphs (14), (15) and (20); in paragraph (9), substituted "invertebrate, or amphibian" for "invertebrates and amphibians" and "its" for "their" preceding "life cycle" and added the language beginning "and includes any part of such aquatic finfish"; reworded the con-

tents of paragraph (13); inserted "reptile" near the beginning of paragraph (14); substituted "those chapters" for "it" in paragraph (15); substituted "this paragraph" for "this chapter" in three places in paragraph (19); inserted "of" following "taking" in paragraph (22); deleted "for the purposes of this chapter" preceding "does not include aircraft" in paragraph (27); and repealed paragraph (28), defining "visitor."

(2) subsistence salmon fishing permits for the Port Graham subdistrict will be issued only to those persons domiciled in the villages of Port Graham and English Bay.

(b) Smelt may only be taken under the authority of a subsistence fishing permit, except that a permit is not required for smelt fishing in the Kenai River.

(c) Freshwater species other than trout, grayling, char and burbot may only be taken in freshwater under the authority of a subsistence fishing permit.

Authority: AS 16.05.251(a)(2),(7),(10) and (b)

5 AAC 01.590. MARKING OF SUBSISTENCE-TAKEN SALMON. (a) No person may possess salmon taken under the authority of a subsistence fishing permit unless both lobes of the caudal fin (tail) have been immediately removed from the salmon.

(b) It is unlawful to purchase or sell salmon from which both lobes of the caudal fin (tail) have been removed.

Authority: AS 16.05.251(a)(2),(4),(5),
(7) and (b)

5 AAC 01.595. SUBSISTENCE BAG AND POSSESSION LIMITS. (a) The total annual possession limit for each subsistence salmon fishing permit is as follows:

(1) there is no total annual possession limit for holders of Port Graham subdistrict subsistence salmon fishing permits; subsistence salmon catches must be recorded on forms provided by the department;

(2) 25 salmon for the head of a household and 10 salmon for each dependent of the permit holder;

(3) in addition to the limits in (2) of this subsection, the holder of a Tyonek subdistrict subsistence salmon fishing permit may take 70 king salmon; no more than 4,200 king salmon may be taken in the Tyonek subdistrict from May 15 through June 30.

(b) The daily bag and possession limit for halibut is two. No person may possess sport-taken and subsistence-taken halibut on the same

day. (In effect before 1981; am 4/15/81, Reg. 78; am 5/17/81, Reg. 78)

Authority: AS 16.05.060

AS 16.05.251(a)(3),(7),(10) and (b)

5 AAC 01.597. CHARACTERISTICS OF SUBSISTENCE FISHERIES. (a) The Board of Fisheries finds that certain customary and traditional practices and procedures associated with the utilization of fish in the Cook Inlet Area can be used to identify subsistence uses. Based on testimony to the board, the following characteristics are those that should be evaluated in the identification of subsistence fisheries:

(1) a long-term, stable, reliable pattern of use and dependency, excluding interruption generated by outside circumstances, e.g., regulatory action or fluctuations in resource abundance;

(2) a use pattern established by an identified community, subcommunity or group having preponderant concentrations of persons showing past use;

(3) a use pattern associated with specific stocks and seasons;

(4) a use pattern based on the most efficient and productive gear and economical use of time, energy and money;

(5) a use pattern occurring in reasonable geographic proximity to the primary residence of the community, group or individual;

(6) a use pattern occurring in locations with easiest and most direct access to the resources;

(7) a use pattern which includes a history of traditional modes of handling, preparing and storing the product without precluding recent technological advances;

(8) a use pattern which includes the intergenerational transmission of activities and skills;

(9) a use pattern in which the effort and products are distributed on a community and family basis including trade, bartering, sharing and gift-giving; and

(10) a use pattern which includes reliance on

subsistence taking of a range of wild resources in proximity to the community or primary residency.

(b) The board will identify established geographic communities which may be participating in a subsistence system. The board will then apply all of the characteristics in (a) of this section to the communities and to subcommunities, groups and individuals within the communities to determine which uses are customary and traditional and therefore, which communities are eligible for the subsistence priority.

(c) For purposes of this section, a "community" is generally considered to be several households of full-time residents who all reside in a specific geographic area because of common interests. (Eff. 4/14/82, Reg. 82)

Authority: AS 16.05.251(b)

ARTICLE 12. PRINCE WILLIAM SOUND AREA

Section

- 600. Description of Prince William Sound area
- 605. Description of districts and subdistricts
- 610. Fishing seasons
- 620. Lawful gear and gear specifications
- 625. Waters closed to subsistence fishing
- 630. Subsistence fishing permits
- 640. Marking of subsistence-taken salmon
- 645. Subsistence bag and possession limits
- 647. Copper River subsistence salmon management plan

5 AAC 01.600. DESCRIPTION OF PRINCE WILLIAM SOUND AREA. The Prince William Sound area includes all waters of Alaska between the longitude of Cape Fairfield and the longitude of Cape Suckling.

Authority: AS 16.05.251(a)(2) and (b)

5 AAC 01.605. DESCRIPTION OF DISTRICTS AND SUBDISTRICTS. The Upper Copper River district consists of all waters of the main Copper River from the confluence of the Slana River downstream to an east-west line crossing the Copper River at the confluence of the unnamed stream located approximately one and one-fourth mile below the U.S.G.S. gauging cable across the Copper River, as designated by Alaska Department of Fish and Game regulatory markers

(1) the Chitina subdistrict consists of all waters of the main Copper River from the downstream edge of the Chitina-McCarthy Road Bridge downstream to an east-west line crossing the Copper River at the confluence of the unnamed stream located approximately one and one-fourth mile below the U.S.G.S. gauging cable across the Copper River, as designated by the Alaska Department of Fish and Game regulatory markers;

(2) the Glennallen subdistrict consists of all waters of the main Copper River from the confluence of the Slana River downstream to the downstream edge of the Chitina-McCarthy Road Bridge.

Authority: AS 16.05.251(a)(2) and (b)

5 AAC 01.610. FISHING SEASONS. (a) Unless restricted in this section and 5 AAC 01.625, or unless restricted under the terms of a subsistence fishing permit, fish may be taken at any time in the Prince William Sound area.

(b) Salmon may be taken in the Upper Copper River District only as follows:

(1) in the Glennallen Subdistrict, from June 1 through September 30;

(2) in the Chitina Subdistrict, only when that subdistrict is open to personal use salmon fishing;

(3) when the Copper River subsistence fishery is closed or restricted because of an inadequate escapement of sockeye or chinook salmon, the fishery may be reopened September 1 for the taking of coho salmon, which constitute the majority of the salmon at that time.

(c) Repealed 6/30/83.

(d) Herring spawn on kelp may be taken only during the open commercial herring spawn on kelp season. (In effect before 1983; am 6/30/83, Reg. 86; am 4/28/84, Reg. 90)

Authority: AS 16.05.060
AS 16.05.251

5 AAC 01.620. LAWFUL GEAR AND GEAR SPECIFICATIONS. (a) Fish may be taken by gear listed in 5 AAC 01.010(a) unless restricted

angler needs. When this situation occurs, the department will attempt to achieve a minimum escapement of 30,000 sockeye salmon into the Russian River system.

(d) Early and late Russian River system sockeye salmon are discrete stocks with established escapement goals. Because of this they will be managed by the department as a separate entity without regard to Kenai River system sockeye salmon run size. The Russian River sockeye salmon harvest, therefore, will not be included in the Kenai River system recreational harvest quota outlined in 5 AAC 21.360(c).

(e) When the department determines that late Russian River system sockeye salmon stocks are comprising the majority of the Kenai River sockeye salmon run, appropriate restrictions will be placed on the various fisheries to protect the remaining Kenai River system sockeye salmon escapement.

Authority: AS 16.05.060
AS 16.05.251(a)(2),(3),(4),
(6) and (7)

5 AAC 21.362. EARLY KENAI RIVER KING SALMON MANAGEMENT PLAN. Repealed 5/3/84.

5 AAC 21.363. UPPER COOK INLET SALMON MANAGEMENT PLAN. (a) The Department of Fish and Game should receive long-term direction in management of upper Cook Inlet salmon stocks rather than being called upon to respond annually to changing management policies. Divisions within the department must receive long-term direction in order to accomplish their missions and plan management, research, administrative, and other programs. Therefore, the board establishes the following priorities for the use of upper Cook Inlet salmon stocks:

(1) consistent with the statutory priority for subsistence, the harvest of upper Cook Inlet salmon for customary and traditional subsistence uses will be allowed for specific species in appropriate areas, seasons, and periods to satisfy subsistence needs; other beneficial uses, to the

extent they are consistent with the public interest and overall benefit of the people of Alaska, will be allowed in order to maximize the benefits of these resources;

(2) Susitna king, early Kenai king, and early Russian River sockeye salmon stocks, which normally move in upper Cook Inlet to spawning areas before June 30, will be managed primarily for recreational uses in order to promote the public interest and provide maximum benefits to the people of Alaska and to the extent that management is consistent with the statutory subsistence priority; and

(3) insofar as the following management steps are consistent with the statutory subsistence priority:

(A) from July 1 through August 15, salmon stocks which normally move in upper Cook Inlet will be managed primarily for commercial uses;

(B) after August 15, salmon stocks moving to spawning areas in Kenai Peninsula drainages will be managed primarily for recreational uses; and

(C) salmon stocks other than those spawning in Kenai Peninsula drainages will be managed primarily for commercial uses.

(b) The department shall

(1) manage the upper Cook Inlet commercial salmon fisheries to minimize the incidental take of Susitna coho, late Kenai king and early Kenai coho salmon stocks;

(2) assist the board in setting optimal salmon harvest rates for all uses by monitoring upper Cook Inlet salmon fisheries to determine the interception of Susitna coho, late Kenai king, and early Kenai coho salmon stocks;

(3) maintain the sustained yield of more abundant pink, chum, and sockeye salmon stocks; and

(4) insure that subsistence use priorities are met.

(c) In this section "upper Cook Inlet salmon

stocks" means those salmon that move through the Northern and Central districts as defined in 5 AAC 21.200(a) and (b) and spawn in waters draining into those districts. (Eff. 5/17/81, Reg. 78)

Authority: AS 16.05.251(a)(2),(6),(7) and (b)

5 AAC 21.380. UNLAWFUL POSSESSION OF SUBSISTENCE-TAKEN SALMON. It is unlawful to purchase or sell salmon from which both lobes of the caudal fin (tail) have been removed as required by 5 AAC 01.590.

Authority: AS 16.05.251(a)(2),(4),(7) and (b)

**ARTICLE 4.
BOTTOMFISH FISHERY**

Section

410. Fishing season

430. Gear

5 AAC 21.410. FISHING SEASON. There is no closed season on bottomfish.

Authority: AS 16.05.250(2)

5 AAC 21.430. GEAR. (a) Bottomfish may be taken only by trawls, longlines, pots, and mechanical jigging machines, except as provided in (c) of this section.

(c) Bottomfish may be taken in the Outer and Eastern districts by sunken gill nets under the authority of a permit issued by the commissioner. The permit may specify open areas, fishing periods, gear specifications and operating specifications, and may require completion by the vessel operator of log books supplied by the department.

Authority: AS 16.05.251(a)(4)

**ARTICLE 5.
SMELT FISHERY**

Section

510. Fishing seasons

531. Gill net specifications and operation

534. Identification of gear

535. Minimum distance between units of gear

550. Closed waters

5 AAC 21.510. FISHING SEASONS. (a) Smelt may be taken in the Northern and Central districts from October 1 to June 1.

(b) Smelt may be taken in the Eastern, Outer, Southern and Kamishak Bay districts from January 1 to December 31.

(c) Smelt may not be taken in freshwater.

Authority: AS 16.05.251(2) and (10)

5 AAC 21.531. GILL NET SPECIFICATIONS AND OPERATION. (a) The mesh size of a gill net used for taking smelt may not be more than two and one-half inches.

(b) No set gill net may exceed 35 fathoms in length. Each fisherman is allowed to operate 105 fathoms of set gill net in the aggregate.

MEMORANDUM

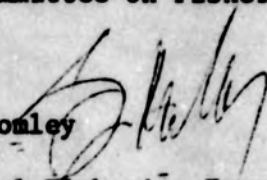
State of Alaska

TO: The Honorable Peter Goll
Chairman and Members of the
House Committee on Fisheries
M/S 3100

DATE: February 19, 1985

FILE NO:

TELEPHONE NO:

FROM: Bruce Twomley 
Chairman
Commercial Fisheries Entry Commission
M/S 0302

SUBJECT: Supplementary CFEC
material

Through your staff I have already submitted a considerable amount of material from CFEC publications, intended to aid you in your review of Alaska's limited entry program and various related issues.

For your information, attached to this memo, are several supplementary items of information:

1. A 2-page list of all fisheries limited in Alaska to date, which includes dates of limitation and dates of the application periods for permits;
2. Two pages summarizing the results of the 1976 election, when the Limited Entry program was before the voters for review;
3. A graph showing the rate at which the Alaska Supreme Court has handed down decisions affecting the CFEC together with a chronological list of those cases.

The Commission would be happy to supply any additional information you may request.

