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HRES

SB

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1973-1974

HOUSE RESOURCES COMMITTEE - LIMITED ENTRY
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HB 126

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HB 126

PROPOSAL I

Sec. 16.43.250. TRANSFER OF ENTRY PERMITS.

Within two years from the effective date of this Act the Commission shall recommend proposed transferability provisions to the legislature.

REASONS

1. Will not reach optimum levels in two years.
2. There exists no study on the current credit-financing structure of the fishing industry.
3. To establish a transferability system without a thorough understanding of the credit-financing structure is unwise.
4. There exists essentially no State or bank financial assistance to bolster indebted resident fishermen in many areas of the State.

PROPOSAL II

Sec. 16.43.250. TRANSFER OF ENTRY PERMITS.

(a) Entry permits are nontransferable except that:

- (1) The holder of an entry permit may apply to the commission to transfer his permit to his spouse or children if the proposed transferee falls within the highest priority classification pursuant to sec. 260 (a) of this chapter and the proposed transfer is otherwise consistent with the purposes of this chapter, the commission shall approve the transfer application and re-issue the entry permit to the transferee.

(b) When otherwise consistent with the purposes of this chapter, the commission may adopt regulations providing for the transfer and reissuance of entry permits within a given administrative area from one type of gear to another type of gear. The regulations shall reflect the relative differences in average efficiency of different types of gear and shall establish transfer ratios between types of gear which will maintain a stable level of fishing within that administrative area.

Sec. 16.43.260. NEW ENTRY.

(a) Following the issuance of entry permits pursuant to sec. 220 of this chapter the commission shall adopt regulations setting forth the qualifications for any new entry. The regulations shall define reasonable priority classifications of similarly situated potential applicants of preference:

- (1) Extent of participation in the fishery.
- (2) Extent of participation in similar fisheries.
- (3) Training pertaining to commercial fishing.

(b) Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, these permits may be allocated within the highest priority classification by lottery (or to applicant with the highest priority classification) provided that the applicant has the present ability and intent to participate actively in the fishery.

PROPOSAL III

Sec. 16.43.220. ISSUANCE OF ENTRY PERMITS

(c) Applicants may elect to receive either transferable or non-transferable permits. Non-transferable permits shall become transferable after ten years from the date of issuance of the permit. Within two years from the effective date of this Act the commission shall recommend to the legislature a loan and grant program to provide for economic and financial assistance for non-transferable permit holders.

Sec. 16.43.250. TRANSFER OF UNRESTRICTED ENTRY PERMITS.

(a) The holder of a transferable permit....

Sec. 16.43.240. FEES.

There is an annual fee of \$50 for the issuance and annual renewal of transferable entry permits. There shall be no change for the issuance and annual renewal of non-transferable entry permits until ten years from the date of issuance at which time the annual renewal fee shall be \$50.....

REASONS

1. Permits in economically depressed areas will migrate to centers of financial power.
2. These areas need protection and financial assistance.
3. Incentives beats paternalism.

PLEASE RETURN THIS SHEET TO THE COMMITTEE

1. Are you in favor of SB 39 as written? ~~Yes~~ NO
2. Are you in favor of this committee's report in principle? YES
3. Are you in favor of forming an organization to substitute a more equitable limited entry bill as outlined in the committee's report? YES
4. Are you in favor of this organization hiring a lobbyist to assist this group in substituting a more equitable limited entry bill? YES
5. Are you willing to contribute between \$25.00 and \$50.00 to raise the necessary funds to hire a lobbyist? If yes, please state your name, address and phone number.

NAME K. L. SCOTT
ADDRESS Box 77, Tule, AK
PHONE NUMBER 789-7444

6. Are you willing to assist the committee by making phone calls raising funds and/or occasionally listening in on legislative public hearings on this Bill?

Since this may be a large group and you may not have a chance to be heard, please indicate below any information you desire to be considered by the committee.

PLEASE RETURN THIS SHEET TO THE COMMITTEE

1. Are you in favor of SB 39 as written?
2. Are you in favor of this committee's report in principle?
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NAME

ADDRESS

PHONE NUMBER

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Since this may be a large group and you may not have a chance to be heard, please indicate below any information you desire to be considered by the committee.

HB 129

RECOMMENDATIONS OF THE COMMITTEE FOR AN EQUITABLE LIMITED ENTRY PROGRAM

We are not satisfied that Senate Bill 39 meets the needs of the people of Alaska. It creates a new commission with new regulations based on nebulous definitions and vague terms.

It will work to the detriment of resident Alaskans by taking them out of the fishery and yet allow non-residents to fish. It does not provide for reimbursements to fishermen's gear and boats if he cannot qualify. It gives the commission power to regulate entry based on their own conclusions or definition, with little recourse to rectify injustices. It does not let us know in advance where we stand in the fishery. It would be almost impossible to reword Senate Bill 39 and still come up with the answers that we believe are necessary. It is our belief that the Limited Entry concept, approved last year, meant to most people "No more gear", not "Knock residents out of the fishery and keep them out".

We hereby affirm our belief in the Limited Entry concept and wish to submit for your consideration the following ideas based upon what we feel would result in a more just and equitable Bill to all concerned.

As we understand it, the State is faced with legal problems in instituting a Limited Entry proposal unless it contains provisions that do not:

1. Discriminate between residents and non-residents.
2. Discriminate between various types and classes of people.
3. Provide for a "Closed To Entry" class of fishermen.

On Page 15 of the cover letter, the Governor states "Any license freeze will PROBABLY be struck down in the courts because the effect is to create a completely closed class of fishermen for a substantial period of time" and with that statement, throw out the freeze proposal.

On Page 14 he states, "The court will also look unfavorably upon any regulatory system which creates a completely closed class of fishermen. Some new entry must be permitted. Therefore I am proposing the administratively controlled transfer or sale of entry rights, which will permit new entry while allowing fishing effort to be held at

constant levels". Unquote.

It would therefore appear that a license freeze proposal which incorporates a means of new entry, should be equally acceptable. We therefore wish to reinstate this concept and suggest the following ideas.

ENTRY PERMIT QUALIFICATIONS

1. An entry permit will be issued upon application only to those who:
 - a. Has grossed at least \$100.00 per year in the commercial fishery in 1970, 1971 and 1972 fishing seasons. (This will eliminate paper licenses)
 - b. Are ready and able to continue fishing.
 - c. Or can prove he has an investment in commercial fishing gear prior to December 31, 1972 exceeding \$500.00.

2. Permits for more than one type of gear shall be issued upon application providing the fisherman can qualify for each type of gear in paragraph 1 above.

3. We suggest that this Act be administered by an existing State Agency even if it means creating a new Department within such Agency.

4. Permit quotas shall be established providing the maximum number of permits until it can be shown that either of the following limits is about to be exceeded:
 - a. The fishery can no longer be managed on a sustained yield basis.
 - b. The average seasonal gross income from the top 50% of the permit holders falls below that of a base level. This base level for each area and each type of gear shall be between 5% and 25% above the three year average seasonal gross income of the top 50% of the fishermen in each area for each type of gear for the 1970, 1971 and 1972 fishing seasons, depending upon the depressed condition of the fishery.
 - c. The permit quotas for each area shall in no case fall below 66% of the three year average number of gear licenses issued from 1970 through 1972 in each area without the express permission of the Alaska State Legislature.

5. Each Entry Permit is issued for an initial term of one year, and confers upon the Permittee a permanent right of renewal.

6. Permits must be renewed annually.
7. Permits are not transferable and must be fished by the holder, except a permit is not required of a crewman or other person assisting in the operation of a unit of gear engaged in commercial fishing.
8. The Permittee must have the Entry Permit in his possession at all times when commercial fishing.
9. The Department is charged with record keeping of issued and returned Permits. All Permits revert back to the State in the following events, (except that immediate dependent family (Husband/wife - Son - Daughter - Stepson - Stepdaughter) has the option to retain if it can be shown they are ready, willing and able to continue in the fishery):
 - a. The Permittee dies.
 - b. After 2 consecutive years of non-use, unless it can be shown it was caused by circumstances beyond his control.
 - c. If the holder is convicted three times of illegally fishing. (In this event, immediate family clause does not qualify).
10. By May 1 of each year the Alaska Department of Fish and Game shall publish a statistical report on the salmon fishery of the preceding season including the range of income and the average gross income of the top 50% of permit holders for each type of gear in each area. The report shall also include data concerning escapement, the health of the run, the relative effects of one type of gear on another and other data pertinent to the control of the fishery.
11. Fishermen and persons outside the fishery may present their views to the Alaska Board of Fish and Game in the interest of the best use of the resource.

NEW ENTRY

1. Permits returned to the Department by normal attrition and other, shall be reissued on a 50% basis of permits turned in, - on the type fishery basis, until such time as the unit quota for that type fishery is reached. At that time, all permits will be issued up to said quota for said fishery. The Permit (a) will be issued annually.

- awarded to the highest sealed bid.*
2. Permits to be reissued will be ~~on the following basis:~~
- a. ~~Past participation in the fishery.~~
 - b. ~~From a registration list by date and time.~~
 - c. ~~By lottery or sealed bid.~~

3. If it is desirable to accelerate the attrition rate, we suggest one or both of the following:

- a. The State can offer to purchase the Permittees' fishery investment. In this case the Permit will revert to the State and will not have to be reissued.
- b. The Department of Fish and Game may impose further reductions to the amount of gear the fisherman may fish and the length of the opening.

You will note we do not mention the sale of these Permits. It is our feeling this type of action will lead to speculative efforts, circumvention of concept etc. and is not necessary under this bill.

There are many miscellaneous items not listed here, such as fees, legal references etc. These are easily filled in once the basic concept is approved. This simple, easily administered Limited Entry Program could be placed into effect in 1974

COMMITTEE NOTES ON SB 39

1. SB 39 is decidedly prejudiced in favor of the people it chooses to include in the commercial fishery. The Bill awards the favored fisherman with a greater potential share of the catch and a permit which in many cases will have a value far exceeding the fisherman's present investment in the fishery. For instance, under SB 39 any fisherman with a modestly equipped older vessel worth about \$5,000.00 who depends solely on the fishery for his \$6,000.00 of income would certainly receive a permit. Another fisherman with a newer and better equipped vessel worth about \$20,000.00 and catches \$12,000.00 worth of fish and also works at another job for six months a year may be refused a permit. This fisherman would certainly be willing to pay \$5,000.00 to \$10,000.00 for a permit to get back into a more promising fishery and probably would have to wait several years for the chance. Why should he be so rewarded for his hard work? Which man would contribute more toward an efficient, professional fishery?

2. By placing a high value on a permit SB 39 allows financially powerful special interest groups, such as fish processors, to greatly influence the price of fish and where they are sold by assisting the fisherman to pay the high cost of a permit as well as the high cost of a vessel and gear. This control by the processors has already occurred to a large degree in Canada for the same obvious reason. By placing no resale value on the permit the fisherman would become more independent of the fish processor.

3. SB 39 has no provision to reimburse the fisherman who will be denied a permit. The State would require the fisherman who is refused a permit to pay the entire price of the Limited Entry Program for the sole benefit of the other fisherman who remains in the fishery.

4. Many of the most knowledgeable, most industrious fishermen have another occupation and are not content to remain idle six to eight months a year. These men own expensive and efficient vessels and account for a large percentage of the catch. It would be an unjust bill which would deny these men their share of the fishery. The number one criteria of SB 39 is the degree of economic dependence on the fishery.

5. It is believed by many that it is unlawful to inflict economic hardship on one-third to one-half of the fishing fleet for the great benefit of the remainder.
6. The value of a fisherman's vessel will be greatly reduced if he is forced out of the fishery in addition to the loss of approximately half his income. These men will sue the State of Alaska for their losses and if successful the State will be required to pay several hundred million dollars including loss of several years income and vessel and gear resale value.
7. How can the State of Alaska force fishermen to experience great financial loss without offering to lessen their burden? Is it not the State which has allowed the fleet to increase to its present size?
8. Are people who live in ^a proposed Urban Renewal Area or on a proposed highway right of way required to leave thier homes without compensation?
9. Farmers are paid not to grow crops. Are fishermen to be deprived of the right to fish, forfeit a lifetime of hard earned experience and expertise, and have their considerable investment diminished by a government regulation?
10. SB 39 has two other glaring defects:
 - a. It greatly magnifies the problem of too much gear in the water by establishing difficult-to-define criteria for the elimination of the gear.
 - b. It creates an expensive \$400,000.00 a year commission. Each commissioner is paid more than the average seine boat grossed in Southeast Alaska in 1971. (\$29,000.00 compared to \$23,564.00)
11. A limited entry program can be achieved with^{out} a lot of expense and hardship to the fisherman as outlined in the attached committee report.
12. Fishermens' money can be more profitably directed toward an effective salmon propagation program. Many breakthroughs have occurred recently in this field and only need monies and political pressure to become effective in increasing our salmon runs.

13. The following Permit Fee Schedule is proposed:

	<u>RESIDENT</u>	<u>NON-RESIDENT</u>
SEINE	\$150.00	\$300.00
GILLNET	75.00	150.00
TROLL	75.00	150.00
SPORT-COMMERCIAL	25.00	50.00

14. Advantages of a Gradual Attrition Program:

- a. The people who leave the fishery do so voluntarily without suing the State or ~~h~~ having financial hardship forced upon them by the State.
- b. The fishermen have an opportunity to sell their investment in an active market which is not depressed by a large quantity of excess vessels and equipment.
- c. The support of more fishermen is available to increase the salmon runs through an aggressive salmon propagation program.

15. Reasons why Natural Attrition will occur ^{up to} (26% per year) (13% after $\frac{1}{2}$ permits re-issued)

- a. Age. Most fishermen probably are within ages 30 to 60 years with an expectancy of a maximum of 30 years as a permit holder. Each year 3% of the fishermen will leave the fishery for reasons of age.
- b. Accidents and poor health.
- c. Fishing is a "way of life" as much as a lucrative profession. Some people will become disillusioned by the severity of the life.
- d. Some fishermen have short range goals in mind, such as a college education, a quick stake to invest in another livelihood.
- e. Many residents of Alaska are transients. Some of these presently will initially qualify for permits but will move away because they or their families would rather live elsewhere.
- f. Other partimers will advance in their primary profession and will not be able to spare the time for fishing.
- g. Some will give up fishing because they will not improve fast enough to justify their continued efforts.
- h. Because the salmon fishery has poor years as well as banner years, some

fishermen will give up and sell out after a poor year.