BT:dan
Attachments

<u>Fishery</u>	<u>Qual. Period</u>	<u>Application Period</u>	<u>Evid. Deadline</u>	<u>Issuance Levels</u>	
				<u>Trans.</u>	<u>Non-Trans.</u>
S01A	Orig. 19: 1960-1972 Isakson: 1973-1974	12/19/74-05/18/75 01/15/77-09/30/77	07/01/78 09/01/78	20 pts.	--
S03A	"	"		20 pts.	--
S15B	"	"		19 pts.	--
S04D	"	"		16 pts.	--
S01E	"	"		17 pts.	--
S03E	"	"		18 pts.	--
S04E	"	"		6 pts.	0-5
S01H	"	"		17 pts.	--
S03H	"	"		16 pts.	--
S04H	"	"		6 pts.	--
S01K	"	"		20 pts.	--
S02K	"	"		6 pts.	0-5
S04K	"	"		15 pts.	--
S01L	"	"		20 pts.	--
S01M	"	"		20 pts.	--
S03M	"	"		17 pts.	--
S04M	"	"		14 pts.	--
S03T	"	"		17 pts.	--
S04T	"	"		6 pts.	0-5

<u>Fishery</u>	<u>Qual. Period</u>	<u>Application Period</u>	<u>Evid. Deadline</u>	<u>Issuance Levels</u>	
				<u>Trans.</u>	<u>Non-Trans.</u>
G01A	1960-1976	02/25/77-06/25/77	05/01/78	6 pts.	--
G01E	"	"	"	6 pts.	--
G01H	"	"	"	6 pts.	--
G01K	1960-1980	10/15/82-06/30/83	--	41 pts.	--
G34A	1960-1977	03/15/78-08/15/78	12/31/78	10 pts.	--
G34E	1960-1978	02/15/81-10/15/81	--	3 pts.	--
G34K	1960-1980	10/15/82-06/30/83	--	32 pts.	--
S04P	1960-1975	03/10/76-08/10/76	09/01/78	6 pts.	--
S04W	"	"	"	7 pts.	--
S04X	"	"	"	6 pts.	--
S04Y	"	"	"	10 pts.	--
S04Z	"	"	"	9 pts.	--
S08P	"	"	"	7 pts.	--
S05B	1960-1979	03/01/81-10/31/81	--	71 pts.	17

<u>Fishery</u>	<u>Gear Types</u>	<u>Area</u>
S - Salmon	01 - Purse Seine	A - Southeastern
G - Herring	02 - Beach Seine	B - Statewide
	03 - Drift Gill Net	D - Yakutat
	04 - Set Gill Net	E - Prince William Sound
	05 - Hand Troll	H - Cook Inlet
	08 - Fishwheel	K - Kodiak
	15 - Power Troll	L - Chignik
		M - Peninsula Aleutians
		T - Bristol Bay

In areas P, W, X, Y, Z
04 - Combination of
Drift and Set
Gill Net

Each code is indicated by
Fishery Gear Code Area

Example: S 03 T
 Salmon Drift Bristol
 Gill Net Bay

MAJOR EVENTS OF 1976

Election Summary

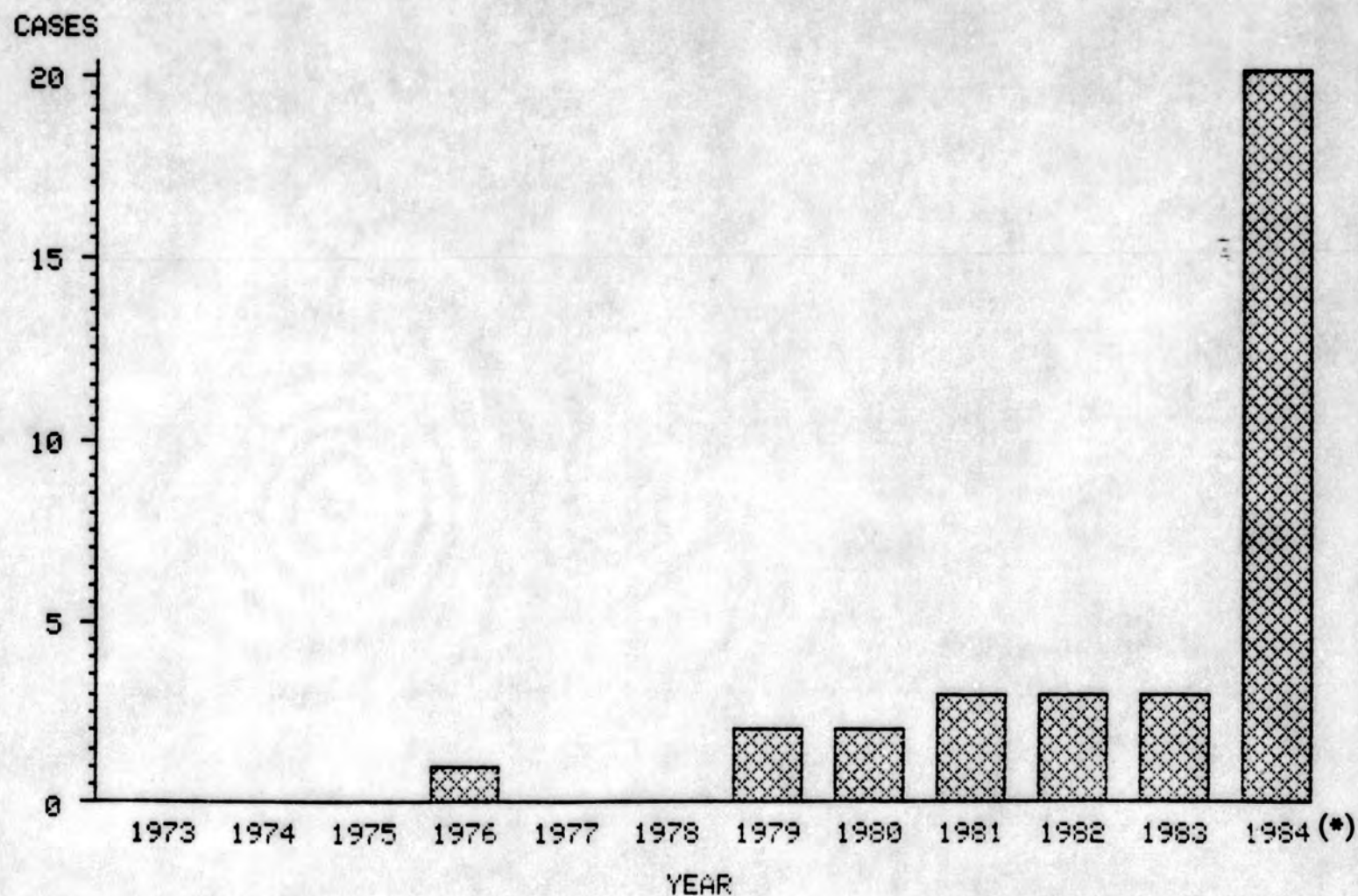
The most significant event affecting limited entry in 1976 was the November General Election. The initiative to repeal limited entry into Alaska's commercial fisheries was soundly defeated by a margin of nearly two to one. The limited entry issue, Ballot Proposition Number 5, became one of the most controversial Alaskan issues in the election and received more total votes than any other ballot or bonding proposition, even more official votes than the capital site selection measure.

Nearly 62% of the registered voters cast ballots in the election, and of those 93.4% voted either for or against the limited entry proposition. A vote "For" the proposition would have repealed the limited entry statute; a vote "Against" the proposition would have retained the law. A summary of the official election returns by district is given on the following page.

BALLOT PROPOSITION NUMBER 5
INITIATIVE TO REPEAL LIMITED ENTRY
VOTES BY ELECTION DISTRICT

District Number	"For"	"Against"	District Name
1	1499	3622	Ketchikan-Prince of Wales
2	1041	1534	Wrangell-Petersburg
3	1268	1727	Sitka
4	2420	6350	Juneau-Lynn Canal
5	1408	2135	Cordova-Valdez-Seward
6	1725	2905	Palmer
7	2537	4567	Anchorage Northwest
8	3142	5840	Anchorage Northeast
9	1590	2858	Anchorage Spenard
10	3623	6077	Anchorage East
11	3740	6758	Anchorage South
12	3359	5843	Anchorage West
13	2155	4474	Kenai-Cook Inlet
14	1335	983	Kodiak
15	659	626	Aleutian Chain
16	681	1312	Bristol Bay
17	1044	1233	Bethel
18	871	865	Wade Hampton
19	1501	1900	Yukon-Tanana
20	6510	11615	Fairbanks
21	1133	770	Barrow-Kobuk
22	1063	1131	Nome
TOTAL	44304	75125	

ALASKA SUPREME COURT CASES AFFECTING THE COMMERCIAL FISHERIES ENTRY COMMISSION (1973 - 1984)



(*) JULY 19, 1983 - ALASKA SUPREME COURT DECIDED OSTROSKY.

MAY 21, 1984 - U.S. SUPREME COURT DECIDED OSTROSKY.

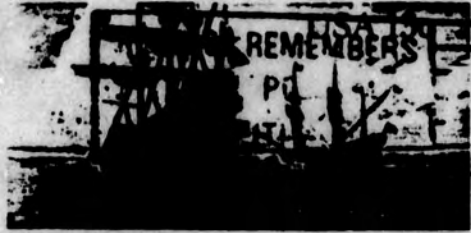
Alaska Supreme Court Cases Affecting
Practices of the Commercial Fisheries Entry Commission (CFEC)

February 11, 1985

1. Isakson v. Rickey, 550 P.2d 359 (5/21/76)
2. State, CFEC v. Templeton, 508 P.2d 77 (8/31/79)
3. Yunker v. AK CFEC, 598 P.2d 917 (8/3/79)
4. CFEC v. Apokedak, 606 P.2d 1255 (2/5/80)
5. CFEC v. Eide, 608 P.2d 769 (4/4/80)
6. Estate of Smith v. State, 635 P.2d 465 (10/23/81)
7. Estate of Miner v. CFEC, 635 P.2d 827 (11/6/81)
8. Vik v. CFEC, State, 636 P.2d 597 (11/6/81)
9. Rose v. CFEC, 647 P.2d 154 (6/11/82)
10. Jones v. CFEC, 649 P.2d 247 (8/13/82)
11. Anderson v. State, CFEC, 654 P.2d 1320 (11/12/82)
12. State v. Ostrosky, 667 P.2d 1184 (7/19/83)
[U.S. Supreme Court May 21, 1984]
13. Rutter v. State, 668 P.2d 1343 (8/26/83)
14. Timperley v. Jeffries, No. 2765 (12/16/83)
15. Spagnola v. State, CFEC, M.O.J. No. 153 (2/1/84)
16. Forquer v. State, CFEC, 677 P.2d 1236 (2/10/84)
17. Ostman v. State, CFEC, 678 P.2d 1323 (3/2/84)
18. White v. AK CFEC, 678 P.2d 1319(3/2/84)
19. CFEC v. Apokedak, 680 P.2d 486 (3/2/84)
20. Nash v. State, CFEC, 679 P.2d 477 (3/23/84)
21. Wickersham v. State, CFEC, 680 P.2d 1135 (3/30/84)
22. Noden v. CFEC, 680 P.2d 493 (3/30/84)
23. Pete v. CFEC, M.O.J. No. 159 (4/4/84)

24. Wik v. Wik, _____ P.2d _____ (4/24/84)
25. Anderson v. State, CFEC, M.O.J. No. 166 (5/16/84)
26. CFEC, State v. Byayuk, 684 P.2d 114 (5/25/84)
27. Bavilla v. State, CFEC, M.O.J. No. 170 (5/25/84)
28. Lucido v. State, M.O.J. No. 171 (5/25/84)
29. Roehl v. AK CFEC, 684 P.2d 130 (7/6/84)
30. Cashen v. State, CFEC, 686 P.2d 1219 (8/24/84)
31. Moore v. State, CFEC, 688 P.2d 582 (9/14/84)
32. Gursli v. State, M.O.J. No. 182 (9/19/84)
33. Brown v. Baker, No. 2872 (9/21/84)
34. Deubelbeiss v. CFEC, 689 P.2d 487 (10/12/84)
35. Kalmakoff v. State, CFEC, No. 2900 (1/11/85)

PIERRE RAJOTTE, INC.
5484 SHILSHOLE AVE. N.W.
SEATTLE, WA 98107



RECEIVED

FEB 19 1985

COMMERCIAL FISHERIES
ENTRY COMMISSION

Ark and Dove, Maryland, 1634

LLOYD W MOORE
ST RT A BOX 90-B
HOMER AK 99603

© USPS 1984

Dear Permit Holder,

We currently have an offer and deposit to purchase your permit at a net price to you of \$ 115,000. If you are interested in selling at that price, contact our office today for quick results.

(206) 789-7600

Best Regards,

Bill Michell
PIERRE RAJOTTE, INC.



DAVE IRWIN
Agent

1717 Tidewater Road
Anchorage, Alaska 99501
(907) 277-2607



July 18, 83

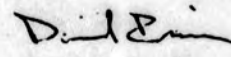
Dear permit holder,

I am looking for Bristol Bay drift permits to sell. In the last few weeks a lot of people have asked me about permits for next year. The paperwork will all be taken care of for you. I have the "intent to transfer" forms which must be sent in to Juneau first, and also the "permanent transfer" forms which are needed when the sale takes place. I will do my best to see that you receive top dollar for your permit, and that the sale and transfer go smoothly.

As an added bonus, if you list your permit with me you will receive two round trip tickets from Anchorage to Hawaii or \$ 1000.⁰⁰, whichever you prefer when I sell it. If another agent in our organization sells it you will receive one round trip ticket, Anchorage to Hawaii or \$ 500.⁰⁰, whichever you prefer.

I am looking forward to being of any service possible to you in your sale of a permit or boat.

Sincerely,


David Irwin

TUNDRA The Drum

AK COMMERCIAL FISHERIES ENTRY
J AKREP
POUCH KB
JUNEAU

AK 99811

VOLUME XIII NUMBER 44

Thursday Evening January 31, 1985

Delta mayors urged to hold fishing permits

by Mary Lenz

Perry Eaton's message to Delta mayors is to hold onto limited entry fishing permits.

Eaton, president of the Community Development Corporation, was keynote speaker at the opening of the Yukon-Kuskokwim Delta Mayor's Conference in Bethel Wednesday.

The conference got off to a slow start, possibly due to travel difficulties from Tues-

day night's high winds and rainy weather. Only a handful of mayors showed up early Wednesday, and opening speeches were delayed.

Eaton told reporters he wanted to emphasize the importance of looking at limited entry fishing permits as a community resource, not an independent possession.

"If you lose a fish permit
Please turn to page 4

Page 4 TUNDRA DRUMS January 31, 1985

MAYORS from page one

you've lost employment, you've lost revenue and you've lost a consumer," Eaton said, explaining that loss of a fish permit means area stores have lost a customer.

"Every village should know who has a permit, and it should be a moral obligation to keep those permits in the village," Eaton said.

"They cost nothing in the beginning, but they are impossible to replace."

Eaton also said he believes tourism is one of the main ways to boost the Delta economy.

"The Delta is a fabulous place in its own right. The problem is it's never been developed," Eaton said. He said development of tourism

or sports fishing to bring in outside dollars means tradeoffs with the subsistence lifestyle.

He said if local residents need "hard green" cash, they have to decide whether to travel out to get them elsewhere, or develop local resources to bring the dollars here.

"The Delta should look for new dollars, and the most obvious and logical place is in

tourism," Eaton said.

He said while many "arm-chair anthropologists" would love to tour a village, villagers have to decide whether they want tourists of that nature trooping through town.

"Development means change," Eaton said. He said the question is "are they willing to change" to bring money to the area.

P.O. Box 281
Anchorage, AK 99510

16 January 1985

State of Alaska
Commercial Fisheries Entry Commission
Pouch KB
Juneau, AK 99811

Déar Sir,

Last winter while I was in the hospital undergoing an operation I recieved many letters from agencies asking if I intend selling my entry permit (SO3T 55472H). How they had me on the mailing list is questionable. Some of the inquirys seemed phony.

Anyway I was determined to continue fishing and not even consider retiring. But since I am 67 years of age it is possible in the future I may have to retire, and if I do I intend to transfer my permit to an Alaskan resident only.

I am still operating the boat I bought in 1969 for \$7,500.00, have never borrowed any money, have fished in the past above average, most of the time fishing alone and am enjoying the challenge.

In the Anchorage Times recently there was an item in the newspaper in regards to the above, so please send me a copy of the 1984 edition of "Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries" also of any regulations or laws of the State of Alaska pertaining to transfers or sales of Limited Entry Permits.

Yors Truly,

Michael N. Economou
MICHAEL N. ECONOMOU

STATE OF ALASKA

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
DIVISION OF INVESTMENTS

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2510

February 25, 1985

The Honorable Peter Goll, Chairman
House Special Committee on Fisheries
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Goll:

I am writing to you, as Chairman of the House Special Committee on Fisheries, to discuss the effects of the current State commercial fishing loan program on the transfer of limited entry permits from rural to urban Alaska. As Director of the Division of Investments for the Department of Commerce & Economic Development which administers the commercial fishing loan program, I believe further discussion will be helpful.

There are at least four reports that have been published by the Alaska Commercial Fisheries Entry Commission (CFEC) that discuss the impact of the commercial fishing loan programs on the transfer of limited entry permits from rural to urban Alaska:

CFEC Report Number 83-8: Low-interest Loans and the Markets for Limited Entry Permits in the Alaska Salmon Fisheries.

CFEC Report Number 84-2: Alaska's Subsidized Fishing Loan Program. A Study of Distributional Aspects of Permit Related Loans During Fiscal Years 1979 Through 1982.

CFEC Report Number 84-8: Alaskan Natives and Limited Fisheries of Alaska. A Study of Changes in the Distribution of Permit Ownership amongst Alaskan Natives, 1975-1983.

CFEC Report Number 84-10: Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries, 1975-1983.

As you are aware, the commercial fishing loan programs were extensively amended by the Legislature effective June 25, 1982. Consequently, the reports that have been published by the Alaska Commercial Fisheries Entry Commission, for the most part, discuss loan programs that no longer exist. Unfortunately, many readers of these reports erroneously conclude that these reports are discussing the current commercial fishing loan program.

There are some statements and conclusions contained in these reports relating to earlier commercial fishing loan programs administered by the Department of Commerce & Economic Development that I question. Please refer to my memorandum to Kurt Schelle dated April 3, 1984 regarding the draft report for CFEC Report Number 84-3.

I believe highlighting the important changes in the various commercial fishing loan programs would be beneficial and help to put the issues into perspective.

- 6-21-72 **COMMERCIAL FISHING LOAN ACT.** When this loan program was initially established, the statutory policy was to promote the development and continued maintenance of commercial gear and vessels throughout the state by means of long term, low interest loans. An individual must have been a resident for five continuous years and held a commercial gear license for three years. Loans were limited to \$100,000, 7% interest, with a maximum term of 15 years.
- 4-24-73 For the first time, the financing of limited entry permits was allowed; however, permits could not be used as collateral. The statutory policy was also amended by referencing a predominately Alaska resident fishery.
- 6-4-75 The statutory policy was again amended to include language promoting the rehabilitation of the state's fisheries.
- 6-24-77 The loan limit was increased from \$100,000 to \$150,000.
- 6-28-78 Now, for the first time, limited entry permits could be pledged as security for a loan. The loan limit was increased from \$150,000 to \$500,000. The five year continuous residency had to be immediately preceding the date of the loan application and the license requirement now encompassed a crew member or commercial fishing license or ownership of a limited entry permit. The license or permit must have been held for any one of the past five years and the owner must have actively participated in the fishery during that period. Eligibility was expanded to include corporations, partnerships or joint ventures. Bank participation was, for the first time, provided for in the statutes.

- 6-1-79 Retroactive to 7-1-78, the interest rate was increased from 7% to 9 1/2% and other minor miscellaneous changes were made.
- 6-21-80 Language was included to require that all sources of income must be considered in determining whether or not an applicant could service the loan debt.
- 6-21-80 **FISHERMEN'S MORTGAGE AND NOTE PROGRAM.** A new loan program was created in addition to the existing Commercial Fishing Loan Act. The purpose of this new loan program was to curb the outflow of limited entry permits from rural Alaska by alleviating the difficulties in obtaining financing for limited entry permits, vessels and gear. Unlike the existing Commercial Fishing Loan Act, this was an indirect loan program. All loans were first made by banks and the State was then authorized to purchase the loans from the banks. The State was not authorized to make direct loans under this program. To be eligible under this program, an applicant must have been a resident for five years and could not have participated in or qualify for any state or federal loan program for similar loan purposes established under the new Fishermen's Mortgage and Note Program. The applicant must have demonstrated to the satisfaction of the bank that because of the lack of training or employment opportunities in the area of residence the applicant did not have occupational opportunities available other than commercial fishing or was economically dependent on commercial fishing for a livelihood and commercial fishing was a cultural and traditional way of life. Additionally, the applicant had to demonstrate to the satisfaction of the bank that there was a reasonably good chance that the loan debt would be repaid. The banks could consider all sources of income in determining the applicant's ability to repay the loan. The State could not refuse to purchase the loan from the bank due solely to the credit history of the applicant. Loans were limited to \$200,000, 10 1/2% interest, with a maximum term of 15 years.

- 7-1-81 Except for the purchase of limited entry permits, all lending functions of the Commercial Fishing Loan Act were transferred to the Alaska Industrial Development Authority.
- 7-27-81 The Fishermen's Mortgage and Note Program was amended to allow the State to precommit to the banks to purchase loans authorized under this program. The amendment also eliminated a large number of lending restrictions that previously caused banks to refuse to participate in the Fishermen's Mortgage and Note Program. The loan limit was also reduced from \$200,000 to \$100,000.
- 6-25-82 The Fishermen's Mortgage and Note Program, in actuality, was repealed and the Commercial Fishing Loan Act was rewritten. All assets of the Fishermen's Mortgage and Note Program were transferred to the newly rewritten Commercial Fishing Loan Act. Three separate loan sections were established under the rewritten program. SECTION A was exclusively for the purchase of limited entry permits. An individual must have been a resident for five continuous years immediately preceding the date of application for the loan and held a crew member or commercial fishing license or owned a limited entry permit for one of the past five years and must have actively participated in the fishery during that period of time. Loans were limited to \$300,000, 10 1/2% interest, with a maximum term of 15 years. SECTION B was for the purchase of limited entry permits, vessels and gear. An individual must have been a resident for five continuous years immediately preceding the date of application for the loan and, because of the lack of training or lack of employment opportunities in the area of residence, did not have occupational opportunities available other than commercial fishing, or was economically dependent on commercial fishing for a livelihood and commercial fishing was a traditional way of life in Alaska. Loans were limited to \$100,000, 10 1/2% interest, with a maximum term of 15 years. SECTION C was for

the purchase or restoration of vessels or gear. Applicants included corporations, partnerships or joint ventures which were 100% owned by individual commercial fishermen who were state residents for a continuous period of five years immediately preceding the date of application for a loan. Applicants also had to satisfy the remaining eligibility requirements of both Sections A and B. Loans were limited to \$100,000, 10 1/2% interest, with a maximum term of 15 years.

4-17-83 The state residency under Sections A, B and C was reduced from five to two continuous years immediately preceding the date of the loan application. In addition, under Section A, the applicant must have had the license or permit the year immediately preceding the date of the loan application and any other two of the past five years. Active participation in the fishery was increased from one to three years, including the year immediately preceding the date of the loan application.

With the creation of the Fishermen's Mortgage and Note Program in June 1980, the Legislature intended to improve the availability of funding for rural Alaskans to purchase limited entry permits, vessels and gear. Under this program this objective was never achieved. During the first year of its existence, no loans were made by the banks, so no loans could be purchased by the State. The reason why no loans were made is simply the fact that the statutes placed so many lending restrictions upon the banks, that the administrative costs outweighed earnings. Most of these restrictions were contained in AS 16.10.710. The following year, AS 16.10.710 was amended and many of the provisions that were objectionable to the banks were removed. All available funds (approximately \$1.8 million) were lent out; however the loan program still proved unprofitable to the banks. Of the 29 loans that were made, virtually all were made by the Commercial Fishing and Agricultural Bank (CFAB) and only two or three were made by other banks. CFAB told the State that they were only processing these loans as a service to their members; however, it was costing considerably more than the \$100 loan application fee they were charging and they were not interested in continuing these losses.

As a result of the shortcomings of FM&N indirect loan program, the statutes were again amended and the program was made a direct loan program under the Department of Commerce & Economic Development. The basic eligibility requirements of the FM&N program were incorporated into Sections B and C of the rewritten Commercial Fishing Loan Act. Since the state was now administering the entire loan program by making direct loans, the administrative costs of the program were borne by the state. The Legislature appropriated sufficient funding to underwrite the loan program and within a very short period of time both the number and dollar amount of loans increased.

An indication of the success of the current commercial fishing loan program is the number of loans that have been made under Section B. Since the inception of Section B through January 1985, 340 loans have been approved and \$16,615,661 has been committed. (During the first seven months of FY 85, 75 loans were approved and \$5,131,400 was committed.) This section is targeted for rural Alaskans. In order to qualify for a loan under this section, the applicant must either live in an area that does not provide occupational opportunities other than commercial fishing, or the applicant must be economically dependent on commercial fishing for a livelihood and commercial fishing must have been a traditional way of life in Alaska. Also, applicants cannot have alternative sources of financing available to them. This criteria is important in understanding the success of the loan program.

If there were no commercial fishing loan program, then I believe there would be little argument that urban Alaska would fare much better than rural Alaska in competing for fishing loan financing in the private sector. The financial institutions are established in the urban areas, borrowers are accustomed to the cash/credit economy and have the collateral to support loan requests. Besides the traditional private sector, CFAB would then be the only other source of financing. CFAB will lend for limited entry permits; however, due to the high risks and losses involved in the commercial fishing industry, CFAB will not take the permit as collateral to secure the loan. The loan must be secured by other collateral. For vessel loans, CFAB requires a minimum 25% cash down payment and 10% additional collateral. Only 65% of the vessel cost can be used as collateral to secure the loan. As a result of these lending restrictions, CFAB has only made approximately six limited entry permit and 12 vessel loans during the last half of 1984. Obviously, these restrictions do not favor rural Alaska. However, in defense of CFAB, they are trying to minimize their losses.

February 25, 1985

If it weren't for the state commercial fishing loan program, particularly Section B, very few commercial fishing loans would be made in rural Alaska. Remember, Section B provides rural Alaska with the capital for the purchase of limited entry permits as well as for vessels and gear in support of the permits. Without vessels and gear to fish the limited entry permits, the permits produce no income, unless sold. Without a Section B loan program, there probably would have been a larger outflow of limited entry permits from rural Alaska. Additionally, without a loan program for Alaskans like the Commercial Fishing Loan Act, there would be greater competition from individuals outside the state for Alaska limited entry permits.

As discussed during the meeting we attended on December 19, 1984, regarding limited entry permit transfer issues, some additional time will be needed to compile data on the commercial fishing loan program. The Division of Accounting & Collections, DCED, has been gathering this data. This entails a sizeable effort as many records have to be manually researched. As soon as this effort is completed, the information will be made available to you.

Sincerely,



Paul B. Arnoldt
Director

PBA/wfs0462C

22585a

Enclosure

cc: Terry Elder, Deputy Commissioner, DCED
Margaret Hamley, Director,
Division of Accounting & Collections, DCED
Greg Baker, Director,
Office of Commercial Fisheries Development, DCED

MEMORANDUM

State of Alaska

TO: Kurt Schelle
Director of Research
Commercial Fisheries Entry
Commission
Department of Fish and Game

FROM: *Paul B. Arnoldt*
Paul B. Arnoldt, Director
Division of Investments
Department of Commerce and
Economic Development

DATE: April 3, 1984

FILE NO:

TELEPHONE NO: 465-2510

SUBJECT: Loan Paper Draft Report
(Commercial Fishing Loan
Program)

Thank you for the opportunity to comment on the draft of your study regarding the distribution of permit related loans. I would first like to address a couple of small details in the introduction section of the report.

On page 13, it states that the Fishermens Mortgage and Note Program was largely unsuccessful because many people were unaware of the program and the application procedure was complicated. This is partially correct in that the legislation creating the program made it virtually inoperable the first year (FY '81) and that private financial institutions did not actively promote the program. However, in FY '82 virtually all of the \$1.8 million appropriated by the Legislature was committed for loans. Also, as you pointed out, in 1982 the Fishermens Mortgage and Note Program was rolled into the Commercial Fishing Revolving Loan Fund. This simplified the application process because an applicant could apply directly to the State without involving a private financial institution.

On page 15, the last paragraph talks about the active participation requirement as amended by the 1983 Legislature. I think that it is important to note that this only affects Section A of the current Commercial Fishing Loan Program and does not affect Section B which is targeted for rural Alaska fishermen.

One of the important issues is the impact of the loan program on rural Alaska. While the data appears to indicate that urban fishermen were more likely to receive subsidized loans than rural fishermen over the 1979-1982 period, this does not mean that the loan program played a significant role in the decline of rural-held permits over that time period. In fact, the statistics in Table 3 and Table 6 would indicate that the loan program played a very slight role, if any, in this process. Table 3 shows that this shift was well underway by 1976 even though the permit loan program was virtually nonexistent until 1979.

There was a significant shift in 1980 when the total number of loans increased from 62 (in 1979) to 159 (in 1980) and the net urban shift increased from 47 to 65. This is understandable because the permit loan program was relatively new and it generally took longer for the word to spread to rural Alaska. However, in 1981 the loan program made another

MEMORANDUM

February 25, 1985

TO: Representative Peter Goll

FROM: Rodger Painter
Staff

SUBJECT: Limited Entry Questions for 2/26 Meeting

1. It seems like a lot of the problems we've encountered with limited entry relate to the restrictiveness of the present system with transfers between members of immediate families. The emergency transfer and permanent transfer options presently available can be very restrictive. To illustrate my point, let me cite an example:

A rural resident in her fifties is suffering from an inflammatory illness that is interfering with her ability to fish. Last year, her son fished the permit under an emergency transfer. She was turned down when she applied this year. If her appeal is denied, she has two options: a permanent transfer or let the permit sit unused. An unused permit means income is lost to the family. A permanent transfer would mean she relinquishes all ownership rights. If her son should drown in a fishing accident, the permit would revert to his wife or children, unless he leaves a will to the contrary. If the son later decides to buy the permit, he would be prevented from using the state loan program to do so, unless he acts within one year of the transfer. If the son for some reason decided to sell the permit, his mother would simply be out of luck.

What do you think about amending the statutes to provide a less restrictive option for transfers between members of an immediate family? Something like a three to five year temporary transfer. How extensively would the act have to be amended to create this new transfer option?

2. How about a state-run brokerage system for the rural areas? If a rural resident is thinking about selling a permit would it be legal for the state to attempt to put that person together with another resident of the area who is looking for a permit? What kinds of costs would be involved? What about Native corporations, village councils or other non-profit groups?

3. Does CFEC envision using non-transferable permits for more fisheries? What kinds of problems would you see with non-transferable permits that revert to the state when unfished for three consecutive years, when tied to a re-issuance scheme similar to the original distribution system?

LOANS

1. How much loan counseling is given to fishing loan applicants? How about individuals from rural areas who may have difficulty understanding repayment requirements because of language and cultural differences?

2. Is the Department concerned about potential defaults with Section B loans? What steps have been taken to deal with this problem?