- i. Some will meet hardship such as vessels being lost by storms, groundings, overloadings and will be unable to recover.
- j. Other reasons not listed.

16. Page 5 of the Governor's letter of January 10, 1973 shows a table of optimum units of gear or permit quotas and a total of approximately 9000 (8917) gear units issued in 1971. A 12% per year gradual attrition rate could reduce the fishery to 66% of its present level in four years. It would reduce the critical areas by 50% in six years. By this time the runs should have recovered sufficiently by natural escapement and fishermen funded salmon propagation programs to support gear permits equal to at least 75% of the 1971 level.

17. Induced attrition may be accomplished as follows:

- a. The State may make some fishermen "an offer which they cannot refuse". \$\$\$ This buy back program will be financed with revenue from permit fees and the sale by sealed bid of entry permits. The permit fee shall be increased by 100% if necessary. It is estimated that \$2,400,000.00 would be generated annually for this program and would retire about 3% of the Net Gear @ \$10,000.00 each per year or 6% @ \$5,000.00 per year.

- b. The amount of gear which each permit holder is allowed to fish may be reduced in critical areas to maintain a sustained yield.

- c. The amount of time fishermen may fish a type of gear may be reduced in critical areas to maintain a sustained yield.

18. An aggressive salmon propagation program financed by a bond issue and retired by a raw fish tax shall be started simultaneously with the Limited Entry Program. An annual report shall be issued by the Department of Fish and Game including the amount of funds collected, funds expended the previous season, planned expenditures for the next year, results of the program to date and future objectives. The annual revenue for this program is estimated at approximately \$500,000.00. This salmon propagation program is considered to be essential to the legality and constitutionality of the Limited Entry Program because it proves good faith on the part of the State and the fishermen who are protected by the program to work toward improving the fishery. A larger catch would directly lead to an increase in the permit quota and thereby opening

the fishery by requiring the issuance of more permits. A larger catch and the issuance of more permits would also generate an increase in revenue to invest in the salmon propagation to further develop the fishery.

19. A positive approach to improving the fishery would be supported by both sport and commercial fishermen as well as the rest of the State because it would generate more tax revenue and business for fishery related industries such as suppliers, vessel repair facilities and tourism. A positive provision for salmon propagation would greatly improve the attractiveness of a Limited Entry Program to all concerned.

The
PACIFIC
SALMON
FISHERIES

A Study of Irrational Conservation

JAMES A. CRUTCHFIELD
and GIULIO PONTECORVO

Published for RESOURCES FOR THE FUTURE, INC.
by THE JOHNS HOPKINS PRESS

of immediate concern is the... the regulatory area not cov... Commercial Pacific Salmon Fisheries... over sockeye and pink salmon... in the same waters and in over... chook, silver, and chin salmon... (not regulated); they are sub... the state of Washington and... be stressed, the programs are... As a result, a serious con... and American fishermen over... salmon now prosecuted by... of Juan de Fuca and for... and pink salmon (mixed with... fishermen in the vicinity of

is beyond the scope of this... Canadian fishermen operat... of Juan de Fuca, under exist... to the sockeye and pink salmon... a much larger proportion of the... Puget Sound and British Colum... to them than to... (reason). Exactly... the Noyes Island... to the Canadians).

ties, which could be negotiable, a... chook results from failure to... effort regulated to achieve... under the Commission's con... on the basis of the forecasts... which are derived from its... situation. But this means... species not under its jurisdic... of closed periods of

... available in Marine Nelson... report to the Department of

escapement. While most of the value of both Canadian and American catches from the Puget Sound and Fraser River runs comes from sockeye and pink salmon, it is perfectly conceivable that, in incremental terms, the losses from what is essentially indiscriminate harvesting of silvers and, to a lesser extent, chinms and chinooks, would warrant modification of the optimal fishing pattern for the principal species. Certainly inclusion of the silvers is essential if the distinctly undesirable effects of international competition for these fish are to be controlled.

If the gear reduction program outlined above were carried out in Washington (and, possibly, in British Columbia as well) it is essential that steps be taken to prevent a partial shift of the released capacity to other segments of the salmon fishery already in deep difficulties. While it might be possible to eliminate both licenses and gear as indicated above, there is no ready way of eliminating the men, and they are very likely to seek employment in the troll fishery or in Alaska (if the reduction in net fishing is not extended to its salmon operations).

Effect on Industry Structure. In discussion of the proposals outlined above, concern has been expressed about the possibility of complete domination of the Puget Sound salmon fishery by canners. From a purely rational calculation of costs, there is no particular reason to believe that integration of canning and fishing would prove any more attractive under a management program that holds fishing gear to near optimal levels than it does at present. It is quite possible, however, that the irrational competition for fish by *sub rosa* payments to skippers and subsidized construction of new boats might carry over to an equally unproductive scramble to buy licenses under a restricted-entry fishery. The dominating fear of being cut off from sufficient supplies of fish to assure a minimum degree of utilization of the plant might trigger a move to purchase licenses at prices well above the capitalized value of the potential rent accruing to them. Such a tendency would be strongly reinforced if increased net yields resulting from reduction in excess capacity were not partially absorbed in higher license fees or taxes.

On the other hand, there has always been a hard core of

independent fishermen in the Puget Sound salmon fishery, most of them highly competent captain-owners, with a consistent record as "high-liners." If gear reduction were really achieved, the inevitable increase in factor incomes would make it possible, at least, for an independent fishing group to deal at arm's length with all cannery while earning opportunity incomes or better. In purely economic terms, of course, it would appear illogical to hold a license in the face of an offer greater than its capitalized claim on future income; but the fisheries (and many other small-scale industries) are full of anomalies of this sort, many of them far less rational. Unless the competition for licenses results in completely outlandish prices, it seems quite possible that the desire for independence, so characteristic of fishermen throughout the world, would lead many of the purse seiners, gill netters, and reef netters to retain their licenses. In more formal economic terms, it may well develop that an independent fishing group, controlling the marginal increment of each year's supply of fish, might be able to extract from the cannery a significantly higher price than could otherwise be obtained in the course of pre-season negotiations—the likely method of determining returns to fishermen if the industry were to approach full integration of canning and fishing operations.

On the other side of the fence, canners have expressed equally serious concern over the implications of limited entry for the relative strength of fishermen's organizations in collective bargaining. Despite a series of antitrust cases that appear to outlaw industrywide collective bargaining between salmon fishermen and packers, the practice persists *de facto*. If new entry to the fishery were completely closed, it would certainly provide considerable incentive for full unionization of the industry (or for the formation of effective cooperatives under the Fishery Cooperative Act of 1933, which would permit negotiation of prices with less possibility of problems arising under the antitrust statutes). The industry regards the present situation as open-ended with respect to collective negotiation of prices, and it would be reluctant to give up the possibility of breaking any coordinated effort to forge a really closed bargaining unit among salmon fishermen.

We are aware of the need to control the appetite for "rather bear than or." It is by no means fishing and price-verse effect on agencies. On this competitive and provided to the astantial part of a most now be de- tion of price re- arguments against integration of a state-owned, ad- boats in the oris.

What of the development of fleets to act in it what inter- in the fishery can be neutral or by end products have mined once the that can be taken is almost complex that have prevailed no particular inter- pre-retail distrib- strated that they r- permitted under e our knowledge, th even in areas where

In addition, it s¹

¹ The issues involve "Fishermen's Union a- Industrial and Labor R-

Salmon fishermen, most of whom were a little over 40 years of age, would make it possible, even to deal at arm's length with family incomes or better. It would appear illogical to create a trust for licenses and boats and many other small items of this sort, many of them common for licenses results in the sale of fishermen through the course of seasons, gill netters, and in more logical economic independent fishing group. Each year's supply of fish, offers a significantly higher price in the course of pre-season determining returns to production and integration of

the industry expressed equally in the form of entry for the industry in cooperative but- the industry appear to outlaw the industry. Salmon fishermen are now entry to the industry. They provide con- siderable to the industry (or for the industry). The Fisheries Coopera- tion Act of 1967 (Public Law 90-201) provides for the industry (or for the industry) to be re- gulated. The industry coordinated

We are much less concerned about the validity of these argu- ments than about the fervor with which they are advanced and the apparent proclivity of crucial portions of the industry to "rather bear those ills we have than fly to others that we know not of." It is by no means clear, for example, that integration of fishing and processing, partial or complete, would have any ad- verse effect on the administrative efficiency of the regulatory agencies. On the contrary, we would expect some improvement in compliance and in the speed and accuracy of information pro- vided to the Commission. In addition, integration of all or a sub- stantial part of the industry would permit it to do legally what must now be done *sub rosa* with respect to pre-season determina- tion of prices to be paid for fish.¹⁰ Perhaps the most compelling argument against any serious unforeseen effects from further integration of the industry is the fact that it is, from an economic standpoint, already an accomplished fact; only a small number of boats are free of substantial packer control through indebtedness.

What of the public interest? Would either integration or the development of much stronger bargaining units in the fishing fleets result in higher prices or lower quality? It is difficult to see what many of the problems could result from rationalization in the fishery along the lines suggested. Any price effects would be neutral or favorable. Given consumer demand for the several end products involved, the price of salmon to consumers is deter- mined once the regulatory authority has indicated the amount that can be taken. Within any single season, the quantity taken is almost completely insensitive to prices (at least over ranges that have prevailed over the last three decades). The public has no particular interest in procedures or mechanisms involved in pre-retail distribution of these products unless it can be demon- strated that they restrict total output to levels lower than those permitted under existing regulatory standards. To the best of our knowledge, this has never occurred in the salmon fishery, even in areas where buying power is heavily concentrated.

In addition, it should not be impossible to devise legal sale

¹⁰ The issues involved here are discussed in detail in J. A. Currenfield, "Fishermen's Union and the Anti-Trust Statutes: The Economic Issues," *Behavioral and Public Policy* (Vol. 1, No. 1, July 1967).

guards that would minimize direct participation by packers in the fishery if it were deemed desirable to do so. Obviously, some evasion would always be possible, but concern over "monopoly," in this rather obscure sense could be laid to rest through appropriate legislative action if, in some manner not now apparent, integration should result in a continuing undue restriction of output.

Gear Reduction and the Sport Fishery. In all the Pacific Coast salmon areas except Alaska, the relationship between commercial and sport fishing must be taken into consideration in any overall control program. In Washington, for example, the number of salmon anglers is currently estimated at more than 100,000 and in recent years fishing effort has averaged about a million angler days per year. A small number of pinks—70,000 to 90,000 in recent years—are taken by Washington sportsmen, but the real clash between recreational and commercial usage centers on chinooks and cohoes.

In many respects, however, the conflict is not as apparent as it real. Net-caught chinook and coho salmon account for only about 10 percent of the total value taken in Puget Sound waters, and the peak of the commercial net fishery for silver salmon occurs after virtually all sport fishing has ceased. The light recreational pressure on the peak and latter parts of the silver runs is due in large part to their timing; the fish are moving rapidly, often in deeper water, after Labor Day, when both available recreation time and weather conditions cut sharply into sport fishing effort. It has been estimated that as much as 80 percent of the sport catch of mature cohoes inside the Strait of Juan de Fuca is taken from the first 15 percent of the run.¹⁰ The really serious conflict between sport and commercial fishermen in Washington centers on the trollers, and the real public issue is that at present neither group is subject to effective regulation.

For purposes of this study, two points might be stressed. First, greater efficiency in management, achieved by a substantial reduction in the number of units of the commercial net fishery,

¹⁰ Personal communication from J. S. Eason, Department of Fisheries, State of Washington, 1960.

would reduce prices fishermen receive—extended to include the coho and chin-

Factor Model. A above takes specific of both and and from the legal to conscience, to total losses on the a threat to a con already well over region. The co- paired by a flat p possible to acco inputs on a pun be taken thereat permit the intro program would. assessment of how individual hard distribution of b in general is su considerable attr

As far as Wash economy and the American and s absorbing young fishery would be too small to ade involved are in no s. There is, however, really serious pu the heavy reliance the fact that the terms—highly im men in any gear

ALASKA Seas and Coasts

A Newsletter for the Alaska Commercial Fishing Industry



Egan Proposes Limited Entry Bill

Protection of Alaska's salmon fishery and the relief of economic distress among the state's professional fishermen are the administration's top priorities in the current legislative session. Gov. William A. Egan told the Eighth Alaska Legislature in his Affairs of State address Jan. 10 in Juneau.

The governor introduced a bill to limit entry into Alaska's salmon fishery, and said he would seek support for a "bold scientific venture" to create expertise in managing proposed land-locked Bristol Bay fisheries.

Alaskans last year approved a state constitutional amendment allowing the state to limit entry to the fishery for conservation purposes and to protect the economic welfare of fishermen.

In a transmittal letter accompanying his limited entry bill, the governor said that his proposal is aimed primarily at eliminating part-time fishermen from the salmon fisheries in order to establish a level of fishing pressure that allows improved management and the development of a professional fishery. The letter contains figures indicating that the total number of commercial licenses used in the state's salmon fishery grew from 15,697 in 1961 to 20,564 in 1971. Of the 1971 total, 14,276 licenses were issued to Alaska residents, and the remainder (approximately 30 percent), to nonresidents. The governor's program would hit hardest those who are least dependent on commercial fishing, those with the shortest history in the harvest and fishermen who have failed to file state income tax returns.

The alternative to his

limited entry proposal—continuation of the traditional free access of Alaska's salmon fishing grounds—would result in "the economic destitution of a much larger number of fishermen."

The plan calls for establishment of a three-man Alaska Commercial Fisheries Entry Commission composed of a commercial fisherman, a fisheries management specialist and an attorney. Commissioners would be given broad powers to limit entry to the salmon fishery on the basis of protection of stocks and the economic well-being of the fishing community.

The commission would establish administrative areas, determine the maximum amount of gear permissible in each unit and issue entry permits for specific types of gear in each unit. The commission would be required to balance the following four factors: (1) the amount of gear necessary to fully harvest the allocable catch, (2) the amount of income that would result in an average level of income to fishermen adequate to sustain a professional fishery, (3) the amount of gear manageable without risk of impairing sustained yield, and (4) the number of gear units "commensurate with the traditions and history of the particular fishery."

Entry permits, which would cost \$50 each, would be issued under a priority system, with each potential fisherman evaluated on his degree of economic dependence on the fishery, the extent of his past participation and his ability and intent to continue fishing.

Entry permits could not be used by anyone other than their owners, but

they could be transferred to qualified fishermen. In addition, the bill does not require permit holders to work every year, but specifies that permits lapse back into state control after failure to fish for five consecutive years.