3. What percentage of the type A loans have gone to rural residents? What percentage of the type B loans are used to purchase permits? Do you have a breakdown on place of residence for applicants for type A and B loans? How about a breakdown on place of residence for type A and B loan recipients? How long would it take you to gather this data? Do you plan to collect it?

Crab
Black Cod
Rockfish
Pot shrimp
Shellfish



HB229-

Loans

- ① Percentage of type-B Loans used to buy permits?
- ② Does the Department have plans to analyze the impact of Loans on the transfer of permits from rural areas?
- ③ What's the opinion of the department? Should there be more or fewer type B Loans?
- ④ Tell CFEC & Commerce that we'd appreciate their individual recommendations on how to address the drain of rural permits. Would like to receive them within a week from today.

Happie
with loans
it.

Department of Commerce & Economic Development
 Loans Approved for FY '85
 Commercial Fish - A

January 31, 1985

House Dist.	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total
1	0	51,300	16,000	199,500	141,600	0	0						408,400
2	0	0	0	0	0	0	0						0
3	0	0	0	0	0	100,000	0						100,000
4	0	0	0	0	13,000	0	0						13,000
5	0	230,258	0	48,750	0	278,600	164,340						721,948
6	0	54,000	0	121,500	227,000	162,000	54,600						619,100
7-15	0	0	0	0	0	275,500	49,000						324,500
16	0	0	45,000	0	0	0	0						45,000
17	0	0	0	0	0	0	0						0
18	0	0	0	0	0	0	0						0
19	0	0	0	0	0	0	0						0
20	0	0	0	36,000	4,000	0	0						40,000
21	0	0	0	0	0	0	0						0
22	0	0	0	0	0	0	0						0
23	0	0	0	0	0	0	0						0
24	0	0	0	0	0	33,914	0						33,914
25	0	0	0	0	0	0	54,667						54,667
26	0	47,321	0	99,500	0	0	0						146,821
27	0	0	0	52,200	0	87,750	0						139,950
Totals	0	335,558	63,321	502,950	485,100	937,764	322,607						2,647,300

Prepared by: State of Alaska
 Department of Commerce & Economic Development
 Division of Accounting & Collections
 Pouch D
 Juneau, Alaska 99811

sa0507s9

Department of Commerce & Economic Development
 Loans Approved for FY '85
 Commercial Fish - A

January 31, 1985

House Dist.	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total
1	0	1	1	2	2	0	0						6
2	0	0	0	0	0	0	0						0
3	0	0	0	0	0	1	0						1
4	0	0	0	0	0	1	0						1
5	0	3	0	1	0	2	2						8
6	0	1	0	1	1	2	1						6
7-15	0	0	0	0	0	3	1						1
16	0	0	0	1	0	0	0						1
17	0	0	0	0	0	0	0						0
18	0	0	0	0	0	0	0						0
19	0	0	0	0	0	0	0						0
20	0	0	0	1	*	0	0						1
21	0	0	0	0	0	0	0						0
22	0	0	0	0	0	0	0						0
23	0	0	0	0	0	0	0						0
24	0	0	0	0	0	1	0						1
25	0	0	0	0	0	0	1						1
26	0	0	1	0	1	0	0						2
27	0	0	0	1	0	2	0						3
Totals	0	5	2	7	5	11	5						35

* Increase to existing loan.

Prepared by: State of Alaska
 Department of Commerce & Economic Development
 Division of Accounting & Collections
 Pouch D
 Juneau, Alaska 99811

sa0507s10

Department of Commerce & Economic Development
Loans Approved for FY '85
Commercial Fish - B

January 31, 1985
Corrected

House Dist.	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total
1	[10,000]	0	18,000	0	46,923	120,200	16,000						191,123
2	49,500	0	100,000	36,634	32,346	65,921	38,053						322,454
3	0	0	0	15,000	16,173	94,500	47,625						173,298
4	0	0	0	0	0	39,550	29,625						69,275
5	123,000	0	15,000	7,000	0	0	179,250						324,250
6	0	0	0	0	56,250	41,600	76,200						174,050
7-15	0	0	0	0	0	0	59,587						59,587
16	0	0	0	00	0	0	72,300						72,300
17	0	0	0	0	0	0	0						0
18	0	0	0	0	0	0	0						0
19	0	0	0	0	0	0	0						0
20	0	0	0	0	0	0	0						0
21	0	0	0	0	0	0	0						0
22	5,794	0	0	0	0	0	0						5,794
23	15,420	0	0	0	0	0	0						15,420
24	0	0	0	0	0	57,603	0						57,603
25	0	0	0	0	95,925	0	28,969						124,894
26	49,977	0	22,000	296,000	253,238	560,166	146,500						1,327,881
27	0	0	11,054	92,000	100,000	379,766	0						582,820
Totals	233,691	0	166,054	446,634	600,855	1,359,406	694,109						3,500,749

Prepared by: State of Alaska
Department of Commerce & Economic Development
Division of Accounting & Collections
Pouch D
Juneau, Alaska 99811

sa0507s11

Department of Commerce & Economic Development
 Loans Approved for FY '85
 Commercial Fish - B

January 31, 1985
 Corrected

House Dist.	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total
1	*	0	1	0	1	2	1						5
2	1	0	1	3	2	2	1						10
3	0	0	0	1	1	2	2						6
4	0	0	0	0	0	1	1						2
5	2	0	1	1	0	0	3						7
6	0	0	0	0	1	2	1						4
7-15	0	0	0	0	0	0	2						2
16	0	0	0	0	0	0	2						2
17	0	0	0	0	0	0	0						0
18	0	0	0	0	0	0	0						0
19	0	0	0	0	0	0	0						0
20	0	0	0	0	0	0	0						0
21	0	0	0	0	0	0	0						0
22	1	0	0	0	0	0	0						1
23	1	0	0	0	0	0	0						1
24	0	0	0	0	0	2	0						2
25	0	0	0	0	1	0	1						2
26	1	0	1	4	6	9	2						23
27	0	0	1	1	1	5	0						8
Totals	6	0	5	10	13	25	16						75

* Reduction to existing loan.

Prepared by: State of Alaska
 Department of Commerce & Economic Development
 Division of Accounting & Collections
 Pouch D
 Juneau, Alaska 99811

sa0507s12

Department of Commerce & Economic Development
 Loans Approved for FY '85
 Commercial Fish - C

January 31, 1985

House Dist.	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total
1	0	0	0	0	0	0	0						0
2	0	0	0	0	0	0	0						0
3	0	0	0	0	0	0	0						0
4	0	0	0	0	0	0	0						0
5	0	0	0	0	0	0	0						0
6	0	0	0	0	0	0	0						0
7-15	0	0	0	0	0	0	0						0
16	0	0	0	0	0	0	0						0
17	0	0	0	0	0	0	0						0
18	0	0	0	0	0	0	0						0
19	0	0	0	0	0	0	0						0
20	0	0	0	0	0	0	0						0
21	0	0	0	0	0	0	0						0
22	0	0	0	0	0	0	0						0
23	0	0	0	0	0	0	0						0
24	0	0	0	0	0	0	0						0
25	0	0	0	0	0	0	0						0
26	0	0	0	0	0	0	0						0
27	0	0	0	0	0	0	0						0
Totals	0	0	0	0	0	0	0						0

Prepared by: State of Alaska
 Department of Commerce & Economic Development
 Division of Accounting & Collections
 Pouch D
 Juneau, Alaska 99811

sa0507s13

Department of Commerce & Economic Development
 Loans Approved for FY '85
 Commercial Fish - C

January 31, 1985

House Dist.	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total
1	0	0	0	0	0	0	0						0
2	0	0	0	0	0	0	0						0
3	0	0	0	0	0	0	0						0
4	0	0	0	0	0	0	0						0
5	0	0	0	0	0	0	0						0
6	0	0	0	0	0	0	0						0
7-15	0	0	0	0	0	0	0						0
16	0	0	0	0	0	0	0						0
17	0	0	0	0	0	0	0						0
18	0	0	0	0	0	0	0						0
19	0	0	0	0	0	0	0						0
20	0	0	0	0	0	0	0						0
21	0	0	0	0	0	0	0						0
22	0	0	0	0	0	0	0						0
23	0	0	0	0	0	0	0						0
24	0	0	0	0	0	0	0						0
25	0	0	0	0	0	0	0						0
26	0	0	0	0	0	0	0						0
27	0	0	0	0	0	0	0						0
Totals	0	0	0	0	0	0	0						0

Prepared by: State of Alaska
 Department of Commerce & Economic Development
 Division of Accounting & Collections
 Pouch D
 Juneau, Alaska 99811

sa0507s14

LOAN PROGRAM

COMMERCIAL FISH (A)

DATE JUNE, 1984

STATE HOUSE OF REPRESENTATIVES ELECTION DISTRICT

FY	1	2	3	4	5	6	7-15	16	17	18	19	20
83	613,805	924,533	93,370	437,809	1,557,774	473,562	-0-	71,500	7,200	-0-	-0-	306,480
84	492,870	507,219	23,704	250,208	1,345,034	200,999	1,370,574	198,324	31,500	-0-	-0-	10,350
TOTAL	1,106,675	1,413,752	117,074	688,017	2,902,808	674,561	1,370,574	269,824	38,700	-0-	-0-	316,830

FY	21	22	23	24	25	26	27					TOTAL
83	-0-	85,500	-0-	-0-	186,510	268,148	888,660	-0-	-0-	-0-	-0-	5,914,851
84	-0-	-0-	-0-	-0-	286,850	493,942	1,315,367	-0-	-0-	-0-	-0-	6,526,941
TOTAL	-0-	85,500	-0-	-0-	473,360	762,090	2,204,027	-0-	-0-	-0-	-0-	12,441,522

LOAN PROGRAM

COMMERCIAL FISH (A)

DATE JUNE, 1984

STATE HOUSE OF REPRESENTATIVES ELECTION DISTRICT

FY	1	2	3	4	5	6	7-15	16	17	18	19	20
83	19	22	5	13	27	6	26	1	1	-0-	-0-	6
84	8	9	2	4	21	3	20	3	1	-0-	-0-	1
TOTAL	27	31	7	17	48	9	46	4	2	-0-	-0-	7

FY	21	22	23	24	25	26	27					TOTAL
83	1	-0-	-0-	-0-	3	4	13	-0-	-0-	-0-	-0-	147
84	-0-	-0-	-0-	-0-	4	8	11	-0-	-0-	-0-	-0-	95
TOTAL	1	-0-	-0-	-0-	7	12	24	-0-	-0-	-0-	-0-	242

LOAN PROGRAM

COMMERCIAL FISH (B)

DATE JUNE, 1984

STATE HOUSE OF REPRESENTATIVES ELECTION DISTRICT

FY	1	2	3	4	5	6	7-15	16	17	18	19	20
83	-0-	620,005	341,772	207,830	447,493	389,030	275,300	-0-	24,000	-0-	-0-	92,893
84	292,604	430,960	477,800	9,426	914,850	191,805	239,425	-0-	-0-	-0-	-0-	-0-
TOTAL	292,604	1,050,965	819,572	217,256	1,362,343	580,835	514,725	-0-	24,000	-0-	-0-	92,893

FY	21	22	23	24	25	26	27					TOTAL
83	-0-	23,497	60,068	-0-	427,907	2,286,594	547,320	-0-	-0-	-0-	-0-	5,743,709
84	-0-	33,740	57,440	72,230	736,578	3,304,445	582,900	-0-	-0-	-0-	-0-	7,371,203
TOTAL	-0-	57,237	117,508	72,230	1,164,485	5,591,039	1,130,220	-0-	-0-	-0-	-0-	13,114,912

LOAN PROGRAM

COMMERCIAL FISH (B)

DATE JUNE, 1984

STATE HOUSE OF REPRESENTATIVES ELECTION DISTRICT

FY	1	2	3	4	5	6	7-15	16	17	18	19	20
83	11	15	12	5	8	7	6	-0-	1	-0-	-0-	1
84	10	10	16	1	14	3	5	-0-	-0-	-0-	-0-	-0-
TOTAL	21	25	28	6	22	10	11	-0-	1	-0-	-0-	1

FY	21	22	23	24	25	26	27					TOTAL
83	2	-0-	5	-0-	7	33	8	-0-	-0-	-0-	-0-	121
84	-0-	1	4	4	15	54	7	-0-	-0-	-0-	-0-	144
TOTAL	2	1	9	4	22	87	15	-0-	-0-	-0-	-0-	265

P.O. Box 281
Anchorage, AK 99510

16 January 1985

State of Alaska
Commercial Fisheries Entry Commission
Pouch KB
Juneau, AK 99811

Dear Sir,

Last winter while I was in the hospital undergoing an operation I recieved many letters from agencies asking if I intend selling my entry permit (S03T 55472H). How they had me on the mailing list is questionable. Some of the inquiries seemed phony.

Anyway I was determined to continue fishing and not even consider retiring. But since I am 67 years of age it is possible in the future I may have to retire, and if I do I intend to transfer my permit to an Alaskan resident only.

I am still operating the boat I bought in 1969 for \$7,500.00, have never borrowed any money, have fished in the past above average, most of the time fishing alone and am enjoying the challenge.

In the Anchorage Times recently there was an item in the newspaper in regards to the above, so please send me a copy of the 1984 edition of "Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries" also of any regulations or laws of the State of Alaska pertaining to transfers or sales of Limited Entry Permits.

Yors Truly,

Michael N. Economou
MICHAEL N. ECONOMOU

**ALASKA NATIVES
AND
LIMITED FISHERIES OF ALASKA:**

**A study of changes in the distribution of
permit ownership amongst Alaskan Natives, 1973-1983.**

Dr. Nasser Kamali

**CFEC Report Number 84-8
Alaska Commercial Fisheries Entry Commission
Pouch KB
Juneau, Alaska 99811**

September 1984

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

BILL SHEFFIELD, GOVERNOR

POUCH KB
JUNEAU, ALASKA 99811

September, 1984

TO WHOM IT MAY CONCERN

Attached to this letter, is the very recent CFEC study, "Alaska Natives and the Limited Fisheries of Alaska," which quantifies changes in the distribution of limited entry permits among Alaska Natives from 1975 through 1983.

The statistics in this study invite serious attention. Since issuance of entry permits began in 1975, no fewer than 752 (or 13.8%) of the permits initially issued to Alaska Natives are no longer in their hands. This decline in permit ownership is more pronounced in the original 19 salmon fisheries limited under the 1973 Limited Entry Act, especially the Bristol Bay drift and set gill net fisheries.

As the study reports, entry permit in the various fisheries have attained considerable monetary value, so we can assume that those who transferred their permits probably realized significant financial gain from doing so.

While the transfer of permits may generate cash, we note that a large number of transfers have been to residents of communities not local to the fishery. Those generally concerned with the overall vitality of the fishing industry and with the long-term economic benefits of commercial fishing to local communities and individuals may wish to further analyze the data.

We caution readers that examination of the causes and consequences of permit transfers from Natives to non-Natives is beyond the scope of this work. The Commission is committed to continuing its inquiries to the extent that our resources permit.

Finally, we welcome your comments and observations on this information. Be assured that the Commission and its staff are willing to work with any interested person or organization in addressing any identified policy questions.

Cordially,

COMMERCIAL FISHERIES ENTRY COMMISSION

Bruce Twomley, Chairman

Richard F. Listowski, Commissioner

Philip J. Smith, Commissioner

by: 

BT:slt
Attachment

**ALASKAN NATIVES
and
LIMITED FISHERIES OF ALASKA:**

**A study of changes in the distribution of
permit ownership amongst Alaskan Natives, 1975-1983.**

Dr. Nasser Kamali

**CFEC Report Number 84-8
Alaska Commercial Fisheries Entry Commission
Pouch KB
Juneau, Alaska 99811**

September 1984

ABSTRACT

The extent of the involvement and dependence of Alaskan Natives on the state's limited fisheries has been a matter of considerable concern to legislators, other policy makers, and the public at large. The present report provides estimates of Native participation in the state's limited fisheries from 1975 through 1983. The data upon which these estimates are based were collected through the matching and merging of CFEC's permit file with the Alaska Native Roll.

Alaskan Natives received 44% of the total permits initially issued (5448 out of 12,515). According to the 1980 census data 18% of the state's population were Alaskan Natives. This seems to indicate a substantial dependence by the Natives upon the state's limited fisheries. Available data also show that in Arctic-Yukon-Kuskokwim (AYK) fisheries, Natives received 2010 of the allocated permits. Excluding the AYK fisheries, Natives' share of initially issued permits is 33%.

During 1975-1983, a number of Alaskan Natives transferred their permits. As a result of these transfer activities, permit ownership among Alaskan Natives declined by 13.8% (or 752 permits). Not including the AYK fisheries Native permit ownership has decreased by 18.5% (635 permits) over the 1975-1983 time period. The biggest decline in the number of permits held by Natives took place in the salmon fisheries of Bristol Bay, where there has been a drop of 21.3% in permit ownership by Natives.

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ACKNOWLEDGEMENT

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- Jacob Lestenkof, Area Director, Bureau of Indian Affairs (BIA), Juneau
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- Fred Kelly, Data Process Services, BIA, Juneau
- Frank Frike, Director of Data Services, Branch of Indian Services System, Albuquerque, New Mexico

INTRODUCTION

In 1973, the Alaska State Legislature enacted Alaska's Limited Entry Law (AS 16.43). The law provided for the creation of a new agency, the Commercial Fisheries Entry Commission (CFEC), to administer a program regulating entry into the commercial fisheries under state jurisdiction. Through 1983, permanent limitation has been implemented in thirty-three salmon and herring fisheries. ("Fishery" refers to the harvesting of a particular species with a given gear type and in a given area.)

Under Alaska's limited entry program, a maximum number of permits, for each fishery, is declared upon limitation. The process of permit allocation is based upon a complex hardship ranking system that reflects the applicants' past participation in the fishery and their economic dependence on the fishery. This ranking of applicants determines who will receive the limited number of entry permits.

A legal prerequisite of the Limited Entry act was that permits not be locked in the hands of those who received them originally. Therefore, free transferability was chosen as the means for allowing orderly entry and exit from the fisheries. It was believed that free transferability would allow: parents to transfer permits to their children; permits to be inherited upon the death of the holder; persons to enter and exit fisheries at times opportune to them. It would also obviate the need for an expensive bureaucratic process to handle permit reallocation.

The purpose of the entry program as stated in the enabling legislation is to promote the conservation and sustained yield management of Alaska's fisheries resources. The program is also intended to further and maintain the economic health and stability of commercial fishing in Alaska. Because of these purposes, questions have been raised in regard to the actual consequences of limiting Alaska's fishing resources.

The designers of the program devoted a great deal of attention to its social, cultural, biological, and economic effects (Adasiak, 1978). It was hoped the program would help support a stable economic base in relatively isolated fishing communities where fisheries occur. Today, policy makers are still very interested in how fishing communities and state residents have fared in the initial allocation of permits. There is also a continued interest in the extent permits are remaining within the state and communities traditionally dependent upon commercial fishing.

A study by Langdon (1980) found there had been a tendency for entry permits to be transferred from rural communities to urban centers within Alaska. Subsequent studies by the Alaska Commercial Fisheries Entry Commission have noted that this trend has been continuing (Dinneford et al., 1983; Dinneford and Kamali, 1984a; Dinneford, 1984b). This tendency is most acute in Bristol Bay's salmon fisheries. Here a large number of permits initially allocated to rural residents have been transferred to nonresidents of the local communities. To date theories pertaining to the possible causes for these permit movements have not been empirically tested. A study by Focht and Schelle (1984) has provided data supporting the contention that during the 1979-1982 period

the state's subsidized loan program may have inadvertently, played a role in permit transfers from rural to urban residents. Their data indicate during this period urban fishermen were more likely to obtain state subsidized loans than rural fishermen.

The extent of involvement and dependence of Alaskan Natives on the state's fishing resources is also a matter of considerable interest to legislators, policy makers and the public at large. The subsistence and/or commercial harvest of fishing resources is believed to be the major source of economic livelihood in many Native communities. Many have expressed concern over the extent of Native participation in the limited fisheries of Alaska, and the possible effects of the limited entry program upon their involvement. Some feel implementation of the limited entry program has negatively impacted Natives' access to fishing resources because of cultural biases and inadequate outreach during initial stages of permit allocations (Koslow, 1982; Pope, 1980; Peterson 1981 and 1982). Others believe many Alaskan Natives lack the necessary means to compete in permit markets. However, prior to this research effort, little data were available on the ethnic origin of Alaska's permit holders.^{1/}

Data provided in a forthcoming report by CFEC (Dinneford, 1984b) indicate permit ownership by rural residents 'local' to limited fisheries has declined by 553 over the 1975-1983 time period. A major

1. A report to the Governor in 1973, provided an analysis of Native participation in Alaska's Fisheries. Appendix C reproduces one of the tables used in the report (see Jackman, et al., 1973).

portion of the decline (220 permits) has been in the Bristol Bay area, raising the concern that there may have been significant reductions in permit ownership by Alaskan Natives.

In Canada, under the British Columbian limited entry program, significant reductions in Indian permit ownership occurred as the net result of transfer activities with non-Indians (Pearse, 1982). Canadian authorities have established policy changes to help stem the permit outflow from Indian communities. The Canadian experience coupled with the continued drop in number of permits owned by Alaska rural residents suggest the declines in permit ownership may have also occurred among Natives under Alaska's limited entry program.

Because of the interests and concerns cited above, CFEC sought and obtained the authorization of BIA officials to match names of its permit holders with the Alaska Native roll.^{2/} It should be emphasized that as part of the agreement with BIA, CFEC is to observe the privacy and the confidentiality requirements of the data. Therefore, the ethnicity of a permit holder is confidential information. Its disclosure to other individuals, agencies, or organizations is not authorized, and this information cannot be transcribed in any manner. A brief discussion of the comparison processes between the two files is presented in Appendix A.

2. The Alaska Native roll is a listing of all Alaskan Natives by name, date of birth and social security number. The Alaska Native Claims Settlement Act defines a Native as a citizen of the U.S. who is one-fourth or more Alaskan Eskimo, Indian, Aleutian, or any combination thereof.

This report covers the following two topical areas:

- 1. How Alaskan Natives fared in the initial allocation of permits for Alaska's limited fisheries; and**
- 2. The changes in permit ownership by Alaskan Natives from initial issuance through 1983.**

These topics are treated on both a fishery by fishery and statewide basis. The reader should note the method of identifying Alaskan Natives is not perfect. All data reported here should be considered estimates.

INITIAL ALLOCATION OF PERMITS

By the end of 1983, the Alaska Commercial Fisheries Entry Commission had issued 12,515 permits for the limited fisheries of Alaska. Almost forty-four percent of these permits were received by Alaskan Natives (5448 permits). Non-Natives were issued 56% (7067 permits). Table 1 provides a detailed account of the distribution of entry permits at initial issuance stage for each fishery.

Of the 12,515 limited entry permits, 80.7% (10,103 permits) were received by residents of Alaska.^{3/} Nonresidents received the remaining 19.3% (or 2412 permits). Out of 5448 permits issued to Alaskan Natives, 135 permits were received by nonresidents, leaving the majority of permits (5313) to resident Natives.

Permits issued to Alaskan Natives constitute 52.6% of the total permits originally allocated to Alaskans. According to the 1980 census data, only 18% of the state's population were Alaskan Natives. This seems to indicate a substantial dependence by the Native population upon the state's limited fisheries. It is important to note that Alaskan Natives received 2010 of their permits in the six Arctic-Yukon-Kuskokwim fisheries. This represents 37% all the permits issued to Natives.

3. The numbers of Alaskans and non-Alaskans presented in this report may differ from other CFEC publications (i.e., CFEC Annual Reports) because a more stringent definition of resident was used here. Not only did permit holders need to have sworn that they were Alaska residents (on permit renewal or transfer forms) but they also had to have an Alaskan address--Annual Reports produce resident/nonresident totals based upon residency status from the renewal form only.

Table 1: Distribution of Permits for the Limited Fisheries of Alaska Amongst Natives and Non-Natives, by Resident Type, by Fishery at Initial Issuance Stage.*

Fishery	RURAL LOCALS			RURAL NON-LOC			URBAN LOCALS			URBAN NON-LOC			NON-RESIDENTS			COMBINED		
	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV(%)	OTHR(%)	SUM
Southeast Seine	85	7	93	0	0	0	59	60	119	0	0	0	28	177	205	173(41%)	244(59%)	417
Southeast Drift	40	42	82	0	2	2	32	193	225	3	0	3	5	151	156	80(17%)	388(83%)	468
Power Troll	60	140	200	0	5	5	55	394	452	0	9	9	9	268	277	127(13%)	816(87%)	943
Hand Troll	323	365	688	1	5	6	198	1031	1229	5	45	50	2	146	148	529(25%)	1592(75%)	2121
Yakutat Set Net	101	23	124	1	2	3	0	0	0	11	10	21	0	18	18	113(68%)	53(32%)	166
SE Herr Seine	1	0	1	0	0	0	10	29	39	0	0	0	0	3	3	11(26%)	32(74%)	43
SE Herr Gill Net	0	5	5	0	0	0	5	44	49	0	1	1	0	12	12	5(7%)	62(93%)	67
PNS Seine	41	125	166	2	4	6	2	12	14	4	14	18	4	51	55	53(20%)	206(80%)	259
PNS Drift	104	231	335	2	17	19	3	8	11	6	23	29	8	131	139	123(23%)	410(77%)	533
PNS Set Net	0	17	17	0	0	0	0	4	4	0	2	2	0	7	7	0(0%)	30(44%)	30
FNS Herring Seine	5	22	27	9	12	21	0	3	3	6	31	37	1	8	9	21(22%)	76(78%)	97
FNS Herring Gill Net	4	9	13	0	0	0	0	7	7	0	0	0	0	4	4	4(17%)	20(83%)	24
Cook Inlet Seine	21	27	48	0	0	0	1	28	29	0	1	1	0	0	0	22(28%)	56(72%)	78
Cook Inlet Drift	23	87	110	0	8	8	31	212	243	0	12	12	1	183	184	55(10%)	502(90%)	557
Cook Inlet Set Net	74	119	193	3	21	24	70	375	445	0	26	26	3	53	56	150(20%)	594(80%)	744
Cook Inlet Herr Seine	9	15	24	0	1	1	2	22	24	5	11	16	0	5	5	16(23%)	54(77%)	70
Kodiak Seine	72	4	76	7	7	14	64	95	159	5	15	20	6	102	108	154(41%)	223(59%)	377
Kodiak Beach Seine	9	2	11	0	2	2	3	16	19	0	1	1	0	2	2	12(34%)	23(66%)	35
Kodiak Set Net	24	18	42	0	2	2	22	56	78	1	13	14	3	47	50	50(27%)	136(73%)	186
Chignik Seine	29	0	29	11	1	12	0	0	0	25	3	28	13	8	21	78(87%)	12(13%)	90
Pcn/Aleutian Seine	100	1	101	0	0	0	0	0	0	3	0	3	5	9	14	108(92%)	10(8%)	118
Pcn/Aleutian Drift	93	5	98	0	0	0	0	0	0	8	6	14	2	42	44	103(66%)	53(34%)	156
Pcn/Aleutian Set Net	89	7	96	0	0	0	0	0	0	6	2	8	2	5	7	97(87%)	14(13%)	111
Bristol Bay Drift	547	95	642	100	21	129	0	0	0	99	125	224	27	707	734	781(45%)	948(55%)	1729
Bristol Bay Set Net	466	121	587	17	13	30	0	0	0	74	89	163	16	135	151	573(62%)	358(38%)	931
Upper Yukon Gill Net	34	22	56	1	2	3	7	5	12	0	1	1	0	1	1	42(58%)	31(42%)	73
Upper Yukon Fishwheel	90	23	113	0	2	2	9	5	14	0	1	1	0	0	0	99(76%)	31(24%)	130
Kuskokwim Gill Net	650	13	663	1	0	1	154	17	171	0	0	0	0	0	0	805(96%)	30(4%)	835
Kotzebue Gill Net	47	6	53	0	2	2	150	7	157	2	4	6	0	1	1	195(91%)	20(9%)	219
Lower Yukon Gill Net	664	24	688	5	2	7	0	0	0	11	0	11	0	1	1	680(96%)	27(4%)	707
Norton SD Gill Net	166	9	175	1	0	1	17	6	23	1	1	2	0	0	0	185(92%)	16(8%)	201
Overall Fisheries	3972	1584	5556	169	131	300	897	2629	3526	275	446	721	135	2277	2412	5448(44%)	7067(56%)	12515

* NATV indicates those permit holders who are considered Alaskan Natives, while OTHR indicates non-Native permit holders irrespective of their ethnicity.

** The percentage of permits issued to non-Native Alaskans in this fishery is 100%.

Excluding these fisheries, Natives' share of entry permits at the initial stage of permits allocation drops to 33% (or 3438 out of 10,350 permits).

In order to measure and/or compare changes in permit distribution, permit holders are classified into five broad categories, based upon where permit holders reside. First, permit holders are classified as either Alaskan or non-Alaskan. Alaska residents are then divided into two separate classes: urban or rural. Urban includes all those communities that according to 1980 census data have 2000 or more inhabitants. Each class, is then categorized as either local or nonlocal depending upon the proximity of the community to the fishery for which the permits are issued.^{4/} Alaskan resident permit holders are therefore divided into four categories: 1) Alaska Rural Locals (ARL); 2) Alaska Rural Nonlocals (ARN); 3) Alaska Urban Locals (AUL), and; 4) Alaska Urban Nonlocals (AUN). Non-Alaskan residents are all lumped into one group and are referred to as nonresidents (N). An additional category "DOC" has been included to signify the permits which are held by the Department of Commerce and Economic Development as a result of loan foreclosures.