In his transmittal letter, Egan said his limited entry program would meet constitutional constraints against complete closure of a fishery to all but those in a certain class and against discrimination excluding nonresidents. Controlled sale and transfer of entry permits, he said, would make new entry possible, while economic and historic standards for permit awards would disqualify many nonresident fishermen.

Egan said that four alternative limited entry proposals, including a freeze on the number of licenses issued with attrition slowly diminishing fishermen's numbers, sliding gear scales, a distressed fishery plan, and preference for state residents, would not meet legal or management requirements.

Commenting on Egan's limited entry proposal, Philip Daniel, secretary-treasurer of United Fishermen of Alaska, gave it the following plus marks: "The bill appears sound legally, since the commission would stand in relationship to the fisherman just as a liquor control board stands in relation to the holder of a liquor license. The commission would be given plenty of authority to reduce and limit the number of fishermen involved in the salmon harvest. Under the bill, very large numbers of fishermen could be excluded from the fishery."

(Continued on Page 7)

What's YOUR Opinion?

ALASKA SEAS AND COASTS, a newsletter for the Alaska commercial fishing industry, makes its debut with this issue. The newsletter will be published periodically by the Sea Grant and Marine Advisory Programs of the University of Alaska, and will be circulated free of charge as widely as possible among fishermen, processors and other interested individuals. Initial circulation is 10,000 copies, the great majority of which will be distributed among Alaska's commercial fishermen.

This publication is intended to serve as a communications tool within the industry and between the various government agencies which are concerned with management of Alaska's fisheries. Representatives of the National Marine Fisheries Service, the Alaska Departments of Fish and Game and Economic Development, Kodiak Community College and United Fishermen of Alaska will contribute material and will act as an initial editorial board.

ALASKA SEAS AND COASTS is edited by Robert W. (Jake) Jacobson, who is directing the University of Alaska's Marine Advisory Program while director John Doyle is on a year's sabbatical leave. Jacobson, 32, has worked as a marine extension agent for the Oregon State University for the past six years. He currently spends much of his time working with commercial fishermen in Alaska's coastal communities.

In addition to printing news of current events and feature material written by authorities in their fields on major topics of interest in the industry, ALASKA SEAS AND COASTS will serve as a forum for open discussion of the prime issues in Alaska's fisheries. This page and its facing page are intended to be used as an editorial and opinion section for working fishermen and their organizations and for guest editors. The United Fishermen of Alaska (UFA), has expressed an interest in channeling fishermen's interests into the newsletter on a continuing basis, and a UFA editorial appears in this section. Views of other organizations, of individual fishermen and other interested persons are invited.

Free subscriptions are available upon written request. Please use the space provided below to order ALASKA SEAS AND COASTS, to comment on the content and aims of the publication or to request information on fisheries-related topics. We will endeavor to provide answers to your questions with the aid of our editorial board. Address all inquiries to the Editor, University of Alaska Sea Grant/Marine Advisory Programs, 142 E. Third Ave., Anchorage, Alaska 99501.

Alaska Records Highest Water Accident Rate

Alaska has the unenviable distinction of possessing the worst water safety record of any state in recent years, and the commercial fishing industry accounts for a large percentage of the state's boating accidents. During 1966 and 1967 a total of 99 boats out of the Alaskan commercial fishing fleet were lost at sea, and there were nearly 1,800 reported accidents involving injury to Alaskan fishermen. The most tragic statistics, however, are those which list loss of lives; 60 fishermen died in accidents in Alaskan waters during 1966 alone.

The following cartoon and suggestions on how to avoid grounding of fishing vessels are excerpts from the booklet, "Safety Notes for the Alaskan Fisherman," published cooperatively by the National Marine Fisheries Service and the U.S. Coast Guard. A copy of the booklet may be obtained by writing to National Marine Fisheries Service, P. O. Box 1668, Juneau, Alaska 99801.



- Stress the importance of staying alert to the man on wheel watch. Going to sleep on watch has contributed to many accidents.
- Make sure a new crewman knows what he is doing before he stands watches. As a minimum, he should know basic rules of the road, whistle and radio distress signals, standard running lights, how to use the radar and fathometer and when to call the captain.
- Have a deviation table made up and posted, and make sure you know how to apply it.
- Keep a dead reckoning plot on a chart whenever under way in the fog, even if you have every piece of modern, red hot electronic gear made.
- Be sure you understand the effects of current on your boat and that you know what the current is for where you are.
- When anchoring for the night, have enough anchor hawser (or chain) out. In good holding ground, use cable at least five times the depth of the water. If you expect some weather, you should let out seven times the depth of the water.
- When anchored at night in bad weather or in a spot where you cannot let out enough scope, maintain an anchor watch to check the boat regularly for dragging.



Alaska's Commercial Fishermen Find a Strong New Voice

By PHILIP DANIEL

Secretary Treasurer, United Fishermen of Alaska



The United Fishermen of Alaska (UFA), a parent fishermen's organization consisting of 20 local groups throughout the state, was established in February of 1972. The UFA represents every fishing area in Alaska except the Yukon Kuskokwim Delta. The state's 22,000 commercial fishermen harvest a product worth \$214 million at the first wholesale price level. The UFA feels that an industry of this magnitude should have a voice at legislative sessions in Juneau. The commercial fishing industry traditionally has been one of Alaska's largest but most silent industries. We would like to make it one of Alaska's most verbal and influential industries. That goal is our reason for existence.

There is little doubt that the governor, the legislature and the various state agencies which provide funding for programs and formulate the laws which regulate our fisheries have in their hands the ability to aid or to harm our fisheries by virtue of their policy making authority. There is also little doubt that they often have wanted to do the right thing by fishermen. They have, however, faced the dilemma of not knowing which of the many voices raised by the fishermen most accurately reflected the view of the majority, because there has been little communication between fishermen throughout the state.

We are particularly pleased to participate in this newsletter, and we wish to acknowledge the enormous service that the University of Alaska's Sea Grant Program has provided for commercial fishermen in editing and publishing this newsletter. Many of us regard this publication as vital to fishermen, because it will provide us with a means to communicate with each other for the first time.

The United Fishermen of Alaska are working to support fishery legislation. Through this newsletter we will bring you current information on bills of interest to you, and we may wish to publish voting results on such bills. Our ability to influence legislation which is favorable to fishermen ultimately will depend on the number of people we represent. We haven't the money or the talent to pursue a fancy campaign in support of a bill, but we do hope to be able to represent the best interests of Alaska's commercial fishermen, and we believe that the legislature will take our efforts seriously.

UFA Feels the Pulse of Alaska's Fishermen

Last month we met with 14 of our organizations in Southeastern and Southcentral Alaska, because the UFA feels that if we are to be effective, we must learn the views of fishermen, and reflect those views as clearly as possible. Highlights of the meetings were recorded on video tape to be used to back UFA's position at the legislature. During the meetings, fishermen expressed their views about the UFA and what it can do for them. They also provided answers to the question, "What do we want done during this session?" On a swing through Ketchikan, Petersburg, Juneau, Cordova and Sitka, upwards of \$10,000 was raised through voluntary donations to the UFA. Of equal importance, however, were the discussions of major issues such as limited entry, a raw fish tax and the new, two cents per gallon increase on marine fuel.

Financing the UFA

Financing was a priority item on the agenda at our annual meeting, held Jan. 26-28 in Juneau. (Other highlights of the annual meeting will be reported in the next issue of this newsletter.) We have thus far financed UFA activities through voluntary donations. We plan to maintain a full time office in Juneau during the session, and we have many other plans and ambitions which require funding. Many individuals have considered this organization valuable enough to encourage its progress through donations. If the UFA is to represent the commercial fishermen in Juneau, it needs your financial support. If every commercial fisherman in the state were to donate five dollars to this statewide organization, we could raise \$110,000, but we realize that this is not likely to happen.

If you believe that a statewide commercial fishermen's organization is important to you, we strongly urge you to support the UFA with a donation. You will receive a receipt, UFA decal and UFA Associate Membership card. Persons who send in \$25 or more will be placed on our mailing list, and will receive any correspondence addressed to our organizations. You do not have to belong to one of our organizations to support the UFA.

∞

Capital Construction Fund

A number of fishermen in recent months have inquired about the Capital Construction Fund. Following is a list of frequently asked questions and their answers:

Question: What is the Capital Construction Fund (CCF)?

Answer: CCF is a federal program provided for under Public Law 91-469. It provides certain tax benefits to commercial fishermen for building a new vessel or purchasing or reconstructing a used vessel, including its gear if the gear is part of the vessel purchase.

Question: How does it operate?

Answer: It authorizes owners or lessees of documented vessels to establish, through an agreement with the Secretary of Commerce, a special fund in a depository that is mutually satisfactory to you and a representative of the Secretary of Commerce. Generally, this means a local bank or savings and loan association which is insured by the Federal Deposit Insurance Corporation (FDIC).

Money earned from your commercial fishing operations can be deposited into this fund and become exempt from taxes. Before CCF was created, you had to buy or improve vessels with the money left over after paying your income tax. Now the CCF offers you a way to use before tax dollars to buy or reconstruct a vessel.

Question: Who is eligible?

Answer: You are eligible and can enter into a CCF agreement if your answer to the following four questions is "yes."

- (1) Are you a citizen of the United States?
- (2) Do you own or lease a documented fishing vessel?
- (3) Will your new vessel be built or reconstructed in the United States?
- (4) Will the vessel be registered in the United States?

Question: Does the Government take any of the money that I put into CCF?

Answer: No, the government does not put money into the fund nor take any money from it. The money you put into CCF is all yours. In fact, you get a tax break on the money you deposit.

Question: How does that work?

Answer: Your taxable income for the

year is simply reduced by the amount you deposit in the fund.

Question: Are there any limits to how much I can deposit?

Answer: Yes. In any tax year the amount you deposit cannot exceed the sum of the following:

- (1) Your taxable income from your fishing operations in the fisheries of the United States;
- (2) The net proceeds, including any mortgage you hold, on the sale of your vessel involved in the fund;
- (3) Receipts from the investment or reinvestment of amounts held in the fund, and
- (4) Depreciation from agreement vessels.

Question: How are deposits into the fund handled?

Answer: There are three accounts in the CCF. They are the Capital Account, Capital Gains Account and Ordinary Income Account.

(1) **Ordinary Income Account**—This account receives the deposits that would normally be subject to income taxes. This would normally mean the money earned from fishing your eligible vessel. Other money is also credited to this account—short term capital gains, non tax exempt interest earned and whatever dividends are earned from investments in the fund. That's right! Money deposited in the CCF can be used to purchase interest bearing securities approved by the Secretary of Commerce. If the Secretary of Commerce agrees, you can invest up to 60 percent of the money you have in CCF in the stock of domestic corporations.

(2) **Capital Gains Account**—If you experience any income that is taxable as long term capital gains, it is deposited in this account. The most common example is that of selling your vessel. If you sell a vessel which you've owned for more than six months for a price higher than its depreciated value, the excess would be placed in this account.

(3) **Capital Account**—This account receives the money you wish to deposit that ordinarily is nontaxable. Examples are depreciation, tax-

(Continued on Page 8)

New FCC Rules Alter Marine Radio Practice

Are you familiar with the new Federal Communications Commission regulations dealing with marine radio communications and with the timetable for their implementation? Do you understand how the changes will affect you?

The next ten years will span more changes in marine radio practice than any other decade in radio's short history. Despite improvements in equipment, marine telephony has changed little in the last 50 years.

The changes have been necessitated by an increased number of licenses, which has resulted in channel overcrowding and interference, and are necessary in order to implement international rules.

The new regulations involve the use of single sideband (SSB, 2-23 MHz) for long-range communications and very high frequency (VHF 156-162 MHz) for the bulk of transmissions of shorter range.

There naturally has been some confusion along the waterfront about these new regulations. Following are the important dates and changes to remember:

—No new double sideband (DSB, 2 MHz—the present radio for many boats) licenses will be issued as of January 1, 1973.

—If you currently own a licensed DSB, you may continue to renew it as necessary until Jan. 1, 1977. However, if you allow your current license to lapse, you will have to apply for a new license under new FCC regulations.

—You can install VHF and SSB now.

—After Jan. 1, 1974, you can install SSB only if you already have VHF.

—After Jan. 1, 1974, all existing SSB installations must also add VHF.

It should be emphasized that the above regulations apply specifically to vessels operating in Alaskan waters. These regulations are somewhat different than those which affect vessels operating in other parts of the country. α

Ever See a Sec Monster?


F. F. Wright is seeking first-hand accounts of Iliamna Monster sightings. Write him c/o Marine Advisory Program, 142 E. Third Ave., Anchorage, Ak. 99501. α

Meet 'Walter'



Alaska Black Dolphins

Ever catch a snailfish? The specimen pictured above, "Walter" by name, was brought up from a depth of more than 120 fathoms in a Tanner crab pot last November near Seward by Martin Goresen of Seward. The mottled, black and brown fish is 21 inches long, weighs four and one-half pounds and has finger-shaped pectoral fins. Its most striking features are its orange eyes, a sucker disk under its mouth and a pensive expression.


Walter has been placed on public display at the Alaska Black Dolphins divers office in Anchorage by owner Yvon Van Driessche. Several biologists have tentatively identified the fish as a member of the genus *Liparis*, commonly known as a snailfish, and rarely netted in its rocky, deep-sea habitat. 