As Table 1 demonstrates, Alaskan Natives who resided in rural communities local to their fishery of interest received 3972 of the 12,515 permits initially issued. This is 73% of all the permits issued

4. For a detailed discussion on rules used to designate urban, rural, local and nonlocal refer to Dinneford and Kamali (1984a).

to Natives and 32% of the total permits issued to Natives and non-Natives combined. It also constitutes 71.5% of all permits initially allocated to Alaska rural local residents (3972 out of 5556).

Alaskan Natives whose residencies were in urban communities local to their fisheries (AUL) received 25% of the initial permits (897 of all the permits issued to Alaska urban locals). Of the 2412 permits initially issued to nonresidents of Alaska, 5.6% (135 permits) were received by Alaskan Natives. Overall, permits initially issued to nonresidents of Alaska constitute 19.3% of the total issuance (2412 out of 12515).

The fishery with the highest incidence of Native initial issues is the Kuskokwim gill net, where Natives received 96% of the permits issued (805 out of 835). Only 4% of the permits (30) were issued to non-Native Alaskans. Other fisheries where a high percentage of the permits were initially issued to Alaskan Natives, are the Lower Yukon gill net fishery, the Norton Sound gill net fishery, and the Chignik seine fishery with 96%, 92%, and 87% of permits respectively.

For Bristol Bay fisheries (drift and set net combined) 2660 permanent permits had been initially issued. Out of this number, 1729 permits were issued for Bristol Bay drift, and the remaining 931 permits were issued for the set net fishery. Alaskan Natives received 45% and 62% of the permits for these two fisheries respectively (i.e., 781 permits in drift gill net and 573 permits in the set net fishery). Alaska rural locals and nonresidents were the two resident categories receiving the highest portion of the Bristol Bay drift gill net permits with 37% and 42.5% (642 and 734) respectively. There were 27 permits in the Bristol Bay drift gill net fishery initially issued to Natives who

were nonresidents of Alaska. The only other fishery with a higher number of Native initial issues, who resided outside of Alaska, was the Southeast seine. Here nonresident Natives received 6.7% of all permits (28 out of 417 permits).

As noted earlier, during the period 1975-1983, 12,515 permanent limited entry permits were issued for 31 fisheries. Not all of these permits, however, are available for transfer. By law, CFEC is required to initially allocate permits through the ranking of applicants according to the degree of hardship they may suffer if excluded from the fishery. The statute also requires the Commission to determine the priority classifications representing economic hardship for the applicant if excluded. Permits issued to persons in minor economic hardship priority classifications are nontransferable. Excluding the nontransferable permits, the total number of freely transferable permits issued through 1983 is 10,980 (Table 2).^{5/}

In theory, permit prices reflect the present value of the expected net earnings generated through marginal participation in a limited fishery. This theory has been supported by the empirical work of Karpoff (1983). Thus, fisheries with higher permit values should be ones in which participants anticipate higher net earnings. By the end of 1983, fisheries with relatively high valued permits and, therefore,

5. Since Alaskan Natives' ownership pattern of transferable permits is similar to that of all permits combined, a detailed breakdown of Table 2 is not necessary. Similarly there will be no discussion of details regarding Tables 5 and 7 dealing with transferable permits only.

relatively high expected future earnings within the state, were Chignik seine, Pen/Aleutian seine, and Pen/Aleutian drift gill net (Table 3). As Table 1 indicates, Alaskan Natives are involved in fisheries with both high and low permit prices. They received 92% of the initial permits in the Pen/Aleutian seine fishery (108 permits). They were the recipients of 87% and 66% of the initial permits in the Pen/Aleutian set net and drift gill net fisheries. Table 3 provides information on average permit prices for each fishery by the end of 1983.^{6/}

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6. CFEC provides quarterly permit price information to the Department of Commerce and Economic Development as well as other interested parties. The information provided by the Commission is used for permit loans given by the Department of Commerce or bank loan officers. The value of permits is based on information collected through transfer surveys. As of January, 1980 any request to transfer a limited entry permit should be accompanied by a completed survey containing information about the transaction (e.g., the permit price in case the permit was sold). In cases where less than three observations exist, no average price is given in order to comply with the state's confidentiality requirements.

Table 2: Distribution of Transferable Permits for Fisheries of Alaska Amongst Natives and Non-Natives, by Resident Type and by Fishery, at Initial Issuance*Stage. *

Fishery	RURAL LOCALS			RURAL NON-LOC			URBAN LOCALS			URBAN NON-LOC			NON-RESIDENTS			COMBINED		
	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV(%)	OTHR(%)	SUM
Southeast Seine	86	7	93	0	0	0	59	60	119	0	0	0	28	177	205	173(41%)	244(59%)	417
Southeast Drift	40	42	82	0	2	2	32	193	225	3	0	3	5	151	156	80(17%)	388(83%)	468
Power Troll	60	140	200	0	5	5	58	394	452	0	9	9	9	268	277	127(13%)	816(87%)	943
Hand Troll	142	145	287	0	1	1	68	294	362	1	10	11	1	36	37	212(30%)	486(70%)	698
Yakutat Set Net	101	23	124	1	2	3	0	0	0	11	10	21	0	18	18	113(60%)	53(32%)	166
SE Herr Seine	1	0	1	0	0	0	10	29	39	0	0	0	0	3	3	11(26%)	32(74%)	43
SE Herr Gill Net	0	5	5	0	0	0	5	44	49	0	1	1	0	12	12	5(7%)	62(93%)	67
FWS Seine	41	125	166	2	4	6	2	12	14	4	14	18	4	51	55	53(20%)	206(80%)	259
FWS Drift	104	231	335	2	17	19	3	8	11	6	23	29	8	131	139	123(23%)	410(77%)	533
FWS Set Net	0	17	17	0	0	0	0	3	3	0	2	2	0	7	7	0(0%)	29(42%)	29
FWS Herring Seine	5	22	27	9	12	21	0	3	3	6	31	37	1	8	9	21(22%)	76(78%)	97
FWS Herring Gill Net	4	9	13	0	0	0	0	7	7	0	0	0	0	4	4	4(17%)	20(83%)	24
Cook Inlet Seine	21	27	48	0	0	0	1	28	29	0	1	1	0	0	0	22(28%)	56(72%)	78
Cook Inlet Drift	23	87	110	0	8	8	31	212	243	0	12	12	1	183	184	55(10%)	502(90%)	557
Cook Inlet Set Net	74	119	193	3	21	24	70	375	445	0	26	26	3	53	56	150(20%)	594(80%)	744
Cook Inlet Herr Seine	9	15	24	0	1	1	2	22	24	5	11	16	0	5	5	16(23%)	54(77%)	70
Kodiak Seine	72	4	76	7	7	14	64	95	159	5	15	20	6	102	108	154(41%)	223(59%)	377
Kodiak Beach Seine	8	2	10	0	1	1	3	15	18	0	1	1	0	1	1	11(35%)	20(65%)	31
Kodiak Set Net	24	18	42	0	2	2	22	56	78	1	13	14	3	47	50	50(27%)	135(73%)	185
Chignik Seine	29	0	29	11	1	12	0	0	0	25	3	28	13	8	21	78(87%)	12(13%)	90
Pen/Aleutian Seine	100	1	101	0	0	0	0	0	0	3	0	3	5	9	14	108(92%)	10(8%)	118
Pen/Aleutian Drift	93	5	98	0	0	0	0	0	0	8	6	14	2	42	44	103(66%)	53(34%)	156
Pen/Aleutian Set Net	89	7	96	0	0	0	0	0	0	6	2	8	2	5	7	97(87%)	14(13%)	111
Bristol Bay Drift	547	95	642	108	21	129	0	0	0	99	125	224	27	707	734	781(45%)	948(55%)	1729
Bristol Bay Set Net	405	107	512	17	12	29	0	0	0	68	80	148	15	122	137	505(61%)	321(39%)	826
Upper Yukon Gill Net	34	22	56	1	2	3	7	5	12	0	1	1	0	1	1	42(58%)	31(42%)	73
Upper Yukon Fishwheel	90	23	113	0	2	2	9	5	14	0	1	1	0	0	0	99(76%)	31(24%)	130
Kuskokwim Gill Net	649	12	661	1	0	1	154	17	171	0	0	0	0	0	0	804(97%)	29(3%)	833
Kotzebue Gill Net	47	6	53	0	2	2	150	7	157	2	4	6	0	1	1	199(91%)	20(9%)	219
Lower Yukon Gill Net	664	24	688	5	2	7	0	0	0	11	0	11	0	1	1	680(96%)	27(4%)	707
Norton SD Gill Net	166	9	175	1	0	1	17	6	23	1	1	2	0	0	0	185(92%)	16(8%)	201
Overall Fisheries	3728	1349	5077	160	125	293	767	1890	2657	265	402	667	133	2153	2286	5061(46%)	5919(54%)	10980

* NATV indicates those permit holders who are considered Native-Alaskans, while OTHR indicates non-Native permit holders irrespective of their ethnicity.

** The percentage of permits issued to non-Natives in this fishery is 100%.

TABLE 3

1983 Average Permit Prices By Fishery

<u>Fishery</u>	<u>Price</u>
Southeast Seine	\$ 38,534
Southeast Drift	34,653
Power Troll	20,878
Hand Troll	4,948
Yakutat Set Net	27,250
SE Herring Seine	I.D. ^{a/}
SE Herring Gill Net	29,167
PWS Seine	143,186
PWS Drift	61,760
PWS Set Net	24,167
PWS Herring Seine	I.D.
PWS Herring Gill Net	24,000
Cook Inlet Seine	90,000
Cook Inlet Drift	69,919
Cook Inlet Set Net	18,340
Cook Inlet Herring Seine	I.D.
Kodiak Seine	69,903
Kodiak Beach Seine	50,000
Kodiak Set Net	76,525
Chignik Seine	I.D.
Pen/Aleutian Seine	195,000
Pen/Aleutian Drift	157,000
Pen/Aleutian Set Net	55,420
Bristol Bay Drift	98,923
Bristol Bay Set Net	41,246
Upper Yukon Gill Net	10,600
Upper Yukon Fishwheel	11,643
Kuskokwim Gill Net	10,222
Kotzebue Gill Net	13,083
Lower Yukon Gill Net	22,630
Norton Sound Gill Net	11,500

^{a/} Insufficient data to produce average permit price for the fishery and maintain the confidentiality requirements.

Source: The 1983 Annual Report of the Commercial Fisheries Entry Commission, Juneau.

1983 DISTRIBUTION OF PERMITS

By the end of 1983 Alaskan Natives' share of limited entry permits dropped from 44% to 38% of all permits: from 5448 to 4696 permits (Compare Tables 1 and 4). Excluding the AYK fisheries Natives' permit ownership drops from 33% to 27% (from 3438 to 2803 permits). The biggest drop in Alaskan Native permit ownership took place among rural residents 'local' to their fishery of interest. Native ARLs lost 558 permits over the 1975-1983 period. Native permit ownership also dropped among ARNs (by 28 permits), AULs (by 79 permits), AUNs (by 48 permits), and nonresidents (by 39 permits). These declines may either be the result of permit transfer and/or the migration of permit holders from one resident category to another. It is important to note with the exception of ARL resident type, all other resident types have had an increase in the number of permits they initially held. The biggest increase took place among AUNs. This resident type held 231 more permits by the end of 1983. Alaska Rural Nonlocals, AULs, and Ns, increased their share of permits by 51, 163, and 68 permits respectively.

At the end of 1983, Alaskan Natives held 13.8% fewer permits than they did at the initial issuance stage. This percentage translates into 752 permits that are no longer in Natives' possession (Table 6). Excluding the AYK fisheries, Native permit ownership has declined by 18.5% (or 635 out of 3438 permits). The number of permits held by Alaskan Natives have declined in every fishery except for the Prince William Sound herring seine fishery, the Upper Yukon gill net fishery, and the Cook Inlet herring fishery.

Table 4: End of 1983 Distribution of Permits for Limited Fisheries of Alaska Amongst Natives and Non-Natives, by Resident Type and by Fishery.*

FISHERY	RURAL LOCALS			RURAL NON-LOC			URBAN LOCALS			URBAN NON-LOC			NON-RESIDENTS			DOC OR CFAB	COMBINED		
	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM		NATV (%)	OTHR (%)	SUM
Southeast Seine	59	5	64	0	0	0	37	84	121	1	1	2	24	204	228	1	121(29%)	295(71%)	416
Southeast Drift	31	52	83	0	3	3	30	205	235	0	1	1	2	142	144	1	63(13%)	404(87%)	467
Power Troll	45	158	203	0	3	3	53	445	498	1	16	17	2	213	215	3	101(11%)	838(89%)	939
Hand Troll	321	359	679	1	7	8	195	1034	1229	5	47	52	2	151	153	0	524(25%)	1597(75%)	2121
Yakutat Set Net	82	37	119	3	2	5	0	0	0	5	14	19	0	21	21	0	93(55%)	74(45%)	164
SE Herr Seine	1	0	1	0	0	0	9	26	35	0	0	0	0	5	5	1	10(24%)	32(76%)	42
SE Herr Gill Net	0	2	2	0	0	0	4	41	45	0	0	0	0	20	20	0	4(6%)	63(94%)	67
PWS Seine	32	92	124	3	16	19	2	13	15	3	27	30	2	69	71	0	42(16%)	217(84%)	259
PWS Drift	69	229	298	4	19	23	3	9	12	3	59	62	2	136	138	0	81(15%)	452(85%)	533
PWS Set Net	0	17	17	0	2	2	0	3	3	0	6	6	0	2	2	0	0(0%)	30(100%)	30
PWS Herring Seine	9	18	27	10	12	22	0	2	2	4	27	31	1	14	15	0	24(25%)	73(75%)	97
PWS Herring Gill Net	3	12	15	0	1	1	0	6	6	0	1	1	0	1	1	0	3(13%)	21(87%)	24
Cook Inlet Seine	19	22	41	0	0	0	0	37	37	0	0	0	0	0	0	0	19(24%)	59(76%)	78
Cook Inlet Drift	7	90	97	1	4	5	14	264	278	0	7	7	0	168	168	0	22(4%)	533(96%)	555
Cook Inlet Set Net	54	114	168	2	31	33	69	409	469	0	12	12	1	60	61	0	126(17%)	617(83%)	743
Cook Inlet Herr Seine	8	14	22	2	1	3	2	24	26	3	5	8	1	10	11	0	16(23%)	54(77%)	70
Kodiak Seine	70	12	82	1	9	10	57	109	166	3	26	29	5	84	89	1	136(36%)	241(64%)	377
Kodiak Beach Seine	4	3	7	0	0	0	2	20	22	0	2	2	0	3	3	1	6(17%)	29(83%)	35
Kodiak Set Net	10	8	18	0	5	5	19	80	99	2	12	14	5	45	50	0	36(19%)	150(81%)	186
Chignik Seine	30	2	40	8	2	10	0	0	0	21	2	23	8	9	17	0	75(83%)	15(17%)	90
Fcn/Aleutian Seine	89	3	92	0	0	0	0	0	0	4	1	5	2	19	21	0	95(81%)	23(19%)	118
Fcn/Aleutian Drift	63	12	75	0	3	3	0	0	0	6	11	17	3	57	60	1	72(46%)	84(54%)	156
Fcn/Aleutian Set Net	64	18	82	0	2	2	0	0	0	3	9	12	4	8	12	1	71(65%)	30(35%)	109
Bristol Bay Drift	465	102	567	71	45	116	0	0	0	74	229	303	20	719	739	2	630(36%)	1097(64%)	1727
Bristol Bay Set Net	353	96	449	20	26	46	0	0	0	54	160	214	9	211	220	0	435(47%)	493(53%)	929
Upper Yukon Gill Net	29	15	44	2	0	2	9	10	19	2	3	5	0	2	2	0	42(58%)	30(42%)	72
Upper Yukon Fishwheel	75	25	100	0	0	0	18	9	27	1	1	2	0	1	1	0	94(72%)	36(28%)	130
Kuskokwim Gill Net	625	25	650	4	0	4	141	25	166	2	5	7	1	2	3	1	773(93%)	58(7%)	831
Kotzebue Gill Net	41	7	48	0	7	7	133	14	152	3	6	9	0	3	3	0	182(83%)	37(17%)	219
Lower Yukon Gill Net	606	32	638	8	9	17	0	0	0	18	25	43	2	3	5	0	634(90%)	69(10%)	703
Horton SD Gill Net	142	9	151	1	1	2	16	11	27	9	10	19	0	2	2	0	168(84%)	33(16%)	201
Overall Fisheries	3414	1589	5003	141	210	351	818	2671	3689	227	725	952	96	2384	2480	13	4696(38%)	7792(62%)	12488

* This table excludes 17 Native and 10 non-Native permits which have been revoked by the Commission.