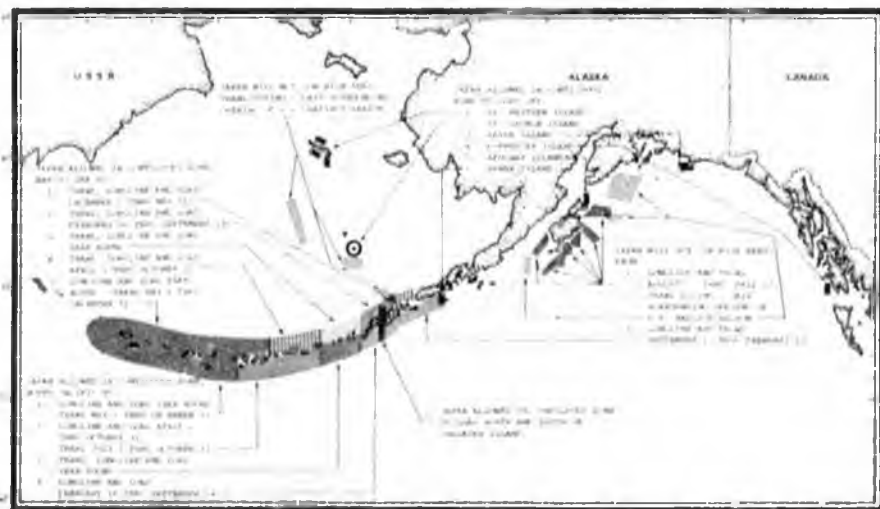
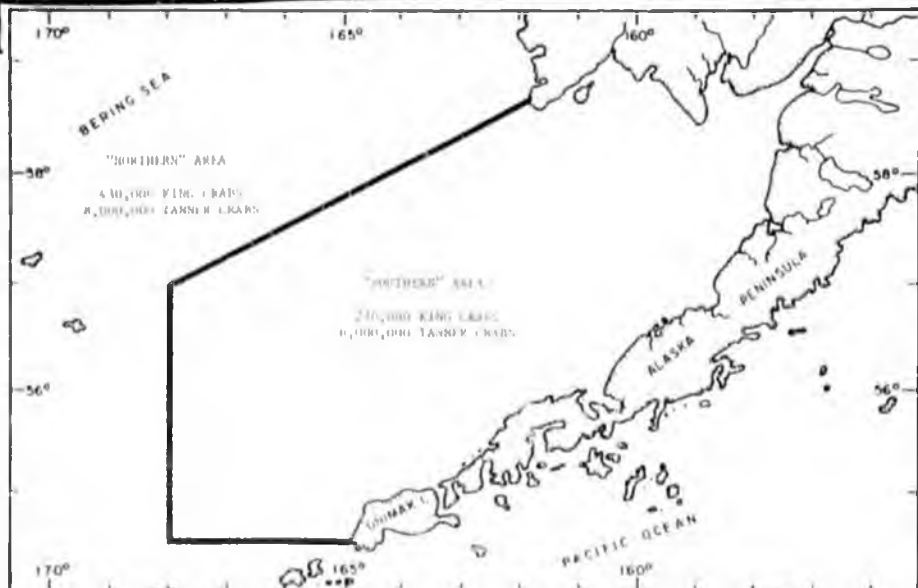
New Book Explores Alaska's Fisheries

"Alaska Fisheries Policy," an extensive report on the broad range of issues in Alaska's fisheries, was published recently by the Institute of Social, Economic and Government Research, University of Alaska.

The 470-page, soft cover book is a compilation of papers written by experts in fisheries economics, law and management; fish stocks; commercial fisheries; marine education, and fisheries management in Alaska.

These articles deal with major factors in fisheries policy making and management. Entry limitation is a recurrent theme in the book.

"Alaska Fisheries Policy" may be purchased for \$10 per copy from the Institute of Social, Economic and Government Research, University of Alaska, Fairbanks, Alaska 99701. 



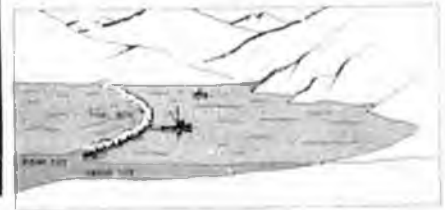
The charts above, prepared in December of 1972 by the National Marine Fisheries Service, illustrate new U.S./Japan fisheries agreements concerning the Japan eastern Bering Sea crab quotas for 1973 and 1974 (top), and the U. S. contiguous fishery zone off Alaska (bottom).

TIDAL BORES

F. F. Wright

Marine Advisory Service

When we use the words, "Tidal Wave," we are usually referring to a tsunami, a tremendous, destructive ocean wave produced by an earthquake or landslide. In Turnagain Arm near Anchorage, however, a genuine and dangerous breaking wave is sometimes produced by the interaction of tide and wind. Such waves, properly called tidal bores, form in shallow, tapering inlets where the tidal range is great.



Here is how a tidal bore is formed: The ebbing tide runs so strongly that it temporarily dams back the flood tide; then the rising tide literally bursts into the inlet, advancing as a solitary, breaking wave. Such tidal bores are found in scattered areas all around the world, the most famous being in the Severn Estuary in England and at the mouth of the Chiang Tang Kiang River in China, where on spring tides the bore may form a wall of water 11 feet high, traveling at more than 16 knots.

In Turnagain Arm, conditions for a tidal bore occur at irregular intervals throughout the year. The bore is most likely to develop two or three days before a spring tide, on the flood at about middle of the interval between the low low tide and the high high tide of the day. Apparently, they are more apt to form when the wind is blowing west, out Turnagain Arm toward Cook Inlet. The height of the Turnagain bore is usually three or four feet, but bores of six and nine feet have been reported. Obviously, anyone who is in a small boat in the area should be very cautious, for the bore is similar to a wave breaking on a beach, and can be very difficult to ride through. Outrunning the bore is possible but tricky, for it may be moving at more than five knots, and you would be running directly into waves produced by wind. In addition, shoals in Turnagain Arm often shift, and a grounded boat is very apt to be swamped.

Alaskan fisheries in 1973 appear to have suffered unusually high natural mortalities in last year's severe winter. Weather also was the factor responsible for the poor returns in 1972.

Southeastern fisheries are expected to harvest more than half of the 18.5 million pink salmon catch projected for the state. Department biologists predict relatively good returns in 1973 for those areas south of Frederick Sound in the Panhandle area. This is one of the few areas which also experienced good returns in 1972.

In Prince William Sound, where no commercial fishing could be allowed on the extremely poor pink run in 1972, the predicted run of only 2.7 million pinks is expected to require substantial restriction of fishing again in 1973 if the escapement goal of 1.5 million is to be achieved. The predicted harvest of 6.5 million pinks for the Kodiak area accounts for roughly one-third of the state's pink harvest expected in 1973. Returns to the General and Alitak districts are expected to contribute about 80 percent of the total Kodiak harvest. Department biologists emphasize that some evidence indicates the possibility that the run may be even somewhat weaker than is now expected.

Bristol Bay, the major sockeye producing area in the state, is facing its second poor season in two years with an anticipated harvest of only 1.5 million sockeye. In 1972, the harvest of 2.4 million sockeye was the smallest since 1896, although comparable low catches

or four million fish annually. The unusually low harvest predicted for 1973 is the result of abnormally high natural mortalities coinciding with a low point in the Kvichak's five-year cycle.

Sockeye, chum and pink salmon runs to Chignik fisheries are also expected to be poor in 1973. As in 1972, no harvest is expected from early sockeye runs prior to July 1 and fewer than 200,000 sockeye are expected to be harvested from the late run. Chum and pink salmon returns to this area are expected to be so small that little if any harvest is anticipated.

F&G Appoints Rosier Fisheries Division Head

Carl Rosier has been named director of the commercial fisheries division, Alaska Department of Fish and Game, by James W. Brooks, commissioner.

Rosier has been with the department since 1960 and has served as commercial fisheries regional supervisor for Southeastern Alaska for the past three years.

"Rosier replaces Roy Rickey, who has been assigned new responsibilities involving the study of the very complex and important problems of limited entry into Alaska's fisheries," Brooks said.

Before moving to Juneau in 1970, Rosier served as commercial fisheries management biologist at Ketchikan and Wrangell. He holds a B.S. degree in fish and game management from Oregon State University.

'Fisheries Institute' Scheduled at Kodiak

Kodiak Community College will sponsor its second annual "Fisheries Institute" for Alaska fishermen March 5-9 in Kodiak. This year's program will be an expanded version of the successful 1972 "Fisheries Institute," which drew 1,200 participants.

Classes will be conducted in marketing of seafood products and hydraulics aboard vessels. Don Cuning, Ketchikan Community College teacher, will give instruction in electronics, electrical maintenance and trouble shooting on board. Representatives from private, state and federal loaning institutions will discuss financing available to fishermen.

Other sessions will be devoted to halibut fishing and to the quality of fish products, with discussions of current and future Federal Drug Administration requirements for fishing vessels. An inspection and repair team is expected to run safety checks on inflatable life rafts. Guest speakers at the institute's seafood banquet March 8 are expected to be Gov. William A. Egan and Robert Wildman of the Office of Sea Grant from Washington, D.C.

Hard Times for Bristol Bay:

Sliding Scale Adopted

The Alaska Board of Fish and Game has adopted a sliding gear scale to reduce fishing effort in the Bristol Bay fishery in 1973, and has trimmed salmon fishing in the Unimak area fishery along the Alaska Peninsula and Aleutian Chain from 528 hours to 156 for the coming season. The actions were taken at a meeting of the board Jan. 10-11 in Anchorage to ensure the survival of the bay's red salmon.

Forecasts for this year's run, the smallest of the century, indicate that only 6.2 million reds will enter the bay, a drastic decrease from the 1935 record of 54 million. The projected harvest has dropped proportionately from 24 million in 1965 to 1.5 million for 1973.

The board decided to restrict the Unimak fishery because some of the Bristol Bay fish return from the high seas through passes at the end of the Alaska Peninsula. The board's action cuts the June 11-30 portion of the Unimak fishing season to four days and in most areas limits fishing to 13-hour periods. This cut came on top of the 1971 cutback there to a five day, 120-hour weekly opening.

Fishery managers hope the commitment to a sliding gear scale will cut the total length of nets used in Bristol Bay from 1.8 million feet last year to 360,000 feet. The length of net each gear license holder may operate will be fixed by a sliding gear scale when the total fathoms registered are determined after the April 15 registration deadline.

What the action means in dollars and cents to the Bristol Bay area is that only 300 of the bay's 3,000 fishermen could hope to earn enough from the 1973 season to match federally set poverty levels of income, according to Kenneth R. Middleton, regional supervisor of commercial fisheries. Yet he expects more than 3,000 to register for gear by April 15, pooling their nets and increasing the size of licensed crews on gillnetters from the normal two to as many as six per boat.

Limited Entry Bill

Continued from Page 1
Unfavorable aspects of the governor's proposal, according to Daniel, are: "The bill is too broad in scope. No individual fisherman can look at the bill and tell how he will be affected. This is simply left up to the commission. By analogy, this is like turning the Bill of Rights over to three men and hoping they are rational. The bill is too drastic," Daniel added. "In order to be politically acceptable, the bill will probably not be able to cut out nearly as many units of gear as are indicated. It should be made very clear that additional approaches to limited entry will be considered," he said.

Following a Special Senate Fisheries Committee hearing on the proposed limited entry plan Jan. 24 in Juneau, committee chairman Sen. W. I. (Bob) Palmer of Nimitchik said that the bill must be made to compensate commercial fishermen ousted from the salmon harvest. Palmer remarked that in his opinion it would be an injustice to tell a fisherman who might have a substantial investment in the industry that he can no longer fish without providing him with some form of compensation.



Institute of Marine Science

The Research Vessel ACONA, pictured above, is assigned to the University of Alaska's Institute of Marine Science to support the oceanographic effort of the university. The 11-year-old ship, owned by the U. S. Navy, was designed specifically for oceanographic research, and is scheduled to operate approximately 200 sea days each year. Although the prime vessel schedule and scientific programs are developed by the Institute of Marine Science, the vessel is part of the National Oceanographic Fleet and her scheduling is coordinated through the University National Oceanographic Laboratory System. Operation costs of the ACONA, which totaled more than \$210,000 in 1972, are paid by the National Science Foundation, Office of Naval Research, U. S. Navy, and American industry. The ACONA carries a crew of six, with space for nine scientific personnel. The 179 ton ship is 85 feet long and cruises at eight knots, with a range of 5,000 miles. Home port for the ACONA is the Seward Station, Institute of Marine Science.

Capital Construction Fund

(Continued from Page 4)

exempt interest received on state and municipal bonds and any money you receive from the sale of your vessel which does not exceed its depreciated value.

Question: How do I get my money out of the fund?

Answer: Your money can be withdrawn by obtaining the consent of the Secretary of Commerce. You can ask for either a qualified or nonqualified withdrawal.

(1) **Qualified Withdrawal**—You request a qualified withdrawal when you want to use the money to purchase a vessel or to build or reconstruct a vessel.

(2) **Nonqualified Withdrawal**—This is a withdrawal from the fund for any purpose not specified under qualified withdrawal.

Question: What happens if I make a *nonqualified* withdrawal?

Answer: Money from each of the three accounts is treated differently under a nonqualified withdrawal.

(1) **Ordinary income**—Money withdrawn from the ordinary income account is simply added to your taxable income in the year it is withdrawn. You therefore pay tax on it when withdrawn. An additional charge of eight percent of the tax is levied for each year the money was in CCF.

(2) **Capital Gains**—Money withdrawn from this account will be subject to the capital gains tax rate. The same regulation concerning a payment of eight percent of the tax due applies here.

(3) **Capital**—Money withdrawn from this account is not taxed since this account receives only money that is nontaxable.

Question: From which of the three accounts do *qualified* withdrawals come?

Answer: The money comes from the accounts in the following order:

(1) **Capital Account**—None of the money withdrawn is taxed, and the depreciation base of the vessel is not lowered.

(2) **Capital Gains Account**—None of the money withdrawn is taxed. The depreciation basis of the vessel in which you are interested is lowered by one-half of the amount of the withdrawal.

(3) **Ordinary Income Account**—None of the money withdrawn is taxed. The depreciation basis will be lowered by the amount of the withdrawal.

Alaskan fishermen who are interested in additional information on this program may contact Jack Kelly, Coordinator, Financial Assistance Programs, National Marine Fisheries Service, P. O. Box 1668, Juneau, Alaska 99801. ∞

Alaska Seas and Coasts

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Serving as members of the editorial board of ALASKA SEAS AND COASTS are Bob Burnett, Alaska Department of Fish and Game; Phil Daniel, United Fishermen of Alaska; Sig Jaeger, Kodiak Community College; Charles Jensen, University of Alaska Marine Advisory Program; Walter G. Jones, National Marine Fisheries Service; and Richard E. Reynolds, Alaska Department of Economic Development.