Table 5: End of 1983 Distribution of Transferable Permits for Limited Fisheries of Alaska Amongst Natives and Non-Natives, by Resident Type, and by Fishery.*

FISHERY	RURAL LOCALS			RURAL NON-LOC			URBAN LOCALS			URBAN NON-LOC			NCH-RESIDENTS			DOC OR CFAB	COMBINED		
	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM	NATV	OTHR	SUM		NATV (%)	OTHR (%)	SUM
	Southeast Seine	59	5	64	0	0	0	37	84	121	1	1	2	24	204	228	1	121(29%)	295(71%)
Southeast Drift	31	52	83	0	3	3	30	205	235	0	1	1	2	142	144	1	63(13%)	404(87%)	467
Power Troll	45	150	203	0	3	3	53	445	498	1	16	17	2	213	215	3	101(11%)	830(89%)	939
Hand Troll	140	138	278	0	3	3	65	297	362	1	12	13	1	41	42	0	207(30%)	491(70%)	698
Yakutat Set Net	82	37	119	3	2	5	0	0	0	5	14	19	0	21	21	0	90(55%)	74(45%)	164
SE Herr Seine	1	0	1	0	0	0	9	26	35	0	0	0	0	5	5	1	10(24%)	32(76%)	42
SE Herr Gill Net	0	2	2	0	0	0	4	4	4	0	0	0	0	20	20	0	4(6%)	63(94%)	67
FWS Seine	32	92	124	3	16	19	2	13	15	3	27	30	2	69	71	0	42(16%)	217(84%)	259
FWS Drift	69	229	298	4	19	23	3	9	12	3	59	62	2	136	138	0	81(15%)	452(85%)	533
FWS Set Net	0	17	17	0	2	2	0	2	2	0	6	6	0	2	2	0	0(0%)	29(100%)	29
FWS Herring Seine	9	18	27	10	12	22	0	2	2	4	27	31	1	14	15	0	24(25%)	73(75%)	97
FWS Herring Gill Net	3	12	15	0	1	1	0	6	6	0	1	1	0	1	1	0	3(13%)	21(88%)	24
Cook Inlet Seine	19	22	41	0	0	0	0	37	37	0	0	0	0	0	0	0	19(24%)	59(76%)	78
Cook Inlet Drift	7	90	97	1	4	5	14	264	278	0	7	7	0	168	168	0	22(4%)	533(96%)	555
Cook Inlet Set Net	54	114	168	2	31	33	69	400	469	0	12	12	1	60	61	0	126(17%)	617(83%)	743
Cook Inlet Herr Seine	8	14	22	2	1	3	2	24	26	3	5	8	1	10	11	0	16(23%)	54(77%)	70
Kodiak Seine	70	12	82	1	9	10	57	109	166	3	26	29	5	84	89	1	136(36%)	241(64%)	377
Kodiak Beach Seine	3	3	6	0	0	0	2	18	20	0	2	2	0	2	2	1	5(16%)	26(84%)	31
Kodiak Set Net	10	8	18	0	5	5	19	80	99	2	12	14	5	45	50	0	36(19%)	150(81%)	186
Chignik Seine	38	2	40	8	2	10	0	0	0	21	2	23	8	9	17	0	75(83%)	15(17%)	90
Pen/Aleutian Seine	89	3	92	0	0	0	0	0	0	4	1	5	2	19	21	0	95(81%)	23(19%)	118
Pen/Aleutian Drift	63	12	75	0	3	3	0	0	0	6	11	17	3	57	60	1	72(46%)	84(54%)	156
Pen/Aleutian Set Net	64	18	82	0	2	2	0	0	0	3	9	12	4	8	12	1	71(65%)	38(35%)	109
Bristol Bay Drift	465	102	567	71	45	116	0	0	0	74	229	303	20	719	739	2	630(36%)	1097(64%)	1727
Bristol Bay Set Net	303	83	386	17	24	41	0	0	0	50	153	203	8	197	205	0	378(45%)	457(55%)	835
Upper Yukon Gill Net	29	15	44	2	0	2	9	10	19	2	3	5	0	2	2	0	42(58%)	30(42%)	72
Upper Yukon Fishwheel	75	25	100	0	0	0	18	9	27	1	1	2	0	1	1	0	94(72%)	36(28%)	130
Kuskokwim Gill Net	625	25	650	4	0	4	14	25	166	2	5	7	1	2	3	1	773(93%)	58(7%)	831
Kotzebue Gill Net	41	7	48	0	7	7	138	14	152	3	6	9	0	3	3	0	182(83%)	37(17%)	219
Lower Yukon Gill Net	606	32	638	8	9	17	0	0	0	18	25	43	2	3	5	0	634(90%)	69(10%)	703
Norton SD Gill Net	142	9	151	1	1	2	16	11	27	9	10	19	0	2	2	0	168(84%)	33(16%)	201
Overall Fisheries	3182	1356	4538	137	204	341	688	2131	2819	219	683	902	94	2259	2353	13	4320(39%)	6646(61%)	10966

* This table excludes 17 Native and 10 non-Native permits which have been revoked by the Commission.

On a fishery by fishery basis, the largest absolute drop in permit ownership by Alaskan Natives took place in the Bristol Bay fisheries. Natives held 151 fewer permits (19.3%) in the drift gill net fishery and 137 fewer permits (24%) in the set net fishery by the end of 1983. The biggest percentage decline in Native permit ownership occurred in the Cook Inlet drift gill net fishery, where 60% of the permits initially issued to Natives are now held by non-Natives (a drop of 33 out of 55 permits).

As Table 6 demonstrates, there are 752 fewer permits in Natives' possession at the end of 1983 compared to the initial stage of permit allocation. How does this decline in permit ownership effect the number of Native participants in the limited fisheries of Alaska? CFEC's permit file indicates that at the initial stages of limiting entry to Alaska's commercial fisheries, 5448 permits were received by 4928 Alaskan Natives.

This means 520 permits were initially issued to individuals who had already received an entry permit to (an)other fishery(ies). The ratio of permits to the number of Native permit holders was 1.11. By the end of 1983, there were 4459 Native permit holders in possession of 4696 permits. This is 469 fewer Native permit holders than at the initial issuance. At the end of 1983 the the ratio of permits to permit holders among Natives dropped to 1.05.

The following observations can be made in regard to the salmon fisheries of Bristol Bay where the highest decline in number of permits held by Natives occurred. Originally, 2660 permits were issued for the two fisheries combined where 1291 Natives received 1354 permits. After the loss of 288 permits initially issued to Natives, there were 1056

Table 6: Changes in the Distribution of Limited Entry Permits from Initial Issuance Through 1983 for Native and Non-Native Permit Holders, by Fishery.

Fishery	Shift In Number Of Permits Held By Natives*				Shift In Number Of Permits Held By Non-Natives*			
	Initial Count	1983 Count	Dif- ference	Percent	Initial Count	1983 Count	Dif- ference	Percent
Southeast Seine	173	121	-52	-30.1%	244	295	51	20.9%
Southeast Drift	80	63	-17	-21.2%	388	404	16	4.1%
Power Troll	127	101	-26	-20.5%	816	838	22	2.7%
Hand Troll	529	524	-5	-0.9%	1592	1597	5	0.3%
Yakutat Set Net	113	90	-23	-20.4%	53	74	21	39.6%
SE Herr Seine	11	10	-1	-9.1%	32	32	0	0.0%
SE Herr Gill Net	5	4	-1	-20.0%	62	63	1	1.6%
FWS Seine	53	42	-11	-20.8%	206	217	11	5.3%
PWS Drift	123	81	-42	-34.1%	410	452	42	10.2%
PWS Set Net	0	0	0	0.0%	30	30	0	0.0%
PWS Herring Seine	21	24	3	14.3%	76	73	-3	-3.9%
PWS Herring Gill Net	4	3	-1	-25.0%	20	21	1	5.0%
Cook Inlet Seine	22	19	-3	-13.6%	55	59	3	5.4%
Cook Inlet Drift	55	22	-33	-60.0%	502	533	31	6.2%
Cook Inlet Set Net	150	126	-24	-16.0%	594	617	23	3.9%
Cook Inlet Herr Seine	16	16	0	0.0%	54	54	0	0.0%
Kodiak Seine	154	136	-18	-11.7%	223	241	18	8.1%
Kodiak Beach Seine	12	6	-6	-50.0%	23	29	6	26.1%
Kodiak Set Net	50	36	-14	-28.0%	136	150	14	10.3%
Chignik Seine	78	75	-3	-3.8%	12	15	3	25.0%
Pen/Aleutian Seine	108	95	-13	-12.0%	10	23	13	130.0%
Pen/Aleutian Drift	103	72	-31	-30.1%	53	84	31	58.5%
Pen/Aleutian Set Net	97	71	-26	-26.8%	14	38	24	171.4%
Bristol Bay Drift	781	630	-151	-19.3%	948	1097	149	15.7%
Bristol Bay Set Net	573	436	-137	-23.9%	358	493	135	37.7%
Upper Yukon Gill Net	42	42	0	0.0%	31	30	-1	-3.2%
Upper Yukon Fishwheel	99	94	-5	-5.1%	31	36	5	16.1%
Kuskokwim Gill Net	805	773	-32	-4.0%	30	58	28	93.3%
Kotzebue Gill Net	199	182	-17	-8.5%	20	37	17	85.0%
Lower Yukon Gill Net	680	634	-46	-6.8%	27	69	42	155.6%
Norton SD Gill Net	185	168	-17	-9.2%	16	33	17	106.3%
Overall Fisheries	5448	4696	-752	-13.8%	7067	7792	725	10.3%

* The "Initial Count" and the "Difference" columns include 17 Native and 10 non-Native permits which have been revoked by the Commission. These 27 permits are NOT included in the 1983 counts.

Table 7: Changes in the Distribution of Transferable Permits from Initial Issuance Through 1983 for Native and Non-Native Permit Holders, by Fishery.

Fishery	Shift in Number of Permits Held by Natives*				Shift in Number of Permits Held by Non-Natives*			
	Initial Count	1983 Count	Dif-ference	Percent	Initial Count	1983 Count	Dif-ference	Percent
Southeast Seine	173	121	-52	-30.1%	244	295	51	20.9%
Southeast Drift	80	63	-17	-21.2%	389	404	16	4.1%
Power Troll	127	101	-26	-20.5%	816	839	22	2.7%
Hand Troll	212	207	-5	-2.4%	486	491	5	1.0%
Yakutat Set net	113	90	-23	-20.4%	53	74	21	39.6%
SE Herr Seine	11	10	-1	-9.1%	32	32	0	0.0%
SE Herr Gill Net	5	4	-1	-20.0%	62	63	1	1.6%
PWS Seine	53	42	-11	-20.8%	206	217	11	5.3%
PWS Drift	123	81	-42	-34.1%	410	452	42	10.2%
PWS Set Net	0	0	0	0.0%	29	29	0	0.0%
PWS Herring Seine	21	24	3	14.3%	76	73	-3	-3.9%
FIS Herring Gill Net	4	3	-1	-25.0%	20	21	1	5.0%
Cook Inlet Seine	22	19	-3	-13.6%	56	59	3	5.4%
Cook Inlet Drift	55	22	-33	-60.0%	502	533	31	6.2%
Cook Inlet Set Net	150	126	-24	-16.0%	594	617	23	3.9%
Cook Inlet Herr Seine	16	16	0	0.0%	54	54	0	0.0%
Kodiak Seine	154	136	-18	-11.7%	223	241	18	8.1%
Kodiak Beach Seine	11	5	-6	-54.5%	20	26	6	30.0%
Kodiak Set Net	50	36	-14	-28.0%	136	150	14	10.3%
Chignik Seine	78	75	-3	-3.8%	12	15	3	25.0%
Pen/Aleutian Seine	108	95	-13	-12.0%	10	23	13	130.0%
Pen/Aleutian Drift	103	72	-31	-30.1%	53	64	11	59.5%
Pen/Aleutian Set Net	97	71	-26	-26.8%	14	39	24	171.4%
Bristol Bay Drift	781	630	-151	-19.3%	949	1097	149	15.7%
Bristol Bay Set Net	505	378	-127	-25.1%	321	457	136	42.4%
Upper Yukon Gill Net	42	42	0	0.0%	31	39	8	25.8%
Upper Yukon Fishwheel	99	94	-5	-5.1%	31	36	5	16.1%
Kuskokwim Gill Net	804	773	-31	-3.9%	29	59	29	100.0%
Kotzebue Gill Net	199	182	-17	-8.5%	20	37	17	85.0%
Lower Yukon Gill Net	680	634	-46	-6.8%	27	69	42	155.6%
Norton SD Gill Net	165	168	3	1.8%	16	33	17	106.3%
Overall Fisheries	5061	4320	-741	-14.6%	5919	6646	727	12.3%

* The "Initial Count" and the "Difference" columns include 17 Native and 10 non-Native permits which have been revoked by the commission. These 27 permits are NOT included in the 1983 counts.