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Mr. Joe McGill

GOVERNOR'S STUDY GROUP ON LIMITED ENTRY

JANUARY, 1973

ALASKA NATIVE FISHERMEN
COMMERCIAL, VESSEL, AND SALMON GEAR LICENSES
FOR
STATEWIDE AND SALMON NET REGISTRATION AREAS

1971 - 1970 - 1969

JOHN E. HAVELOCK
ATTORNEY GENERAL
STATE OF ALASKA

JAMES W. BROOKS
COMMISSIONER
DEPARTMENT OF FISH AND GAME

SALMON NET
REGISTRATION
AREAS



- A. Southeastern
 - B. Yakutat
 - C. Prince William Sound
 - H. Codi Inlet
 - K. Kodiak
 - L. Chignik
 - M. Aleutians-Peninsula
 - T. Bristol Bay
 - N. Kuskokwim
 - Y. Yukon
 - Z. Norton Sound
 - X. Kotzebue
- Arctic-Yukon-Kuskokwim

NUMBER OF ALASKA NATIVE FISHERMEN
COMMERCIAL AND VESSEL LICENSES
1971 - 1970 - 1969

1971

	Total ^{1/}	Native ^{2/}	% Native	Resident	Native	% Native	Non-Resident	Native	% Native
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	----

1970

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	----

1969

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	----

^{1/} Alaska Department of Revenue

^{2/} Governor's Study Group on Limited Entry

Alaska Native Fishermen Total State Gear - 1971 - 1970 - 1969

	1971			1970			1969			1971			1970			1969		
	1/ Total Gear Reg.	2/ Scine Native Gear	% Native	Drift Net Total Gear Reg.	Native Gear	% Native	Total Gear Reg.	Set Net Native Gear	% Native	Total Gear Reg.	Troll Native Gear	% Native	Total Gear Reg.	Native Gear	% Native	Total Gear Reg.	Native Gear	% Native
Res.	--	375	--	--	1300	--	--	1174	--	--	410	--	--	391	--	--	1063	--
N-Res.	--	7	--	--	18	--	--	17	--	--	4	--	--	1	--	--	6	--
Total	1,323	382	29%	4,779	1318	28%	3062	1191	39%	2,533	414	16%	2,567	392	15%	2,303	369	16%

1/ Alaska Department of Revenue

2/ Governor's Study Group on Limited Entry

NATIVE COMMERCIAL FISHERMEN BY COMMERCIAL LICENSE AND VESSEL OPERATOR LICENSE

1971 - 1970 - 1969

1971

	SOUTHEASTERN	YAKUTAT	PRINCE WILLIAM SOUND	COOK INLET	KODIAK	CHIGNIK	ALUTIAN PENINSULA	BRISTOL BAY	KUSHKOWIM	YUKON	NORTON SOUND	KOTZEBUE	OTHER ^{1/}
Licenses													
Comm.	244	75	134	147	181	48	127	729	397	463	116	79	1928
Res.	241	75	132	147	178	47	124	721	385	450	115	79	1886
N-Res.	3	--	2	---	3	1	3	8	2	13	1	--	42
Vess. Op.	172	72	91	118	157	44	110	523	377	444	118	71	364
Res.	169	72	91	118	155	43	107	518	375	431	112	71	357
N-Res.	2	--	--	---	2	1	3	5	2	13	1	---	7

1970

Comm.													
Licenses	542	69	159	201	409	123	174	1060	364	441	113	105	734
Res.	529	69	155	198	394	122	168	1048	384	441	113	104	723
N-Res.	13	--	4	3	9	1	6	12	---	---	---	1	11
Vessel Operator	207	67	93	114	163	40	91	515	340	400	102	64	302
Res.	203	67	92	113	159	39	91	511	340	400	02	64	302
N-Res.	4	--	1	1	4	1	--	4	---	---	---	---	---

1969

Comm.													
License	505	69	150	190	327	114	142	990	399	413	127	45	711
Res.	496	69	146	188	320	112	140	974	399	413	127	45	696
N-Res.	9	--	4	20	7	2	2	16	---	---	---	---	15
Vessel Operator	200	52	87	110	157	36	8	548	338	386	116	42	277
Res.	194	52	86	109	155	35	8	540	338	386	116	42	275
N-Res.	6	--	1	1	2	1	--	8	---	---	---	---	2

SOURCE: Governor's Study Group on Limited Entry

^{1/} Other category includes those individuals who are not classified by salmon net registration area due to record error.

Alaska Native Fisherman Salmon Gear

Registration by Salmon Net Registration Area

1969 - 1970 - 1971

	Scutheastern	Yakutat	Prince William Sound	Cook Inlet	Kodiak	Chignik	Peninsula Aleutians	Bristol Bay	Kuskokwim	Kotzebue	Yukon	Norton Sound
<u>1971</u>												
Purse Seine	99	--	35	12	119	44	73	--	--	--	--	--
Drift Net	54	--	89	34	--	--	66	481	361	--	232	--
Set Net	1	73	--	104	41	--	65	245	55	80	411	114
Troll	380	29	--	--	--	--	--	--	--	--	--	--
<u>1970</u>												
Purse Seine	108	--	34	14	116	40	58	--	--	--	--	--
Drift Net	39	--	91	35	--	--	59	472	328	--	196	2
Set Net	3	71	4	95	41	--	57	254	57	68	363	105
Troll	369	15	2	--	--	--	--	--	--	--	--	--
<u>1969</u>												
Purse Seine	106	--	32	15	120	38	58	--	--	--	--	--
Drift Net	34	--	82	35	--	--	56	511	325	--	206	1
Net	6	68	4	88	40	--	60	256	58	47	325	114
Troll	335	28	--	--	--	--	--	--	--	--	1	--

SOURCE: Governors Study Group on Gear Limitation

Qualifications of limited gear entry into Alaska commercial fisheries.

1. Person who held a gear license and fished that gear license in a designated area once in past 3 years in Alaska.
- (Or)-2. Person who ever owned a gear license and fished that gear license in past 4 years, and has a ten thousand dollar investment (mortgaged or not) in commercial fishery of license or licenses owned and fished in designated areas.

Reasoning: Any person whom does not meet above criteria could reasonably be determined already out of the fishery. Such criteria as having fished 3 out of past 10 years and absent past 7 years would be considered less dependent and less intent than a person having fished commercially during past 1, 2, or 3 yrs.

3. A fisherman's outside interest should not concern above criteria. Whether he is a trapper that fished or a fisherman that trapped.
4. Any new entry not qualified on above criteria must purchase from a license holder his license and pay to State tax office the appraised value of the license less 10 percent. Assuming the seller gains 10 percent of the license value. This 10 percent encourages the seller to sell out when he has a boat to sell as he can let the permit go to get the boat sold. Or the seller can sell to the tax office for 90 percent the assessed license. He can keep his equipment or sell privately.
5. The seller is taxed when he sells a license even when selling to tax office in graduations of degree of years he fished the license. The graduation in degrees spread over 20 years fishing. For each year fished $1/20$ th deducted off sellers tax.

Reasoning: The heaviest burden of tax upon new entry. Those that fish longest have lesser taxes. Impossible for a ghost license to make any money. Present holder can't make a fast buck on a license. Gives a short timer invested the opportunity to prove his full intent to be a fisherman. Gives the old timer the incentive to sell out and give the new blood opportunity to fish. Gives the opportunity for a new investor to sell his equipment to a new buyer as this may include his license if he chooses. Encourages people in the industry long time with old slab of a boat to sell out to tax office and this in turn is financed by the change over in the industry mostly by new entries. The seller does not pay tax unless selling to tax office in the graduation scale of $1/20$ th stated above.

6. Fisherman are taxed according to assessed value of gear license in designated areas annually. This fund is also used for buy back in this designated area. When optimum level reached this tax can be used to further enhancement of the fishery in designated area.

7. After 3 yrs fishing the sellers tax automatically is reduced to $3/5$ th of assessed value of gear license. (Gains $2/5$ th assessed value as incentive to sell out.

Reasoning: Allows man in now with investments and recent participation to prove his intent & retrieve his investment. This method prevents short timer gaining return on license value if intent and participation inactive.

8. Sport fishing gear as rod & reel holding a commercial license is based only on attrition rate decrease. Not included on buy-back program. License not transferable. Person must have held commercial license once in past 3 yrs.

reasoning: Allows small income fisherman presently in small resident villages to retain his interest during lifetime. Short time residents leaving state will have higher attrition rate. Allows qualified holders to retrieve their investment without taking away their rights accepted in past. License has no monetary value.

9. Apprenticeship program to add incentive for same:
Person holding apprentice permit has buy in tax reduction of 1/10 gear license assessed value per 5 yrs apprentice. Based proportion per annum for participation weekly for weeks of season open. (example: 16 weeks of season and fishes 12 weeks would get credit for 3/4 participation that particular season). This is based on particular gear in particular areas as designated. (Areas to be set forth by law). Apprentice ship is based upon participation within past 4 years. (Eliminates credit for participation beyond 4 years for ones who did not actually enter fishery with full gear license participation).

Ray Mathews
Fisherman

Natural Attrition without Freezing Licenses

SOUTHEASTERN ALASKA SALMON FISHING GEAR

IN UNITS

(Including Yakutat troll)

Year	Purse Seines		Drift Gill Nets		Set Gill Nets		Troll		
	Reg.	Fished	Reg.	Fished	Reg.	Fished	Reg.	Fished	Not Fished
1960	463	<u>450</u>	438	<u>431</u>	11	11	1,524		
1961	495	443	420	414	13	13	1,497		
1962	497	472	410	392	10	10	1,440		
1963	484	467	451	381	10	10	1,470		
1964	501	477	372	324	8	7	1,735		
1965	463	433	301	258	11	11	1,922		
1966	447	419	302	285	14	14	1,915	<u>1,769</u>	146
1967	428	403	370	320	19	11	1,847	1,598	249
1968	498	470	527	402	18	12	2,054	1,772	282
1969	405	339	395	297	12	8	2,273	1,795	478
1970	422	405	420	339	11	9	2,528	1,895	633
1971	352	<u>306</u>	475	<u>347</u>	13	9	2,356	<u>1,662</u>	694
1972*	411		582		12		2,237		
1973									
1974									
1975									

* 1972 figures are preliminary

STAN'S PLAN

To help solve the "limited fisheries" problem, to alleviate the extreme hardships designed into the Governor's bill, to keep the state from stealing from some fishermen to give to others (as is in the present proposed bill) I would like to present the following plan - please note - no one gets hurt nor is "forced" to do anything.

I. STATE OFFERS TO BUY FISH BOATS AND SITES:

- (a) At 2 or 3 times appraised value
 - (1) to cover loss of income, plus value;
 - (2) fishermen agree not to fish for 5 + years;
- (b) Willing sales only
 - (1) no one must sell.

II. STATE ISSUE LIMITED NUMBER OF NEW LICENSES:

- (a) 2 + years experience or apprentice;
- (b) Resident and veterans preference;
- (c) Children of fishermen preference.

III. STATE INCREASE LICENSE COSTS:

- (a) Difference in costs to go to special fund to pay for gear, sites, purchases;
- (b) Fishermen remaining should gain and benefit and thus be willing to pay higher licenses;
- (c) In long run should not cost state anything.

IV. EVERYONE GAINS

- (a) Fishermen remaining get more fish and less competition;
- (b) Fishermen who sell gain as get cash to use elsewhere;
- (c) State gains - no long run costs - better fish returns and less problems.

Addendum:

As canneries would be less likely to enter into above program and as some of them have huge fleets of fishing boats they will be required to reduce their fleets by 20% and be reimbursed for this loss.

UNIVERSITY OF ALASKA
FAIRBANKS, ALASKA 99701

February 2, 1973

TO: Those concerned with legislation regulating participation in the Alaska commercial fisheries.

When the writers of the U.S. Constitution were designing the national government, James Madison said, "if men were virtuous, there would be no need of government at all". Well, obviously, we find ourselves in need of government, and in this case concerning participation in our fisheries of Alaska, I have found that the people who have seriously tried to consider the immediate, total, and long-range effects of Senate Bill No. 39 on the people of all of Alaska can agree on two things. One, there is a real and critical problem concerning excess participation in many of Alaska's commercial fisheries, and two, this legislation is the most far-reaching and important bill to ever come before any State of Alaska Legislature since Statehood itself. These are honest opinions; the first is obvious; the second must not be underestimated!

Most people associated with the Alaska commercial fisheries recognize the problems stated in the purposes and findings of fact; they recognize the problems, but there are many, perhaps a majority, who feel that the lure of the Alaskan way of life, and the heartfelt rights of men are more important than the economic health and stability of any commercial fishery. It is most likely that a student of economics could persuade these people to accept the fact that the real value to society in dollars and cents rendered by some of our fishery resources is pitifully low when compared with its potential value to society because of the dissipation of that value through the excess use of other resources, namely capital and labor. However, being persuaded of this would not convince them that such economic sense is nearly so vital as what they feel to be the rights of men. In this state and time, there are many different standards for right and wrong, we can all express feelings, idealism, and findings of fault, but these expressions usually represent the very human bias of self-preservation. There is nothing wrong with this but it makes the job of men designing laws governing men critically difficult as James Madison realized so many years ago. The answer may well be that what many people have so long felt to be a right was never really a right of man at all, but a trust to him.

Many people have expressed an interest in seeing this legislation cover more species than just salmon. This is partly because of the fear that a fisherman eliminated from the salmon fishery will transfer his effort to another fishery and create a hardship there. In a few cases this may well be true, but truly I believe that a real salmon fisherman who would be likely to transfer his efforts to another species will not be eliminated from the salmon fishery by the Governor's established criteria. In this view,

it seems that our over-exploited fisheries other than salmon lack the vacation aspect and are too expensive to get into efficiently on the basis of speculation. Another reason for wanting to see species other than salmon included is that many other species are in need of fishing participation regulation in all or part of their range; I am not arguing with this but I believe that considering the magnitude of the diverse salmon over-fishing problem, trying to include all species is really an unreasonably large task without precedent. It seems to me that setting up a workable program dealing with salmon is most critical at this time and will lay the groundwork for dealing with other species in the future, and it would really be sad if in your efforts to deal with participation in all fisheries you rendered this legislation ineffective for any fishery.

Now, let's look to the heart of the issue allowing that we accept and remember the original purposes of the bill. There is considerable fear among the people, with whom I have discussed this bill, that the authority of the Commission is too great. I agree, but considering the diversity of Alaska's fisheries, we should realize that the Commission must have broad and flexible authority with some additional constraints. The heart of the bill is in the idea of the Commission making decisions as to who will participate in Alaska's fisheries based upon three criteria. Now, we get into the problem which nearly all of us have when we consider the fisheries of Alaska, that of having a limited area of experience prejudicing our point of view and biasing our decisions. St. Mathew made the profound observation that "to them that hath shall be given and from them that hath not shall be taken away". It has been called the St. Mathew effect, and while we must realize its validity, we must believe that we can temper and control it. The criteria which the Commission is to use are set up to provide for an equitable professional fishery; while they frighten people who probably need not be frightened the criteria are well-founded and will work with perhaps certain qualifications to achieve the original purposes of the bill and yet quell the worries of many of the professional fishermen. I suggest that we consider the concept of professionalism. What is a professional fisherman? What is a professional salmon fisherman? He is a fisherman who fishes. He is a fisherman who catches salmon, and he catches them to sell for economic gain from his salmon catching enterprise!

Now, if we take each of the three criteria individually and examine them with regard to equity and professionalism we are going to hurt many people who enjoy salmon fishing on a large or small scale, but to be effective, this bill must hurt, it might even hurt me and I don't know if it's worth it. The first of the three criteria is: "Degree of economic dependence upon the fishery". This frightens many people who feel that it would possibly unfairly penalize a person who, realizing the short duration of our salmon season, has had the motivation and drive to find other income

sources. To take the extreme I know several fishermen who went teaching as well as teachers who went fishing. Some of the other sources of income for fishermen have been arrived at only after years of dedication, work, and sacrifice. Therefore, obviously this criteria cannot be singularly applied, and to be morally applicable must be qualified. Let's now consider the second of the three criteria which is: "Extent of past participation in the fishery". It is obvious that this must be considered heavily; however, a straight grandfather clause would really destroy the effectiveness of the legislation by cutting out no one and encouraging many who have been in the fishery and are out of it to re-enter when they might not have otherwise; perhaps this would be for the sake of speculation or insurance or self-assertion. Most assuredly, the idea that all people who have, or in the last few years have had a license, which they have fished, be given another in the reliance that attrition will reduce the fleet over next few years is totally absurd. This is because there is a backlog of eligible fishermen who could qualify and would get hold of an old slab or some boat and be ready to go. While perhaps a more politically popular way of limiting new entry into the fishery, that is all that it would do and it would definitely fail to achieve what I perceive to be the intent of the Governor. Past participation must be considered, but to be equitable, it seems wise to qualify it too, relative to the concept of professionalism. The third criteria is: "Present ability and intent to participate actively in the fishery". There will be some problems here where a boat sinks or a gear shed burns or a man is ill, but allowances will undoubtedly be made by the Commission because its members are to be human beings. I would suggest however, to again alleviate worry, that a specific hardship allowance be incorporated in a qualification to this third criteria.

Okey, now I've qualified and qualified and qualified these criteria without putting forth anything concrete. I'll do that here; noting that parenthetical additions are by way of example indicating ball-park figures, not dictating specifics. Hopefully we can here foil the harshness of the St. Mathews effect, at least a little bit:

- (1) Degree of economic dependence upon the fishery: A person who has in the years of his past participation in the fishery derived at least 20% (or 25%) of his total earned income from the fishery will satisfy this standard, however the Commission may determine that a lower percentage is acceptable, particularly, but not only, with respect to the fish which were available.
- (2) Extent of past participation in the fishery: A person who has in 2 (or 3) of the last 7 (or 10) years actually fished on a day-to-day basis during each of those fishing years for at least 2/3

(or 3/4) of the available fishing days will satisfy this standard, however the Commission may determine that a lower fraction is acceptable, particularly, but not only, with respect to evidence an individual presents relative to weather layups, mechanical breakdowns, and the overlap of two fisheries which the individual participates in.

- (3) Present ability and intent to participate actively in the fishery. The Commission will make allowances for hardship cases where the ability and intent were genuine but inadvertently curtailed.

These criteria will be easier for the professional salmon fisherman to live with and yet allow the Commission to perform its function adequately. They probably won't make me any friends, though perhaps that's life.

Remember, I said that I wasn't sure that this legislation was worth the hurt involved; I am glad someone else is responsible, yet some avenues are open to us to help lessen the hurt and prevent unnecessary problems. Perhaps, to begin with, the members of the Commission should all be social scientists or psychologists with a staff of people satisfying the various other qualifications deemed necessary. If the fleet reduction is accomplished on a 20% a year basis it may be more acceptable, however you don't want to be in the position of the little boy who wanted to dock his dog's tail but not wanting to hurt him, cut off only one inch at a time. This Commission will always leave an air of uncertainty for some fishermen; it does seem advisable that this be minimized. The problem of fisheries paying their own way must be incorporated in any program of compensation for those who are eliminated from the fishery, and realistically some people will be eliminated and should be compensated. Considerable care must be taken to insure that the abuse of such a compensation program is held to a minimum. Another point is that there must be procedures for temporary emergency transfers of permits. It takes a lot of pure guts to recognize that "there comes a time in each man's life when he must take the bull by the tail and face the situation", this is certainly the case in this situation with its imparative urgency. As a person thoroughly immersed in the commercial fishing industry through experience gained in nine years of commercial fishing for salmon, five years of formal training in fisheries biology and wildlife management, some time with the fisheries extension program in Southeast and South Central Alaska, and as a student of marine and fishery economics, I have undoubtedly introduced considerable bias into this note. That I cannot change, but I remain quite willing to discuss this further if I can be of help.

Respectfully,



Donald B. Kalk
Marine Advisory Agent



JUNEAU ALASKA

Alaska State Legislature
House

February 2, 1973

Mr. Joe McGill
Chairman
House Resources Committee

Dear Joe:

Enclosed is a letter I have received from Mr. Stan Thompson, which is self-explanatory. I pass this letter on for your information and consideration by your Committee.

Sincerely,

A handwritten signature in cursive script that reads "Dick".

RICHARD L. McVEIGH,
Representative

McV: k
ENClosure

January 30, 1973

Ransom
Box 217
Kenai, Alaska 99611

Rep. Tom Fink
Rep. Milo Fritz
Rep. Earl Hillstrand
Rep. Richard McVeigh ✓
State Capitol
Juneau, Alaska 99801

Gentlemen:

Enclosed is a possible plan that I would like to humbly offer which would, I believe, alleviate the overcrowding in the salmon fisheries without causing injury or financial loss to anyone. This would be in place of Governor Egan's bill and would be far less restrictive and political. (I have been intimately associated with fishing for 20 years; have fished boats and sites; have been U. S. Commissioner and am now Borough Mayor of a fishing area.)

Thank you for your indulgence and hope you will consider this plan.

Sincerely,

Stan Thompson

Stan Thompson

ST/tb
Enc.

3/20/1911

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Wm. H. ...

1. Are you in favor of SB 39 as written? *No!*
2. Are you in favor of this committee's report in principle? *yes - see comment*
3. Are you in favor of forming an organization to substitute a more equitable limited entry bill as outlined in the committee's report?
4. Are you in favor of this organization hiring a lobbyist to assist this group in substituting a more equitable limited entry bill?
5. Are you willing to contribute between \$25.00 and \$50.00 to raise the necessary funds to hire a lobbyist? If yes, please state your name, address and phone number.

NAME _____

ADDRESS _____

PHONE NUMBER _____

6. Are you willing to assist the committee by making phone calls raising funds and/or occasionally listening in on legislative public hearings on this Bill?

Since this may be a large group and you may not have a chance to be heard, please indicate below any information you desire to be considered by the committee.

Basically agree w/ committee report — however would like to see recommendations one day to proceed at least to having three out of the first seven in the present case (approximate) and then see how well I can get a report to the committee but maybe, so that if it is possible to have a meeting my best will be to have a meeting on Feb. The committee will be that I am fairly confident will contribute fairly so you may want to see that.

Continued. . .

Senate Bill 39

fisherman.

6. Has any one conducted a survey on the number of Alaskan fisherman who fish the fisheries of Washington, Oregon, and California every year? As mentioned at the meeting of January 23rd, by a full-time commercial fisherman fishing in Icy Straits among 120 boats last season, only three out of 120 were Alaskan, the remainder were non-resident (Puget Sound).

SUMMARY: By raising non-resident license fees as stated in Paragraph 2, and by increasing the surveillance of Japanese bait boats, and by using additional revenue from license fees for hatcheries, our problem could be solved.



Elsie E. Culver
Elsie E. Culver, Part-time troller

TRANSFERABILITY - ONE ASPECT OF
WHAT ALL THE FUSS IS ABOUT.

Section 250. S. B. 39, the proposed limited entry program for Alaska's fisheries, holds the key to the identity and character of future participants in Alaska's fisheries. While the interests of Alaskan fishermen depend^{ent} on the fishery, who have been actively participating therein, are adequately protected in establishing the initial level of participation in our fishery, there are grave apprehensions concerning future participation as controlled through Section 250.

There are three transferability basis for determining participation in the State's fishery resources:

1. Luck
2. Money
3. Participation and skill.

Free transferability as established in Section 250 adopts solely the monetary standard. In order to obtain entry into our fishery in the future, most fishermen will have to buy their way in. This standard presupposes a freely competitive marketing and financing system that exist, if at all, in very few locations in Alaska.

Free transferability based on a monetary standard will strike a severe blow to crew members and fishermen from economically depressed areas who depend upon processing interests for credit. It is these same processing interests who have a vested interest in seeing that a substantial number of non-resident "high-liners" receive permits at the expense of local fishermen who presently have inferior equipment, and who cannot obtain credit from governmental or other private financial institutions. While the Study Group on Limited

Entry has thoroughly documented and analyzed many aspects of the fishery, the credit financing system remains a largely unknown factor. Yet, it is this very information that should, indeed must, determine decisions on transferability.

While under the limited entry proposal a processor cannot own a permit, it is safe to assume that he will financially back those fishermen that he needs to maintain his superior bargaining edge. The problem of "industry control" and "vertical integration" when dealing with a transferability system based on monetary standards has been documented in recent works on limited entry.

Crutchfield and Pontecorvo (see attached article) point out that the limited entry proposals set forth for Puget Sound (free transferability of permits) might lead to integration by the processing interests. While they did find that a "hard core of independent fishermen" would still control a "marginal increment of each year's supply of fish" that "hard core" is very much diminished, or absent, in many areas of Alaska. Further, whereas the author's find vertical integration somewhat desirable, such a system may not be acceptable to the Alaskan fishermen on the beach.

Morehouse (Morehouse, T. A., Limited entry in the British Columbia salmon fisheries, in Alaskan Fisheries Policy, I.S.E.G.R., University of Alaska, 1972) found that the monetary standard in the Davis plan of vessel license and control would be disadvantageous to the poorer and smaller independent fishermen:

"The prospective winners under the Davis plan of vessel license control are the more prosperous fishermen owners, including companies, because access to fishery will depend upon the ability to pay for licenses and vessels, which are expected to increase in value. Staying in the fishery requires paying for a license or maintaining a place on a smaller number of boats,

and a license in a smaller number of places in the fishery. Thus, the losers will clearly include poorer fishermen and future fishermen.

* * *

Because some will win and others will lose, there is no single 'fishermen interest' in the fishery under the limited licensing scheme. However, to the extent that a smaller number of companies may acquire greater control of the fishery through consolidation and the use of their superior financial resources, there is a greater unity of interest among fishermen and their various organizations vis-a-vis the companies. (Ed., pp. 411 - 412)."

It is submitted that the present limited entry proposal will work a hardship similar to that described by Morehouse in those areas of the State characterized by present company domination through credit financing of not only vessels and gear, but food and clothing as well.

There is precedent for a non-transferable permit system. The Japanese coastal fishery which has a limited entry program has limitations on permit transfers:

"The rights fishery gives the operator exclusive right to carry out a particular body of water. This fishery right is granted by the Prefectural Government (almost always to a cooperative). The granted fishery right stipulates the type of fishery, the location, and the boundaries of the area included. It may also establish limitations on fishing seasons, etc.

The Prefectural Government prohibits the holder from leasing or mortgaging granted fishery rights. Also, transfer by the holder to other operators is strictly limited. (Herrington, W. C., Operation of the Japanese Fishery Management System, in Alaska Fishery Policy, I.S.E.G.R., University of Alaska, 1972, p. 22-423)."

Who should participate in Alaska's fisheries? Should it be those who are able to gain company financing? Should it be those who are the most skilled in the financing and credit system? Or, should it be those persons who are fishermen and who are willing

to invest their time and energy as fishermen?

We should consider not only those fishermen, and those areas, that presently competitive financially, but also those areas and fishermen dominated by financial institutions over which they have had little control. Further, we must not lock out of the future those individuals who are presently crew members, or subsistence fishermen, who cannot now, or in the foreseeable future, compete within the established credit-financing system.

Frank Flavin

John Wiese

2140 SUNRISE DRIVE
ANCHORAGE, ALASKA
99504

January 31 1973

The Committee on Resources
c/o Joe McGill, chairman
House of Representatives
Juneau, Alaska 99801

Dear Joe:

The next issue of ALASKA INDUSTRY includes the article attached. It is in proof form. The subject matter bears directly but not exclusively on SB 39 and the matter of limited entry into the Alaska fisheries.

I am sending your committee this advance copy for the dual purpose of informing you of the views expressed in it and also to invite comments for future publication.

There are several points directly concerned with "limited entry" that I did not press in the attached article because of current space requirements but I intend to treat on them in future writings. Like:

§ More consideration should be given to simultaneously arranging entry limitation in other (than salmon) species harvestings. Has consideration been directed toward the possible encouragement of utilizing potentially valuable stocks through conditions that might be imposed with limited entry? An incentive, for example, such as "Get into a new pollock fishing deal and you'll get extra consideration in permission for salmon fishing?"

* As long as fish are common property and there is a need to restrict their being harvested (for social and/or biological reasons) can a "right" (as different from "privilege") to harvest be handed out, especially if it resembles a "property right" of enduring characteristics? Isn't a ban still against this in the Constitution? Also, how consistent is it to regard commercial fishing as a "right" whereas using the public roads for vehicular traffic is a "privilege" as distinct from a "right" in Alaska law?

* Is it entirely reasonable to be concerned exclusively with the harvesting sector of fisheries enterprizes without, as a minimum, taking cognizance of effects it is certain to exert in the processor-marketer sector which will require at least regulatory attention?

* As a totally practical political consideration ("political" in this sense not intended to reflect "party" partisanship exclusively) will it be wise to restrict membership on the Entry Commission as narrowly as proposed? It's my conviction that this will be really asking for future troubles, considering especially that radical changes are in process in all fisheries affairs as well as in all natural resource (publicly-owned) utilizations.

Sincerely,

John Wiese

FISHERIES 2-2-2-

It is fundamental that competent state authority enunciate this over-all policy which means either a legislative enactment or a statement from the administration with legislative acquiescence.

One feature in Governor William Egan's entry limiting proposal presently before the state Legislature (Senate Bill 39) adds a special urgency for a policy declaration. That feature concerns the proposed functions of a projected Alaska Commercial Fisheries Entry Commission.