Natives holding 1066 permits at the end of 1983. Combined together, there has been a drop of 21.3% in permit ownership by Natives in the Bristol Bay set net and drift gill net fisheries.

Pen/Aleutian salmon fisheries have also experienced a decline in permit ownership by Alaskan Natives. The Pen/Aleutian seine fishery had 13 less permits held by Natives in 1983 than it did in 1975. This decline represents 12% of all the permits initially held by Natives in this fishery. The drop of permit ownership for Natives is more acute in the Pen/Aleutian drift fishery, where 30% of all the permits initially held by Natives (31 permits) are no longer in their possession. In the set net fishery of Pen/Aleutian the percentage of permit loss by natives is 26.8% of the initial allocation. This represents a total of 26 permits.

Initially, there were 385 permits issued for the Pen/Aleutian fisheries. One hundred sixty Alaskan Natives received 308 permits, representing an average of 1.93 permits per Native permit holder. Although by the end of 1983 the number of permits held by Alaskan Natives dropped by 70 permits (Table 6), the actual number of Natives holding entry permits had increased by 38 individuals.

As mentioned earlier, a number of permit holders have transferred their permits between the years 1975 and 1983. Over this period of time Alaskan Natives transferred 1143 permits to non-Natives. They also received 408 permits, through transfer activities, from non-Natives.

This leaves a net balance of -735 permits for the Natives.^{7/} A yearly distribution of permit transfers between Alaskan Natives and non-Natives is presented in Table 8. As the table indicates, the frequency of transfers by Natives increased through 1978, declined for the next two years, and has been fluctuating since 1980. Additional research is needed to determine the causes of permit transfer by the Alaskan Natives. The research should also provide causal explanation of why and how permit transfer fluctuates over the years. A detailed account of transfer activities between Alaskan Natives and non-Natives for each fishery and each year is presented in Appendix B.

7. There have been 17 additional permits (held by Alaskan Natives) revoked by the Commission increasing the number of permit loss by Natives to 752.

Table 6
Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
For 1975 - 1983 Period, by Year

YEAR	transfers by Natives	transfers to Natives	difference
	SUM	SUM	SUM
75	35	30	-5
76	77	34	-43
77	110	50	-60
78	193	59	-134
79	132	42	-90
80	131	48	-83
81	160	36	-124
82	155	49	-106
83	142	52	-90
ALL	1143	408	-735

SUMMARY

It is important to remember the numbers and percentages reported here are estimates based on file matching and merging processes as described in Appendix A. While the author feels these estimates are quite good, the reader should be aware of possible deviations on a fishery by fishery basis.

The purpose of this report was to provide estimates of the extent of Native involvement in Alaska's limited fisheries. Although the census data indicate Alaskan Natives represented only 18% of the state's population in 1980, they received 44% of the initial allocation of permits. The data also indicate that for the 1975-1983 time period, permit ownership by Alaskan Natives declined by 13.8% (752 permits). This result seems to parallel similar occurrences under British Columbia's limited entry program.

However, testing any hypothesis and/or providing an explanation of the causes for decline in Native ownership of permits is beyond the scope of this paper. Time and resources permitting, CFEC will undertake a thorough scientific inquiry into the causes and ramifications of this decline in future studies.

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APPENDIX A

Matching and merging processes
between CFEC's permit file and
Alaskan Native Roll

CFEC's computer file on permit holders contains the names, social security numbers, and date of birth of all licensed participants in the fisheries of Alaska. The Alaska native roll also includes information on names, social security numbers and birth dates of all Alaskan Natives. These two files were compared with one another, and whenever an individual appeared on both files, a native indicator was placed next to the information on CFEC's permit file. In cases where one or two pieces of information did not match, comparison processes were more stringent and conservative. It was felt that due to potential differences between the files with respect to name spellings, birth dates and social security numbers, at least three different match and merge operations would be helpful. These processes can be briefly described:

1. The CFEC file and the Alaska Native Roll were ordered by social security number (SSN) and compared to one another. Where a match occurred, the following variables were added to the observation on the CFEC file.

- i) A variable indicating whether or not the last name had also matched. (Yes or No)
- ii) A variable indicating whether or not the first six characters of the last name had matched. (Yes or No)
- iii) A variable indicating whether or not the first initial of the first name had matched. (Yes or No)
- iv) A variable indicating whether or not the middle initial had matched. (Yes or No)

- v) A variable indicating whether or not the birth year had matched plus or minus two years. (Yes or No)
- vi) A variable indicating whether or not the birth month had matched. (Yes or No)
- vii) A variable indicating whether or not the birth month and birthday had matched. (Yes or No)
- viii) A variable indicating whether or not the birth day, month, and year had matched exactly. (Yes or No)

The matched observations included all the data on the original CFEC file and the variables described above providing data on how good the match was.

2. In the second type of match, both files were ordered and compared by last name, first initial, and middle initial. Where a match occurred, the following variables were added to the observation on the CFEC file.

- i) Does the SSN match? (Yes or No)
- ii) Does the birth year match? (Yes or No)
- iii) Does the birth year match, plus or minus two years?
(Yes or No)
- iv) Does the birth month match? (Yes or No)
- v) Do the birth month and birth day match? (Yes or No)

3. In the third type of match, both files were ordered and compared by the first six characters of the last name, the birth year, birth month, and birth day. For a match, all variables needed to match with the exception of birth year. Birth year matched as long as the year indicated on the CFEC file was plus or minus two years of the birth year indicated on the BIA file. For matched observations the following variables were added to the observation on CFEC's file. The variables added to the CFEC observations were answers to the following questions:

- i) Do the social security numbers match? (Yes or No)
- ii) Do the last names match? (Yes or No)
- iii) Do the first initials match? (Yes or No)
- iv) Do the middle initials match? (Yes or No)
- v) Does the birth year match exactly? (Yes or No)

In short, after a lengthy process and the adoption of a set of rigidly controlled criteria, it was determined that 5,448 of the permits initially issued for the limited fisheries of Alaska were held by Natives (see Table 1). There may have been additional "Alaskan Natives" whose names, social security numbers and/or birth dates did not match on the two files (due to keypunching errors, marriage or etc.) Thus, the numbers and percentages should be treated only as estimates throughout this report.

Appendix B

Transfer of Permits Between Alaskan Natives and
Non-Natives by Fishery by Year

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
Southeast Seine	75	6	1	-5
	76	6	2	-4
	77	21	2	-19
	78	14	5	-9
	79	4	3	-1
	80	2	2	0
	81	5	0	-5
	82	7	0	-7
	83	2	1	-1
	Southeast Drift	75	9	7
76		7	4	-3
77		4	6	2
78		5	4	-1
79		2	2	0
80		8	3	-5
81		4	4	0
82		8	2	-6
83		3	1	-2
Power Troll		75	3	7
	76	4	3	-1
	77	12	3	-9

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
Power Troll	78	6	6	0
	79	10	1	-9
	80	9	2	-7
	81	1	5	4
	82	4	2	-2
	83	10	5	-5
	Hand Troll	82	5	3
83		9	6	-3
Yakutat Set Net	75	1	0	-1
	76	4	1	-3
	77	4	2	-2
	78	5	1	-4
	79	1	0	-1
	80	2	1	-1
	81	6	1	-5
	82	5	1	-4
	83	3	2	-1
SE Herr Seine	78	0	0	0
	79	0	1	1
	80	0	0	0
	81	0	0	0

(CONTINUED)

Appendix D
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
SE Herr Seine	82	2	1	-1
	83	1	0	-1
SE Herr Gill Net	78	0	0	0
	79	0	0	0
	80	0	0	0
	81	0	0	0
	82	1	0	-1
	83	0	0	0
PWS Seine	75	2	2	0
	76	8	4	-4
	77	3	3	0
	78	6	1	-5
	79	0	2	2
	80	2	3	1
	81	3	0	-3
	82	3	1	-2
	83	2	2	0
PWS Drift	75	4	2	-2
	76	11	0	-11
	77	6	5	-1
	78	11	2	-9

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

fishery	YEAR	transfers by	transfers to	difference
		Natives	Natives	
		SUM	SUM	SUM
PWS Drift	79	2	2	0
	80	5	2	-3
	81	12	3	-9
	82	7	2	-5
	83	4	2	-2
PWS Set Net	75	0	1	1
	77	0	0	0
	78	0	0	0
	79	0	0	0
	80	0	0	0
	81	0	0	0
	82	0	0	0
	83	1	0	-1
PWS Herring Seine	77	1	1	0
	78	0	2	2
	79	1	1	0
	80	0	0	0
	81	1	0	-1
	82	0	2	2
	83	0	0	0
PWS Herring	82	0	0	0

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

fishery	YEAR	transfers by	transfers to	difference
		Natives	Natives	
		SUM	SUM	SUM
PWS Herring Gill Net	83	1	0	-1
Cook Inlet Seine	75	0	1	1
	76	1	0	-1
	77	2	2	0
	78	1	1	0
	79	1	1	0
	80	1	0	-1
	81	1	1	0
	82	1	1	0
	83	2	0	-2
Cook Inlet Drift	75	4	0	-4
	76	4	1	-3
	77	7	6	-1
	78	9	2	-7
	79	3	1	-2
	80	3	3	0
	81	12	0	-12
	82	2	1	-1
	83	5	2	-3
Cook Inlet Sat Net	75	0	2	2
	76	3	3	0

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

fishery	YEAR	transfers by	transfers to	difference
		Natives	Natives	
		SUM	SUM	SUM
Cook Inlet Set Net	77	6	4	-2
	78	14	6	-8
	79	6	2	-4
	80	2	1	-1
	81	14	2	-12
	82	1	4	3
	83	5	3	-2
	Cook Inlet Herr Seine	77	0	0
78		1	1	0
79		0	0	0
80		0	0	0
81		0	0	0
82		0	0	0
83		0	0	0
Kodiak Seine	75	0	2	2
	76	6	4	-2
	77	8	4	-4
	78	7	5	-2
	79	7	5	-2
	80	1	4	3
	81	4	2	-2

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference	
		SUM	SUM	SUM	
fishery	YEAR				
Kodiak Seine	82	8	1	-7	
	83	6	2	-4	
Kodiak Beach Seine	76	1	0	-1	
	77	1	0	-1	
	78	3	0	-3	
	79	0	0	0	
	80	0	1	1	
	81	1	0	-1	
	82	1	0	-1	
	83	0	0	0	
	Kodiak Set Net	75	2	1	-1
		76	3	1	-2
77		2	1	-1	
78		6	3	-3	
79		1	1	0	
80		2	2	0	
81		5	0	-5	
82		3	0	-3	
83		0	1	1	
Chignik Seine	75	0	0	0	
	76	0	0	0	

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
Chignik Seine	77	0	0	0
	78	0	0	0
	79	0	0	0
	80	0	0	0
	81	1	0	-1
	82	2	1	-1
	83	1	0	-1
	Pen/Aleutian Seine	75	0	0
76		1	1	0
77		2	1	-1
78		3	1	-2
79		4	0	-4
80		2	1	-1
81		2	0	-2
82		0	0	0
83		3	0	-3
Pen/Aleutian Drift	75	0	1	1
	76	3	0	-3
	77	4	2	-2
	78	7	2	-5
	79	5	2	-3

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
Per/Aleutian Drift	80	6	2	-4
	81	6	2	-4
	82	9	3	-6
	83	6	1	-5
Per/Aleutian Set Net	75	0	0	0
	76	3	1	-2
	77	2	2	0
	78	1	1	0
	79	2	1	-1
	80	5	1	-4
	81	4	0	-4
	82	5	0	-5
	83	9	1	-8
	Bristol Bay Drift	75	3	2
76		7	4	-3
77		22	8	-14
78		47	8	-39
79		30	5	-25
80		30	7	-23
81		23	6	-17
82		27	10	-17

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

fishery	YEAR	transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
Bristol Bay Drift	63			
		21	10	-11
Bristol Bay Set Net	75	1	1	0
	76	5	5	0
	77	11	5	-6
	78	26	7	-21
	79	33	6	-27
	80	31	8	-23
	81	25	1	-24
	82	30	3	-27
	83	13	6	-7
Upper Yukon Gill Net	76	0	0	0
	77	0	0	0
	78	0	1	1
	79	1	1	0
	80	0	0	0
	81	0	2	2
	82	1	1	0
	83	2	0	-2
Upper Yukon Fishwheel	76	0	0	0
	77	0	0	0
	78	1	0	-1

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
Upper Yukon Fishwheel	79	0	0	0
	80	1	0	-1
	81	4	3	-1
	82	3	2	-1
	83	2	1	-1
Kuskokwim Gill Net	76	0	0	0
	77	0	0	0
	78	4	0	-4
	79	5	3	-2
	80	10	3	-7
	81	12	2	-10
	82	3	3	0
	83	8	3	-5
Kotzebue Gill Net	76	0	0	0
	77	0	0	0
	78	5	0	-5
	79	4	0	-4
	80	0	0	0
	81	2	0	-2
	82	6	1	-5
	83	2	1	-1

(CONTINUED)

Appendix B
 Frequency of Permit Transfers Between Alaskan Natives and Non-Natives
 for 1975 - 1983 Period, by Fishery by Year

		transfers by Natives	transfers to Natives	difference
		SUM	SUM	SUM
fishery	YEAR			
Lower Yukon Gill Net	76	0	0	0
	77	0	0	0
	78	6	0	-6
	79	7	2	-5
	80	5	1	-4
	81	7	1	-6
	82	7	1	-6
	83	17	2	-15
	Norton SD Gill Net	77	0	1
78		3	0	-3
79		3	0	-3
80		4	1	-3
81		5	1	-4
82		4	3	-1
83		4	0	-4
ALL		1143	408	-735

Appendix C

**Number of Alaskan Native Fishermen Commercial and
Vessel Licenses 1969-1971, Produced by Governor's Study
Group on Limited Entry, February 1973**

Appendix C

**Number of Alaska Native Fishermen Commercial and
Vessel Licenses (1971, 1970, 1969)**

	<u>Total</u>	<u>Native</u>	<u>%Native</u>	<u>Resident</u>	<u>Native</u>	<u>%Native</u>	<u>Non- Resident</u>	<u>Native</u>	<u>%Native</u>
<u>1971</u>									
Commercial	20,564	4,658	22.7%	14,176	4,580	32.3%	6,388	78	1.2%
Vessel Operator	10,710	2,656	24.7%	N/A	2,619	---	N/A	37	---
<u>1970</u>									
Commercial	22,088	4,508	20.4%	14,370	4,448	31.0%	7,718	60	.7%
Vessel Operator	10,877	2,498	22.9%	N/A	2,483	---	N/A	15	---
<u>1969</u>									
Commercial	18,927	4,182	22.1%	12,609	4,182	32.7%	6,318	57	.9%
Vessel Operator	9,972	2,429	24.3%	N/A	2,408	---	N/A	21	---

* Source: Jackman, David S. et al.,
1973 "A Limited Entry Program For Alaska's Fisheries," Juneau:
Governor's Study Group on Limited Entry. PP. 118-124.