It would be endowed with powers of exceptional magnitude. Their exercise would effect the economic well-being of literally thousands and the flow of literally tens of millions of dollars annually.

The guidelines for the commission's operations are so broad and, in some places, subject to differing interpretations that they imply a practical delegation of policy-making powers. The proposed legislation describes its intended function as "regulatory and quasi-judicial," but there would also have to be substantial "quasi-legislating" or policy-making by the commission as an initial step to "regulating" or to "quasi-adjudicating" in order to obtain an effective limitation of entry into fisheries.

Even if this is a politically acceptable situation it still leaves opportunity for a challenge of its legal validity. An adequate policy statement could remedy this.

An instance of the vagueness of SB 39's policy intentions concerns its prescribed "standard" (as set forth in Section 16.43.160) "to sustain a professional fishery."

Definition of this term, which is not contained in SB 39, will require a hefty measure of policy-making, especially considering that variants will obviously be needed in order to fit the vastly differing fishing regions of Alaska and the several "species" fisheries of the state.

Consider this:

SB 39 is to apply exclusively in salmon fishing. Problems in other harvesting enterprises — king crab, herring shrimp and maybe halibut if international controls do not intervene — could receive entry-limiting attention in subsequent legislation but this isn't man-

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By JOHN WIESE

THE STATE of Alaska's objectives relating to its fisheries management are obscure.

Or, if they are clear to any governing element, they have not been adequately communicated so that they are intelligible beyond the restricted circle gifted with an appreciation of their intent.

Something that is urgently needed — and needed at this time especially — is an over-all fisheries policy declaration that will effectively clear the air.

Actually, this has been needed for a long time. But, with state lawmakers currently processing a proposal to limit entry into the utilization of Alaska fish and related marine stocks, it has become imperative that some forthright answers be provided as a preliminary to legislative action.

Answers to questions like these are needed in a policy declaration:

• Precisely what goal or goals are intended from utilization of marine fish stocks in the state?

• From the state standpoint, what is meant by or implied in the term "common property" that is associated with fish stocks? (or, in similar words of the state Constitution, "... Fish ... reserved to the people for common use?")

• What are the priorities (or, as the Constitution says, "preferential uses") that govern state management of marine stocks; and by what processes can priorities be changed?

• Are there, or should there be, policy differences between management purposes in different regions of the state? Between the various marine species? Between marine stocks and upland wildlife management?

The policy statement should also deal with programs inherent with policy implementation.

Recently Elmer Rasmuson, sole member of the International North Pacific Fisheries Commission from Alaska, urged that a specific policy position be formulated by the state as it would concern foreign fishing and boundaries off the state's coasts.

Other marine stock utilization issues are also in need of solutions that a policy-declaration could serve. For example: recreationalists' campaigns for "fairer shares" of salmon fishing; conflicts provoked by non-marine resource utilization or by pollution threats, etc.

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Of course, an alternative might be for the "professional" salmon fisherman to take his boat and his status to salmon harvesting on Puget Sound, or on the Columbia River, or on the coasts of Oregon or California when Alaska fishing isn't available. In that case he'd be better off making his headquarters in the more southerly extremity of his annual migration because there'd be improved creature comforts there for himself and his family.

This recital about moving Alaska fishermen Outside isn't an Alaskan goal, obviously. And it isn't very likely to be promoted wittingly by any state agency. Nevertheless the recital serves to demonstrate that the subject of limiting entry into Alaskan fisheries is very much concerned with precise identities of items of state policies. And, if a commission to limit entry is going to function like SB 39 projects, it will either need an intelligible set of guidelines defining state fisheries policy — that is, a fisheries policy declaration in principle as a minimum — or the commission will have to devise law as it proceeds and as its convenience dictates.

Such a procedure will necessitate the commission's assumption of "quasi-legislative" powers as well as the "regulatory and quasi-judicial" authorities assigned to it in SB 39.

The problems that impelled a movement toward limiting entry in Alaska's fisheries come in two categories.

The first group arises from strictly economic situations. They relate to the widespread human urge to "get a piece of the action" and to profit from seemingly abundant but often diminishing stocks of high-valued species like salmon, crabs, scallops, halibut, shrimp.

This attraction is complicated with secondary factors that fringe on the economic but which are actually spin-offs with a cultural coloration. Occurring mostly with salmon harvesting in Alaska, a major instance (but not the only one) are the large numbers of individuals fishing to enjoy a diversion or escape from the confining humdrum of an "eight-to-five" routine of another occupation or sometimes seeking contentment in a living standard that is nowadays regarded as sub-standard.

The second category of problems

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datory, according to Governor Egan's dissertation that accompanied the bill when it was dropped in the legislative hopper

"Other important fisheries," the message said, "... may require their own limited entry programs."

This and other language in the governor's message and in the text of SB 39 speaks to the concept that the harvesting of each Alaskan fish species constitutes "a fishery." Does this mean that, as a matter of policy, the state regards it as a valid goal that each such activity shall be an independent "fishery" to be treated without co-ordination with other marine harvests? Has the idea of working to attain diversified industry in fisheries as a means of securing broader employment with a wider spread of operating costs for improved stability been abandoned by the state? If so, how does this shift fit with the pattern of many of the state's best fishing communities and with the trend in the processor-marketer segments of fisheries?

Also, might it not be actual retrogression to "promote" a "professional" fishery in salmon because this tends toward fishermen's personal earnings as well as costs recovery for equipment deriving independently and exclusively from short-termed annual salmon availability?

If it is to be a "professional fishery" it must certainly then be one that yields ample returns from these short-lived salmon seasons to meet operating costs on a stabilized basis plus personal earnings sufficient for a year's living expenses, presumably at a "professional" level.

(An annual "professional" income is usually regarded as \$14,000-\$15,000 a year and up; a recent study of Alaskan fishing returns showed individual returns — not net incomes but gross returns from fish — to have averaged only about \$3,300 a year!)

The typical Alaska region's salmon harvesting time lasts for only about six weeks a year. In some localities it exists for as long as four months with marginal-volumed fishing preceeding and following peak intensities in July and early August, but for practical purposes only a very few "professionals" would find periods for profitable fishing for seasons longer than six or eight weeks.

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What is needed is a statement that makes it clear what it is the state intends to derive from its fish resources and from the regulation of the harvests of its resources. It is no longer sufficient for popular or political purposes to take refuge in the broad and lofty terms of the state Constitution; their specifically applied intents and purposes are needed.

The message that accompanied SB 39 to the Legislature attributed the major menace of the excess of salmon harvesters to the fishery being "taken over increasingly by moonlighters, sports-commercial, and part-time hobby fishermen." In this recitation is a direct implication of an onus contained in such less-than-"professional" motivations for fishing, as though the individuals involved are guilty of actions that are immoral or at least socially unsavory.

But, without a specific policy commitment in law against "moonlighting" - and especially considering that state actions constantly invite or induce use of wildlife resources for diversions from other occupations - the tone of this presentation is contradictory.

There should be no question that moonlighting and hobby-fishing have added serious complexities to the economics as well as the biological management of salmon fisheries. Nor should there be serious doubt about needs for limiting entry.

However, the appropriateness of delegating the making or altering the state policy that frequently is synonymous with law to a three-man commission without ample guidelines is something else. It wants careful examination before it is accepted as fully proper.

Senate Bill 39's purposes are recited as "to promote the economic health . . . of commercial fishing" and "the conservation and sustained yield management of Alaska's fishery resources," as well as "to prevent economic distress among fishermen." The terms are from portions of the state Constitution.

Other parts of that document dictate that "it is the policy of the state to encourage . . . the development . . . of its resources by making them available for maximum use consistent with the public interest. . .

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bolstering a drive for limited entry is really political in the sense that economic and related complexities of fishing have generated excessive difficulties for a bureaucracy charged with regulating the harvests of publicly-owned resources, or, "common property." It does not simplify this obligation that the dominating principle for this assignment has been accepted, as a matter of priority, as having been "sustained yield" in a rigid formula that disregarded human foibles.

The efforts of government conservationists to regulate the harvesting activities of constantly increasing fishermen types and also trying to maintain their equilibrium in spite of parochial pressures that are often vicious and erupt with accelerating frequency is now regarded as no longer feasible. The traditional "management tools" like restricting harvesting to smaller boats, shorter nets, catch quotas and other efficiency-curtailling devices have not been enough to get the job done.

Remedial alternatives in the Alaska salmon scene concentrate on either the view that "there are too many fishermen for the salmon" or the view that "there are not enough salmon for all would-be fishermen," depending on what partisan element is doing the analyzing.

The "not-enough salmon" enthusiasts urge remedy by embarking on programs they hope will make more salmon. The others call for limited entry which means activating one scheme or another for discriminating between actual or potential fishermen. And some elements advocate a mixture of the two.

However, there is an almost total lack of co-ordination between various proposals which is the obvious product of the absence of an over-all fisheries policy in the state.

It is really not quite true that Alaska has no fisheries policy. There has been a "de facto" policy that is based on tradition, on fragmented legal pronouncements, and too often on partisan political convenience. Even this "de facto" policy has never been intelligently set forth in necessary definitive terms and, besides being obscure, it is constantly being "interpreted" in conflicting and contradictory ways.

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This entry-limiting will be the function of its proposed Entry Commission. The bill described the mechanics for commission workings and how the agency will be established in rather elaborate details, including the requirement that the three commissioners shall have qualifications like, one a commercial fisherman (or ex-fisherman) from Alaska, one a "fisheries management specialist" (presumably a Fish & Game staffer), and one an "attorney licensed to practice in Alaska." More legal expertise is assured with provision that the Alaska attorney general shall be legal counsel for the tribunal.

Powers of the Entry Commission would be the establishment of maximum fishing gear volumes for the various regions of Alaska, the establishment of fishing gear permit qualifications for individuals, permit issuance including collection of annual fees of \$50 for each permit, arrangements for interim permits and for transfers as well as prescribing regulations and procedures for administration of commission functions.

One section of SB 39 prescribes that the commission shall set fishing gear volumes of effort so that 1) the "income to fishermen . . . is adequate . . . to sustain a professional fishery;" 2) the volume of gear in use does not pose "a substantial risk of impairing sustained yield;" 3) there is enough gear in operation "to fully harvest . . . the fishery resources;" and, 4) so that the volume of fishing gear "is reasonable and consistent with purposes" of SB 39.

Provision is also included in the bill for commission to cut or to raise fishing efforts in case of changes in fish stocks, or if market conditions warrant, or if Fish and Game Board regulations induce altered over-all volumes of effort. The bill expresses the idea that if permit holders are required to surrender their fishing "rights" they should be compensated for the losses.

Holders of permanent permits are recognized as having "a personal right" in their status as exclusive fishermen — or, as one of the cadre of fishermen with exclusive status within prescribed areas — and also "a permanent right of renewal."

Employe fishermen would be a different status because they are not required to hold permits.

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"The Legislature shall provide for the utilization, development and conservation . . . for the maximum benefit of its people. . .

"...fish...are reserved to the people for common use.

"Fish . . . belonging to the state shall be utilized, developed and maintained on the sustained yield principle subject to preferences among beneficial uses. . .

"No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the state. 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 aqua-culture in the state of Alaska."

Also applicable to resource management is, "Laws and regulations governing the use or disposal of natural resources shall apply equally to all persons similarly situated with reference to the subject matter and purpose to be served by the law or regulation." And there are other "equal rights" and "due process" parts that also bear on doctrines the effect fisheries policy.

When statehood was accorded to Alaska by Congress there was a proviso that forbade the transfer of management controls from federal to state authorities until assurances were obtained that legislation "has made adequate provision for the administration, management, and conservation of resources in the broad national interest." This might be construed to be a virtual amendment to the state Constitution, especially since it was accepted as a condition of statehood by a referendum of Alaska voters.

What all of these things, plus an added body of national and international law, obviously do is provide constraints on actions by Alaska in its fisheries policy notions, including on notions advanced as proposals by individuals. But they do not provide an answer to state or individual goals as such. Generally they spell out what must not be permitted but they do not help much with determining what will be done.

SB 39 sets forth that it will be "stabilizing the levels of participation" of fishermen. In other words it will limit entry into fisheries, starting with salmon harvesting.

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• Arrangements for transferring permits through the commission are also included in the proposal. There is, however, a requirement that permit holders must be working fishermen who are active in operating the gear they have been permitted. This should provide a ban against accumulation of permits that might perpetuate fishing rights into property rights or their equivalent in massive amounts.

SB 39's Section 16.43.200 sets up what guidelines there are for the Entry Commission's discriminating between permit applicants responsibilities. The commission is to frame its own regulations for this function "for each administrative area and for each type of gear."

Such regulations are to define "reasonable priority classifications . . . based on a reasonable balance of . . . 1) degree of economic dependence upon the fishery, 2) extent of past participation in the fishery, and 3) present ability and intent to participate actively in the fishery."

"Priority classification . . . means the allocation of potential or actual permit applicants into reasonable groupings of similarly situated applicants and the priority ranking of those groupings according to the extent to which they satisfy the statutory standards of preference."

More questions are raised by provisions like this (and others in SB 39) than are answered. They emphasize the need for a realistic declaration of Alaska fisheries policy from the state's position. It is needed as a minimal prelude for enacting the substance of SB 39 into statutory law, and it is needed just about everywhere else in the Alaska fisheries resource management scene.

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M E M O R A N D U M

TO: Representative Joseph E. McGill
Chairman, House Resources Committee

FROM: Frank Flavin, Attorney for South Naknek

SUBJECT: House Bill Ncl26

Attached find proposed amendments to the Governor's limitation of entry into the fisheries plan. These proposed amendments reflect the desire by many fishermen for more specificity in the commission's powers and duties as well as more fishermen input.

The amendments further seek to remove potential economic coercion over indebted fishermen who hold permits by tightening transfer provisions in the bill. Without some amendment the current bill would lead to an eventual migration of permits from indebted fishermen to those fishermen with great personal wealth or strong corporate backing.

Finally, the amendments proposed seek to establish the basis for an "apprenticeship pool" which could provide a crew member or "second son" a chance to eventually gain a permit. This amendment (sec. 250) avoids prior legal problems with this type of plan by putting it in State control and adding training aspects. The addition of this plan could conceivably constitutionally strengthen the original bill by extending the basis for the original granting of permits into the future. Abandoning such criteria and allowing free transfer makes the initial utilization of participation and dependency criteria suspect.

A more detailed memorandum will be forthcoming.

Sec. 16.43.050 QUALIFICATIONS Commission members shall have been commercial fishermen in Alaska.

Sec. 16.43.200 ENTRY PERMIT QUALIFICATIONS

(a) Following the establishment of the maximum number units of gear pursuant to sec. 160 of this chapter, the commission shall adopt regulations for entry permits for each administrative area and for each type of gear. The regulations shall define six priority classifications, with reasonable subclassifications, of similarly situated potential applicants based upon a reasonable balance of the two following standards of preference:

- (1) Degree of economic dependence upon the fishery including, but not limited to, considerations of: percentage of income derived from the fishery, alternative occupations held and additional sources of income available, character of alternative occupations, and investment in vessels, gear, equipment and property.
- (2) Extent of past participation in the fishery to determine the length, degree, and character of participation in the fishery including subsistence activities.

(b) The commission shall classify applicants on a gear to gear basis within the administrative area and rank each applicant within one of the following six priority classifications based upon the character of the applicant's involvement in the fishery:

- (1) Career Fisherman-The fishery constitutes the primary subsistence and/or income source, excluding public assistance income.
- (2) Career Fisherman-The fishery constitutes a necessary and substantial subsistence and/or income source.
- (3) Alternative Occupation-The fishery provides a substantial income supplement.
- (4) Alternative Occupation-The fishery provides a minor or incidental income.
- (5) Hobby or Sport-Commercial-The fishery provides an incidental income.
- (6) Mere License Holder-Essentially no participation in the fishery.

Sec. 16.43.220 ISSUANCE OF ENTRY PERMITS

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(b) The commission shall issue entry permits, for an administrative area and a type of gear, first to all qualified applicants in the highest priority classification, and then to all qualified applicants in each descending priority classification, until the number of entry permits issued equals the maximum number of units of gear established pursuant to secs. 160-170 of this chapter for the administrative area and the type of gear. Except that no applicant falling within the first two priority classifications set out in sec.200 (b) shall be denied a permit and no applicant falling within the third priority classification shall be denied a permit unless there is a prior determination by the commission, the Commissioner of Fish and Game, and the Board of Fish and Game that biological and economic factors justify denial of permits in these classifications. No permit shall be issued an applicant unless he has the present ability and intent to participate actively in the fishery.

Sec. 16.43.230. TERMS AND CONDITIONS OF ENTRY PERMIT

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(c) Each entry permit is issued for an initial term of one year, and confers upon the permittee a permanent right of renewal. Failure to renew an entry permit annually does not result in the loss of the right to renew the permit upon payment of all accrued annual fees, except that failure to renew an entry permit for a period two years from the date of last renewal shall result in a forfeiture of the entry permit except as waived by the commission on an area basis, or in the case of an individual for good cause shown.

(d) The commission shall establish terms and conditions upon which entry permits may survive the death of the permittee.

(e) An entry permit may not be pledged or hypothecated and is not subject to attachment, distraint, or sale on execution of judgment.

Sec. 16.43.250-260 ALTERNATIVE I.

Sec. 16.43.250 TRANSFER OF ENTRY PERMITS.

(a) Entry permits are nontransferable except that the holder of an entry permit may apply to the commission to transfer his permit to a spouse or child if the proposed transferee can establish present ability and intent to participate actively in the fishery, and the proposed transfer is otherwise consistent with the purposes of this chapter, the commission shall approve the transfer application and reissue the entry permit to the transferee.

(b) When otherwise consistent with the purposes of this chapter, the commission may adopt regulations providing for the transfer and reissuance of entry permits within a given administrative area from one type of gear to another type of gear. The regulations shall reflect the relative differences in average efficiency of different types of gear and shall establish transfer ratios between types of gear which will maintain a stable level of fishing within that administrative area.

Sec. 16.43.260. NEW ENTRY. Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, the commission shall adopt regulations consistent with the purposes of this chapter, providing for the issuance of such permits.

Sec. 16.43.250-260. ALTERNATIVE II

Sec. 16.43.250. TRANSFER OF ENTRY PERMITS.

(a) Entry permits are nontransferable except that :

- (1) The holder of an entry permit may apply to the commission to transfer his permit to his spouse or children if the proposed transferee falls within the highest priority classification pursuant to sec. 260 (a) of this chapter and the proposed transfer is otherwise consistent with the purposes of this chapter, the commission shall approve the transfer application and re-issue the entry permit to the transferee. The holder of an entry permit may apply to the commission for the sale of his permit which may include any reasonably associated vessel, gear, equipment, and property or lease right pursuant to sec.260 of this chapter.

(2) When otherwise consistent with the purposes of this chapter, the commission may adopt regulations providing for the transfer and reissuance of entry permits within a given administrative area from one type of gear to another type of gear. The regulations shall reflect the relative differences in average efficiency of different types of gear and shall establish transfer ratios between types of gear which will maintain a stable level of fishing within that administrative area.

Sec. 16.43.260. NEW ENTRY.

(a) Following the issuance of entry permits pursuant to sec.220 the commission shall adopt regulations setting forth the qualifications for applicants for permit transfers or any new entry. The regulations shall define reasonable priority classification of similarly situated potential applicants based upon a reasonable balance of all the following standards of preference:

- (1) Extent of past and present participation in the fishery.
- (2) Training pertaining to commercial fishing.
- (3) Present ability and intent to participate actively in the fishery.

(b) Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, these permits may be allocated within the highest priority classification by lottery.

Sec. 16.43.250-260 ALTERNATIVE III

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- (2) The holder of an entry permit may apply to the commission for the sale of his permit which may include any reasonably associated vessel, skiff, gear, equipment, and property or lease rights pursuant to sec. 260 of this chapter.

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Sec. 16.43.260 APPLICANT POOL.

(a) Following the issuance of entry permits pursuant to sec. 220 of this chapter the commission shall adopt regulations setting forth the qualifications for applicants for permit transfers or any new entry. The regulations shall define reasonable priority classifications of similarly situated potential applicants based upon a reasonable balance of all the following standards of preference:

- (1) Extent of past and present participation in the fishery.
- (2) Training pertaining to commercial fishing.
- (3) Present ability and intent to participate actively in the fishery.

(b) Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, these permits may be allocated within the highest priority classification by lottery.

(c) Whenever an additional entry permit becomes available through an application for transfer and sale pursuant to sec. 250 (a) (2) the commission shall sell, pursuant to regulations adopted by the commission, the permit and any reasonably associated vessel, skiff, gear, equipment

and lease or property right to the highest bidder upon sealed bid among the highest priority classification of applicants. Except that no such sale shall be consummated unless the highest bid price exceeds the fair market value of the property offered for sale.

(d) The commission shall prescribe an appropriate fee for sales pursuant to (c) of this section. This fee shall be subtracted from sale proceeds which shall then be dispensed to the transferor.

M E M O R A N D U M

TO: Representative Joseph E. McGill
Chairman, House Resources Committee

FROM: Frank Flavin, Attorney for South Naknek

SUBJECT: House Bill Ncl26

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- (2) Extent of past participation in the fishery to determine the length, degree, and character of participation in the fishery including subsistence activities.

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- (1) Career Fishermen-The fishery constitutes the primary subsistence and/or income source, excluding public assistance income.
- (2) Career Fishermen-The fishery constitutes a necessary and substantial subsistence and/or income source.
- (3) Alternative Occupation-The fishery provides a substantial income supplement.
- (4) Alternative Occupation-The fishery provides a minor or incidental income.
- (5) Hobby or Sport-Commercial-The fishery provides an incidental income
- (6) Mere License Holder-Essentially no participation in the fishery.

Sec. 16.43.220 ISSUANCE OF ENTRY PERMITS

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(b) The commission shall issue entry permits, for an administrative area and a type of gear, first to all qualified applicants in the highest priority classification, and then to all qualified applicants in each descending priority classification, until the number of entry permits issued equals the maximum number of units of gear established pursuant to secs. 160-170 of this chapter for the administrative area and the type of gear. Except that no applicant falling within the first two priority classifications set out in sec. 200 (b) shall be denied a permit and no applicant falling within the third priority classification shall be denied a permit unless there is a prior determination by the commission, the Commissioner of Fish and Game, and the Board of Fish and Game that biological and economic factors justify denial of permits in these classifications. No permit shall be issued an applicant unless he has the present ability and intent to participate actively in the fishery.

Sec. 16.43.230. TERMS AND CONDITIONS OF ENTRY PERMIT

...
...
...

(c) Each entry permit is issued for an initial term of one year, and confers upon the permitted a permanent right of renewal. Failure to renew an entry permit annually does not result in the loss of the right to renew the permit upon payment of all accrued annual fees, except that failure to renew an entry permit for a period two years from the date of last renewal shall result in a forfeiture of the entry permit except as waived by the commission on an area basis, or in the case of an individual for good cause shown.

(d) The commission shall establish terms and conditions upon which entry permits may survive the death of the permittee.

(e) An entry permit may not be pledged or hypothecated and is not subject to attachment, distraint, or sale on execution of judgment.

Sec. 16.43.250-260 ALTERNATIVE I.

Sec. 16.43.250 TRANSFER OF ENTRY PERMITS.

(a) Entry permits are nontransferable except that the holder of an entry permit may apply to the commission to transfer his permit to a spouse or child if the proposed transferee can establish present ability and intent to participate actively in the fishery, and the proposed transfer is otherwise consistent with the purposes of this chapter, the commission shall approve the transfer application and reissue the entry permit to the transferee.

(b) When otherwise consistent with the purposes of this chapter, the commission may adopt regulations providing for the transfer and reissuance of entry permits within a given administrative area from one type of gear to another type of gear. The regulations shall reflect the relative differences in average efficiency of different types of gear and shall establish transfer ratios between types of gear which will maintain a stable level of fishing within that administrative area.

Sec. 16.43.260. NEW ENTRY. Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, the commission shall adopt regulations consistent with the purposes of this chapter, providing for the issuance of such permits.

Sec. 16.43.250-260. ALTERNATIVE II

Sec. 16.43.250. TRANSFER OF ENTRY PERMITS.

(a) Entry permits are nontransferable except that :

- (1) The holder of an entry permit may apply to the commission to transfer his permit to his spouse or children if the proposed transferee falls within the highest priority classification pursuant to sec. 260 (a) of this chapter and the proposed transfer is otherwise consistent with the purposes of this chapter, the commission shall approve the transfer application and re-issue the entry permit to the transferee. The holder of an entry permit may apply to the commission for the sale of his permit which may include any reasonably associated vessel, gear, equipment, and property or lease right pursuant to sec.260 of this chapter.

(b) When otherwise consistent with the purposes of this chapter, the commission may adopt regulations providing for the transfer and reissuance of entry permits within a given administrative area from one type of gear to another type of gear. The regulations shall reflect the relative differences in average efficiency of different types of gear and shall establish transfer ratios between types of gear which will maintain a stable level of fishing within that administrative area.

Sec. 16.43.260. NEW ENTRY.

(a) Following the issuance of entry permits pursuant to sec.220 the commission shall adopt regulations setting forth the qualifications for applicants for permit transfers or any new entry. The regulations shall define reasonable priority classifications of similarly situated potential applicants based upon a reasonable balance of all the following standards of preference:

- (1) Extent of past and present participation in the fishery.
- (2) Training pertaining to commercial fishing.
- (3) Present ability and intent to participate actively in the fishery.

(b) Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, these permits may be allocated within the highest priority classification by lottery.

Sec. 16.43.250-260 ALTERNATIVE III

Sec. 16.43.250. TRANSFER OF ENTRY PERMITS.

(a) Entry permits are non-transferable except that

- (1) The holder of an entry permit may apply to the commission to transfer his permit to spouse or child if the proposed transferee can establish present ability and intent to participate actively in the fishery, and the proposed transfer is otherwise consistent with the purposes of this chapter, the commission shall approve the transfer application and re-issue the entry permit to the transferee.
- (2) The holder of an entry permit may apply to the commission for the sale of his permit which may include any reasonably associated vessel, skiff, gear, equipment, and property or lease rights pursuant to sec. 260 of this chapter.

(b) When otherwise consistent with the purposes of this chapter, the commission may adopt regulations providing for the transfer and reissuance of entry permits within a given administrative area from one type of gear to another type of gear. The regulations shall reflect the relative differences in average efficiency of different types of gear and shall establish transfer ratios between types of gear which will maintain a stable level of fishing within that administrative area.

Sec. 16.43.260 APPLICANT POOL.

(a) Following the issuance of entry permits pursuant to sec. 220 of this chapter the commission shall adopt regulations setting forth the qualifications for applicants for permit transfers or any new entry. The regulations shall define reasonable priority classifications of similarly situated potential applicants based upon a reasonable balance of all the following standards of preference:

- (1) Extent of past and present participation in the fishery.
- (2) Training pertaining to commercial fishing.
- (3) Present ability and intent to participate actively in the fishery.

(b) Whenever additional entry permits become available for issuance, either due to an increase in the maximum number of units of gear pursuant to sec. 170 of this chapter or the forfeiture of existing entry permits pursuant to sec. 230 (c) of this chapter, these permits may be allocated within the highest priority classification by lottery.

(c) Whenever an additional entry permit becomes available through an application for transfer and sale pursuant to sec. 250 (a) (2) the commission shall sell, pursuant to regulations adopted by the commission, the permit and any reasonably associated vessel, skiff, gear, equipment

and lease or property right to the highest bidder upon sealed bid among the highest priority classification of applicants. Except that no such sale shall be consummated unless the highest bid price exceeds the fair market value of the property offered for sale.

(d) The commission shall prescribe an appropriate fee for sales pursuant to (c) of this section. This fee shall be subtracted from sale proceeds which shall then be dispensed to the transferor.

The Legislature of the State of Alaska
 FISCAL NOTE
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 126 & CS
 Title: Limited Entry
 Requested by: Legislative Finance Date: 3/8/73
 Return Date Requested: 3/15/73
 Agency: Department of Law Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \$762,930

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES		500.0				
200 TRAVEL		50.0				
300 CONTRACTUAL		183.0				
400 COMMODITIES		10.0				
500 EQUIPMENT		20.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		763.0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	24/8	/	/	/	/
MAN MONTHS (P./T.)	/	288/48	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Please see attached sheet

IV. ATTACHMENTS

Attachment A: Organization and Staffing Chart

Attachment B: Relationship of HB 71 to HE 26 and Judiciary CSHB 126

V. DATE: March 12, 1973

PREPARED BY: Allan B. Adasjak

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)